

In the Matter of an Amendment to)
Commission Rule 4 CSR 240-13.055.) Case No. GX-2006-0181

4. The OPC proposed its ECWR in anticipation of the effects of recent natural gas prices, which reached historically high levels in the past six months. These high prices have been reflected in the PGA/ACA rates filed by Missouri natural gas local distribution companies

(LDCs) for the upcoming heating season. The conditions prompting this ECWR differ from those of 2001 in that the 2001 ECWR addressed historically high numbers of customers who had already been disconnected for non-payment of high bills in the preceding heating season, while the proposed ECWR anticipates future widespread customer difficulty in paying for natural gas to heat homes in the current heating season.

5. Staff notes that government assistance through the Low Income Home Energy Assistance Program (LIHEAP) is available only to households with an income less than 125% of the federal poverty level (150% if disabled or elderly). Staff is concerned that the high PGA rates currently in place will put households at higher income levels in the position of being unable to timely pay their utility bills in full this winter, subjecting them to possible service disconnections late fees, and arrearages they have not previously experienced.

6. With respect to the items listed on Attachment A, the Staff advises the Commission:

a. **Population Addressed by Plan.** Staff believes that the current CWR provisions, coupled with the MEDA provisions for LIHEAP eligible customers, address a sufficient strata of households for this heating season.

b. **Disconnect Provisions.** Staff believes that the provisions of the current CWR are sufficient for this heating season.

c. **Deposit Requirements.** Staff believes the provisions of the current CWR, coupled with the MEDA deposit promise, are sufficient for this heating season.

d. **Reconnection.** Staff believes that the reconnection provisions of the current CWR are sufficient for this heating season.

e. **Reconnection Fee**. Staff believes that the MEDA reconnection promises are sufficient for this heating season.

f. **Arrearage Repayment Plan**. Staff believes that the provisions of the current CWR are sufficient for this heating season. Staff believes that extending provisions for payment of 2005-2006 heating bills beyond October, 2006 may compound problems with payment of next year's heating bills in jeopardy.

g. **Budget Billing**. Staff proposes that customers be permitted to pay for one half of actual, current usage, and defer the balance for levelized payments between April and November, 2006. This proposal will provide for payment of this year's heating bills before the beginning of the 2006/2007 heating season. Staff believes that this is consistent with OPC's proposal in its paragraph 13.055(14)(F). In the alternative, Staff suggests that the current CWR provisions are sufficient for this heating season.

h. **Late Payment Charges**. This provision references the practice of LDCs to charge a "late payment", or interest charge on amounts not timely paid. OPC proposes that this practice be suspended for this heating season, and Staff concurs.

i. **Cost Recovery**. OPC proposes that any costs associated with the ECWR amendment be recovered through an AAO, which is consistent with the Commission's 2001 ECWR. Staff concurs, with such costs to be calculated in accord with the steps shown in Attachment B.

j. **Customer Pay History Status**. Staff concurs with OPC's proposal that customers who become delinquent this heating season, but enter into a pay agreement and successfully complete the agreement by November 2006 should be deemed not to have missed payments or defaulted on a pay agreement.

7. Staff informs the Commission that at least one LDC has indicated that it will not acquiesce to a change in the CWR that has significant financial effects, unless the Commission provides concurrent rate relief.

8. Because of the press of time and to provide interested parties the opportunity to reach mutually agreeable positions, Staff asks the Commission to schedule a technical conference on Thursday, November 10, 2005, at 10:00 am in Conference Room 130 of the Governor Office Building.

Respectfully submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or emailed to all counsel of record this third day of November, 2005.

/s/ Thomas R. Schwarz, Jr.

		MO Energy Development Association	2005 OPC Emergency Amendment	2001 Emergency Amendment	Current CWR
A	Population Addressed by Plan	Electric/Gas "Qualified" customers who have applied for or are receiving LIHEAP this heating season	Natural Gas CWR-eligible households	Natural Gas CWR-eligible households	Temperature Provisions – any residential customer Minimum Payment Provisions - ≤150% FPL if low-income registered disabled/elderly CWR Payment Plan – any residential customer
B	Disconnect Provisions		CWR + any security deposit applied to balance before disconnect	CWR + any security deposit applied to balance before disconnect	Cannot disconnect if temp forecasted to be below 32° F OR if household enters into CWR payment agreement
C	Deposit Requirement	'Suspended' 11/05-03/06	None required for <u>reconnection</u>	None required	Utility cannot assess new deposit or bill deposits 'that were previously assessed during or after the period of this rule' if customer is making agreed-upon CWR payment
D	Reconnection	Have LIHEAP or Utilicare pledge 'to pay past due balances'	Lesser of 25% arrearage or \$250	Lesser of 25% arrearage or \$250	12% of arrearage if customer has not defaulted on previous CWR agreement 80% of existing arrearage + CWR payment agreement if customer has defaulted on previous CWR agreement – can use LIHEAP pledge to satisfy this

