

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Southern Union Company )  
d/b/a Missouri Gas Energy’s Tariff )  
Proposal to Assess Security Deposit on ) Case No. GT-2011-\_\_\_\_\_  
New Service Applicants that Receive a )  
Credit Score of 724 or Below. )

**MOTION TO SUSPEND TARIFF FILING**

**COMES NOW** the Missouri Office of the Public Counsel and for its Motion to Suspend Tariff Filing states as follows:

1. On May 11, 2011, Southern Union Company d/b/a Missouri Gas Energy (MGE) filed revised tariff sheets that would authorize MGE to assess security deposits on new service applicants that received a credit score of 724 or below. MGE’s proposed tariff sheet (attached and labeled “Appendix A”) was assigned Tariff File Number JG-2011-0565 and bears an effective date of June 10, 2011. MGE characterizes the purpose of the tariff change is “to simplify the screening process in deciding who is assessed a deposit as a requirement for new service.”

2. MGE’s proposed tariff would add new language that would include the following to the list of instances where MGE “may require a security deposit or other guarantee as a condition of new service”:

Credit Score: The customer’s Equifax Advanced Energy Risk Score (EAER Score) is 724 or below. Those customers without an EAER Score will not be assessed a deposit under this subsection. Such credit scoring criteria is being implemented on an experimental basis.

3. MGE’s proposed tariff language would also delete language currently in MGE’s tariff (and required by the Commission’s rules) which allows new service customers to avoid paying a security deposit if the customer meets one of the following:

- (a) Owns or is purchasing a home;
- (b) Is and has been regularly employed on a full-time basis for at least one year;
- (c) Has an adequate regular source of income;
- (d) Can provide adequate credit references from a commercial source.

Allowing new service customers to obtain service without the burden of a security deposit under the above criteria is required by Commission Rule 4 CSR 240-13.030, which “establishes reasonable and uniform standards regarding deposits and guarantees required by utilities.”

4. It is not clear from MGE’s filing whether MGE would still allow a *prima facie* showing of an acceptable credit rating as required by 4 CSR 240-13.030(1)(C). MGE’s proposal to delete nearly identical language from its tariff suggests that MGE does not intend to allow the *prima facie* showing required by the rules.

5. If MGE’s intention is to no longer allow a *prima facie* showing, MGE’s proposed tariff would be in direct violation of Commission Rule 4 CSR 240-13.030(1)(C) and would be unlawful without a variance from the Commission.<sup>1</sup>

6. The issues created by MGE’s proposal are currently being considered in Case Number AW-2011-0252, *In the Matter of a Working File to Consider Changes to Chapter 13 Service and Billing Practices Rules*. Allowing MGE to make this change at

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<sup>1</sup> 4 CSR 240-13.065 establishes the procedure to be followed by a utility seeking a variance from any provision of Chapter 13.

this time would be premature while the proposed Chapter 13 rule changes are being considered. OPC filed comments with the Commission on this issue stating:

The current rules allow a utility company to assess a deposit on new accounts where the customer is unable to establish an acceptable credit rating. The rules also provide that new customers “shall be deemed *prima facie* to have established an acceptable credit rating” and avoid the burden of paying a deposit before initiating service if the new customer meets any one of the following criteria: 1) owns or is purchasing a home; 2) has been regularly employed full-time; 3) has a regular source of income; or 4) can provide adequate credit references. 4 CSR 240-13.030(1)(C). The Staff’s draft revision would eliminate this consumer protection for every utility that uses credit scoring. OPC opposes this revision because the current rule provides a much-needed protection for customers that are a low credit risk but for a multitude of reasons may be unable to establish an acceptable credit rating. An applicant’s ability to purchase a home, maintain a full-time job, receive a regular source of income, or obtain credit references should be maintained as a *prima facie* showing that the applicant has an acceptable credit rating. Credit ratings remain tied to individuals even after the reasons for a poor credit rating may have changed. Maintaining the *prima facie* showing will preserve the existing consumer protections that take changed circumstances into account.

The decision of whether to provide an essential service such as utility service to an applicant should err on the side of making the service available. In the event service is extended and the customer fails to make timely payments of their bill, the company has many protections available to assist the utility, such as additional late fees and reconnection fees, or the ability to disconnect service.<sup>2</sup>

OPC stands by these comments and continues to oppose efforts to diminish the consumer protections currently in 4 CSR 240-13.030(1)(C). OPC requests that the Commission suspend this tariff filing until Case Number AW-2011-0252 is resolved.

7. MGE’s proposed tariff change also raises questions regarding the basis for using 724 or below as the threshold credit score that determines whether MGE will assess

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<sup>2</sup> Comments of the Office of the Public Counsel on Staff’s Draft Revisions to Chapter 13 of the Commission’s Rules, Case Number AW-2011-0252, *In the Matter of a Working File to Consider Changes to Chapter 13 Service and Billing Practices and Rules*, March 1, 2011, pp. 10-11.

a deposit. OPC asks the Commission to investigate this proposal, and whether using credit scores as a means of establishing acceptable credit is skewed in favor of higher income consumers that borrow money and use credit cards. Credit scores may not reflect well on lower income consumers who operate mostly on cash, but still pay all their bills on time. A thorough analysis into customer impacts should be conducted before considering the proposed change. Such an analysis has not been provided by MGE.

8. MGE's proposed tariff mirrors Laclede Gas Company's tariff, which was authorized on an "experimental basis." OPC asks the Commission to thoroughly analyze Laclede's experiment prior to expanding its use to MGE's customers.

9. OPC requests that the Commission suspend MGE's proposed tariff JG-2011-0565 to allow OPC, the Commission's Staff, and the Commission sufficient time to consider these matters and determine whether the proposal is lawful and reasonable.

WHEREFORE, the Office of the Public Counsel respectfully submits this Motion to Suspend Tariff Filing.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 17<sup>th</sup> day of May 2011:

General Counsel  
Missouri Public Service Commission  
PO Box 360  
Jefferson City MO 65102  
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**/s/ Marc Poston**

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Missouri Gas Energy,  
a Division of Southern Union Company

For: All Missouri Service Areas

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

2.04 MODIFICATIONS:

A service agreement shall be subject to modification and shall be deemed modified from time to time during the term thereof in accordance with all applicable changes in Company's rate schedules. General Terms and Conditions for Gas Service and the Commission's rules as authorized by law.

2.05 CREDIT REGULATIONS:

(A) New Service - Residential: A new service is defined as a customer who is applying for service from Company for the first time.

Company may require a security deposit or other guarantee as a condition of new service due to any of the following:

- (1) Unpaid-Undisputed Account: Customer has outstanding with a utility, providing the same type of service, an unpaid service account which accrued within the last 5 years and at the time of the request for service, remains unpaid and not in dispute;
- (2) Diversion or Interference: Customer has in an unauthorized manner interfered with or diverted the service of a utility situated on or about or delivered to customer's premises within the last 5 years.
- (3) Credit Score: The customer's Equifax Advanced Energy Risk Score (EAER Score) is 724 or below. Those customers without an EAER Score will not be assessed a deposit under this subsection. Such credit scoring criteria is being implemented on an experimental basis.
- (4) Identity: Customer fails to provide proof of identity upon request. Proof of identity is to include official picture identification or other verifiable documentation of identity, and correct social security number.

DATE OF ISSUE May 11 2011 DATE EFFECTIVE June 10 2011  
month day year month day year

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