

State of Florida



Public Service Commission
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DATE: MAY 9, 2002

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (MAKIN, BULECZA-BANKS) *UBB* OFFICE OF THE GENERAL COUNSEL (JAEGER) *WJ*

RE: DOCKET NO. 020325-GU - PETITION FOR APPROVAL OF TARIFF MODIFICATIONS RELATING TO PAYMENT OF BILLS FOR SERVICES RENDERED AND PAYMENT PROCESSING ARRANGEMENTS ENTERED INTO BY CUSTOMERS OF THE COMPANY, BY TAMPA ELECTRIC COMPANY D/B/A PEOPLES GAS SYSTEM.

AGENDA: 5/21/02 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: JUNE 9, 2002

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMP\WP\020325.RCM

BACKGROUND

On April 9, 2002, Peoples Gas System (Peoples or Company) filed a petition to modify the sections of its Natural Gas Tariff relating to payment of bills for services. This petition was amended on April 17, 2002. Based on its amended petition, Peoples is seeking approval to modify its tariff to include language that clarifies the customer's obligation to make bill payments for gas service.

Transportation customers of Peoples often use third parties for bill payment. Before Enron's bankruptcy, some of Peoples' transportation customers had billing arrangements with Enron. Under these arrangements, Peoples would send the customer's bill to

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Enron and Enron would send the customer a single bill. The customer would then submit payment to Enron. Enron would forward Peoples its portion of the payment. When Enron went bankrupt, customers that had paid their bills through Enron found that Peoples had not received payment. Peoples' position is that the transportation customers are responsible for payment to Peoples for the transportation portion of the bill, and, just because the customer submits payment to Enron does not relieve the customer of its obligation to Peoples. To codify its position, Peoples filed this petition to modify its tariff so that the customer's responsibility is clear.

Jurisdiction over this matter is vested in the Commission by several provisions of Chapter 366, Florida Statutes, including Sections 366.04, 366.05 and 366.06, Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant Peoples Gas System's petition for approval of tariff modifications relating to payment of bills for services and third party payment arrangements?

RECOMMENDATION: Yes. The Commission should grant Peoples' petition for approval of tariff modifications relating to payment of bills for services and third party payment arrangements, effective May 21, 2002, the date of the Commission's vote in this matter. (MAKIN, BULECZA-BANKS)

STAFF ANALYSIS: Peoples currently allows customers to make bill payments to authorized payment agents. These agents are located in areas that are convenient and readily accessible to Peoples' customers. To qualify as an authorized agent, a \$200,000 bond must be provided for each location or payment outlet. The bond is required in case of default by the agent. By requiring a bond, the customer is free from liability should the authorized agent default and fail to submit the customer's payment to Peoples. Further, the customer would not be subject to discontinuance of service should the agent default on payment.

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Some customers, of both sales service and transportation service, enter into their own payment processing arrangements with entities that have not been designated by Peoples as an "authorized payment agent." Peoples states that, under these arrangements, the entity engaged as the agent of the customer receives the bills rendered by Peoples, and pays the bills for the customer.

Certain transportation service customers send their gas bills directly to their third party gas supplier or to their pool manager under Peoples' Natural Choice Transportation Service Rider. These customers have entered into arrangements with third parties to make payments to Peoples. Currently, none of the third party gas suppliers or pool managers used by Peoples' transportation service customers has been designated by Peoples as an "authorized payment agent."

Because these third parties are not authorized agents, Peoples does not recognize the customer's payment until Peoples has received payment for the customer's account. Peoples states that should a third party fail to make payment to Peoples for the customer's account, the customer is still obligated to Peoples for the gas service received. Because the language in Peoples' current tariff does not address a customer's payment obligation should its third party billing agent default, Peoples believes tariff language should be included so that customers are informed of their payment obligations should they choose to use an unauthorized party as a billing agent.

Currently, Peoples' tariff language is not clear with respect to such payment arrangements. As part of the clarification, language would be added stating that a customer's payment to a third party, which has not been designated as an "authorized payment agent" of Peoples, does not constitute payment to the Company.

The tariff modifications will eliminate any doubt that if the third party fails to remit payment on behalf of the customer, the customer's obligation to make payment to the Company will not have been satisfied and the customer would be subject to discontinuance of service for non-payment, unless the third party has been designated as an "authorized payment agent" by the Company.

Based on the Company's amended petition, staff recommends that Peoples' proposed modification of its Natural Gas Tariff to put its

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customers on notice that it is their obligation to make payment of bills for gas service either to the Company or to an entity which the Company has designated as an "authorized payment agent" is appropriate and should be approved.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no protest is filed within 21 days of the issuance of the Order by a person whose substantial interests are affected, the docket should be closed upon the issuance of a Consummating Order. (JAEGER)

STAFF ANALYSIS: If a protest is filed within 21 days of the Commission Order approving this tariff by a person whose substantial interests are affected, the tariff should remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket should be closed upon the issuance of a Consummating Order.