

# Florida Regulatory Meeting - LPC / OCA

June 9, 1999

## The COUs' Proposal:

1. Increase the tariffed Late Payment Charge (LPC) to the greater of the existing percentage (1.5%) or a minimum of \$10 for Business and a minimum of \$5.00 for Consumer
2. Change the tariff to make the cost of any collection fee associated with collecting the bill the responsibility of the customer. The tariff would be changed to allow Businesses to be charged up to 30% of the amount referred to Outside Collection Agencies (OCAs) and for Consumers to be charged a flat fee of \$25 if the account is turned over for collection.

### Why should we pursue these charges?

1. In order to shift the cost to the customers who cause the expense to be incurred.
2. 78% of Consumer and 72% of Business Customers pay their bills on time each month.
3. This will become an important focus as our markets become even more competitive.

### What precedents exist in Florida?

Company	LPC
Florida Power & Light	1.5% After Past Due
Adelphia Cable	\$5.00 After Past Due
City Gas	1.5% After Past Due
TCI Gas	\$5.00 Plus Local Tax

### What is the incremental financial impact?

LPC	1999*	2000	Monthly
Consumer	\$3.25M	\$39M	\$13M
Business	\$1.5M	-\$4.6M	\$383,000
OCA Fee			
Consumer	\$664,000	\$2M	\$166,000
Business	\$226,000	\$650,000	\$54,000
<b>Total</b>	<b>\$5.64M</b>	<b>\$46.3M</b>	<b>\$13.6M</b>

\* Assumes 9/1/99 implementation

### How many customers are impacted?

LPC	Monthly #	%
Consumer	900,000	22.0%
Business	145,000	27.9%
OCA Fee	Annual #	%
Consumer	271000	6.6%
Business	20200	3.9%

**PROPRIETARY & CONFIDENTIAL**

000133-TP

This notice of intent was filed in a docketed matter by or on behalf of a "teleco" for Confidential DN 02497-01. The confidential material is in locked storage pending staff advice on handling. (See DN 06166-01)

**CONFIDENTIAL**

07497 JUN 15 99

DOCUMENT NUMBER - DATE

07497 JUN 15 99

FPSC-RECORDS/REPORTING

## Florida Regulatory Meeting - LPC / OCA

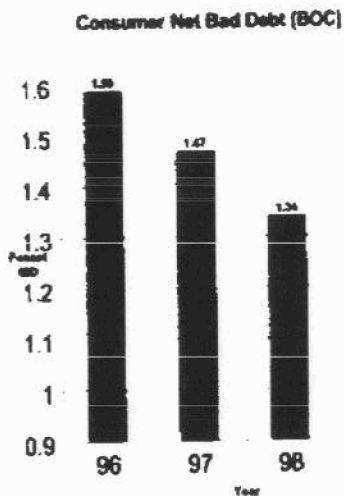
June 9, 1999

**Through Focused Management Of A/R Both Business and Consumer Have Improved Productivity and Profitability...  
 ...Regulatory Assistance to Restructure and Increase Late Payment Charges and OCA Fees Will Make A Significant  
 Contribution To BST's Continued Progress In This Area**

