

FLORIDA PUBLIC SERVICE COMMISSION
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MEMORANDUM

January 8, 1998

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC & GAS (LOWERY, BULECZA-BANKS, MAKIN) RVE
DIVISION OF LEGAL SERVICES (JAYE)

RE: DOCKET NO. 971520GU - CITY GAS COMPANY OF FLORIDA -
PETITION FOR APPROVAL OF LATE PAYMENT CHARGE BY CITY GAS
COMPANY OF FLORIDA

AGENDA: 01/20/98 - REGULAR AGENDA - TARIFF FILING - INTERESTED
PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE WAIVED BY COMPANY

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\971520GU.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve the petition of City Gas Company of Florida (City Gas) for revision to its Natural Gas Tariff to include a provision for a late payment charge?

RECOMMENDATION: Yes, the Commission should approve City Gas' petition for a revision to its Natural Gas Tariff to include a provision for a late payment charge. Prior to implementation, City Gas should provide a thirty day advance notice to its customers. A sample of the notice will be submitted to the Commission's Division of Electric and Gas for approval prior to implementation. The tariff should become effective thirty days after the Commission vote.

STAFF ANALYSIS: On November 11, 1997, City Gas filed a petition to provide for a late payment charge. City Gas believes that the provision for a late payment charge will allow City Gas to collect the costs associated with unpaid balances from those same customers who do not pay their bills in a timely manner.

As of September 30 1997, approximately 9.5 percent (9.5%) of its accounts were classified as delinquent accounts. Accounts are delinquent when payment is not received by the past due date

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indicated on the customer's bill. The past due date indicated on the bill is approximately twenty days from the date of mailing. City Gas proposes to assess a late payment fee for all customers failing to pay their bill by the pst due date.

The average annual past due receivables were approximately \$1,970,000 for the 1997 calendar year. Assuming past due balances remain at this level, the late charges could generate \$29,549 annually and would be recorded to FERC account 495 (other gas revenue).

This proposed modification would allow City Gas to assess a late charge equal to 1.5 percent (1.5%) of the unpaid balance to all delinquent accounts other than federal, state, and local government entities. These government entities are subject to imposition of a late payment charge in accordance with Sections 21.422, Florida Statutes (state agencies), Section 218.70 - 79, Florida Statutes (local government agencies), and Sections 31 U.S.C. 3901 - 3907 (federal government agencies).

The Commission has previously approved late payment charges similar to the charge proposed by City Gas. Approval was granted in Commission Order No. PSC-96-0371-FOF-GU issued March 18, 1996 in Docket No. 960024-GU for Peoples Gas System. The Commission granted approval to Florida Power Corporation in Commission Order No. PSC-95-1087-FOF-EI issued August 31, 1995 in Docket No. 950753-EI. The Commission also approved St. Joe Natural Gas for a similar charge in Commission Order No. PSC-96-1000-FOF-WU issued August 5, 1996 in Docket No. 960657-GU.

Accordingly, staff recommends this petition be approved. Prior to implementation, City Gas should provide a thirty day advance notice to its customers. A sample of the notice will be submitted to the Commission's Division of Electric and Gas for approval prior to implementation. The tariff should become effective thirty days after the Commission Vote.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no timely protest is filed, this docket should be closed.

STAFF ANALYSIS: This docket should be closed if no person, whose substantial interests are affected by the tariff changes proposed by this recommendation, files a petition for formal proceeding within the allowed 21 day protest period. If the protest is filed, the tariff should remain in effect, with any increase in revenue held subject to refund.