

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: August 15, 2013

TO: Office of Commission Clerk (Cole)

FROM: Division of Economics (Bruce) *JB*
Office of the General Counsel (Young) *JA* *J.W.D.*

RE: Docket No. 120290-WU – Request for approval of amendment to tariff sheets for miscellaneous service charges in Polk County by Pinecrest Utilities, LLC.

AGENDA: 08/27/13 – Regular Agenda – Tariff Filing - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 10/26/13 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECO\WP\120290.RCM.DOC

RECEIVED PSC
 13 AUG 15 AM 9:12
 COMMISSION
 CLERK

Case Background

Pinecrest Utilities, LLC. (Pinecrest or Utility) is a Class C water utility serving approximately 128 customers in Polk County. The Utility is located in the Southern Water Use Caution Area of the Southwest Florida Water Management District. However, there are no water use restrictions for the Utility because annual withdrawals are less than 100,000 gallons per day. The Utility's 2012 annual report indicates gross revenues of \$54,594 and net operating loss of \$51.

On November 13, 2012, the Utility filed an application for approval of a tariff amendment to charge customers who opt to pay their water bill by debit or credit card. Order No. PSC-13-0087-PCO-WU, issued February 14, 2013, in the instant docket, suspended the

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Utility's tariff filing to allow staff sufficient time to review the application and gather all pertinent information.

This recommendation addresses Pinecrest's request to implement a convenience fee for customers who opt to pay their water bill by debit or credit card via telephone. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes (F.S).

Discussion of Issues

Issue 1: Should the Commission approve Pinecrest's request for approval to amend its tariff sheet for miscellaneous service charges to include a convenience fee for customers who opt to pay their water bill by debit or credit card via telephone?

Recommendation: Yes. Pinecrest's request for approval to amend its tariff sheet for miscellaneous service charges to include a convenience fee of \$2.50 for customers who opt to pay their water bill by debit or credit card via telephone should be approved. The charge should be effective for services rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, Florida Administrative Code. (F.A.C.) The revised tariff sheet should become effective on or after the stamped approval date on the revised tariff sheets, pursuant to Rule 25-30.475, F.A.C. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with the charge held subject to refund pending resolution of the protest. (Bruce)

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. Pinecrest began accepting debit and credit cards for bill payments on October 30, 2012. The Utility is requesting a \$2.50 convenience fee to recover the cost of supplies, administrative labor, and equipment. As required by Section 367.091, F.S., the Utility's cost analysis breakdown for its requested charge is shown below.

Clerical	\$1.27
Cost of paper	\$.40
Credit card machine	<u>\$.88</u>
Total	<u>\$ 2.55</u>

The Commission has approved a charge in other industries for customers who opt to pay their bill by debit or credit card. An electronic bill payment fee of \$3.50 was approved for Florida Public Utilities Company's (FPUC) gas customers in 2004.¹ In that case, the Commission found that the charge was necessary to recover the additional costs incurred by the Utility from those customers who opt to pay by credit card, debit card, or electronic check. The Commission also approved a charge of \$3.50 for residential customers and 3.5 percent of the total bill amount for all other customers for FPUC electric customers in 2005.² The charge was designed to recover the costs Florida Public Utilities Company incurred for customer contact, supervision, and bank and credit card processing.

Staff believes that the Utility's requested charge of a \$2.50 convenience fee is reasonable for customers who opt to pay their water bill by debit or credit card via telephone. The Utility's

¹See 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.

²See Order No. PSC-05-0676-TRF-EI, issued June 20, 2005, in Docket No. 050244-EI, In re: Request to establish charge for customers paying by credit card, debit card or electronic check, by the Florida Public Utilities Company.

requested charge benefits the customers by allowing them to expand their payment options. Furthermore, this fee will insure the Utility's remaining customers do not subsidize those customers who choose to pay using this option.

Based on the above, staff recommends that Pinecrest's request for approval to amend its tariff sheet for miscellaneous service charges to include a convenience fee of \$2.50 for customers who opt to pay their water bill by debit or credit card via telephone should be approved. The charge should be effective for services rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The revised tariff sheet should become effective on or after the stamped approval date on the revised tariff sheet, pursuant to Rule 25-30.475, F.A.C. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with the charge held subject to refund pending resolution of the protest.

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Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, the docket should remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charge has been given to customers, the docket should be administratively closed. (Young, Bruce)

Staff Analysis: If Issue 1 is approved, the docket should remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charge has been given to customers, the docket should be administratively closed.