

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

In the matter of the application of Missouri Gas       )  
Energy, a division of Southern Union Company,       )  
for a variance from 4 CSR 240-13.050(3), and       )       Case No. \_\_\_\_\_  
MGE's tariffs, pertaining to permitted hours for       )  
discontinuance of service.                               )

**APPLICATION FOR VARIANCE**

COMES NOW Missouri Gas Energy, a division of Southern Union Company ("MGE" or "Applicant"), by and through its counsel, and as its Application for Variance pursuant to Missouri Public Service Commission ("Commission") Rule 4 CSR 240-13.065 and 4 CSR 240-2.060, respectfully states as follows:

1.       Applicant is Missouri Gas Energy, a division of Southern Union Company. MGE's principal office is located at 3420 Broadway, Kansas City, Missouri 64111.
2.       Southern Union Company is a corporation duly incorporated under the laws of the State of Delaware and conducts business in Missouri under the fictitious name of Missouri Gas Energy. A copy of a certificate from the Missouri Secretary of State that Southern Union Company is authorized to do business in Missouri as a foreign corporation was submitted in Case No. GA-2001-509 and is incorporated by reference. A copy of a certificate from the Missouri Secretary of State that Missouri Gas Energy is a registered fictitious name of Southern Union Company was submitted in Case No. GA-2001-509 and is incorporated herein by reference. Other than cases that have been docketed at the Commission, MGE has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court within the past three (3) years that involve customer service or rates. MGE has no annual report or assessment fees that are overdue.
3.       MGE conducts the business of a "gas corporation" and provides natural gas service in the Missouri counties of Andrew, Barry, Barton, Bates, Buchanan, Carroll, Cass, Cedar, Christian, Clay, Clinton, Cooper, Dade, Dekalb, Greene, Henry, Howard, Jackson, Jasper,

Johnson, Lafayette, Lawrence, McDonald, Moniteau, Cedar, Pettis, Platte, Ray, Saline, Stone, and Vernon, subject to the jurisdiction of the Missouri Public Service Commission (Commission).

4. All correspondence, communications, notices, orders and decisions of the Commission with respect to this matter should be sent to the undersigned counsel and:

Mr. Dave Hendershot  
Manager, Business Services  
Missouri Gas Energy  
3420 Broadway  
Kansas City, Missouri 64111  
Telephone: (816) 360-5634  
Facsimile: (816) 360-5569  
Email: dhendershot@mgemail.com

#### **PURPOSE**

5. MGE seeks to expand the hours permitted for discontinuance of service to residential customers in order to increase the likelihood that customers will be home when premise collection activities occur, thereby increasing customers' opportunity to pay prior to discontinuance and correspondingly reduce instances of discontinuance. MGE requests that it be permitted to discontinue service beginning at sunrise, but no earlier than 7:00 a.m., and continuing until 4:00 p.m. Further, MGE requests that it be permitted to discontinue service until sunset, but no later than 7:00 p.m., in special circumstances.

#### **BACKGROUND**

6. The Commission has previously granted MGE a variance from the hours of discontinuance for residential customers in Commission Cases Nos. GO-85-37, GO-84-206 and, most recently, GO-2002-137.

7. In Case No. GO-2002-137, the Commission granted MGE a variance allowing it to extend the hours for discontinuance to the hours between sunrise and sunset, but no earlier than 7:00 a.m. and no later than 7:00 p.m. from April 1, 2002 through October 31, 2002. The

Commission additionally ordered MGE to maintain and submit to the Staff and Office of the Public Counsel (“Public Counsel”) certain information related to the discontinuance conducted during the variance and, thereafter, to provide the Staff and Public Counsel with “an overall assessment of the effectiveness, including cost-effectiveness, of the variance.”

8. A copy of that assessment is attached hereto and marked Appendix A. This assessment found that collection results were better in the morning collection period than during regular hours. On the other hand, it also indicated that there was no increase in collection rates related to the blanket extension of late afternoon hours.

9. This Application requests a variance to extend the morning collection period by one hour, but in no case before sunrise. It seeks to expend the afternoon disconnect period by three hours, but in no case after sunset, in certain circumstances.

