

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Peoples Gas ) DOCKET NO. 951171-GU  
System, Inc. for Modification of ) ORDER NO. PSC-95-1525-FOF-GU  
Tariff Provisions Regarding ) ISSUED: December 11, 1995  
Customer Deposits )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

ORDER APPROVING TARIFF REVISIONS

BY THE COMMISSION:

On September 29, 1995, Peoples Gas System, Inc. (Peoples or the Company) filed a petition to modify its tariff provisions regarding customer deposits. The proposed modifications provided alternatives for establishing creditworthiness to customers using a minimum of 500,000 therms. The alternate means proposed by Peoples included: achieving and maintaining a Standard & Poor's credit rating of A- or better; achieving and maintaining a Moody's credit rating of A3 or better; or, establishing creditworthiness as determined at Peoples' sole discretion. As an additional means of establishing credit, Peoples proposed to allow a parent company meeting the above standards to serve as guarantor for a subsidiary.

In its original petition, Peoples stated that the risk of non-payment by such highly creditworthy customers (those using at least 500,000 therms per year and maintaining a nationally recognized credit rating) is virtually non-existent. Requiring a cash deposit, letter of credit or surety bond may impose an unnecessary financial burden on these customers by adversely affecting their balance sheet or by causing customers to incur expenses that provide no real benefit to Peoples or to its general body of ratepayers.

We find that customers using less than 500,000 therms per year, who achieve and maintain a nationally recognized credit rating, shall be afforded the same alternative in establishing credit as the larger users. Requiring a cash deposit, letter of credit or surety bond may impose as much of an unnecessary

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financial burden on these customers as Peoples claims it would impose on their larger customers.

As filed, Peoples' proposal granted Peoples sole discretion to determine creditworthiness. Without established guidelines, customers could be judged using disparate criteria and might not be treated equally.

On November 3, 1995, Peoples filed an amendment to its September 29, 1995, petition, removing the 500,000 annual therm consumption threshold with respect to debt rating. The Company also provided distinct criteria to determine creditworthiness, to be used when the customer's debt is not rated.

Peoples proposed the following modification to its deposit tariff language:

By possessing and maintaining a Standard & Poor's (S & P) Long Term Debt Rating of A- or better; or by possessing and maintaining a Moody's rating of A3 or better. Comparable rating may be considered from other nationally recognized rating organizations acceptable to the Company.

If the Customer's debt is not rated and the Customer's aggregate annual usage is 500,000 therms or more, credit may be established by demonstrating adequate financial strength and stability. Upon request of a customer whose annual usage is 500,000 therms or more, the Company will evaluate the customer's creditworthiness by reviewing the customer's audited financial statements for at least the two most recently completed fiscal years. These audited financial statements must be furnished by the customer and must accompany the opinion of an independent certified public accountant or chartered accountant of recognized national or regional standing.

In evaluating the customer's creditworthiness, the Company will consider the following financial factors: the customer's tangible net worth; the interest coverage ratio; the ratio of long term debt to tangible net worth; and the customer's net cash flow. In evaluating the customer's creditworthiness, the Company may also consider other known factors relating to the customer's creditworthiness.

In addition, Peoples will modify its deposit provisions relating to residential customers. Peoples' existing deposit

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provisions allow Peoples to waive the deposit requirements where new customers demonstrate that they had a good credit rating with another gas or electric utility for the prior 36 months. Former Peoples customers who established good credit ratings for the 23 consecutive months prior to disconnection also qualify for the deposit waiver.

Peoples will reduce the time frame to 12 months in both of these instances. This provision will provide adequate protection against the risk of non-payment by residential customers.

Accordingly, we find that Peoples' petition for modification of tariff provisions regarding customer deposits, as amended by its November 3, 1995, filing is approved, effective November 21, 1995.

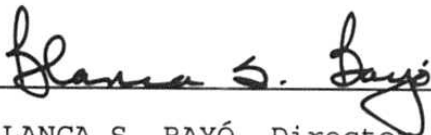
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Peoples Gas System, Inc.'s petition for modification of tariff provisions regarding customer deposits, as amended by its November 3, 1995, filing is approved, effective November 21, 1995. It is further

ORDERED that Peoples Gas System, Inc. will waive the deposit requirement for residential customers demonstrating good credit with another gas or electric utility for a 12 month period. It is further

ORDERED that this Order shall become final and effective and this docket shall become closed unless an appropriate petition for formal proceedings is received by the Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission, this 11th day of December, 1995.



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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

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 action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), 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 January 2, 1996.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

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.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.