

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 17th day
of November, 2016.

The Staff of the Missouri Public Service Commission,)	
)	
Complainant,)	
)	
v.)	
)	
Missouri Gas Energy, an Operating Unit of Laclede Gas Company,)	
)	
Respondent.)	

File No. GC-2016-0149

**ORDER APPROVING
NON-UNANIMOUS STIPULATION AND AGREEMENT**

Issue Date: November 17, 2016

Effective Date: November 27, 2016

On December 15, 2015, the Staff of the Missouri Public Service Commission (Staff) filed a complaint against Missouri Gas Energy (MGE), an operating unit of Laclede Gas Company (Laclede). On July 15, 2016, Staff filed its First Amended Complaint. The complaint arose from the change in billing cycles due to a billing system conversion after the purchase of MGE by Laclede. On November 7, 2016, Laclede and Staff filed a Non-Unanimous Stipulation and Agreement which purports to settle all issues in this matter.

The agreement requires MGE to refund prorated amounts of monthly charges in excess of the standard monthly charges for certain customer bills encompassing greater than 35 days; provide Staff with documentation of the number of refunds and the total

dollar amount of the refunds; amend tariff rule 7.02 (Sheet R-47) in its next general rate case to clarify the proration rules; stop the practice of prorating monthly fixed charges on bills covering a billing period in excess of 35 days until that tariff change is in effect; and contribute \$5,000 more to Dollar-Help than its normal contribution, which amount shall not be recovered in rates. In consideration of these items, Staff agrees to dismiss the complaint with prejudice on the effective date of the order approving the agreement. The agreement also contains certain other policy and procedural declarations of the parties.

The stipulation and agreement is non-unanimous in that it was not signed by all parties. However, Commission Rule 4 CSR 240-2.115(2) provides that other parties have seven days in which to object to a non-unanimous stipulation and agreement. If no party files a timely objection to a non-unanimous stipulation and agreement, the Commission may treat it as a unanimous stipulation and agreement. More than seven days have passed since the stipulation and agreement was filed, and the Office of the Public Counsel, the only party that did not sign the stipulation and agreement, has not objected. Therefore, the Commission will treat the stipulation and agreement as a unanimous stipulation and agreement.

After reviewing the stipulation and agreement, the Commission independently finds and concludes that the stipulation and agreement is a reasonable resolution of the complaint and that such stipulation and agreement should be approved. As provided in the stipulation and agreement, and in accordance with 4 CSR 20-1.116(1), upon the effective date of approval of the stipulation and agreement, Staff dismisses the complaint with prejudice.

THE COMMISSION ORDERS THAT:

1. The Non-Unanimous Stipulation and Agreement filed on November 7, 2016, is approved. The signatory parties are ordered to comply with its terms. A copy of the Non-Unanimous Stipulation and Agreement is attached to this order.
2. As provided in the Non-Unanimous Stipulation and Agreement, The First Amended Complaint filed by the Staff of the Missouri Public Service Commission against Missouri Gas Energy, an operating unit of Laclede Gas Company is dismissed with prejudice on the effective date of this order.
3. The hearing scheduled for January 31, 2016, and the remainder of the procedural schedule is cancelled.
4. This order shall be effective on November 27, 2016.
5. This case shall be closed on November 28, 2016.

BY THE COMMISSION



Morris L. Woodruff

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney,
Rupp, and Coleman, CC., concur.

Dippell, Regulatory Law Judge

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

The Staff of the Missouri Public)	
Service Commission,)	
Complainant,)	
v.)	<u>Case No. GC-2016-0149</u>
)	
Missouri Gas Energy, an Operating Unit of)	
Laclede Gas Company,)	
Respondent.)	

NON-UNANIMOUS STIPULATION AND AGREEMENT

This Non-Unanimous Stipulation and Agreement (the “Agreement”) is entered into by and between the signatories to this document. The Agreement is effective as of the effective date of a Commission Order approving this Agreement.

