

FILED

JUL 27 2004

STAFF REPORT

Missouri Public
Service Commission

TO: Missouri Public Service Commission Official Case File
Case No. GC-2004-0281, Roy Smith v. Missouri Gas Energy

FROM: James M. Russo, Energy Department, Tariffs/Rate Design
Gay Fred, Consumer Services Department

DATE: March 8, 2004

On January 9, 2004, Mr. Roy Smith (Complainant) filed a Complaint with the Missouri Public Service Commission (Commission) against Missouri Gas Energy (MGE or Company). As a basis of his Complaint, the Complainant states that he is being charged by MGE for bills that were incurred by the previous tenant.

On February 9, 2004, the Commission issued an Order in this Complaint requiring the Staff of the Commission to investigate the circumstances set out in the Complaint and to make a written report to the Commission by March 10, 2004.

The Energy Department Staff (Staff) reviewed the complaint and the documentation provided by both the Commission's Consumers Service Staff (CSS) and MGE. In addition, the Staff reviewed all correspondence between the Complainant, MGE, the CSS, and the applicable tariff sheets currently on file with the Commission for MGE. Staff also spoke with the Complainant and MGE pursuant to this complaint.

This Complaint concerns whether MGE can charge Complainant for the debt of a prior tenant of the rental unit when the previous tenant was never a member of the Complainant's household.

Complainant currently resides at 5823 E. 16th Street, Kansas City, Missouri. The Complainant originally contacted CSS on November 21, 2003, informing CSS that MGE transferred an outstanding bill of \$583.43 for service to a Mr. Elders, who was the prior tenant at 5823 E. 16th Street, Kansas City, Missouri. The Complainant filed a formal complaint with the Commission on January 9, 2004.

MGE filed a response to this complaint with the Commission on February 5, 2004. MGE provided the following breakdown of activities related to this complaint:

- Mr. Smith contacted MGE on November 10, 2003, to initiate gas service at 5823 E. 16th Street, Kansas City, Missouri. Gas service to this premise

Exhibit No. 9
Case No(s). GC-2004-0281
Date 7-18-04 Rptr ff

Attachment A

had been discontinued for non-payment on July 1, 2003, for a past due amount of \$583.43.

- Mr. Smith contacted MGE on November 19, 2003, to say he faxed the rental agreement. MGE has no record of receiving the rental agreement.
- On November 21, 2003, Mr. John Murphy, the landlord/property owner, also contacted MGE personnel. Mr. Murphy is the employer of Mr. Elders and perhaps Mr. Smith. MGE also contacted the local electric provider which indicated that electricity to this premise was on in the name of Mr. Elders.
- On November 24, 2003, a representative of MGE called Mr. Smith to discuss this matter. MGE explained the results of the Company's investigation, advised Mr. Smith that service would be initiated and, because Mr. Elders remained a member of the household and clearly benefited from prior gas service for which a past due amount remained unpaid, that such amount would be transferred to the gas service account at 5823 E. 16th Street, Kansas City, Missouri in his name.
- On November 24, 2003, gas service was initiated at 5823 E. 16th Street in the name of Mr. Smith. Thereafter, the unpaid gas service bill of Mr. Elders was transferred to the account at this premise.
- As of January 13, 2004, no payment had been made toward any billing for gas service at 5823 E. 16th Street since service was initiated on November 24, 2003.

The Staff attempted to contact the Complainant on February 26, 2004, to discuss the complaint. The telephone number was the telephone number of Mr. Murphy, the Complainant's landlord. Mr. Murphy stated that Mr. Elders never resided with Mr. Smith. He stated he has not seen Mr. Elders for approximately one year and that members of Mr. Elders family informed Mr. Murphy that Mr. Elders was in jail in the Springfield or Joplin area of Missouri. Mr. Murphy further stated that Mr. Elders never worked for him and that Mr. Smith occasionally does odd jobs in exchange for a reduction in rent. Staff requested that Mr. Murphy have Mr. Smith contact the Staff.

The Complainant contacted Staff on February 27, 2004. The Complainant stated he did not know Mr. Elders and Mr. Elders never resided with him. He also stated that he never got around to changing the electric utilities to his name and paid the electric bills at the local bill pay location. The Complainant faxed a copy of his rental agreement to Staff. The rental agreement is for the period of June 1, 2003 to June 1, 2004. No other name besides Mr. Smith's name appears as tenant on the rental agreement. The Complainant also stated he has contacted a local agency for assistance with his delinquent gas service utility bill.

Staff discussed the complaint with MGE on March 4, 2004, confirming the statements filed in the Company's response to the complaint. Staff verified that the Company disconnected service on July 1, 2003, and that Mr. Elders and Mr. Smith were not the same person. Staff was informed that, to date, MGE has not

received any payment from the Complainant on the disputed bill or for the service provided to the Complainant since November 2003. In addition, MGE stated that the phone number for Mr. Elders and Mr. Smith were the same as the phone number of the landlord, Mr. Murphy.

Section 3.02, titled *Prior Indebtedness of Customer*, of MGE's tariff located on sheet R-19 describes the circumstances under which the Company can refuse to commence service. Copies of these tariff sheets are attached as Schedule 1.

