

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Request to establish charge for customers paying by credit card, debit card or electronic check, by Florida Public Utilities Company. | DOCKET NO. 050244-EI
ORDER NO. PSC-05-0676-TRF-EI
ISSUED: June 20, 2005

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON
LISA POLAK EDGAR

ORDER APPROVING SERVICE CHARGE

BY THE COMMISSION:

On April 4, 2005 Florida Public Utilities Company (FPUC or utility) petitioned this Commission for approval of a new service charge for customers of FPUC's electric utility. We have jurisdiction over this matter pursuant to Sections 366.04, and 366.05, Florida Statutes.

The service charge would apply to those residential and commercial customers who opt to pay their monthly electric bill by credit card, debit card, or electronic check. Currently, FPUC does not accept credit card, debit card, or electronic check payments for electric bills unless there is an emergency situation, for example, when a customer's power is about to be disconnected for nonpayment. In response to customer demand, FPUC proposes to begin routinely accepting payment by credit card, debit card, and electronic check. The proposed charge is \$3.50 for residential customers, and 3.5% of the total bill amount for all other customers. The charge is designed to recover the costs FPUC will incur for customer contact, supervision, and bank and credit card processing. FPUC will treat the revenues from the charge as base rate revenues.

In response to inquiries by our staff, FPUC stated that it chose a fixed fee of \$3.50 for residential customers because it approximates the costs the company will incur to handle a \$100 payment. The company submitted data showing that the average residential payment is approximately \$98.00. FPUC stated that it chose a percentage fee for payments by commercial customers because the \$3.50 charge would not cover the higher costs of the average commercial transaction, and that a percentage fee for commercial customers would more accurately assign costs. For the average commercial transaction amount of \$756, the company would incur costs of \$24.55.

FPUC provided cost support for the costs involved in handling credit card transactions. FPUC incurs fixed costs of \$1.84 (which covers customer contact, supervision, and equipment costs) and variable costs of 1.8% of the total amount of the transaction covering the processing

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and remote payment costs to handle credit card transactions for residential customers. For commercial and industrial customers, FPUC incurs fixed costs of \$5.12 and variable costs of 2.57% of the total amount of the transaction. The company forecasts that this charge will generate combined revenues of \$6,784 from some 880 residential and 140 commercial transactions annually. The company estimates that it will retain \$2,257 and remit \$4,527 to banks and credit card firms.

FPUC's direct collection of a service charge for accepting credit cards, debit cards, and electronic checks differs from the other investor-owned electric utilities, which send or transfer the customer to third-party payment processing centers. These third-party entities collect fees that range from \$4.95 to \$5.95 per transaction. FPUC stated that it was cheaper and more efficient to retain the customer service and machine entry functions within the company than to send the customers to a third party.

After reviewing and analyzing the cost support for the new service charge, we find that the submitted data adequately supports the new charge. The percentage service charge FPUC proposes for commercial and industrial customers is similar to what we approved for FPUC's gas utility in Order No. PSC-04-1110-PAA-GU, issued November 8, 2004, in Docket No. 040216-GU, In Re: Application for rate increase by Florida Public Utilities Company. We believe the new charge will benefit customers by expanding their payment options. The fee will also insure that FPUC's remaining customers do not subsidize those customers who choose to pay using these optional methods. Therefore, the proposed new credit card, debit card, and electronic check service charge is approved and shall be effective January 1, 2005.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the proposed new credit card, debit card, and electronic check service charge is approved effective January 1, 2005, as set forth in the body of this Order. It is further

ORDERED that if a protest is filed by a substantially affected person within 21 days of the issuance of this Order, this tariff shall remain in effect with any increase 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 20th day of June, 2005.

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

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(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 July 11, 2005.

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.