

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for authority ) DOCKET NO. 940723-GU  
to implement pilot bi-monthly ) ORDER NO. PSC-94-0999-FOF-GU  
meter-reading program and for ) ISSUED: August 18, 1994  
temporary waiver of certain )  
provisions of Rules 25-7.084 AND )  
25-7.085, F.A.C., by PEOPLES GAS )  
SYSTEM, INC. )  
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The following Commissioners participated in the disposition of this matter:

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

PROPOSED AGENCY ACTION ORDER  
GRANTING AUTHORITY TO IMPLEMENT PILOT PROGRAM

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On July 11, 1994, Peoples Gas System, Inc. (Peoples Gas or the company) filed a petition for approval of a pilot bi-monthly meter reading program in its South Florida Division. Peoples Gas believes that reading residential customers' meters bi-monthly, rather than monthly, will provide an opportunity to effectively reduce operating expenses embedded in base rates.

Approximately 67,400 residential customers will be involved in the pilot program for a period of one year. During the term of the pilot program, Peoples Gas' employees who otherwise would be assigned to the meter reading function will be reassigned to perform other functions in a cost effective manner. Peoples Gas anticipates saving approximately \$50,000 to \$75,000 in meter reading expense during this trial period.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

If the pilot program is successful and accepted by the residential customers in the South Florida Division, Peoples Gas plans to implement the program in its other divisions, subject to our approval. Should the pilot program be extended to residential customers in the company's other divisions, ultimately about 166,000 residential customers would be on the bi-monthly meter reading program when fully implemented. This figure is comprised of the approximate 67,400 residential customers under the proposed pilot program and an approximate additional 98,600 residential customers. Peoples Gas estimates that the total annual meter reading expense can be reduced by approximately \$300,000 due to staff reductions. Because of the relatively high employee turnover in the meter reading function, it is anticipated that staff reductions would occur naturally through attrition.

The pilot program calls for the customer to receive a bill each month. However, every alternate month the bill will be a "scheduled estimate." The "scheduled estimate" is based upon an estimation methodology developed by the company which incorporates unique factors tailored to the individual customer. By applying the customer's historical usage patterns and current weather data into a formula, an estimated meter reading is determined.

To test the validity of its estimation methodology, the company conducted a random sample of 50 residential customers for the month of January 1994. The average variance between the estimate generated by the proposed program and the actual consumption was approximately three therms. Three therms equates to approximately \$2.40 for Peoples Gas.

In its petition the company details its plan to implement the pilot program, including provisions for customer notice, customers unwilling to pay estimated bills, handling customer billing disputes and the bill format. Estimated consumption is based on each individual customers historical usage patterns and weather conditions. There are anticipated savings of \$50,000 to \$75,000 for the one year program. And, no costs will be incurred by the general body of ratepayers with the implementation of the bi-monthly meter reading program. Based on the foregoing, we approve Peoples Gas' petition to implement a bi-monthly meter reading program in its South Florida Division for a period of one year. 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.

Since Rule 25-7.084, Florida Administrative Code, requires that meters be read at monthly intervals, Peoples Gas requests a temporary waiver of the rule during the pilot program. For the span of the pilot program the meters will be alternately read one month and estimated the next. Further, Rule 25-7.085(5), Florida Administrative Code, requires that with the third consecutive estimated billing the customer be informed of the reason for the estimation. Because the pilot bi-monthly program provides for an estimated meter reading every other month, some situations may occur where an estimated reading is made when an actual reading is scheduled. If this situation happens, three consecutive estimated meter readings would take place. To alleviate the potential for confusion among pilot bi-monthly program participants, Peoples Gas also requests a temporary waiver of Rule 25-7.085(5), Florida Administrative Code, for the duration of the pilot program. We agree that the utility must be exempt from these rule provisions in order to institute the pilot billing program. Therefore, based on the foregoing we grant a temporary exemption from Rule 25-7.084 and Rule 25-7.085(5) for the duration of the pilot program.

To enable the Commission to evaluate the program's success, Peoples Gas, at a minimum, on a quarterly basis, shall file with the Commission the following information:

- . Number of customers in the program.
- . Number of customer complaints, and the reason why.
- . Number of customers using postage-paid postcards.
- . Number of customers using payment option.
- . Savings in meter reading expense.
- . Narrative of any problem in implementation.
- . Number of times that an estimated meter reading was made when an actual was due.

Peoples Gas shall also file, a final report within 90 days after the conclusion of the pilot bi-monthly meter reading program.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Peoples Gas System, Inc.'s petition to implement a pilot bi-monthly meter reading program in its South Florida Division for a period of one year is hereby approved. It is further

ORDER NO. PSC-94-0999-FOF-GU  
DOCKET NO. 940723-GU  
PAGE 4

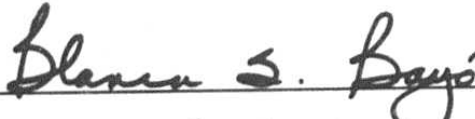
ORDERED that Peoples Gas System, Inc. is granted a temporary exemption from Rules 25-7.084 and 25-7.085(5), Florida Administrative Code, for the duration of the pilot program. It is further

ORDERED that Peoples Gas System, Inc. shall provide monitoring reports as discussed herein. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket should be closed.

By ORDER of the Florida Public Service Commission, this 18th day of August, 1994.

  
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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

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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 action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on September 8, 1994.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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 and effective 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 effective date of this order, 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.