

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: September 3, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Ollila) *A.O. EAD*
Office of the General Counsel (Mapp) *MM JSC 08*

RE: Docket No. 150160-GU – Petition for approval of tariff revisions to implement customer relationship management (CRM) project, by Peoples Gas System.

AGENDA: 09/15/15 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 60-Day Suspension Date Waived by the Company Until the 9/15/15 Agenda Conference

SPECIAL INSTRUCTIONS: Place Docket No. 150159-EI adjacent to this docket

15 SEP -3 AM 9:45
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COMM CLERK

Case Background

On June 25, 2015, Peoples Gas System (Peoples or the Company) filed a petition for approval of tariff revisions related to the implementation of Peoples' and Tampa Electric Company's (Tampa Electric) Customer Relationship Management (CRM) project. Peoples and Tampa Electric are both owned by TECO Energy. Peoples seeks approval of modifications to its budget pay plan and deposit tariff provisions as well as the addition of summary billing so as to align these provisions with those proposed by Tampa Electric in Docket No. 150159-EI. In addition, Peoples proposes a modification to its Rider Natural Choice Transportation Service (Rider NCTS).

Currently, Peoples and Tampa Electric are served by legacy mainframe customer billing and meter information systems. The CRM project will update and modernize these systems with new hardware and software. Peoples requests approval of its proposed tariff revisions to be effective on the transition date to the CRM system, expected to occur on or about July 5, 2016.

Docket No. 150160-GU
Date: September 3, 2015

Peoples and Tampa Electric met with staff and the Office of Public Counsel in noticed meetings on March 31 and June 1, 2015, to provide an overview of the CRM project. Staff issued one data request. The proposed tariff pages are contained in Attachment 1. The tariff pages are in legislative format in order to display the proposed changes in type-and-strike. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.05, and 366.06, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission approve Peoples' proposed tariff revisions?

Recommendation: Yes. The Commission should approve Peoples' proposed tariff revisions effective on the transition date of the CRM system, expected to occur on or about July 5, 2016. No later than 30 days prior to the transition date the Company should notify the Commission in writing of the actual transition date. (Ollila)

Staff Analysis: Peoples proposes changes to its budget pay plan, deposits, and Rider NCTS. In addition, Peoples proposes to add a summary billing option. Each of the proposed changes is discussed below.

Proposed Tariff Changes

Budget Pay Plan

Peoples' Budget Pay Plan is an option for residential customers designed to help customers stabilize their monthly payments. Currently, the budgeted payment is recalculated on each anniversary of the customer's participation in the plan. At that time, any credit deferred balances are refunded and 1/12 of any debit deferred balances are added to the monthly recalculated balance. From time to time during the year, Peoples reviews the monthly budgeted amount and compares it to a recalculated amount. If the recalculated amount varies by 25 percent or more from the budgeted amount, the Company may begin to charge the recalculated amount.

Peoples proposes to change the name of its Budget Pay Plan to Budget Billing Plan. The proposed Budget Billing Plan modifies the current plan by extending its availability to small commercial customers, changing the qualifying criteria, and changing the 25 percent variance allowance to 15 percent. Currently, in order to qualify, a customer must have no owed balance, allowing only a short window of opportunity between the payment of the current bill and receipt of a new bill. Under the proposed plan the customer must have no overdue amount and no pending disconnection for non-payment to qualify. The 25 percent variance amount is being reduced to 15 percent primarily because 25 percent, while not significant for residential gas bills, according to Peoples, can be significant for residential electric bills. Peoples and Tampa Electric agree that a 15 percent threshold would have little impact on Peoples' customers and at the same time, it would mitigate potential volatility for Tampa Electric's customers and allow both companies to have the same budget billing process.

Deposits

Currently, residential customers may provide a recent credit reference from another gas or electric utility reflecting a good credit rating for the prior 12 months in order to establish credit, allowing the deposit to be waived. According to Peoples, this method is an outdated and time consuming process that is losing favor with utilities. Peoples proposes to replace it with an optional credit verification through an external/independent credit monitoring service to determine if the security deposit may be waived. As with Tampa Electric, Peoples states that the proposed verification will not have an impact on a customer's credit score.

Rider NCTS

Peoples' current Rider NCTS allows firm service customers who use more than 2,000 therms per year to purchase natural gas through a third-party supplier or pool manager. Rider NCTS customers who would like to change to a different pool manager must make the request prior to the 21st day of the current month in order for service to commence on the first day of the following month. Consequently, customers often received pro-rated bills from two pool managers because the billing cycle may not always begin on the first of the month. Peoples' proposal in this proceeding changes the effective start date of a pool manager change to the customer's next billing period; thus, the customer would receive only one pool manager's bill in a billing cycle.

Summary Billing Plan

Peoples requests approval of a new Summary Billing Plan similar to Tampa Electric's plan and proposed changes in Docket No. 150159-EI. The plan would offer summary billing to customers who have ten or more accounts. Peoples would read each meter and calculate a bill for each account separately, with the amount totaled on a summary billing statement (with the individual bills attached as back-up). Customers would have the option to separate accounts into groups. If a customer fails to pay within ten days of mailing, the customer may be removed from the program; however, no delinquency actions will be taken unless the summary bill remains unpaid for more than 20 days.

