



# Public Service Commission

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

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RECORDS AND REPORTING

**DATE:** JUNE 29, 2000

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

**FROM:** DIVISION OF COMPETITIVE SERVICES (MAKIN, BULECZA-BANKS) *WMM CRB*  
DIVISION OF ECONOMIC REGULATION (L. ROMIG) *RR*  
DIVISION OF LEGAL SERVICES (ISAAC) *INS*

**RE:** DOCKET NO. 000634-GU - PETITION FOR APPROVAL OF LATE PAYMENT CHARGE BY ATLANTIC UTILITIES, A FLORIDA DIVISION OF SOUTHERN UNION COMPANY D/B/A SOUTH FLORIDA NATURAL GAS.

**AGENDA:** JULY 11, 2000 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** 60-DAY SUSPENSION DATE: JULY 24, 2000

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\CMP\WP\000634.RCM

### DISCUSSION OF ISSUES

**ISSUE 1:** Should the Commission approve Southern Union Company d/b/a South Florida Natural Gas' (South Florida or Company) petition for revision of its natural gas tariff to include a provision for a late payment charge?

**RECOMMENDATION:** Yes, the Commission should approve South Florida's petition for a revision to its natural gas tariff to include a provision for a late payment charge. Prior to implementation, South Florida should provide a thirty-day advance notice to its customers. A sample of the notice should be submitted to the Commission's Division of Competitive Services for approval prior to implementation. (MAKIN)

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**STAFF ANALYSIS:** On May 24, 2000, South Florida filed a petition to provide for a late payment charge. South Florida believes that, by applying a provision to include a late payment charge, the Company will be able to allocate the costs associated with unpaid balances directly to those customers who do not pay their bills timely.

From January 1999 through April 2000, approximately 12.72 percent of South Florida'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. South Florida proposes to assess a late payment fee on all customers failing to pay their bill by the past due date.

This proposed modification would allow South Florida to assess a late charge of 1.5 percent of the unpaid balance or \$5.00, whichever is greater, to all delinquent accounts other than federal, state, and local government entities. Local governments are subject to imposition of a late payment charge in accordance with Section 21.422, Florida Statutes; state agencies according to Section 218.70-79, Florida Statutes; and federal agencies according to Section 31, United States Code, 3901-3907.

The Company reported an achieved return on equity (ROE) of 6.73% on its latest surveillance report for December 1999. If the \$5.00 late charge had been in effect during 1999, the Company estimates that it would have received an additional \$30,759 in revenue, which would have increased the earned ROE by .88%.

The Commission has previously approved late payment provisions similar to that proposed by South Florida. The Commission has granted the authority to assess a late payment fee to City Gas Company of Florida in Order No. PSC-98-0261-FOR-GU; Peoples Gas System, Inc. in Order No. PSC-96-0371-FOR-GU; Florida Power Corporation in Order No. PSC-95-1087-FOR-EI; and St. Joe Natural Gas Company in Order No. PSC-96-1000-FOR-GU.

Staff believes that, prior to implementation, South Florida should provide a thirty-day advance notice to its customers. Further, South Florida should submit a sample of that thirty-day advance notice to the Commission's Division of Competitive Services for approval prior to implementation.

**ISSUE 2:** What is the effective date of the proposed tariff change?

**RECOMMENDATION:** The effective date of the proposed tariff change should be thirty days after the Commission vote. (MAKIN)

**STAFF ANALYSIS:** The effective date of the proposed tariff change should be thirty days after the Commission vote.

**ISSUE 3:** Should this docket be closed?

**RECOMMENDATION:** Yes. If no protest is filed within 21 days of the issuance of the order, this docket should be closed upon the issuance of a Consummating Order. (ISAAC)

**STAFF ANALYSIS:** If a protest is filed within 21 days of the Commission order approving this tariff, the tariff should remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket should be closed upon the issuance of a Consulating Order.