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March 7, 1996

PLEASE REPLY REFER TO:

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VIA FEDEX

ORIGINAL
FILE COPY

960308-6U

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Petition for authority to implement bi-monthly meter-reading program system-wide by PEOPLES GAS SYSTEM, INC.

Dear Ms. Bayo:

Enclosed for filing on behalf of Peoples Gas System, Inc., please find the original and 15 copies of the captioned petition.

I enclose also a computer diskette, in WordPerfect 5.1 format, containing the enclosed petition (but not the attachments thereto).

Please acknowledge your receipt of the enclosures (together with the docket number assigned to the petition) on the duplicate copy of this letter which is also enclosed.

Thank you for your usual assistance.

Sincerely,

Ansley Watson, Jr.
ANSLEY WATSON, JR.

AWjr/a
Enclosures

cc: Mr. F. J. Sivard

RECEIVED
FLORIDA PUBLIC
SERVICE COMMISSION
96 MAR -8 AM 10
MAIL ROOM

DOCUMENT NUMBER-DATE
02923 MAR-8
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for authority to)
implement bi-monthly meter-reading) Docket No.
program system-wide by PEOPLES GAS)
SYSTEM, INC.) Submitted for Filing:
3-8-96

PETITION OF PEOPLES GAS SYSTEM, INC.

Peoples Gas System, Inc. ("Peoples" or the "Company"), by its undersigned attorneys, files this, its petition for authority to implement its program providing for bi-monthly reading of the meters of residential customers on a system-wide basis, and in support of its petition says:

1. The name and address of the Company is:

Peoples Gas System, Inc.
Post Office Box 2562
Tampa, Florida 33601-2562

2. The name and address of the person authorized to receive notices and communications with respect to this petition is:

Ansley Watson, Jr., Esquire
Macfarlane Ausley Ferguson & McMullen
Post Office Box 1531
Tampa, Florida 33601-1531

BACKGROUND

3. By its Order No. PSC-94-0999-FOF-GU, issued August 18, 1994, in Docket No. 940723-GU, the Commission approved Peoples' petition for authority to implement a pilot bi-monthly meter reading program in Peoples' South Florida Division for a period of one year (October 1994 - September 1995). The Commission's order also granted a temporary exemption from certain provisions of Rules

DOCUMENT NUMBER-DATE

02923 MAR-89

FPSC-RECORDS/REPORTING

25-7.084 and 25-7.085, Florida Administrative Code, that allowed Peoples, in implementing the pilot program, to use a scheduled estimated meter reading every other month for purposes of billing.

4. The Commission's Order No. PSC-95-1287-FOF-GU granted Peoples' petition to extend the end of the pilot program in the South Florida Division for an additional six-month period (October 1995 - April 1996).

5. The Commission's order initially approving the pilot program required Peoples to file quarterly reports to enable the Commission to evaluate the success of the pilot program, and to file a final report within 90 days after the pilot program was concluded. Peoples has timely filed all such quarterly reports, and will file the final report within the time required following completion of the pilot program on April 1, 1996.

6. Finally, the Commission's initial order approving the pilot program provided:

" . . . In the event this pilot program proves successful and Peoples Gas desires to implement the bi-monthly billing program on a system-wide basis, the company shall petition this Commission for approval prior to implementing the program on a broader scale."

AUTHORITY REQUESTED

7. By the instant petition, Peoples seeks authority to implement the bi-monthly meter-reading program, which applies only to residential customers, in all of the Company's operating divisions. If the Commission grants this petition, Peoples proposes to stagger the implementation in the Company's operating divisions in order to accommodate training and division-specific

program installation. The Company anticipates implementing the program in May 1996 in its Jacksonville and Orlando Divisions, in July 1996 in its St. Petersburg, Sarasota and Lakeland Divisions, and in September 1996 in its Tampa, Eustis and Daytona Divisions.

8. Peoples does not intend to implement the program at this time in its Highlands and Palm Beach Gardens Divisions because these divisions have such a small number of residential customers that implementation would not be cost effective.

9. Peoples' petition in Docket No. 940723-GU contained a detailed description of its bi-monthly meter-reading program, and a summary of the program is attached to this petition as Exhibit A. A summary of Peoples' experience and activity under the pilot phase of the program in its South Florida Division is attached hereto as Exhibit B.

10. Under the pilot phase of the program approved by the Commission, Peoples has experienced annual savings in meter-reading expense of approximately \$50,000. After correcting problems with the estimating algorithm, it has experienced no significant increase in customer complaints as a result of the pilot program.

11. Peoples' petition in Docket No. 940723-GU projected an annual savings in meter-reading expense on implementation of the program system-wide of approximately \$300,000. Based on the results of the pilot program, Peoples still projects that the annual savings will be approximately \$300,000.

