

P R O C E E D I N G S

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2 **CHAIRMAN BROWN:** All right. Item 11.

3 **MS. DANIEL:** Commissioners, if I may, I'd like
4 to introduce Matthew Sibley. He's a new analyst with
5 the Division of Economics, and he is here to present
6 Item 11 for you.

7 **CHAIRMAN BROWN:** And you had to put him on
8 late payment charges.

9 **MS. DANIEL:** We know how much you all are
10 concerned about that, so we thought this would be a good
11 test for him. So I'll be right back here if he needs
12 me.

13 **CHAIRMAN BROWN:** Good morning, Mr. Sibley.

14 **MR. SIBLEY:** Good morning, Chairwoman. Good
15 morning, Commissioners. My name is Matthew Sibley. I'm
16 speaking on behalf of the Commission staff.

17 Item 11 addresses North Peninsula Utilities
18 Corporation's application to add a late payment charge
19 to Volusia County. The utility is a Class B utility
20 providing wastewater service to approximately
21 586 customers in Volusia County.

22 On July 11th, 2017, the utility filed an
23 application to add a late payment charge to their
24 miscellaneous service charges. Staff recommends that
25 the late payment charge be granted to the utility. This

1 charges allows the utility to receive compensation when
2 processing notices for delinquent payments.

3 The utility is not present and there's been no
4 customer contact. Staff is prepared to answer your
5 questions at this time.

6 **CHAIRMAN BROWN:** Thank you. Commissioner
7 Brisé has questions and I do as well.

8 **COMMISSIONER BRISÉ:** Thank you very much. I
9 think we talked about this a little bit during my
10 briefing.

11 Can you walk us through how you arrived at
12 how -- the staff arrived at \$6.77, please?

13 **MR. SIBLEY:** Yes, sir. So we'll start with
14 labor, which is a \$6 payment. The payment is made up of
15 12 hours of work times \$35 per hour for their rate of
16 pay, which equals \$420. From there we take the number
17 of complaints, which is 70, divided by the number, which
18 is 420, to equal \$6 flat for the labor. Supplies is 28
19 cents, which is ink, paper, and envelopes, and then 49
20 cents for postage, which is just a stamp, so.

21 **COMMISSIONER BRISÉ:** Okay. And the 12 hours
22 of work, you're assigning that specifically to, to late
23 fees.

24 **MR. SIBLEY:** Yes, sir. They have 70 late
25 payments every month that they have to go through. I

1 see that as just.

2 **COMMISSIONER BRISÉ:** Okay. So what do -- what
3 are they doing exactly?

4 **MR. SIBLEY:** They're processing late payments.
5 So they receive the payment. They receive the bill that
6 is late. They have to make sure that the bill is late.
7 They check to make sure that everything is correct.
8 They then copy the bill, put it into their files. From
9 there they make a copy of it and send it back to them.
10 So they're processing it, making copies, and then
11 sending it back out again instead of doing something
12 else that they could be doing.

13 **COMMISSIONER BRISÉ:** So this is all literally
14 physical labor rather than an automated system?

15 **MR. SIBLEY:** Yes.

16 **COMMISSIONER BRISÉ:** Okay. That's very
17 interesting.

18 **CHAIRMAN BROWN:** At \$35 an hour.

19 **COMMISSIONER BRISÉ:** Right.

20 **CHAIRMAN BROWN:** Commissioner Polmann.

21 **COMMISSIONER POLMANN:** Thank you, Madam
22 Chairman.

23 Does the color of your tie represent your alma
24 mater?

25 **MR. SIBLEY:** No, sir. I'm from FSU.

1 **COMMISSIONER POLMANN:** I'm sorry.

2 (Laughter.)

3 **MR. SIBLEY:** It's okay. It's okay.

4 **COMMISSIONER POLMANN:** You indicate in the, in
5 the text here the range -- or the Commission has
6 approved late payment charges ranging from \$2 to \$7.15.
7 This is near the top of the range. But these approvals
8 have come since the 1990s.

9 Can you tell us, do you have the information
10 of the more recent approvals? Are they all essentially
11 near the top of the range?

12 **MS. FRIEDRICH:** Commissioner, if I may,
13 Marissa Friedrich with staff.

14 Typically lately we've been seeing a lot of
15 late payment charges ranging from \$5 and up. We don't
16 really see requests for \$2 to \$3 anymore, that lower
17 end.

18 **COMMISSIONER POLMANN:** Okay. As a follow-on,
19 what was the previous late charge that was approved?

20 **MS. FRIEDRICH:** The last one, I believe, would
21 be UIF, and that was around -- I would say it was at the
22 higher end of \$6, if I remember properly. The highest
23 one that is at 7.15 was recently approved for KW.