		MO Energy Development Association	2005 OPC Emergency Amendment	2001 Emergency Amendment	Current CWR
E	Reconnection Fees	Waived	Deferred	Deferred	
F	Arrearage Repayment Plan		Yes - 18 months equal installments	Yes - 18 months equal installments	Yes – ≥12 months equal installments
G	Budget Billing		Option must be offered to any customer that requests it, regardless of current arrearage position		12 month plan offered which includes repayment of arrearage – if cannot pay that, then > 12 months for arrearage + regular 12 month budget bill plan
RE =	Late Payment Charges		'Not assessed'	'Not assessed'	
I	Cost Recovery		AAO	AAO	
	NOTES		Addresses effects of high gas prices in <u>upcoming</u> winter	Addressed effects of high gas prices in <u>previous</u> winter	

OPC added, in Section F: This billing method (budget billing) shall be made available to the customer for future billings whether or not the customer is currently in good standing. For any such customer who was in good standing as of November 1, 2005, the calculation of monthly amounts due under the budget billing or equal payment plan shall include any current or past due balances for bills rendered on or after November 1, 2005. Any equal payment or budget billing plan entered into under this subsection shall remain in effect until October 31, 2006 or until terminated at the customer's request or because of the customer's failure to pay monthly amounts due under the plan.

Section G: Any customer in good standing on November 1, 2005 whose payments fall into arrears during the period this rule is in effect but who manage to bring all balances current prior to November 1, 2006 shall be treated, as of the date the customer's account is brought up to date, as if the customer had not missed any payments or defaulted on any payment agreements or cold weather agreements.

**Cold Weather Default Emergency Rule
Dollar & Measurement Matrix**

Customer Groups in Default of Cold Weather Agreements	Rule Impact @ Reconnection	Rule Impact After Reconnection if Customers Pay Bills	Rule Impact After Reconnection if Customers Do Not Pay Bill
Customers that <u>would</u> have reconnected without the emergency rule provisions	Receive less monies upon reconnection	Interest costs on monies not collected up-front	Additional Bad Debts equivalent to reduction in receipt of up-front monies and interest costs on monies not collected up-front
Customers that <u>would not</u> have reconnected without the emergency rule provisions	Receive more monies than amounts realized through normal collection practices	Reduction in bad debts equivalent to monies received in excess of amounts realized through normal collection practices	Additional bad debts equivalent to unpaid portion of 2001-2002 winter bill

**Cold Weather Default Emergency Rule
Dollar & Measurement Matrix**

Measurement Characteristics	Basis
Customers that <u>would have</u> reconnected without the emergency rule provisions	Historical experience of the number or percentage of customers that connect in previous winters
Customers that <u>would not have</u> reconnected without the emergency rule provisions	Difference between actual customers connected in default of cold weather agreements and historical experience of the number or percentage of customers that connect in previous winters.
Receive less monies upon reconnection	Difference between actual receipts and benchmark established from sample of prior customer arrangements.
Receive more monies than amounts realized through normal collection practices	Difference between actual receipts and benchmark established from percentage of monies realized through historical collection practices.
Interest costs on monies not collected up-front	Application of company's short-term debt interest rate to relevant amounts

Cold Weather Default Emergency Rule
Dollar & Measurement Matrix

Measurement Characteristic	Basis
Additional Bad Debts equivalent to reduction in receipt of up-front monies and interest costs on monies not collected up-front	Difference between actual receipts and benchmark established from sample of prior customer arrangements. Application of company's short-term debt interest rate to relevant amounts
Reduction in bad debts equivalent to monies receive in excess of amounts realized through normal collection practices	Difference between actual receipts and benchmark established from percentage of monies realized through historical collection practices.
Additional bad debts equivalent to unpaid portion of 2001-2002 winter bill	Actual customer billing records.