Communications Plan

Peoples plans to carry out what it describes as a comprehensive communications plan so that customers and others affected by the proposed changes will be fully informed. The Company's plan includes the use of various owned media (e.g., bill inserts, newsletters, websites, etc.) and external media (e.g., newspaper/online advertisements, social media, press releases, etc.) to communicate the CRM project changes and benefits to its customers. The communications will be tailored to each customer segment.

Proposed Effective Date

Peoples expects the transition date of the CRM system to occur on or about July 5, 2016. The Company requests that, if approved, the proposed tariff revisions be made effective as of the transition date.

Summary

Staff believes that Peoples' proposed tariff revisions are reasonable and should be approved. No later than 30 days prior to the transition date the Company should notify the Commission in writing of the actual transition date.

Issue 2: Should this docket be closed?

Recommendation: No. If a protest is filed within 21 days of the issuance of the order, any revenues collected once the tariff becomes effective should be held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Mapp)

Staff Analysis: If a protest is filed within 21 days of the issuance of the order, any revenues collected once the tariff becomes effective should be held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

~~First~~^{Second} Revised Sheet No. 5.401-3
Cancels ~~Original-First~~ Sheet No. 5.401-3

BILLING (Continued)

I. BUDGET ~~PAY-BILLING~~ PLAN (optional)

Residential Customers (RS) and Small Commercial Customers (SCS) may elect to make budgeted monthly payments of amounts due the Company to help stabilize their monthly payments. To qualify for the Budget ~~Pay~~^{Billing} Plan, a customer must ~~be a year-round customer and have no overdue balance or pending service disconnection for non-payment owing~~ when beginning the plan. The Company shall have 30 days following a Customer's request to participate in the ~~Budgeted payment-Billing~~ Plan to implement such participation.

If a Customer requests to make budgeted payments, the initial budgeted payment amount is based on an average of the previous ~~twelve (12)~~ months bills due the Company, including all applicable fees and taxes. If the Customer has not received Gas Service from the Company for the preceding ~~twelve (12)~~ months, the Company will use the best information available to calculate the initial monthly payment amount. After the Customer's budgeted monthly payment amount has been initially established, the Company may recalculate the payment from time to time. If the recalculated budgeted payment amount varies by ~~25-fifteen (15)~~ percent or more from the budgeted payment amount then in effect, the Company may begin charging the recalculated amount on Customer's next successive bill.

Any current and total deferred balance will be shown on the Customer's bill. The Customer's budgeted payment amount will be recalculated on each anniversary of the Customer's initial participation in the plan. On such recalculation, any credit deferred balance will be refunded to the Customer, and one-twelfth (1/12) of any debit deferred balance will be added to the following year's recalculated budgeted monthly payment amount.

An electing Customer's participation in the ~~Budgeted payment-Billing~~ Plan will be continuous unless the customer requests that participation in the plan be terminated, ~~or that Gas Service be is terminated~~, or the Customer ~~has had more than one arrears per year initiating field collection procedures is delinquent in paying the budgeted payment amount for two successive months.~~ At that time, the Customer's participation in the plan will be terminated and the Customer shall settle his account with the Company in full. If a Customer requests to terminate participation in the plan, but remains a Customer of the Company, the Customer shall pay any deferred debit balance with his next regular monthly bill, and any deferred credit balance shall be used to reduce the amount due for the next regular monthly bill. An electing customer may request that participation be terminated at any time. Any Customer who is disqualified because of collection action may not rejoin for at least twelve (12) months.

Issued By: G. L. Gillette, President
Issued On: ~~October 19, 2011~~

Effective: ~~March 13, 2012~~

Peoples Gas System
a Division of Tampa Electric Company Cancels ~~Second-Third~~ Revised Sheet No. 7.301-1
Original Volume No. 3 ~~Third-Fourth~~ Revised Sheet No. 7.301-1

SMALL GENERAL SERVICE (Continued)

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or any time at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

Note: Company's Budget Billing Plan is available to eligible Customers receiving Gas Service pursuant to this rate schedule (See Sheet No. 5.401-3)

Issued By: G. L. Gillette, President
Issued On: ~~December 14, 2011~~

Effective: ~~January 1, 2013~~

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

~~First~~Second Revised Sheet No. 5.301
Cancels ~~Original~~First Sheet No. 5.301

III

DEPOSITS

A. ESTABLISHMENT OF CREDIT

Each prospective Customer shall establish credit prior to the commencement of Gas Service by Company by one of the following methods:

1. Making a cash deposit with Company equal to two (2) times the estimated average monthly bill to be rendered by Company.
2. In the case of a residential Customer, ~~at the customer's option, the Company will perform a credit verification through an external credit monitoring service to determine if the Customer meets the Company's creditworthiness criteria allowing the security deposit to be waived. This type of credit verification will have no impact on the customer's credit score, furnishing a recent credit reference from another Gas or electric utility reflecting a good credit rating for the prior twelve (12) consecutive months.~~

A former residential Customer of the Company who (within six months of the time of discontinuing service, and who has, for the twelve (12) months immediately preceding his termination, established a satisfactory payment record as set forth in Section F below) requests service under the same rate schedule shall be deemed to have established credit.

