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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20170152-SU

REQUEST FOR APPROVAL OF A LATE PAYMENT CHARGE IN VOLUSIA
COUNTY, BY NORTH PENINSULA UTILITIES CORPORATION.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 18

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK

DATE: Tuesday, November 7, 2017

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: ANDREA KOMARIDIS
Court Reporter and
Notary Public in and for
the State of Florida at Large

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1 P R O C E E D I N G S

2 THE CHAIRMAN: Moving on to our last item on
3 the move staff, which is Item 18.

4 Good morning, Mr. Sibley.

5 MR. SIBLEY: Good morning. How are you guys?

6 THE CHAIRMAN: Good.

7 MR. SIBLEY: That's good.

8 THE CHAIRMAN: How are you?

9 MR. SIBLEY: Very well. Very well.
10 Tuesday -- how could I complain?

11 THE CHAIRMAN: Is it Tuesday?

12 MR. SIBLEY: I believe so -- I hope so. I
13 hope so, right now.

14 Good morning, Commissioners. My name is
15 Matthew Sibley speaking on behalf of the Commission
16 staff.

17 Item 18 addresses North Peninsula Utilities
18 Corporation application to add a late-payment
19 charge in Volusia County. The utility is a Class B
20 utility providing wastewater service to
21 approximately 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. The Commission
25 considered the application at the September 7th,

1 2007 [sic], agenda conference. Following
2 discussion with staff, the Commission requested
3 additional information and deferred the item to a
4 later agenda.

5 Staff has conducted additional research and
6 received additional information from the utility,
7 and still recommends that the utility's requested
8 late-payment charge of 6.97 be approved.

9 Staff is prepared to answer any questions at
10 this time.

11 THE CHAIRMAN: Okay. Thank you.

12 And Mr. Sibley, I want to first thank you for
13 providing this Commissioner with additional
14 information on the request. I know we've been
15 getting into the minutiae of some of these
16 miscellaneous service charges, but I do think it's
17 important that they're cost-based, reasonable, and
18 put in perspective based on the size of the
19 utility.

20 This particular recommendation, while I don't
21 have objection to the 6.77, I -- I am a little
22 concerned by the amount. And I feel that 10
23 minutes per processing each application for a major
24 company like Peninsula seems a little bit
25 unrealistic in this day and age, with the

1 technology that we have. And this is a large
2 company that outsources all of its administrative
3 costs.

4 And of course, the late -- the labor charges
5 are on the high end of what we've approved over the
6 past five years, at \$35 an hour; in fact, the only
7 time that we've approved \$35 for a Class A utility.

8 So, I -- I'm just -- while I don't think it is
9 completely unreasonable, the 6.77, the highest that
10 this Commission has approved during the past five
11 years is \$7 -- 7.15, actually, for kW, which -- in
12 the Keys, large utility, Class A. So, I think 6.77
13 is pushing it.

14 You want to provide a little bit more
15 justification on the hours invested processing the
16 late-payment charges? Again, I know this is the
17 minutiae of the details, but I find that these
18 miscellaneous service charges are escalating --

19 MR. SIBLEY: Sure.

20 THE CHAIRMAN: -- rapidly.

21 MR. SIBLEY: Sure. I feel that the hours are
22 just for what they are providing because the
23 service that she's providing, while it is late-
24 payment charges, and the -- the total wage is \$35
25 an hour -- she does other tasks that are within the

1 office.

2 And that is not specific to her just doing
3 late-payment charges for the \$35, which adds into
4 why it is \$35 for their wage, I believe. And why
5 it's so high is because she actually does other
6 tasks. And the late payments are just a small part
7 of it.

8 As for the minutes per charge, looking at
9 sheet that I provided yesterday, ten minutes is
10 actually on the lower end of the ones that we were
11 provided with and it -- it does --

12 THE CHAIRMAN: What do they do during the ten
13 minutes?

14 MR. SIBLEY: As far as I know, they -- they
15 look at the bills on their registrar. They see who
16 is late. They have to tag that bill. They tag all
17 the bills, I would assume, at the same time.

18 They go back through. They pick that bill.
19 They send -- they get a new copy of the bill. They
20 send them a letter. And they have to mail it out
21 to the mailing. So, this all, I think, is combined
22 into it.

