

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Tariff filing by Palm Cay Utilities, Inc. in Marion County to establish a late payment charge.

DOCKET NO. 000552-WU
ORDER NO. PSC-00-1237-TRF-WU
ISSUED: July 10, 2000

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK
E. LEON JACOBS, JR.
LILA A. JABER

ORDER APPROVING TARIFF IMPLEMENTING A LATE PAYMENT CHARGE

BY THE COMMISSION:

Palm Cay Utilities, Inc. (Palm Cay or utility), is a Class B water only utility located in Marion County. Pursuant to the 1999 annual report, the utility provides water service to 819 customers. For calendar year ended December 31, 1999, the utility recorded revenues of \$210,768, and expenses of \$207,021, resulting in an income of \$3,747.

Under Section 367.091(5), Florida Statutes, a utility may apply to establish, increase, or change a rate or charge other than monthly rates for service and service availability. However, the application must be accompanied by cost justification.

On May 5, 2000, Palm Cay filed an application requesting the approval of a \$2 late payment charge. The utility stated in its filing that the purpose of this charge is to provide incentive for customers to make timely payments and to recover the excess cost associated with processing late payments by placing the cost burden of processing such delinquent notices and accounts squarely upon those who are the cost causers.

Pursuant to Section 367.091(5), Florida Statutes, Palm Cay provided the following cost justification. The utility states that it takes approximately ten minutes in labor at a cost of \$1.75 to

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separate past due bills and look up in the computer and audit each account. The utility also states that it costs approximately \$0.05 for the printing of a late notice, and about \$0.20 for postage. Therefore, the utility estimates a total cost of \$2.00.

These amounts appear to be reasonable. The utility also provided information that over the past two years the average number of customers serviced was 822, and the average number of customers who were delinquent was 12. The utility also stated that in the past two years, only one customer has had water service disconnected and only one customer has been charged a fee in lieu of disconnection for late payment.

We have previously approved late payment charges for other water and wastewater utilities. We believe that the cost causer should pay the additional cost incurred to the utility by late payments, rather than the general body of the utility's ratepayers. Also, we believe that establishment of a late payment charge will encourage current and future customers to pay their bills on time. Even though Palm Cay delinquent accounts make up a small percentage of its customer accounts receivable, allowing a late fee will encourage prompt payment by current and future customers. Therefore, consistent with our past practice, the \$2 late payment shall be approved. The charge shall become effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(2), Florida Administrative Code, provided the customers have received notice.

If a protest is filed within 21 days of the issuance date of the Order, this tariff shall remain in effect with any increase held subject to refund pending resolution of the protest, and the docket shall remain open. If no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the tariff filing of Palm Cay Utilities, Inc., to implement a late payment charge in the amount of \$2 is approved. It is further

ORDERED that the late payment charge shall become effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(2), Florida Administrative Code, provided the customers have received notice. It is further

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ORDERED that in the event a protest is filed within 21 days of the issuance date of this Order, this tariff shall remain in effect and all late payment charges collected shall be held subject to refund pending the resolution of the protest. It is further

ORDERED that in the event that 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 10th day of July, 2000.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

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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.

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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 Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 31, 2000.

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.