

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) *AB GH*
Office of the General Counsel (Lawson) *J.W.D. M TL*

RE: Docket No. 120286-WS – Request for approval of amendment to tariff sheets for miscellaneous service charges in Polk County by Four Points Utility Corp.

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\120286.RCM.DOC

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COMMISSION
CLERK

Case Background

Four Points Utility Corp. (Four Points or Utility) is a Class C water and wastewater utility in Davenport, Florida located in northeast Polk County. This area is in the Southwest Florida Water Management District. The Utility provides water and wastewater service to 214 residential customers and 1 general service customer in the Island Club West Resort and Spa development. Four Points' 2012 annual report indicates that the Utility had combined gross operating revenues of \$104,699 and a net operating loss of \$92,576.

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-13-0066-PCO-WS, issued January 29, 2013, in the instant docket, suspended the

Docket No. 120286-WS

Date: August 15, 2013

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

This recommendation addresses Four Points' 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 Four Points' 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. Four Points' 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.). If a protest is filed 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. (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. Four Points 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	\$.88
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 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 Four Points' 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. If a protest is filed 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.

Docket No. 120286-WS

Date: August 15, 2013

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. (Lawson, 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.