

Laclede Gas Company / Missouri Gas Energy  
GR-2017-0215 / GR-2017-0216

Response to Data Request 484

Question:

1. Please provide all documentation and calculations, in excel format, that support Laclede Gas Company's cost benefit analysis regarding the decision to purchase the automated meter read (AMR) Meter Interface Units (MIU's) from Landis+Gyr on July 1, 2017.
2. On page 1 paragraph 2 of the "Amendment to Automated Meter Reading Services Agreement", there is reference to a "services agreement". Please provide a complete copy of this services agreement.
3. What causes the monthly service fee to increase from \$.24/meter to \$.30/meter starting on July 1, 2020?
4. Please list and quantify all annual "as was" cost components prior to the purchase of the AMR meter MIU's separately by labor and non-labor and by FERC account.
5. Please list and quantify all annual "as is" cost components subsequent to the purchase of the AMR meter MIU's separately by labor and non-labor and by FERC account.

Response:

1. Please see the attached.
2. Please see the attached
3. Costs incurred by Landis & Gyr continue to rise. This increase was agreed on to cover their increased costs.
4. Total Landis & Gyr invoice of \$8,166,447 was charged to FERC account 902000. Invoices included AMR Gas & Manual Gas Reads at a unit price of \$.98 for an annual amount of \$8,155,280 and MIU Asset Use Fee at a unit price of \$930.55 for an annual amount of \$11,167. Invoices were not split out by labor and non-labor charges.
5. Total Landis & Gyr invoice of \$1,998,973 was charged to FERC account 902000. Invoices included AMR Gas & Manual Gas Reads at a unit price of \$.24 for an annual amount of \$1,998,973 and MIU Asset Use Fee at an annual amount of \$0.0. Invoices are not split out by labor and non-labor charges.

Signed by: Glenn Buck

Staff Exhibit No. 287  
Date 1/3/18 Reporter ML  
File No. GR-2017-0215  
GR-2017-0216

**AMENDMENT TO  
AUTOMATED METER READING SERVICES AGREEMENT**

This AMENDMENT TO AUTOMATED METER READING SERVICES AGREEMENT (this "*Amendment*") is made as of July 1, 2017 (the "*Effective Date*") between Landis+Gyr Technology, Inc., formerly known as Cellnet Technology, Inc. ("*Landis+Gyr*"), and Laclede Gas Company ("*Customer*").

WHEREAS, Landis+Gyr and Customer are parties to that certain Automated Meter Reading Services Agreement dated March 11, 2005 (the "*Services Agreement*"); and

WHEREAS, Landis+Gyr and Customer each now desires to amend the Services Agreement by the terms of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Landis+Gyr and Customer each agree as follows:

**1. Sale of MIUs.** Simultaneous with the execution of this Amendment, Customer and Landis+Gyr have entered into that certain Bill of Sale and Assignment dated as of the Effective Date (the "*Bill of Sale*") relating to the sale of the MIUs currently deployed and in use. This Amendment will not become effective until the Bill of Sale is fully executed and delivered. Sections 2.1(c)(iii) [Additional MIUs], 2.1(c)(iv) [Existing Remote Device Removal], and 11.3(a) [Removal of MIUs] of the Services Agreement no longer apply. Section 2.1(c)(v) [MCCs] of the Services Agreement will apply until April 1, 2021.

**2. Purchase of Replacement or Additional MIUs.** From the Effective Date and through the remainder of the Term, Customer will be responsible for procuring all replacement or additional MIUs. Customer will have the right to purchase from Landis+Gyr, and Landis+Gyr will sell to Customer, MIUs at the prices and on the other terms set forth on Exhibit A to this Amendment and in the Services Agreement. To the extent of any conflict between the terms set forth on Exhibit A to this Amendment and the Services Agreement, Exhibit A to this Amendment will control. To purchase MIUs from Landis+Gyr, Customer will issue a purchase order to Landis+Gyr, provided that any conflicting or additional terms attached to Customer's purchase order or subsequently issued response by Landis+Gyr will not apply.