24 **COMMISSIONER POLMANN:** Okay. More
25 specifically, what was the late charge for this utility

1 prior to this request?

2 **MS. FRIEDRICH:** This is the first time this
3 utility will have a late payment charge.

4 **COMMISSIONER POLMANN:** Okay. All right.
5 Thank you.

6 **CHAIRMAN BROWN:** Great questions,
7 Commissioners.

8 I want to get back to that hourly rate. And
9 we are starting to see a shift towards a higher late
10 payment charge. Obviously the customers that are
11 affected by that are those who are most in need. We
12 have to find a balance for the utility as well. But we
13 are seeing a, a jump here and -- which is why I think
14 having this discussion, while tedious, is necessary to
15 get back down to the analysis that goes behind
16 processing those.

17 At \$35 an hour, that's way above what we
18 approved per hour for Utilities, Inc., a Class A
19 utility. This is a Class C utility. We have another
20 one that is on -- that we'll be taking up after this
21 one. They have their labor at \$4.83 an hour compared to
22 the labor here at \$6. It's all over the place. It
23 almost seems like we're doing a test here to see what,
24 what fits.

25 I'm not saying that one size fits all

1 necessarily, but I do think \$35 an hour to process a
2 late payment fee is way above what we -- this Commission
3 has done in the past. Do you have the hourly rate for
4 the Utilities, Inc.?

5 **MS. FRIEDRICH:** I want to say it was about
6 \$18 an hour. Remember, there was the billing specialist
7 that we included in that late payment charge.

8 **CHAIRMAN BROWN:** You had two people to
9 process.

10 **MS. FRIEDRICH:** The two people. So the
11 billing specialist, I want to say, was about \$18, and
12 then the billing manager was a little bit higher than
13 that.

14 **CHAIRMAN BROWN:** Do you remember what the
15 billing manager --

16 **MS. FRIEDRICH:** I believe -- do you have that
17 paper I gave you?

18 The billing specialist was \$18.36 per hour,
19 and the assistant billing manager was \$28.16 per hour.

20 **CHAIRMAN BROWN:** Yeah. And KW was at the high
21 end. What was the hourly rate for KW?

22 **MS. FRIEDRICH:** And I want to say it was
23 closer to \$30, but subject to check. I can't remember
24 off the top of my head.

25 **CHAIRMAN BROWN:** So this is even above these

1 Class A utilities who are inundated probably with a much
2 more heavier load of customers here that are putting
3 late payments. Trying to find something that's more
4 reasonable for this utility, they're not being
5 efficient. It sounds like their process is a little
6 antiquated.

7 Do you have a -- for the -- pardon me. This
8 is a Class B. Do you have an average of the hourly rate
9 for Class B utilities?

10 **MS. FRIEDRICH:** I do not. We don't keep an
11 average. We could do that on a going-forward basis,
12 definitely get that information together.

13 **CHAIRMAN BROWN:** I think it would make sense
14 to have some type of barometer of what is fair and
15 reasonable for these utilities.

16 **MS. FRIEDRICH:** For each class?

17 **CHAIRMAN BROWN:** Yeah.

18 **MS. FRIEDRICH:** Okay.

19 **CHAIRMAN BROWN:** It just seems --
20 Commissioners? We have a couple of Commissioner
21 questions here.

22 **MS. FRIEDRICH:** Sure.

23 **CHAIRMAN BROWN:** Commissioner Brisé.

24 **COMMISSIONER BRISÉ:** Thank you. And sort of
25 following that process question, so do we know the

1 distinction between companies that have a more automated
2 process versus those that use a more manual process to
3 see if there is a difference, what the delta is between
4 the expense per hour and then a comparison of how much
5 the system -- how much a more automated system would
6 cost and what that would cost everyone in the system
7 versus having the late fees be what they are because of
8 the processing that is currently employed? Do we have
9 any of that data?

10 **MS. FRIEDRICH:** We would just find out that
11 data simply through data request questions and inquiring
12 through the utility. We don't have that upfront. But
13 after the utility, you know, requests the late payment
14 charge at that amount, if we felt it was too high, we'd
15 definitely dig into that and see, you know, is this an
16 automated system or how many people do you have working
17 on this, that sort of thing.

18 **COMMISSIONER BRISÉ:** But to answer my
19 question, do we know if there is a delta right now,
20 based upon your experience, between those that use a
21 more automated system and those that use a more manual
22 system?

23 **MS. DANIEL:** Commissioner, Patty Daniel on
24 behalf of staff. We have not been tracking that.
25 That's something we'll certainly keep our eye on on a

1 going-forward basis.

