

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 5th day of
October, 2011.

In the Matter of Southern Union Company,)
d/b/a Missouri Gas Energy's Tariff Proposal)
to Assess Security Deposit on New Service)
Applicants that Receive a Credit Score of)
724 or Below.)

File No. GT-2011-0375
Tariff No. JG-2011-0565

**ORDER APPROVING UNANIMOUS STIPULATION AND AGREEMENT AND
APPROVING TARIFF**

Issue Date: October 5, 2011

Effective Date: October 15, 2011

On May 17, 2011, the Office of the Public Counsel filed a motion asking the Commission to suspend a tariff submitted by Southern Union Company, d/b/a Missouri Gas Energy (MGE). The Commission took no immediate action regarding Public Counsel's motion and Public Counsel, MGE, and the Commission's Staff commenced negotiations about the tariff. During the course of those negotiations, MGE voluntarily extended the effective date of its tariff until August 10. On August 4, MGE, Public Counsel, and Staff filed a unanimous stipulation and agreement that addresses concerns about MGE's tariff. That stipulation and agreement includes a revised tariff that the parties agreed could go into effect on August 10.

The Commission had questions about the unanimous stipulation and agreement and about MGE's tariff. To allow more time to address those questions, the Commission suspended MGE's tariff until August 20, and directed counsel for the parties to appear at

the Commission's agenda meeting to answer Commissioner questions. That agenda session did not satisfy all the Commission's concerns, so the Commission further suspended MGE's tariff until November 18. The Commission conducted an on-the-record presentation on September 6, hearing testimony and argument from MGE, Staff, and Public Counsel regarding the stipulation and agreement and the tariff..

MGE's tariff would allow the company to assess security deposits on new customers based on the prospective customer's credit score. That would be inconsistent with the provisions of Commission Rule 4 CSR 240-13.030(1)(C), so the unanimous stipulation and agreement would require the Commission to waive the contrary provisions in the regulation. The parties agree that the credit score provision of the tariff should be treated as experimental and suggest that the tariff provision be reevaluated in MGE's next rate case. The parties further explained that MGE's proposed security deposit provision is similar to a provision in Laclede' Gas Company's tariff that has worked well for that company and its customers over the past several years.

The Commission has the legal authority to accept a stipulation and agreement as offered by the parties pursuant to Section 536.060, RSMo 2000. After reviewing MGE's tariff and the unanimous stipulation and agreement, and having heard the explanations offered by the parties, the Commission independently finds and concludes that MGE's tariff is just and reasonable and should be approved. The Commission further finds and concludes that the unanimous stipulation and agreement submitted by the parties should be approved.

While the Commission will approve the stipulation and agreement and MGE's tariff, it is still concerned about the use of credit scores in the determination of whether to require

customer deposits. MGE's tariff indicates that the credit scoring criteria are to be implemented on an experimental basis. The Commission directs its Staff to closely monitor the credit scoring criteria's impact on MGE's customers. The Commission will consider that impact in its ongoing review of the Commission's Chapter 13 rule on customer service and billing practices.

THE COMMISSION ORDERS THAT:

1. The Unanimous Stipulation and Agreement filed on August 4, 2011, concerning Southern Union Company d/b/a Missouri Gas Energy's tariff to assess security deposits based on credit scores is approved.

2. Southern Union Company d/b/a Missouri Gas Energy is granted a waiver from the provisions of Commission Rule 4 CSR 240-13. 030(1)(C) that are inconsistent with the provisions of its tariff.

3. Southern Union Company d/b/a Missouri Gas Energy, the Office of the Public Counsel, and the Commission's Staff shall comply with the terms of the Unanimous Stipulation and Agreement.

4. The following tariff sheet, filed by Southern Union Company d/b/a Missouri Gas Energy on May 11, 2011, and assigned Tariff No. JG-2011-0565, is approved, as amended, for service on and after October 15, 2011:

P.S.C. MO. No. 1

First Revised Sheet No. R-12, Canceling Original Sheet No. R-12

5. This order shall become effective on October 15, 2011.
6. This file shall be closed on October 16, 2011.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Davis, and Jarrett, CC., concur;
Kenney, C., dissents with dissenting opinion to follow.

Woodruff, Chief Regulatory Law Judge