

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of Fourth Revised Tariff Sheet No. 17.1, to change late fee provisions to assist in reducing late payment amounts and to reduce bad debts to historical level, by Florida Public Utilities Company (Fernandina Beach System) in Nassau County.

DOCKET NO. 021024-WU
ORDER NO. PSC-02-1752-TRF-WU
ISSUED: December 12, 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 APPROVING FLORIDA PUBLIC UTILITIES COMPANY'S REQUEST
FOR A MINIMUM LATE PAYMENT CHARGE

BY THE COMMISSION:

BACKGROUND

On October 7, 2002, Florida Public Utilities Company (FPUC or utility) filed applications to change the late fee provision in its water and electric tariffs to include a \$5 minimum charge. FPUC has electric divisions in Fernandina Beach and Marianna and a water division in Fernandina Beach. The utility's gas division already has implemented the minimum late payment charge.

Currently, FPUC's water and electric customers who pay their bills after the past due date are assessed a late charge equal to 1.5% of the outstanding balance. FPUC is proposing to modify the charge so that customers will pay 1.5% of the unpaid balance or \$5, whichever amount is higher. The utility has proposed the

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implementation of the \$5 minimum to reduce both late payments and bad debts.

This Order addresses only the utility's requested tariff change for its water division. We have jurisdiction pursuant to Section 367.091, Florida Statutes.

LATE PAYMENT CHARGE

Currently, the utility's tariffs state that the balance of all past due charges for services rendered are subject to a Late Payment Charge of 1.5%, except the accounts of federal, state, and local government entities. These governmental entities are subject to the imposition of a late payment charge in accordance with Section 215.422, Florida Statutes (state agencies), Sections 218.70-.79, Florida Statutes (local governmental agencies), and 31 U.S.C. 3901-3907 (federal governmental agencies).

The utility proposes to change the tariff to read "1.5% or \$5.00, whichever is greater." This change is needed in order to reduce late payment amounts and to reduce bad debts. The utility states that this change will reduce its collection costs that are absorbed by all customers and will strongly encourage customers to keep current on their monthly payments.

FPUC states that from January 2002 to September 2002, approximately 22.43 percent of FPUC'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. FPUC proposes to assess a late payment fee for all customers failing to pay their bill by the past due date.

FPUC states that its total past due receivables from January 2002 through September 2002 were \$3,968,325. According to FPUC, the cost to implement this change will be minimal and should involve only minor labor costs.

FPUC anticipates the following annual revenue increase based on approval of the proposed change:

Marianna Electric	\$78,000
Fernandina Beach Electric	\$62,000
Fernandina Beach Water	\$36,000

FPUC states that as customers realize the benefits of paying their electric and water bills prior to the delinquent date, these revenues will decrease.

We recently approved this type of late payment provision in FPUC's gas division. We also granted the authority to assess a \$5 minimum late payment fee to Broadview Park Water Company by Order No. PSC-02-1116-TRF-WU, issued August 8, 2002, in Docket No. 020551-WU.

We believe that the \$5 minimum late payment charge will allow the utility to recover the costs incurred in processing delinquent accounts. Further, it is an appropriate charge that places the costs associated with unpaid bills on the cost causer and encourages prompt payment, thereby reducing expenses associated with unpaid balances. In the Broadview Park docket, we determined that \$5 was representative of the actual costs incurred in processing delinquent accounts. We believe that the actual costs in processing delinquent accounts will be similar for FPUC. Based on the above, the minimum late payment charge of \$5 is approved.

The charge shall become effective for services rendered on or after the stamped approval date on the tariff sheets, provided the customers have received notice. The revised tariff sheets shall be submitted with sufficient time for our staff to verify that the tariffs are consistent with our decision, and that the proposed notice to the customers is adequate. The tariff sheets shall be administratively approved upon verification by our staff that they are correct. The utility shall provide proof to our 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 Florida Public Utilities Company's request for a minimum \$5 late payment charge for its Fernandina Beach water system is hereby approved. It is further

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ORDERED that the charge shall become effective for services rendered on or after the stamped approval date on the tariff sheets, provided the customers have received notice. It is further

ORDERED that the revised tariff sheets shall be submitted with sufficient time for our staff to verify that the tariffs are consistent with our decision, and that the proposed notice to the customers is adequate. It is further

ORDERED that Florida Public Utilities Company shall provide proof to our staff of the date notice was given within 10 days after the date of the notice. 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 12th day of December, 2002.

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

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

RRJ

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 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 January 2, 2003.

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.