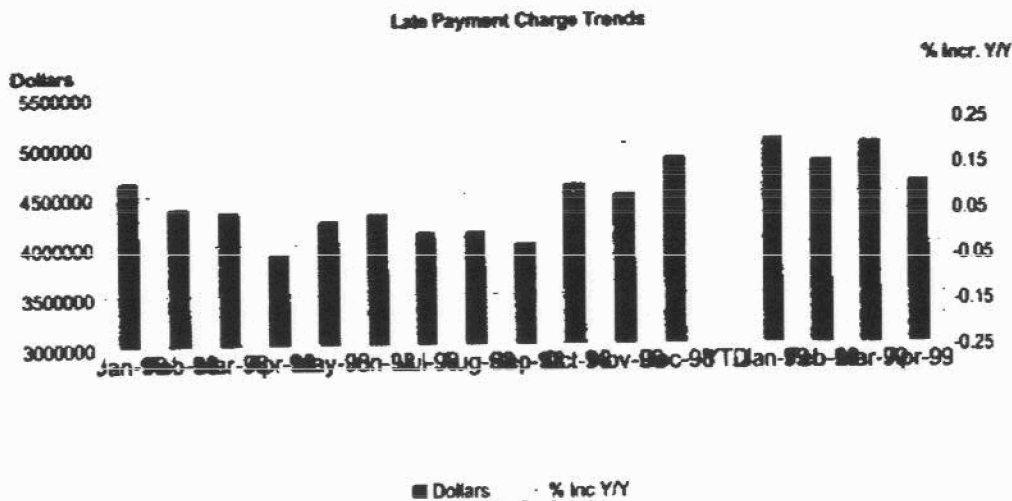
**Background:**

- In 1995 for Consumer and 1997 for Business, more focus has been placed on managing A/R
- While the focus of each COU has been slightly different, results for both have been impressive.
- Business has kept net Bad Debt (NBD) in check while growing LPC revenue.
- Consumer has kept LPC revenue flat and significantly reduced BOC Net Bad Debt.
- Both LPC generation and NBD reduction positively impact contribution
- Results for both COUs are shown below.

