

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of
late payment charge in Broward
County by Broadview Park Water
Company.

DOCKET NO. 020551-WU
ORDER NO. PSC-02-1116-TRF-WU
ISSUED: August 14, 2002

The following Commissioners participated in the disposition of
this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

ORDER GRANTING BROADVIEW PARK WATER COMPANY'S
REQUEST FOR APPROVAL OF LATE PAYMENT CHARGE

BY THE COMMISSION:

Broadview Park Water Company (Broadview or utility) is a Class B water-only utility located in Broward County. The utility serves approximately 1,600 residential and 160 commercial and industrial customers with water purchased for resale from the City of Ft. Lauderdale. For the calendar year ended December 31, 2001, the utility recorded net operating revenues of \$721,643, and operating expenses of \$738,582. This resulted in an operating loss of \$16,939.

On June 21, 2002, Broadview filed an application requesting the approval of a \$5 late payment charge. The utility stated that the purpose of this charge is not only to recover the excess cost of processing late payments, but also to provide an incentive for customers to make timely payments.

Currently, the utility's approved billing tariff contains no provision for late payment charges. The utility filed a tariff request for approval to implement a late charge of \$5, pursuant to Section 367.091(6), Florida Statutes. This section authorizes the

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utility to establish, increase, or change a rate or charge other than monthly rates for service and service availability. The application must be accompanied by cost justification. The utility stated that the purpose of this charge is to provide an incentive for customers to make timely payments and to recover the excess cost associated with processing late payments. The charge places the cost burden of processing delinquent notices and accounts solely upon those who are the cost causers.

Broadview Park provided the following cost justification:

- \$3.10 Labor (Search accounts, review and verify payment has not been received. Approximately 10 minutes to handle each account)
- \$1.55 Printing of late notice
- \$0.34 Postage for standard envelope
- \$0.01 Cost of envelope and paper
- \$5.00 Total

Based on the cost justification shown above, we find that the \$5 is a reasonable late fee charge for this utility. A late fee of less than \$5 would not allow the utility to recover its costs of processing delinquent accounts.

In the past, late payment fee requests have been handled on a case-by-case basis. The Commission has approved late fees in the amount of \$5 by Order No. PSC-96-1409-FOF-WU, issued November 20, 1996, in Docket No. 960716-WU, Crystal River Utilities, Inc., finding that the cost causer should pay the additional cost incurred to the utility by late payments, rather than the general body of the utility's rate payers. See also Order No. PSC-98-1585-FOF-WU, issued November 25, 1998, in Docket No. 980445-WU (Morningside Utility, Inc.); Order No. PSC-01-2093-TRF-WS in Docket No. 011034-WS, issued October 22, 2001 (W. P. Utilities, Inc).

Presently, our 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 is provided.

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By Order No. PSC-01-0998-TRF-WU, issued April 23, 2001, in Docket No. 010232-WU, the Commission found that 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 the late payments is not passed on to the customers who do pay on time. Allowing a late fee will encourage prompt payment by current and future customers. Therefore, consistent with Order No. PSC-01-0998-TRF-WU, we hereby approve the \$5 late payment charge.

The charge shall become effective for services 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. The revised tariff sheet shall be submitted with sufficient time for Commission staff to verify that the tariff is consistent with the Commission's decision, and that the proposed notice to the customers is adequate. Staff shall be permitted to administratively approve the tariff sheet upon verification of the above. The utility shall provide proof to Commission staff of the date notice was given within 10 days after the date of the notice.

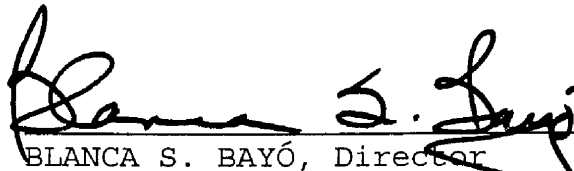
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Broadview Park Water Company's request for a \$5 late payment charge is hereby approved. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that if 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 14th day of August, 2002.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

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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.

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

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proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 4, 2002.

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.