#### **VARIANCE REQUEST**

10. Commission Rule 4 CSR 240-13.050(3) provides, in relevant part, that “on the date specified on the notice of discontinuance or within eleven (11) business days after that, and subject to the requirements of these rules, a utility may discontinue service to a residential customer between the hours of 8:00 a.m. and 4:00 p.m.”

11. Sheet R-23 of MGE’s tariffs similarly states “Company may discontinue service to a customer between the hours of 8:00 a.m. and 4:00 p.m. on the date specified on the notice of discontinuance or within eleven (11) days thereafter.”

12. MGE seeks to amend Sheet R-23 to include the following language:

“Pursuant to the Commission’s Order in Case No. GO-2005-\_\_\_\_, the Company has been granted a variance from the requirements of 4 CSR 240-13.050(3) and this section relating to the hours service may be discontinued. The variance authorizes the Company to extend the hours service to a residential customer may be discontinued to those hours beginning at sunrise, but no earlier than 7:00 a.m., and continuing until 4:00 p.m.”

“The variance also authorizes the Company to extend the hours service to a residential customer may be discontinued until sunset, but no later than 7:00 p.m., but only in circumstances

when the Company has difficulty getting the access to the premise that is necessary to discontinue service (including, but not limited to, locked meter locations, animals obstructing access to the meter location and other obstructions to the meter locations).”<sup>1</sup>

“The Company shall have sufficient personnel to reconnect service discontinued under this variance upon payment of delinquent accounts for a period of three hours following the last discontinuance made under this variance on the day that customer’s service was discontinued.”<sup>2</sup>

### **GOOD CAUSE**

13. MGE believes that extending the permitted discontinuance of service during a time when more residential customers are likely to be at home – 7:00 a.m. to 8:00a.m. – has in the past been shown to permit a greater number of customers to make payment and avoid discontinuance thereby producing a number of benefits, including 1) greater customer satisfaction due to fewer instances of service discontinuance; and, 2) greater cost-effectiveness of collection and service personnel (because collections would be greater and necessary service reconnections fewer).

14. Additionally, while a blanket extension for the afternoon has not been shown to be greatly efficient, in specific circumstances where access has proven difficult during regular hours, it can provide the same benefits described in paragraph 13 above.

15. MGE asserts that the foregoing constitutes good cause and is sufficient under Commission Rule 4 CSR 240-13.065(1) to permit a variance from 4 CSR 240-13.050(3), and MGE’s tariffs, as requested herein.

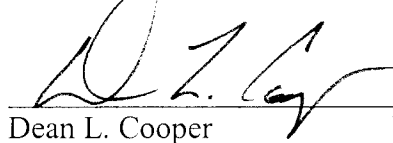
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<sup>1</sup> This language is intended to provide examples which generally describe some of the kinds of “difficult access circumstances” under which extended afternoon hours collection activity would be permitted. The examples listed are therefore intended to be explanatory rather than limiting.

<sup>2</sup> This language is intended to ensure that customers whose service is discontinued during the extended afternoon hours have the opportunity to get service restored the same day; it is not intended to ensure reconnection within three hours.

WHEREFORE, Missouri Gas Energy respectfully requests that the Commission issue its order granting the variance described herein and direct MGE to file a revised tariff sheet that is consistent therewith.

Respectfully submitted,



Dean L. Cooper MBE #36592  
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Attorneys for Missouri Gas Energy

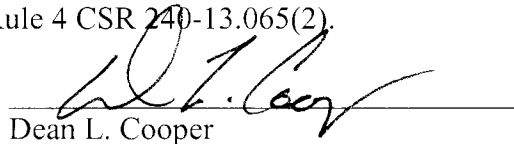
#### **CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail, or by U.S. Mail, first class, postage prepaid, to the following this 27th day of January, 2005:

Office of the General Counsel  
Missouri Public Service Commission  
Governor State Office Building  
Jefferson City, Missouri 65101

Office of the Public Counsel  
Governor State Office Building  
Jefferson City, Missouri 65101

Other entities as identified in Commission Rule 4 CSR 240-13.065(2).



