

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of
tariff filing to add "set rate"
late fee to water tariff, by
Lake Yale Treatment Associates,
Inc. in Lake County.

DOCKET NO. 010232-WU
ORDER NO. PSC-01-0998-TRF-WU
ISSUED: April 23, 2001

The following Commissioners participated in the disposition of
this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

ORDER APPROVING TARIFF IMPLEMENTING LATE PAYMENT CHARGE

BY THE COMMISSION:

BACKGROUND

Lake Yale Treatment Associates Inc. (LYTA or utility) is a Class C water and wastewater utility located in Lake County. According to the utility's 1999 annual report, it serves a total of 257 water and wastewater customers. For the calendar year ending December 31, 1999, the utility recorded revenues of \$36,957 for water and \$42,747 for wastewater, and operating expenses of \$35,837 for water and \$45,219 for wastewater. This resulted in a net operating income of \$1,120 for water and a net operating loss of \$2,472 for wastewater.

Under Section 367.091(6), Florida Statutes, a utility may apply to establish, increase, or change a rate or charge other than monthly rates for service and service availability. However, the application must be accompanied by a cost justification.

On February 14, 2001, LYTA filed an application requesting the approval of a \$4 late payment charge for each account that is not paid by the due date. The utility's current approved billing

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tariff states that if the bill is not paid by the due date, late fees may be applied. However, the utility has no late fees in its tariff.

Pursuant to Section 367.091(6), Florida Statutes, the utility provided the following computations as cost justification for its request:

- \$2.75 Labor separating delinquent bills, looking up in the computer and auditing each account, contacting the utility's billing company to have them adjust all their past due accounts to coincide with the LYTA accounts. (15 minutes for each account)
- \$0.66 Printing of final notice, includes \$0.34 postage for each delinquent account
- \$0.61 Pull bills and check master records
- \$4.02 Total

As shown above, the utility provided documentation showing that it incurs a cost of \$4.02 per late account. We find that the \$0.02 difference between the utility's cost to send a late notice and its requested \$4 charge is nominal.

On February 26, 2001, Ms. Lindsey Thompson, the utility's manager, advised our staff by telephone that the utility serves 257 customers and 45% of them are late paying customers on a monthly basis. In addition, Ms. Thompson stated that the purpose of this charge is to encourage customers to make timely payments, thereby reducing the number of delinquent accounts, and to place the cost burden of processing such delinquencies solely upon those who are the cost causers.

In the past, late payment fee requests have been approved on a case-by-case basis. By Order No. PSC-00-1237-TRF-WU, issued July 10, 2000, in Docket No. 000552-WU, we found that the cost causer should pay the additional cost incurred by Palm Cay Utilities Inc., for late payments, rather than the general body of the utility's rate payers. By Order No. PSC-00-2165-TRF-WU, issued November 14, 2000, in Docket No. 001325-WU, we approved late fees in the amount of \$4 for Breeze Hill Utilities.

Presently, Commission rules provide that late payers may be required by the utility to provide an additional deposit. However, there is no further incentive for either delinquent or late paying customers to pay their bills on time after the additional deposit.

The goal of allowing late fees to be charged by a utility is two fold: first, to encourage current and future customers to pay their bills on time; and second, if payment is not made on time, to insure that the cost associated with collecting late payments is not passed on to the customers who do pay on time. As stated earlier, the utility asserts that 45% of the utility customers are late payers. Allowing a late fee will encourage prompt payment by current and future customers.

For the foregoing reasons, we approve the utility's Original Tariff Sheet No. 16.1 filed on February 12, 2001, which proposes a \$4 late payment charge for all customers located in its certificated area. The tariff sheet shall be implemented on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(2), Florida Administrative Code, provided the customers have received notice.

If a protest is filed within 21 days of the issuance date of this Order, the tariff shall remain in effect with any increase held subject to refund pending resolution of the protest, and the docket shall remain open. If no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Lake Yale Treatment Associates, Inc.'s Original Tariff Sheet No. 16.1, to implement a late payment charge in the amount of \$4, is approved. It is further

ORDERED that the late payment charge shall become effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(2), Florida Administrative Code, provided the customers have received notice. It is further

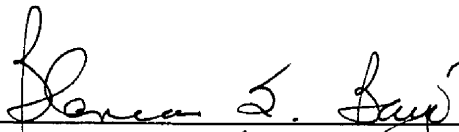
ORDERED that in the event a protest is filed within 21 days of the issuance date of this Order, the tariff shall remain in effect

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and any increase shall be held subject to refund pending the resolution of the protest. It is further

ORDERED that in the event that no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 23rd day of April, 2001.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

LAE

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 14, 2001.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.