12. As pertinent to this petition, Rule 25-7.084, F.A.C., entitled "Meter Readings," provides:

". . . . Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter-reading period. When there is good reason for doing so, estimated bills may be submitted." (emphasis supplied)

Likewise, Rule 25-7.085, F.A.C., entitled "Customer Billing," provides (among other things) that bills shall be rendered monthly, and contains other provisions which would be inconsistent with the pilot bi-monthly residential metering reading program described above. The Commission's Orders Nos. PSC-94-0999-FOF-GU and PSC-95-1287-FOF-GU, respectively, granted and extended a temporary exemption from the "monthly" meter-reading provisions of the referenced rules in order to permit Peoples' implementation of the pilot phase of the program.


13. Peoples submits that Rule 25-7.084 ("[u]nless special circumstances warrant," and "[w]hen there is good reason for doing so") itself contemplates the Commission's authority to permit meter readings (and billings based thereon) on other than a monthly basis. In the event the Commission determines it does not possess such authority, then Peoples respectfully requests that the Commission grant an exemption from the "monthly" requirements of Rules 25-7.084 and 25-7.085(5) in connection with its order authorizing Peoples to implement its bi-monthly meter-reading program on a system-wide basis.

WHEREFORE, Peoples respectfully requests that the Commission grant the relief sought by this petition, and enter its order:

A. Authorizing Peoples to implement its bi-monthly meter reading program on a permanent and system-wide basis; and

B. To the extent deemed necessary by the Commission, make permanent the temporary exemption from the provisions of Rules 25-7.084 and 25-7.085, F.A.C., previously granted by Order No. PSC-94-0999-FOF-GU.

Respectfully submitted,



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Telephone: (813) 273-4321
Facsimile: (813) 273-4396
Attorneys for Peoples Gas System, Inc.

STATE OF FLORIDA

COUNTY OF HILLSBOROUGH

Before me, the undersigned authority, personally appeared Francis J. Sivard who, being by me first duly sworn, says that he is Vice President - Accounting of Peoples Gas System, Inc.; that he is duly qualified and acting in that capacity; that he is authorized to execute the foregoing Petition and to make this oath thereto; that the matters and things stated in said Petition are, insofar as they come within his knowledge and belief, true; and that insofar as they are derived from or dependent upon the knowledge of others, he believes them to be true.


FRANCIS J. SIVARD

Sworn to and subscribed before me this 7th day of March, 1996.


NOTARY PUBLIC
STATE OF FLORIDA AT LARGE

My Commission Expires:

2/26/98



"OFFICIAL SEAL"
TAMI JO MUSIC
My Commission Expires 2/26/98
Commission # CC 341968

**PEOPLES GAS SYSTEM, INC.
BI-MONTHLY METER READING PROGRAM**

- What** ➤ Automatic estimating of a meter read.
- When** ➤ Estimated cycles occur every other month. Odd-numbered cycles are estimated on odd-numbered months, and even-numbered cycles are estimated on even-numbered months.
- Who** ➤ All residential customers currently using natural gas.
- How** ➤ Billed consumption for the estimated cycle is based on an estimated meter reading, using a formula that applies factors appropriate to the consumption history of that particular premise.

Other Program Features:

- Customer Service Representatives have the ability to override the estimate in instances where the estimate appears unreasonable.
- Customers who do not want their meter reads estimated are given the option of providing an actual reading using a postage-paid postcard.
- Customer Service Representatives have the ability to negotiate payment terms with the customer in the event of a disputed estimated bill. The customer's account will be coded so that a Final Notice will not be generated and the customer's credit rating will not be adversely affected.

**PEOPLES GAS SYSTEM, INC.
BI-MONTHLY METER READING PROGRAM
SUMMARY OF ACTIVITY**

Fiscal Quarter	Summary of Activity	Avg. # of Customers	Cust. Calls		Postcard Option
			Inquiries	Complaints	
October 1994 to December 1994	Program start-up. Letters sent to all customers advising them of the new program.	64,668	122	9	8
January 1995 to March 1995	First winter season of program. Discovered several significant flaws in the estimating formula relating to weather sensitivity causing major customer complaint activity.	65,406	301	2,180	13
April 1995 to June 1995	First winter season ends. Customer usage returns to baseload conditions. Estimates more accurate since weather is no longer an issue. Work begins to correct flaws in the program algorithm.	64,711	34	78	2
July 1995 to September 1995	Estimating programs rewritten to correct flaws relating to weather sensitivity. Company petition PSC to extend pilot program to ensure that modifications work during next winter heating season	63,610	110	50	7
October 1995 to December 1995	All program modifications working as intended. Estimated readings more accurate. Customer complaints remain low.	63,370	104	54	10
January 1996 to March 1996	South Florida experiences coldest winter in years. Estimating algorithm works well with regard to weather sensitivity. Customer complaints and inquiries remain low.	63,996	156 (thru February 96)	44	2