Dean L. Cooper

VERIFICATION

STATE OF MISSOURI )

COUNTY OF Cole )

ss

I, Dean L. Cooper, having been duly sworn upon my oath, state that I am an attorney for Missouri Gas Energy, that I am duly authorized to make this affidavit on behalf of Missouri Gas Energy, and that the matters and things stated in the foregoing application are true and correct to the best of my information, knowledge and belief.

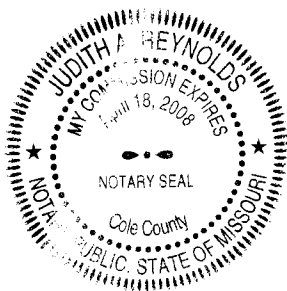
Dean L. Cooper  
Dean L. Cooper

Subscribed and sworn to before me this 24<sup>th</sup> day of January, 2005.

Judith A. Reynolds  
Notary Public

My Commission Expires:

\_\_\_\_\_





MISSOURI GAS ENERGY

3420 Broadway • Kansas City, MO • 64111-2404 • (816) 360-5755

**ROBERT J. HACK**

*Vice President, Pricing & Regulatory Affairs*

December 12, 2002

Douglas E. Micheel  
Office of the Public Counsel  
P.O. Box 7800  
Jefferson City, MO 65102

VIA FAX & U.S. MAIL

Tim Schwarz  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

**RE: Case No. GO-2002-137, Missouri Gas Energy  
Collection Hours Variance**

Dear Tim and Doug:

Enclosed please find the information required to be submitted to the Staff and OPC under the terms of the Commission's Order Granting Application for Variance in the above-referenced case. Please note that we have included in this material the overall assessment required by the order.

Please call if you have any questions.

Sincerely,

CC: Tom Imhoff  
Janet Hoerschgen

## Collection Hour Variance Assessment

The collection hour variance was in effect between April 1, 2002, and October 31, 2002. Regular Field Collection hours are from 8 AM – 4 PM. Extended hours for this pilot were from 7 – 8 AM and from 4 – 7 PM. Field collections are completed Monday through Friday. However, typically no residential disconnections are completed on Fridays. No overtime was authorized for this pilot and the cost per order worked was the same regardless of the time of day worked. MGE measured success of the pilot by an increase in both the number and percentage of collections (as opposed to either service disconnections or notices left). The goal was to avoid service interruption and the associated expense to the company and inconvenience to the customer.

A total of 42,291 field collection visits were made during the time period of the variance. Of this number 2,539 (or approximately 6%) were completed during the extended hours. The number of collections received during the extended hours was slightly less than during the regular hours. There were a total of 422 collections made during the extended hours for a collection rate of 16.6%. During regular hours, there were 7,222 collections for a rate of 18.2%. Within the extended hours there was considerable difference between the early morning and late afternoon collection percentages. The highest extended hour collection rate occurred between the hours of 7 and 8 AM. The early morning hours had a collection rate of 21% while the afternoon extended and regular hours collection rates were 15.7% and 18.2% respectively.

The number of accounts that were left on without collection increased during the extended hours. During early morning extended and regular hours, approximately 24% of the accounts were left on. The percentage of accounts left on during the late afternoon extended hours rise to 45%. The percentage of accounts left on during the regular hours was 25%.

This data indicates that collection results were better during the early morning extended hours than during regular hours in terms of the collection rate (21% vs. 18.2%) and the percent of accounts left on was slightly lower during the early morning extended hours than during regular hours (24% vs. 25%). This causes MGE to believe that the extended early morning hours are cost-effective (e.g., a higher collection percentage and a lower disconnection percentage) for the company and beneficial to the affected customer (e.g., a lower disconnection percentage means fewer service interruptions and less associated inconvenience to the customer).

This data also indicates that there was no increase in the collection rates during the late afternoon hours. In fact, just the opposite was true; collection and disconnection rates fell while the number of accounts left on increased. The data suggests that the responsible party for the account was not home during the late afternoon hours, leaving the delinquency situation to go unresolved. This was not the desired objective of the pilot. This causes MGE to believe that the late afternoon extended hours were not as cost-effective for the period during the variance as regular collection hours.

