

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: December 3, 2009

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Manning, Bulecza-Banks, Fletcher) *AM CRB BS*
Office of the General Counsel (Sayler) *Text*

RE: Docket No. 090500-WS – Request for approval of late payment charge by Heather Hills Estates Utilities, LLC, in Manatee County.

AGENDA: 12/15/09 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 01/02/10 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\090500.RCM.DOC

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 COMMISSION
 CLERK

Case Background

Heather Hills Utilities, LLC (Heather Hills or Utility), is a Class C utility which provides service for approximately 354 water and wastewater customers in Manatee County. The Utility's 2008 annual report shows operating revenue of \$112,342 and a net operating loss of \$15,719.

On November 3, 2009, Heather Hills filed an application for approval of a late payment charge,¹ which is the subject of this recommendation. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes (F.S.).

¹ This Utility has a pending transfer application in Docket No. 090093-WS. The application for a late payment charge was filed by the current owners, at the request of the prospective buyers, who are currently operating the Utility for the current owners.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Discussion of Issues

Issue 1: Should the Utility's requested late payment charge be approved?

Recommendation: Yes. The Utility's requested late payment charge should be approved. The late payment charge should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.). (Mouring)

Staff Analysis: Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Heather Hills has requested a \$5.00 late payment charge. The Utility's request for a late payment charge were accompanied by its reason for requesting the charges, as well as the cost justification required by Section 367.091, F.S. Heather Hills' cost analysis breakdown for its proposed late payment charge is shown on Schedule No. 1.

The late payment fee is designed to encourage customers to pay their bills on time to ensure that the cost associated with late payment is not passed onto customers who do pay on time. The Utility's justification for the late payment charge is to place the burden of these costs on the cost causer rather than the general body of ratepayers. Staff believes the estimated cost provided by the Utility is reasonable. In addition, staff notes that the Utility bills on a quarterly basis and must float its operational costs for a three month period. As such, customers that fail to pay their bills in a timely manner perpetuate the lag between costs being incurred and revenue being generated.

Based on the above, staff recommends that Heather Hills' proposed late payment charge should be approved. The charges should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C.

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Issue 2: Should this docket be closed?

Recommendation: If no protest is filed by a person whose interests are substantially affected within 21 days of the issuance of the Order, the Tariff Order will become final upon the issuance of a Consummating Order and the docket should be closed. If a protest is filed within 21 days of the issuance of the Order, the tariff should remain in effect pending the resolution of the protest, and the docket should remain open. (Sayler, Mouring)

Staff Analysis: If no protest is filed by a person whose interests are substantially affected within 21 days of the issuance of the Order, the Tariff Order will become final upon the issuance of a Consummating Order and the docket should be closed. If a protest is filed within 21 days of the issuance of the Order, the tariff should remain in effect pending the resolution of the protest, and the docket should remain open.

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Schedule No. 1

COST ANALYSIS BREAKDOWN

Clerical

Office Clerk - \$437.50 per wk
Total -\$ 437.50 per wk/ \$ 3.65 per 1/3 hr.

Computer/Copier

Copier -1 black & 1 color printer -\$ 83.34 per month
Paper - \$ 20.00 per month
Computer - \$69.00 per month
Total - \$172.34 per month, \$5.75 per day, .72 per hour

Postage - \$.44

Total Costs

Clerical - \$3.65 per 1/3 hour
Computer/Copier - \$.72 per hour
Postage - \$.44
Total - \$4.81