RECITALS

1. Laclede Gas Company (“Laclede”) acquired Respondent Missouri Gas Energy (“MGE”) in September 2013. In connection with integrating MGE into Laclede, the Company prepared to transfer MGE’s customer service computer system onto Laclede’s Customer Care and Billing platform (“CC&B”) in 2015.

2. Laclede had converted its own legacy customer information system onto the new CC&B platform two years earlier, in 2013. Coincident with this conversion, Laclede reduced its number of billing cycles from 21 to 18. In connection with the billing cycle reduction, Laclede reorganized its billing cycles, which required moving some customers to different billing dates and, in some cases, moving their regular billing dates by nine days or more.

3. In changing the billing dates in 2013, where billing outside of the normal 26-35 day period was necessary, Laclede issued “short” bills to its customers, that is, bills for a period of less than 26 days. For example, a customer whose cycle was moving 11 days, from the 1st to the 12th, would have received a bill on July 1, 2013, then another bill on July 12, prorated to 11 days, and then all subsequent bills on or about the 12th of succeeding months. Hence, this customer would have received two bills within less than two weeks (July 1 and July 11). Laclede asserts that it experienced a number of complaints from customers who received two bills in quick succession. These customers complained that they were being billed either too much or too often.

4. Two years later, Laclede set the MGE system integration for Labor Day weekend in September 2015. Coincident with this conversion, Laclede also reduced MGE’s billing cycles from 21 to 18. Laclede contends that based on its 2013 experience, the company decided that MGE would “long” bill and long prorate, that is, render bills for periods longer than 35 days. Similar to the example above, a customer whose cycle was moving 11 days, from the 1st to the 12th, would have received a bill on September 1, 2015, then another bill on October 12, prorated to 41 days, and then all subsequent bills on or about the 12th of succeeding months. In August 2015, prior to the billing cycle reduction, MGE provided notice to its customers that their next bill could be higher than normal, “because it may cover a slightly longer period of time than normal.” As noted in Staff’s Complaint, a few MGE customers complained that their monthly customer charge was larger than expected (because of the “long” proration).

5. Since the September-October billing cycle changeover, MGE has continued to issue a small number of long prorated bills, roughly .1% per month. In

addition, in adjusting to the new CC&B platform, MGE has experienced some minor software issues, resulting in some customers receiving long bills in January 2016 with long prorations in error. Upon discovery and review of this situation, MGE made adjustments to correct the errors that resulted in the January 2016 long bills and refunded the prorated charges.

6. On December 15, 2015, Complainant Staff filed a complaint against Respondent MGE. The Complaint alleged that MGE failed to obtain a variance prior to moving customer billing cycles. MGE denied the allegation, filed its answer, and moved for dismissal or summary determination.

7. On February 25, 2016, Staff filed a motion to continue the matter, while it pursued discovery in an effort to develop more facts regarding the situation. Staff filed its *First Amended Complaint* on July 15, 2016, alleging that MGE issued insufficient notice to affected customers for cycle changes of nine days or more, and violated its tariff by prorating both the customer charge and ISRS charge on customer bills covering a billing period of more than 35 days. On September 6, 2016, MGE filed its Answer denying the allegations in the First Amended Complaint. Staff has engaged in further discussions with Respondent MGE regarding a constructive resolution of the case.