**3. Read & Asset Fees.** The Per Read Fee per month is reduced to \$0.24 per month from July 1, 2017 through June 30, 2020 and \$0.30 thereafter, based upon Landis+Gyr reading all available one-way MIUs. Exhibit 8 to the Services Agreement is deleted and replaced with a new Exhibit 8 attached hereto as Exhibit B. Commencing April 1, 2020, the Per Read Fee pricing will not be predicated upon any minimum install base of MIUs, and accordingly, the terms of Section 2.3(b) of the Services Agreement will no longer apply on or after April 1, 2020. In addition, Landis+Gyr will no longer charge Customer an Asset Fee or Monthly MIU Fee, and therefore Exhibit 6 to the Services Agreement no longer applies.

**4. Maintenance & Installation.** Landis+Gyr continues to be responsible for maintenance of MIUs under Section 3.1 [Maintenance of MIUs] of the Services Agreement and updating the NOC under Section 3.2 [Meter Change Outs] of the Services Agreement. Section 3.3 [Battery Replacement] of the Services Agreement will apply until April 1, 2020. Section 3.4 [Vandalism] is hereby deleted from the Services Agreement.

5. **Term.** The Services Agreement is hereby renewed and extended until March 31, 2024. After March 31, 2024, the Services Agreement will be automatically renewed for additional one year renewal terms commencing on April 1 of each calendar year. This Amendment satisfies the parties' obligation under Section 2.8 of the Services Agreement to negotiate prior the end of the Initial Term.

6. **Termination.** Customer and Landis+Gyr now have the additional termination rights described in this Section 6. Customer has the right to terminate the Services Agreement for convenience upon at least six months prior written notice to Landis+Gyr with an effective termination date no sooner than April 1, 2020. Landis+Gyr has the right to terminate the Services Agreement for convenience upon at least six months prior written notice to Customer with an effective termination date no sooner than April 1, 2025.

7. **Miscellaneous.** Capitalized terms used and not defined in this Amendment have the meanings assigned to them in the Services Agreement. The recitals of this Amendment are by this reference incorporated into this Amendment. To the extent of any conflict between the terms of this Amendment and the Services Agreement, this Amendment controls. Except as hereby amended, the Services Agreement remains in full force and effect. Delivery of electronic copies of any signed original document shall be deemed the same as delivery of an original.

IN WITNESS WHEREOF, this Amendment is executed as of the Effective Date.

Landis+Gyr Technology, Inc.

Laclede Gas Company

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Blake Miskin

VP Finance / CFO

Steven L. Lindsey

CEO & President

(2/20)

**EXHIBIT A TO AMENDMENT**

**MIU PURCHASE TERMS**

**Price & Payment**

<b>MIU Model Number*</b>	<b>Meter Type</b>	<b>Cost</b>
26-1204 Plastic Dial 26-1237 Metal Dial	GI - American - Residential	\$55.00
26-1691 Slanted 26-1691 Stepped	GS - Sprague - Residential	\$63.00
26-1693	Rockwell - Residential	\$63.00
26-1692	Lancaster - Residential	\$65.00
26-1692	National - Residential	\$135.00
Choose 1 Cover: 40-1585 40-1591 Choose 1 Dial Wheels: 40-1538 40-1742	GI - American - C&I	\$135.00
Cover: 40-1584 Choose 1 Index: 40-1538 40-1742	GS - Sprague - C&I	\$135.00
Cover: 40-1586 Dial Wheel: 40-1743	Rockwell - C&I	\$135.00
40-1514	CPR - Gridstream Pulse Recorder	\$120.00

\* Customer and Landis+Gyr may mutually agree from time to time to substitute newer models for the MIU models listed.

The prices above are delivered prices, and include freight and applicable duties and taxes. Customer will pay Landis+Gyr any undisputed amounts on or before 30 days after receipt of Landis+Gyr's properly completed invoice.

