

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) Application No. NG-0046/
on its own motion, seeking to) PI-128
investigate certain customer)
service issues and plans)
relating to Source Gas LLC,) ORDER TO SHOW CAUSE
f/k/a Kinder Morgan, Inc.,)
Lakewood, Colorado.)
) Entered: August 26, 2008

BY THE COMMISSION:

The Nebraska Public Service Commission (Commission), on its own motion, opened the above-captioned docket to investigate and gather information on SourceGas Distribution, LLC's (SourceGas) customer service practices, policies and procedures in response to customer complaints received by the Commission.

During public hearings held in connection with SourceGas's, then Kinder Morgan Inc.'s (Kinder Morgan)¹, application for a general rate increase,² the Commission received testimony from customers concerning the quality of service offered by SourceGas, specifically, customer service. The Commission took note of the complaints registered by the then Kinder Morgan customers at the hearings and in the order issued in Docket No. NG-0036.³

On May 22, 2007, the Commission held a workshop to further investigate the issues raised by the consumer complaints received by the Commission and gather information from SourceGas concerning ongoing problems with billing and other customer service issues. During the workshop, SourceGas provided information on the changes in different aspects of customer service that it planned to implement in the next 12 to 18 months. The Commission also received information from SourceGas concerning plans of the company to engage a new firm to perform customer service functions.

¹ See *In the Matter of the joint application of Kinder Morgan, Inc., Houston, Texas; KM Retail Utilities Holdco LLC, Houston, Texas; Source Gas Distribution LLC, Lakewood, Colorado, Source Gas Holdings LLC, Stamford, Connecticut; and Source Gas LLC, Stamford, Connecticut; seeking approval of (1) the proposed transfer of Kinder Morgan, Inc.'s Nebraska Certificate of Convenience and utility assets to Source Gas Distribution LLC; and (2) the proposed change of control of Source Gas Distribution LLC from Kinder Morgan, Inc. to Source Gas LLC.* NG-0039, (February 27, 2007).

² See *In the Matter of the Application of Kinder Morgan, Inc., Lakewood, Colorado, seeking approval of a General Rate Increase, Application No. NG-0036,* (December 27, 2006).

³ *Id.* at 5.

SourceGas updated the Commission on January 15, 2008, on the changes concerning customer service and addressed certain complaints and problems that had arisen concerning a new computer billing system implemented by SourceGas in September, 2007. SourceGas informed the Commission of certain computer software-related problems that had been found in the newly implemented billing system and their effect on SourceGas customers, namely that a significant number of customers had not received monthly bill statements from SourceGas for multiple months. SourceGas reported on the steps it had taken and proposed to take to remedy the problems.

Due to continued customer complaints received by the Commission and ongoing problems with the billing system and other continuing customer service issues, the Commission issued an order on March 11, 2008, imposing certain monthly reporting requirements on SourceGas in an attempt to monitor the progress of the actions and steps proposed by SourceGas to implement to remedy the ongoing problems.⁴

The Commission has continued to receive SourceGas customer complaints concerning non-receipt of monthly bill statements from SourceGas for multiple months. SourceGas also confirmed in its August 15, 2008 report, filed pursuant to Commission order,⁵ that 450 customers in Nebraska had not received a bill statement from SourceGas since April, 2008.

SourceGas is a jurisdictional utility pursuant to the Act.⁶ As part of its regulatory authority and pursuant to the State Natural Gas Regulation Act (Act)⁷, the Commission has the authority to determine if SourceGas's services are inadequate and to remedy them accordingly.⁸ Pursuant to Commission rules and regulations, "Utility may render bills monthly or on some other regular schedule in accordance with tariffs on file with the Commission."⁹ The applicable SourceGas tariff on file with the Commission states, "Bills will be rendered monthly at the rates shown in the Company's Tariff."¹⁰

⁴ See *In the Matter of the Commission, on its own motion, seeking to investigate certain customer service issues and plans relating to Source Gas LLC, f/k/a Kinder Morgan, Inc., Lakewood, Colorado*, Application No. NG-0046/PI-128, Order Issuing Reporting Requirements, (March 11, 2008).

⁵ *Id.*

⁶ See Neb. Rev. Stat. § 66-1802(10).

⁷ See Neb. Rev. Stat. § 66-1801 et seq.

⁸ See Neb. Rev. Stat. § 66-1809.

⁹ See 291 Neb. Admin. Code Ch. 9, Sec. 015.01 (2003).

¹⁰ SourceGas Distribution LLC, Nebraska Tariff No. 1, First Revised Sheet No. 65, Section 10.1, (Effective September 3, 2007).

SourceGas has failed to render bills on a monthly basis to Nebraska customers in accordance with its tariff provisions, and Commission rules and regulations. Accordingly, the Commission finds it appropriate to initiate a Show Cause proceeding requiring SourceGas to appear before the Commission to show cause as to why the Commission should not impose administrative penalties against it pursuant to Neb. Rev. Stat. § 75-156 (Cum. Supp. 2006) and/or impose any other sanctions it deems appropriate pursuant to law, for failing to timely comply with the Commission rules described herein. Therefore, the Commission finds that a hearing should be scheduled on this matter.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that SourceGas Distribution LLC, be, and is hereby ordered, to show cause why the Commission should not assess upon said jurisdictional utility administrative penalties and/or any other sanctions deemed appropriate pursuant to law, for failure to timely comply with its tariff provisions on file with the Commission and Commission rules and regulations.

IT IS FURTHER ORDERED that SourceGas Distribution LLC appear before the Commission for a hearing on this Show Cause Order on a date to be determined.

MADE AND ENTERED at Lincoln, Nebraska, this 26th day of August, 2008.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

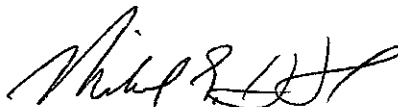


//s// Anne C. Boyle
//s// Frank E. Landis



Chair

ATTEST:



Executive Director