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**Consumer Results**



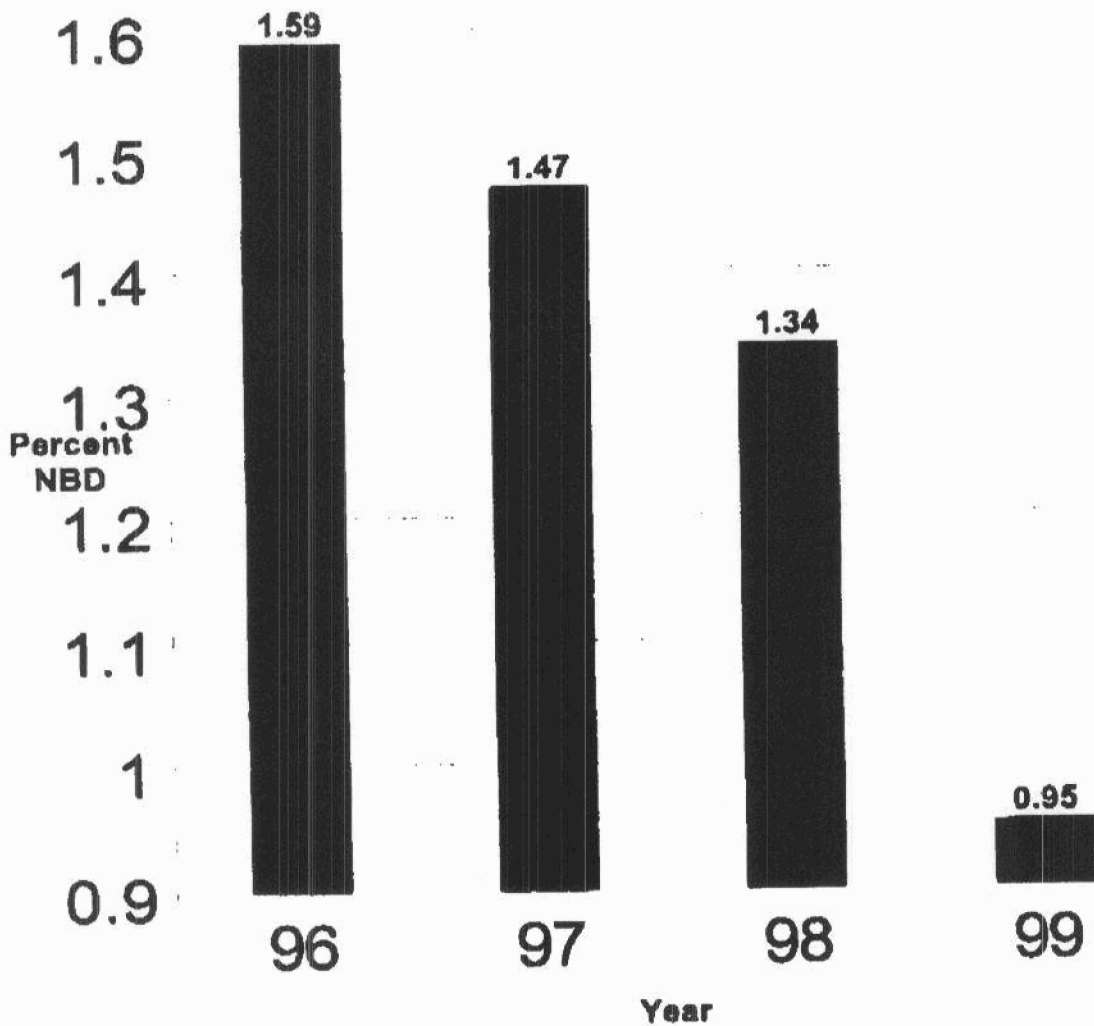
**Business Results**

96	97	98	99
1.59	1.47	1.34	0.95

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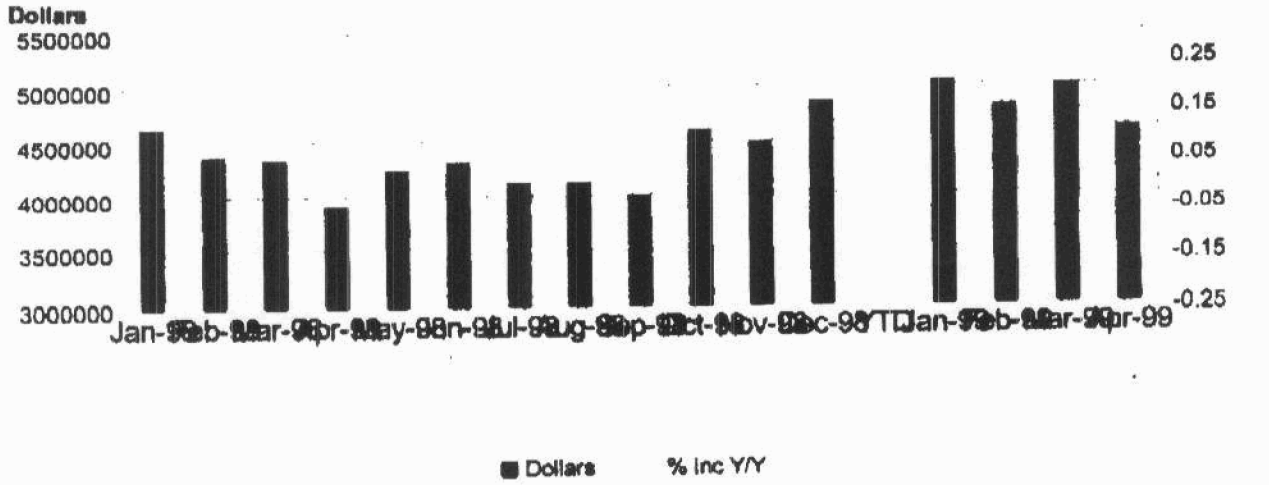
### Consumer Net Bad Debt (BOC)



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Late Payment Charge Trends



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**TARIFF NOTIFICATION**

**FLORIDA**

**# 1434**

**Today's Date:** 07/12/99  
**Filing Package No:** FL99-259  
**Filing Date:** 07/09/99  
**Effective Date:** 07/24/99  
**Subject:** Revision of Late Payment Charge

**Tariff Status:** Approved  
(Filed, Approved, Withdrawn, Suspended, Denied)

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**TARIFF PAGES**

**GSST**

**Section A2** 3<sup>rd</sup> Rev. Pg. 19  
2<sup>nd</sup> Rev. Pg. 20

**PST**

**Section B2** 1<sup>st</sup> Rev. Pg. 14

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