23 It may not be 10 minutes per charge, but I
24 think, after you collect them all, you put them
25 into envelopes and then you take them to the Post

1 Office. That time comes to ten minutes for -- per
2 charge.

3 THE CHAIRMAN: Thank you. I appreciate that
4 explanation. And I know staff has -- does have the
5 authority for these water cases to approve certain
6 miscellaneous charges administratively. Fully
7 supportive of that, once we get to a place where we
8 have a good benchmark.

9 MR. SIBLEY: Absolutely agree.

10 THE CHAIRMAN: Okay. Thank you.

11 Commissioner Graham.

12 COMMISSIONER GRAHAM: Madam Chair, does it
13 offend you because lawyers only get paid in
14 6-minute intervals? I'm just trying to figure out.

15 (Laughter.)

16 THE CHAIRMAN: We have to bill ten
17 increments -- one-tenth increments. It is not fun.

18 Any other questions on this?

19 Commissioner Polmann.

20 COMMISSIONER POLMANN: Madam Chairman, I -- I
21 agree with your statement, that it's of concern
22 that these miscellaneous charges that we
23 continue -- that we have been seeing. It appears
24 that we're on a trend.

25 THE CHAIRMAN: Uh-huh.

1 COMMISSIONER POLMANN: And that, in and of
2 itself, is of some concern because I fully
3 anticipate that, as time goes forward, we're going
4 to simply see these increases. I don't have
5 concern about what the staff is doing in terms of
6 collecting the data and analyzing and -- and so
7 forth.

8 And then, again, labor costs in the market for
9 the -- for, you know, general administrative work
10 and so forth in these companies may well be
11 increasing. \$35 an hour specific to this work
12 seems high.

13 THE CHAIRMAN: Uh-huh.

14 COMMISSIONER POLMANN: But then, again, the
15 explanation that this person does other work and
16 justifies that salary -- okay. Now, you can make
17 an argument that someone else should be doing this
18 work, but then you get into more and more details
19 of how they conduct their business. So, you know,
20 is it -- is it for us to tell them how to run the
21 business? No.

22 So, Madam Chairman, I share your concerns, but
23 I don't know that there's anything for us to do
24 about it. It's just a comment that -- you know,
25 where is the end? And I don't know where the end

1 is, other than to simply establish a blanket fee
2 for this --

3 THE CHAIRMAN: Uh-huh.

4 COMMISSIONER POLMANN: -- across Class A, B,
5 C, and say, look, that's what you get. And I don't
6 think we -- it's appropriate for us at any time,
7 certainly here now, to say, you know, that's the
8 end of the road.

9 So, I -- I don't have a good argument, but I
10 hear you, and I share your concerns.

11 THE CHAIRMAN: So, I think the only way to get
12 there is to -- is to review the benchmarks and to
13 see what we've done and look at the data. And I've
14 got the data in front of me.

15 COMMISSIONER POLMANN: Yes, I understand,
16 and --

17 THE CHAIRMAN: You know, it is --

18 COMMISSIONER POLMANN: I'm just saying I agree
19 with you, but until something else just goes, you
20 know, off the cliff, we -- we're kind of continuing
21 to --

22 THE CHAIRMAN: -- to approve them.

23 COMMISSIONER POLMANN: Until something comes
24 up and says, hey, wait a minute, just stop, I think
25 we're -- we're just continuing to do the analysis

1 and ask the utility to provide all the support that
2 they can and -- and approve those that we truly
3 feel are justified.

4 THE CHAIRMAN: Right. Thank you. And
5 Commissioner Graham has a -- a comment, but before
6 we get to that, I thank you for -- for -- for
7 echoing my sentiment.

8 I don't have the solution other than making
9 sure that it's cost-based, the charges are cost-
10 based and -- and reasonable. And we have the
11 discretion of what is reasonable. That -- that is
12 subjective here. And I think you look at the data
13 of what the Commission has approved over the past
14 few years for similarly-sized companies.

15 And I'm looking at it right now, and the
16 billable-hours salary for a company is \$17.76
17 for -- and those are for similarly-sized utilities.
18 So, it is a -- it's a balancing act here.

19 Commissioner Graham.

20 COMMISSIONER GRAHAM: Thank you, Madam Chair.

21 It's interesting, I have brought this up
22 before, and maybe it's time to bring it up now. I
23 know this has been very important to you,
24 Commissioner Brisé and, now, to Commissioner
25 Polmann, in the past, as far as these -- these

1 fees.

