



Public Service Commission

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DATE: AUGUST 26, 1999

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

FROM: DIVISION OF ELECTRIC AND GAS (BROWN, BULECZA-BANKS, MAKIN)
DIVISION OF AUDITING AND FINANCIAL ANALYSIS (REVELL)
DIVISION OF LEGAL SERVICES (COLLINS)

RE: DOCKET NO. 990946-GU - PETITION FOR APPROVAL TO ADD LATE PAYMENT CHARGE TO NATURAL GAS TARIFF BY SEBRING GAS SYSTEM, INC.

AGENDA: SEPTEMBER 7, 1999 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: SEPTEMBER 20, 1999

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: s:\PSC\EAG\WP\990946.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Sebring Gas System Inc.'s (Sebring) petition for revision of its Natural Gas Tariff to include a provision for a late payment charge?

RECOMMENDATION: Yes, the Commission should approve Sebring's petition for a revision to its Natural Gas Tariff to include a provision for a late payment charge. Prior to implementation, Sebring 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 July 21, 1999, Sebring filed a petition to provide for a late payment charge. Sebring believes that by applying a provision to include a late payment charge, the company

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

will be able to allocate the costs associated with unpaid balances directly to those customers who do not pay their bills timely.

From January 1998 to May 1999, approximately 12.85 percent of Sebring's accounts were delinquent. Accounts are delinquent when payment is not received by the due date indicated on the customer's bill, which is approximately twenty days from the date of mailing. Sebring proposes to assess a late payment fee for all customers failing to pay their bill by the past due date.

This proposed modification would allow Sebring Gas to assess a late charge of 1.5 percent or \$5.00, whichever is greater, of the unpaid balance to all delinquent accounts other than federal, state, and local government entities. Local governments are subject to imposition of a late payment charge in accordance with Section 21.422, Florida Statutes (F.S.); state agencies according to Section 218.70-79, F.S.; and federal agencies according to Section 31, United States Code, 3901-3907.

Sebring states its total past due receivables from January 1998 through December 1998 were \$79,589.40. The company reported an achieved ROE of (22.47%) on its latest surveillance report for December 1998. If the \$5.00 late charge had been in effect during 1998, it could have increased the earned ROE by 1.3%.

The Commission has previously approved late payment provisions similar to that proposed by Sebring Gas. The Commission has granted the authority to assess a late payment fee to City Gas Company of Florida in Order No. PSC-98-0261-FOR-GU; Peoples Gas System, Inc. in Order No. PSC-96-0371-FOR-GU; Florida Power Corporation in Order No. PSC-95-1087-FOR-EI; and St. Joe Natural Gas Company in Order No. PSC-96-1000-FOR-GU.

Staff believes that, prior to implementation, Sebring should provide a thirty-day advance notice to its customers. Further, Sebring should submit a sample of that notice to the Commission's Division of Electric and Gas for approval prior to implementation.

DOCKET NO. 990946-GU
DATE: August 26, 1999

ISSUE 2 : What is the effective date of the proposed tariff change?

RECOMMENDATION: The effective date of the proposed tariff change should be thirty days after the Commission vote.

STAFF ANALYSIS: The effective date of the proposed tariff change should be thirty days after the Commission vote.

DOCKET NO. 990946-GU
DATE: August 26, 1999

ISSUE 3 : Should this docket be closed?

RECOMMENDATION: Yes. If no protest is filed within 21 days of the issuance of the order.

STAFF ANALYSIS: If a protest is filed within 21 days of the Commission order approving this tariff, the tariff should remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket should be closed upon the issuance of a Consumating Order.