2 I will tell you that I've seen a dramatic
3 increase in the number of requests for late payment
4 charges in the last few years. Part of that has to do
5 with staff beginning to kind of talk more directly with
6 these utilities about when they are -- when they do
7 already come in for a case, let's, while you're here,
8 particularly on the staff-assisted rate cases, let's
9 explore everything and make sure you're where you need
10 to be on a going-forward basis. So that's been a part
11 of the influx of additional late payment charges.

12 This company has come to us separately. I
13 expect that 70 late payments per month is what drove
14 them here. I looked back. They've never filed for a
15 rate case. They've only filed for the indexes over the
16 last 15 years that I looked back at. So I'm sure that's
17 hitting them hard.

18 Now I don't disagree with the \$35 labor
19 concern, but we -- going back to your question, no,
20 we've not really tracked that, but it's certainly
21 something we'll look at on a going-forward basis,
22 automated versus manual and what exactly they're doing.

23 **COMMISSIONER BRISÉ:** And to follow up on that,
24 do we have a sense of how much some software to automate
25 the process would cost so we could ballpark what that

1 could mean to the consumer base and sort of make a
2 determination of whether, you know, this fee on these
3 cost causers makes sense versus a fee that would impact
4 the whole system?

5 **MS. DANIEL:** We don't have that information.
6 And just as I sit here, when I say you -- hear you say
7 "automated," I'm trying to think what that would mean.
8 Because for automated, that means they've got a billing
9 system --

10 **COMMISSIONER BRISÉ:** Right, right.

11 **MS. DANIEL:** -- as opposed to just manually
12 knocking them out using Excel or whatever program they
13 would.

14 **COMMISSIONER BRISÉ:** Right.

15 **MS. DANIEL:** So there's always going to be
16 that step of manual labor, if nothing more than
17 reviewing what the computer --

18 **COMMISSIONER BRISÉ:** Uh-huh, sure.

19 **MS. DANIEL:** -- has spit out versus
20 mechanically doing that. So certainly something we're
21 going to look at on a going-forward basis.

22 **COMMISSIONER BRISÉ:** Okay. Thank you.

23 **CHAIRMAN BROWN:** Thank you, Commissioner
24 Brisé.

25 Commissioner Polmann.

1 **COMMISSIONER POLMANN:** Thank you, Madam
2 Chairman.

3 We've talked about comparisons to other
4 utilities and recent rising costs for that particular
5 charge. So at \$35 per hour labor, and I understand how
6 we got the 6, the question is, is this full-time staff
7 that are executing this task? Do we know that?

8 **MR. SIBLEY:** Yes, sir, this is fully benefited
9 staff. This is part of the employment agreement that
10 they have set up.

11 **COMMISSIONER POLMANN:** Okay. Do these staff
12 perform other tasks?

13 **MR. SIBLEY:** Under my knowledge, I believe so.

14 **COMMISSIONER POLMANN:** Okay. So this is the
15 fully loaded rate at 35. Is the \$35 being charged for
16 this task, or is that their actual salary? Do we know?

17 **MR. SIBLEY:** Staff does not have that
18 information at this time.

19 **COMMISSIONER POLMANN:** Okay. The other thing
20 that comes to mind, and I think you've answered this
21 question, but \$35 an hour, in my view, has -- would be a
22 more appropriate rate for hiring an outside contractor
23 as opposed to in-house and labor. So can you confirm --
24 do we have the information that confirms that these are
25 in-house staff?

1 **MR. SIBLEY:** Staff does not have that
2 information at this time.

3 **COMMISSIONER POLMANN:** Okay. Question for
4 counsel. Is there any reason to not defer this item so
5 that we can get additional information to answer all the
6 questions that we've asked? Is it possible to defer
7 for -- to the next meeting?

8 **MS. DANIEL:** Actually, Commissioner, we --
9 let's see. Did the company file a tariff? No, they did
10 not file a tariff, so that 60-day suspend rate is not
11 necessary. They did not file the tariff. They filed a
12 little letter requesting it. So you may, you may defer.

13 **COMMISSIONER POLMANN:** Thank you for that
14 answer.

15 **CHAIRMAN BROWN:** All right. I think there are
16 a lot of questions still outstanding, and since this
17 company does not have a late payment charge and never
18 has, the urgency isn't immediate. I think getting that
19 information so we can make an accurate decision is
20 probably the best way to go. So we're going to go --
21 defer it until the next agenda conference. And, staff,
22 you've heard from the bench the questions and the
23 information that we're seeking. If you can, during that
24 period of time, get those answers so that we could have
25 a more thorough recommendation, that would be

1 appreciated. And welcome to the Commission.

2 **MR. SIBLEY:** Thank you very much.

3 **CHAIRMAN BROWN:** Thank you. Late payment
4 charges get us all excited.

5 (Agenda item concluded.)

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2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

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18 DATED THIS 18th day of September, 2017.

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