3. In the case of a residential Customer, furnishing a guarantor, satisfactory to Company, to secure payment of bills for the Gas Service requested. A satisfactory guarantor shall, at the minimum, be a Customer of Company with a satisfactory payment record.
4. Furnishing an irrevocable letter of credit from a bank, or a surety bond, issued by a Company with an A.M. Best Rating Service rating of B/VI or higher for bonds up to \$50,000 in amount and a rating of A-/VII or higher for bonds over \$50,000 in amount.

The amount of such deposit, letter of credit or surety bond shall be equal to two (2) times the estimated average monthly bill for service hereunder.

5. a. 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 ratings may be considered from other nationally recognized rating organizations acceptable to the Company.
- b. (i) 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 credit-worthiness 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 be accompanied by the opinion of independent certified public accountants or chartered accountants of recognized national or regional standing.

Issued By: G. L. Gillette, President
Issued On: ~~October 19, 2011~~

Effective: ~~March 13, 2012~~

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

~~Fifth-Sixth~~ Revised Sheet No. 7.803-2
Cancels ~~Fourth-Fifth~~ Revised Sheet No. 7.803-2

NATURAL CHOICE TRANSPORTATION SERVICE (Continued)

3. To initiate service pursuant to this Rider, a Customer shall select a Pool Manager from Company's approved Pool Manager list and Pool Manager shall enroll customer electronically via company's website for service under this Rider. The Pool Manager shall obtain a letter of authorization in the form set forth on Sheet 8.118 of this tariff and have signed by the Customer prior to such electronic enrollment. Pool Manager shall also pay to Company a registration fee of \$10.00 for each Customer account to which service is initiated hereunder. Service by Company to a Customer account for which service hereunder has been properly requested by electronic enrollment prior to the twenty-first day of the month pursuant to this Rider will commence on the first day of the Customer's billing period of the next calendar month following receipt by the Company of the aforesaid electronic enrollment. Service under Rider will be delayed until the first day of the Customer's second billing period in the second calendar month following enrollment by the Pool Manager for any Customer enrolled after the twentieth day of the month.
4. A Customer account receiving service under this Rider may terminate service hereunder by its then serving Pool Manager and commence service hereunder (within the time and in the manner provided in Special Condition 3) by a different Pool Manager. The new Pool Manager shall pay to Company a registration fee of \$10.00 for each account.
5. If a Pool Manager requests the Company provide the twelve-month consumption history for a Customer account, the Company shall provide to the Pool Manager the history and apply an administrative fee charge equal to \$20 per customer account to Pool Manager's monthly invoice.
6. A Customer receiving service under this Rider may discontinue service hereunder by giving Company 30 days written notice. A Customer who elects to terminate transportation service under this Rider in order to return to sales service will be required to remain on sales service for a period not less than twelve months successive billing periods. A Customer who returns to sales service due to abandonment by its Pool Manager will not be required to remain on sales service but cannot return to the same Pool Manager, or any affiliated company, for at least twelve months successive billing periods.
7. For purposes of curtailment or interruption by Company, each individually billed account receiving service hereunder shall be treated by the Company in accordance with the curtailment provisions found in the applicable rate schedule or Curtailment Plan as filed with the Florida Public Service Commission.
8. Accounts receiving service pursuant to this Rider will be subject to the Swing Service Charge (set forth on Sheet No. 7.101-3).

Issued By: ~~William N. Cantrell~~ G.L. Gillette, President
Issued On: ~~February 13, 2006~~

Effective: ~~February 13, 2006~~

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

Original Sheet No. 5.401-4

BILLING (Continued)

J. SUMMARY BILLING PLAN (optional)

A Customer with ten (10) or more Company accounts and no bill in arrears may request a single statement for the billing and payment of those accounts under this Summary Billing Plan. With Summary Billing, the Customer designates which accounts are to be included in the plan. Those accounts may be separated into groups each of which will be billed once a month on cycle billing days as designated by the Company.

The Company will read each meter and calculate a billing amount for each account separately. The billing amount for each of the designated accounts will be totaled on a Summary Billing statement, with each of the individual account bills attached as backup, and a single totaled bill will be included for remittance. Summary bills are due when rendered. If the summary bill is not paid in full within ten (10) days from the mailing date, the Customer may be removed from the Summary Billing Plan.

Issued By: G. L. Gillette, President
Issued On:

Effective:

Peoples Gas System
 a Division of Tampa Electric Company
 Original Volume No. 3

~~Third-Fourth~~ Revised Sheet No. 5.000
 Cancels ~~Second-Third~~ Revised Sheet No. 5.000

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Issued By: G. L. Gillette, President
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