Section 3.02 of MGE's tariff states: "Company shall not be required to commence supplying gas service if at the time of application, the applicant, or any member of applicant's household (who has received benefit from previous gas service), is indebted to Company for such gas service previously supplied at the same premises or any former premises until payment of such indebtedness shall have been made."

Staff does not believe that MGE has demonstrated that Mr. Elders was a member of the Complainant's household. Staff has not seen any evidence that any person other than the Complainant has received benefit of service at 5823 16th Street since June 1, 2003. Accordingly, any outstanding delinquent bills as of June 1, 2003, should not be held against the Complainant under Section 3.02 of MGE's tariff.

Staff finds the information developed in this complaint indicates that Mr. Smith, the Complainant, was the only member of the household who benefited from service and is only responsible for the outstanding bills at 5823 16th Street from June 1, 2003, to present. Staff recommends the Commission issue an Order stating that:

1. Evidence indicates and the Commission finds that Mr. Elders was not a member of the Complainant's household and only Mr. Smith appears to have received benefit from gas service provided at the Complainant's household during the time period of June 1, 2003, to present.
2. MGE is not authorized to collect the prior indebtedness outstanding on June 1, 2003, in the amount of \$550.44.
3. MGE is authorized to collect the prior indebtedness for the month of June 2003, in the amount of \$32.99.

Copies: Director-Utility Operations Division
 Director-Administration Division
 General Counsel
 Manager-Energy Department
 Manager-Consumer Services Department
 Robert Hack, Vice President-Pricing and Regulatory Affairs
 (Southern Union)
 Roy Smith, Complainant

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

3. SUPPLYING GAS SERVICE

- 3.01 **AVAILABILITY:** Company will supply gas service in accordance with its rate schedules and these General Terms and Conditions for Gas Service on file with and approved by the Commission.

Except as otherwise provided in Sections 9 and 10 herein, or unless special arrangements have been made between customer and Company, gas service will be supplied by Company under an available rate schedule only at such premises as are adjacent to Company's existing distribution facilities which are adequate and suitable to supply gas service for the requirements of customer. Company shall not be required to furnish gas service at a pressure in excess of 7 inches water column.

Upon the request of any interested person, Company will furnish information regarding the location and size of its distribution mains and the character of service available at any location.

- 3.02 **PRIOR INDEBTEDNESS OF CUSTOMER:** Company shall not be required to commence supplying gas service if at the time of application, the applicant, or any member of applicant's household (who has received benefit from previous gas service), is indebted to Company for such gas service previously supplied at the same premises or any former premises until payment of such indebtedness shall have been made. This provision cannot be avoided by substituting an application for service at the same or at a new location signed by some other member of the former customer's household or by any other person acting for or on behalf of such customer.

DATE OF ISSUE January 7 1994
month day year

DATE EFFECTIVE February 1 1994
month day year

ISSUED BY F. Jay Cummings Vice President, Rates and Regulatory Affairs

Schedule 1-1

P.S.C. MO. No. 1
Canceling P.S.C. MO. No. 1

First Revised
Original

SHEET No. R-20
SHEET No. R-20

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

In order to expedite service to a customer moving from one location to another, Company may provide service at the new location before all bills and charges are paid for service at the prior location. Company reserves the right to transfer any unpaid amount from prior service(s) to a current service account. Such transferred bills are then subject to the provisions of Sections 7.07 and 7.08 herein.

3.03 CONNECTION OF SERVICE: The Company shall charge a transfer fee as set forth in Section 14 herein to service applicants when natural gas service is not being initiated or reinstated but is continuing from a prior customer. The Company shall charge a connection fee as set forth in Section 14 herein to service applicants when natural gas service is being initiated for the first time or had been previously terminated at the location. At the customer's option, the connection fee may be spread out over a period not to exceed four months. Separate fees for reconnection of service after discontinuance by the Company are provided for in Section 3.12 herein.

3.04 ACCESS TO CUSTOMER PREMISES: Customer shall give duly authorized agents and employees of Company, when properly identified, full and free access to the premises of customer at all reasonable hours for the purpose of constructing, installing, inspecting, adjusting, repairing, maintaining, replacing, or removing any of Company's facilities on the premises of customer, reading meters, or for any other purpose incidental to the gas service supplied by Company. Access for the purpose of reading meters inside buildings is more specifically covered in Section 5.05 herein.

3.05 CONTINUITY OF SERVICE: Company will use reasonable diligence to furnish continuous gas service to customer, but does not guarantee the supplying of gas service against irregularities or interruptions. Company shall not be considered in default of its service agreement with customer and shall not otherwise be liable for any damage occasioned by irregularities or interruptions of service due to breakdowns or damage to equipment, extraordinary repairs, an act of God or public enemy, accidents, strikes or their equivalent, legal process, state or municipal interference, civil disturbances, depletion of gas supply, or any other cause beyond Company's control.

DATE OF ISSUE July 16, 2001
month day year

DATE EFFECTIVE August 06, 2001
month day year

ISSUED BY Robert J. Hack

Vice President, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111