There may be a number of reasons why the extended hours did not produce the desired results in the late afternoon. Based on the time of year, many customers may not



## Collection Hour Variance Assessment

be home during the late afternoon and early evening hours. This may help to explain the lower collection rates during these hours while the early morning hours reflect improved collection rates. The disconnection rate was considerably lower (42% vs. 57%) for the accounts worked in the late afternoon hours in comparison to regular hours. This fact, coupled with a much higher rate of notices being left during the late afternoon hours in comparison to during regular hours (45% vs. 25%) leads us to believe that the responsible party is not home.

In conclusion, we recommend that the early morning hours (7 – 8 AM) be incorporated into the regular collection hours, provided they are during daylight hours (Daylight Savings Time). At this time, the late afternoon hours do not appear to provide sufficient benefit to warrant extending the hours after 4 PM.

# Collection Hour Variance Summary

April - October 2002

Reporting Category	Regular Hours				Extended Hours				Monthly Totals	
	8am - 4pm		7am - 8am		4pm - 7pm		Total Extended		Number	Percent
	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
# of collection visits made										
April	7,009		72		224		296		7,305	
May	6,173		31		650		681		6,854	
June	6,016		42		475		517		6,533	
July	6,697		83		332		415		7,112	
August	6,043		123		181		304		6,347	
September	4,358		108		89		197		4,555	
October	3,456		8		121		129		3,585	
Total	39,752		467		2072		2539		42,291	
# of non-pay disconnections										
April	4,441	63%	42	58%	120	54%	162	55%	4,603	63%
May	3,698	60%	16	52%	185	28%	201	30%	3,899	57%
June	3,637	60%	29	69%	179	38%	208	40%	3,845	59%
July	3,818	57%	54	65%	140	42%	194	47%	4,012	56%
August	3,273	54%	63	51%	84	46%	147	48%	3,420	54%
September	2,283	52%	52	48%	46	52%	98	50%	2,381	52%
October	1,615	47%	3	38%	58	48%	61	47%	1,676	47%
Total	22,765	57%	259	55%	812	39%	1071	42%	23,836	56%
# of collections (avoid disconnection)										
April	1,332	19%	18	25%	51	23%	69	23%	1,401	19%
May	1,031	17%	9	29%	77	12%	86	13%	1,117	16%
June	1,045	17%	8	19%	62	13%	70	14%	1,115	17%
July	1,213	18%	10	12%	55	17%	65	16%	1,278	18%
August	1,131	19%	26	21%	37	20%	63	21%	1,194	19%
September	803	18%	24	22%	19	21%	43	22%	846	19%
October	667	19%	1	13%	25	21%	26	20%	693	19%
Total	7,222	18%	96	21%	326	16%	422	17%	7,644	18%
# left on for other reasons										
April	1,237	18%	12	17%	53	23%	65	22%	1,302	18%
May	1,444	23%	6	19%	388	60%	394	58%	1,838	27%
June	1,334	22%	5	12%	234	49%	239	46%	1,573	24%
July	1,666	25%	19	23%	137	41%	156	38%	1,822	26%
August	1,639	27%	34	28%	60	33%	94	31%	1,733	27%
September	1,272	29%	32	30%	24	27%	56	28%	1,328	29%
October	1,174	34%	4	50%	38	31%	42	33%	1,216	34%
Total	9,766	25%	112	24%	934	45%	1046	41%	10,812	26%
Totals										
April	7,009	100%	72	100%	224	100%	296	100%	7,305	100%
May	6,173	100%	31	100%	650	100%	681	100%	6,854	100%
June	6,016	100%	42	100%	475	100%	517	100%	6,533	100%
July	6,697	100%	83	100%	332	100%	415	100%	7,112	100%
August	6,043	100%	123	100%	181	100%	304	100%	6,347	100%
September	4,358	100%	108	100%	89	100%	197	100%	4,555	100%
October	3,456	100%	8	100%	121	100%	129	100%	3,585	100%
Total	39,752	100%	467	100%	2072	100%	2539	100%	42,291	100%
# of complaints										
April	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0

Source: Fleetcon Software