

State of Florida



Public Service Commission

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COMMISSION
CLERK

-M-E-M-O-R-A-N-D-U-M-

DATE: August 5, 2010

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Draper)
Office of the General Counsel (Sayler) *(Handwritten initials and signature)*

RE: Docket No. 100342-GU -- Petition for approval of tariff modifications for discontinuance of service for non-payment of bills, by Peoples Gas System.

AGENDA: 08/17/10 -- Regular Agenda -- Tariff Filing -- Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 08/30/10 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\100342.RCM.DOC

Case Background

On June 30, 2010, Peoples Gas System (PGS) filed a petition for approval of tariff modifications to clarify when PGS may discontinue medically essential service for non-payment. On July 29, 2010, PGS filed revisions to its proposed tariff.

The Commission has jurisdiction pursuant to Sections 366.05 and 366.06, Florida Statutes (F.S.).

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Discussion of Issues

Issue 1: Should the Commission approve PGS' proposed tariff modifications (Tariff Sheet Nos. 5.401-1 and 5.401-2)?

Recommendation: Yes. (Draper)

Staff Analysis: Rule 25-7.089(8), Florida Administrative Code, (F.A.C.), requires gas utilities to submit, as a tariff item, a procedure for discontinuance of service when that service is medically essential. Medically essential gas service typically is heat. The provision of medically essential electric service by investor-owned utilities (IOUs) is governed by Section 366.15, F.S. The statute provides for specific procedures for the electric IOUs to follow when providing medically essential service, but does not address gas IOUs.

PGS' current tariff contains language addressing the discontinuance of service for non-payment of bills. With respect to medically essential service, the tariff provides that PGS shall not discontinue service for non-payment of bills to a residential customer if such discontinuance will cause or severely aggravate a medical emergency to the customer. The current tariff defines medical emergency to mean that the discontinuance of gas service would cause the customer to require hospitalization. The tariff states that PGS will postpone the discontinuance of service for seven days to enable the customer to arrange for payment, if the customer produces a physician's statement that identifies the medical emergency. Thereafter, the current tariff provides that PGS may discontinue gas service unless the customer provides an affidavit stating that the customer is unable to make payment of the bill, that the customer has sought public assistance funds, or that the medical condition continues to exist. PGS states that the current tariff is silent as to when PGS can disconnect gas service, and could be interpreted to say that PGS may not discontinue medically essential service if the customer is unable to make payment and the medical condition continues to exist. Section 366.15, F.S., while applicable only to electric IOUs, allows an IOU to discontinue medically essential electric service if the customer does not make payment within a prescribed time.

PGS' proposed tariff revisions are designed to clarify the medically essential tariff and are based on the language contained in the approved tariffs of the electric IOUs. Specifically, PGS proposed three changes. First, PGS proposed that the tariff provide medically essential customers an extension not to exceed 30 days, beyond the time when service might otherwise be discontinued for non-payment. The extension will allow the customer and PGS to make arrangements for the bill payment or allow the customer to make other arrangements to meet their medically essential needs. The 30-day extension provision is contained in the electric IOU tariffs.

Second, PGS proposed to define "medically essential" as the residential customer's medical dependence on gas-powered equipment that must operate continuously or as circumstances require to avoid the loss of life or immediate hospitalization. This definition is the same definition referenced in Section 366.15, F.S., which provides for electric medically essential. Finally, PGS proposed to provide the medically essential customer with a written notice specifying the date service will be discontinued based on the extension provided. In addition to the written notice, PGS will attempt to contact the customer by telephone one day

prior to the scheduled disconnection. If the customer can not be reached by telephone, a field representative will be sent to the residence to contact the customer or leave a written notification at the residence. That language is also contained in the electric IOU tariffs.

Conclusion. PGS' proposed tariff revisions are designed to align themselves with the language approved for the electric medically essential IOU tariffs, which meet the requirements contained in Section 366.15, F.S. PGS is complying with Rule 25-7.089(8), F.A.C., which requires gas companies to address medically essential service in their tariffs. PGS states that approximately 60 accounts have previously requested an extension to pay their bill due to medically essential service. Staff has reviewed PGS' proposed revisions and recommends that the proposed tariff be approved.

Docket No. 100342-GU

Date: August 5, 2010

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, this tariff should become effective on August 17, 2010. If a protest is filed within 21 days of the issuance of the order, this tariff should remain in effect, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Saylor)

Staff Analysis: If Issue 1 is approved, this tariff should become effective on August 17, 2010. If a protest is filed within 21 days of the issuance of the order, this tariff should remain in effect, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.