AGREEMENT

8. The parties hereto agree to the following resolution:
- A. MGE will refund prorated amounts of monthly charges in excess of the standard monthly charges, including both the fixed monthly charge and the ISRS charge, for customer bills greater than 35 days (long bills) in instances where:

- (i) From November 1, 2015, to the last day of the month following the effective date of this Agreement (the “End Date”), the customer’s monthly billing cycle date was changed by nine days or more; or
 - (ii) The customer was issued a long bill in error.
- B. Within 45 days of the End Date, MGE will provide documentation to Staff verifying the number of refunds issued, along with the total dollar amount of those refunds.
- C. MGE agrees, in its next general rate case, to amend its tariff rule 7.02 (Sheet R-47) to clarify and confirm that it will prorate all monthly fixed charges on both short bills (less than 26 days) and long bills (more than 35 days). The parties agree that such a clarification and confirmation of the tariff is in the best interest of the Company and its customers. Laclede Gas may also file conforming language. At the time the tariff rule is sought to be amended, nothing herein shall affect any party’s right to take a position on how the proration process should operate prospectively.
- D. MGE agrees to stop the practice of prorating monthly fixed charges on bills covering a billing period in excess of 35 days until such time as the Commission approved revisions to MGEs tariff clarifying and confirming its ability to do so, have gone into effect.
- E. MGE agrees to contribute \$5,000 to Dollar-Help, over and above its normal contribution. Such contribution will be applied for the benefit of low-income customers in MGE service territory, and this amount will not be recovered in a

future rate case. MGE will provide documentation verifying this contribution to Staff within 30 days after the effective date of this Agreement.

9. The parties agree that the actions that have been and will be taken by MGE as listed in paragraphs 8A-8E resolve the Complaint in this case. The parties further agree that upon the effective date of approval of this Agreement by the Commission, Staff will dismiss its Complaint with prejudice.

10. Unless otherwise explicitly provided herein, none of the signatories to this Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation, depreciation or revenue related method or any service or payment standard, and none of the signatories shall be prejudiced or bound in any manner by the terms of this Agreement in this or any other Commission, judicial review or other proceeding, except as otherwise provided herein. Nothing in this Agreement shall preclude the Staff in future proceedings from providing recommendations as requested by the Commission or limit Staff's access to information in any other proceedings. Nothing in this Agreement shall waive any applicable statute or Commission regulation or Company tariff.

11. This Agreement has resulted from negotiations among the signatories and the terms hereof are interdependent. In the event the Commission approves this Agreement with modifications or conditions that a Party to this proceeding objects to, then this Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof. In the event the Agreement is opposed and the case

proceeds, this Agreement shall be considered to be merely a position of the signatory parties, except that no party shall be bound by it.

12. In the event the Commission accepts the specific terms of this Agreement, the Parties waive, with respect to the issues resolved herein: their respective rights in this action, pursuant to Section 536.080.1 (RSMo. 2000) to present testimony, to cross-examine witnesses, and to present oral argument and written briefs; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 (RSMo. 2000); and their respective rights in this action to judicial review of the Commission's Report and Order in this case pursuant to Section 386.510 (RSMo. 2000).

13. The Staff shall also have the right to provide, at any agenda meeting at which this Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that Staff shall, to the extent reasonably practicable, provide the other Parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to the Commission's rules on confidential information.

WHEREFORE, for the foregoing reasons, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation and Agreement and dismissing this Complaint.

Respectfully submitted,

<p><u>/s/ Mark Johnson</u> Mark Johnson Senior Counsel Missouri Bar No. 64940 P. O. Box 360 Jefferson City, MO 65102 (573) 751-7431 (Telephone) (573) 751-9285 (Fax) mark.johnson@psc.mo.gov</p> <p>ATTORNEY FOR THE STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION</p>	<p><u>/s/ Rick Zucker</u> Rick Zucker Missouri Bar No. 49211 Associate General Counsel Laclede Gas Company 700 Market Street, 6th Floor St. Louis, MO 63101 (314) 342-0533 (314) 421-1979 (Fax) rick.zucker@spireenergy.com</p> <p>ATTORNEY FOR LACLEDE GAS COMPANY</p>
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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing has been e-mailed, this 7th day of November, 2016, to counsel for all parties of record.

/s/ Mark Johnson

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 17th day of November 2016.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

November 17, 2016

File/Case No. GC-2016-0149

**Missouri Public Service
Commission**

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.