2 It's interesting because the state comes up
3 with generic fees for -- like, for our travel, we
4 get a per diem. You know, when there's an ethics
5 complaints that comes through, you hire an
6 attorney. You get a fixed dollar amount. You
7 know, it doesn't matter how much the attorney
8 costs. They say, it's only going to -- they're
9 only going to reimburse you up to a certain dollar
10 amount.

11 I guess my question is, to staff -- more to
12 legal, is there not a reason why we can't just go
13 ahead and set a dollar amount here? I mean, if we
14 have to open up a rule and go through the whole
15 rule process -- but is there a reason why we can't
16 just go ahead and say, this is what you're going to
17 get reimbursed, regardless of what it costs you?

18 MS. HELTON: My recollection is that the
19 Chapter 367 tells us that the fees that we allow
20 utilities to charge have to be cost -- cost-
21 justified. And I think that there may be cases
22 where each utility would have different costs that
23 go into the fee.

24 So, I'm not sure whether this particular type
25 of fee would fall into the category where we could

1 have that number posted, but that is something that
2 we can definitely look at.

3 COMMISSIONER GRAHAM: Is this something that
4 we have to get our friends in the Legislature to --
5 to adjust or are we going to look at it from our
6 end first?

7 MS. HELTON: I think -- I think -- my
8 recommendation would be for us to look at it here,
9 and then to -- to come back with a recommendation
10 with how to proceed.

11 COMMISSIONER GRAHAM: Okay. Thank you.

12 THE CHAIRMAN: Thank you. Thank you.
13 Commissioner Brisé -- that's a great suggestion.

14 COMMISSIONER BRISÉ: Thank you, Madam Chair.

15 And I'm thinking along those same lines. So,
16 as -- as Commissioner Polmann noted, the -- the
17 trend is in a certain direction, and that direction
18 is up.

19 So, part of my concern is the -- I don't see
20 the benefit of technology in -- in addressing these
21 miscellaneous fees and late fees. So, I think
22 there has to be some sort of benefit as a result
23 of -- of the type of technology that is available.

24 THE CHAIRMAN: Uh-huh.

25 COMMISSIONER BRISÉ: And obviously there has

1 to be a cost analysis to determine whether the
2 installation of the technology is worth the long-
3 term -- I mean, will lower the long-term curve
4 cost -- cost curve over time.

5 The other thing that -- that is of interest to
6 me -- you know, we have these -- these billing
7 employees' salary. There probably should be some
8 sort of standardization of the level of employee
9 that does this type of work so that you don't have
10 a manager that does it for one company and, for
11 another company, it's -- it's a different level of
12 employee.

13 Now, I know that sort of crosses in the line
14 of us getting into the management side of -- of
15 doing the business, but creating a standard or
16 having a discussion around a standard, I think, may
17 be helpful.

18 And so, I don't want to throw the -- the
19 "workshop" word around, but I think this type of
20 thing probably needs a little more discussion. I'm
21 not going to oppose the recommendation today, but I
22 think that that -- this issue can -- merits some
23 further discussion.

24 THE CHAIRMAN: Thank you. And I think staff
25 has heard the -- from the Bench here that we would

1 like to look a little bit more into it. So, with
2 that, I agree. I'm not going to oppose the
3 recommendation as presented because I do think
4 that, overall, it is reasonable, based on the late-
5 payment charge.

6 That being, said, we would like to direct
7 staff to come back with us, maybe at an internal
8 affairs, looking at this a little bit more
9 thoroughly, again, benchmarking charges, hourly
10 rates, all that with regard specifically to
11 miscellaneous and late-payment charges for the
12 water companies.

13 All right. Can we get a motion on the
14 recommendation?

15 COMMISSIONER BRISÉ: Move staff.

16 COMMISSIONER GRAHAM: Second.

17 THE CHAIRMAN: Any discussion?

18 Seeing none, all those in favor, say aye.

19 (Chorus of ayes.)

20 THE CHAIRMAN: Opposed?

21 Motion passes unanimously.

22 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

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DATED THIS 15th day of November, 2017.



ANDREA KOMARIDIS
NOTARY PUBLIC
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