**Other Terms of Sale**

a. **MIU Limited Warranty.** Landis+Gyr warrants each MIU will (a) be new, (b) conform in all respects to their specifications published at the time of shipment, (c) be free from all liens, claims and encumbrances and (d) not fail when Deployed in the field as a result of a Defect. Landis+Gyr will repair or replacement at its option each Defective MIU. The warranty for any repaired MIU will be the longer of the balance of the original warranty period or six months from completion of repair. "Defect" or "Defective" as used in this Amendment means: a failure of a MIU to comply with the warranty stated above during the applicable warranty period. "Deployed" means a MIU that has been commissioned in the field and properly installed by the installation contractor, or Customer, and signed off by Customer as ready for use. The warranty period for each MIU is 19 months from the date of shipment from a Landis+Gyr's US location to Customer's designated delivery point.

b. **Return Materials Authorization (RMA) Process.** Landis+Gyr personnel shall handle the RMA support for warranty claims.

c. DISCLAIMER. OTHER THAN THE EXPRESS WARRANTIES SET FORTH IN THIS AMENDMENT, LANDIS+GYR MAKES NO REPRESENTATIONS OR IMPLIED WARRANTIES TO CUSTOMER WITH RESPECT TO ANY MIU, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR WARRANTIES THAT MAY BE IMPLIED BY TRADE USAGE OR CUSTOM.

d. Third Party Products. Except for MIUs sold by Landis+Gyr to Customer, (a) the warranties provided by Landis+Gyr do not extend to third party products that are manufactured by a third party and (b) Landis+Gyr makes no representations or warranties with respect to any third party product. Landis+Gyr will use commercially reasonable efforts to assign to Customer the warranties provided by such third party.

e. Equipment Intellectual Property. Landis+Gyr retains ownership of all intellectual property rights in the MIUs. Customer shall not, directly or indirectly, reverse engineer, de-compile, or disassemble the MIUs or the software embedded therein ("*Firmware*") or otherwise attempt to discover the trade secrets in the Firmware for any reason.

f. Shipments. Landis+Gyr will ship or deliver MIUs to Customer's designated delivery point. All MIUs will be shipped to Customer D.D.P. destination in accordance with INCOTERMS® 2010. Customer or its designee will have the right to inspect MIUs within 15 days with respect to deliveries to Customer's meter shop or Landis+Gyr's cross dock or within 30 days with respect to deliveries to the meter manufacturer. Customer will be deemed to have accepted the MIUs unless Customer notifies Landis+Gyr that the MIU is rejected at or before the end of the applicable inspection deadline. The acceptance of any MIU by Customer shall not preclude the subsequent removal thereof if such MIU shall be found to be defective after installation; in such event, the Agreement's warranty terms shall apply.

g. Infringement. Landis+Gyr will have no liability pursuant to Section 12.1 of the Services Agreement or otherwise for any claim of infringement if such claim is attributable to the (i) misuse or unapproved modification of hardware or software by Customer, where but for such misuse or unapproved modification there would not have been any infringement (ii) failure of Customer to use corrections or enhancements made available to Customer at no cost to Laclede or made available pursuant to a maintenance, development services or other agreement between Landis+Gyr and Customer, where but for such failure by Customer there would not have been any infringement, or (iii) use of the hardware or software in combination with products, programs or data not or supplied or approved by Landis+Gyr, where but for such use there would not have been any infringement.

**EXHIBIT B TO AMENDMENT**

**EXHIBIT 8  
PER READ FEE COMPONENTS**

From July 1, 2017 through June 30, 2020:

Monthly Service Fee	\$0.24/meter
<b>TOTAL MONTHLY FEE</b>	<b>\$0.24/meter</b>

From July 1, 2020 and thereafter:

Monthly Service Fee	\$0.30/meter
<b>TOTAL MONTHLY FEE</b>	<b>\$0.30/meter</b>

## BILL OF SALE

This BILL OF SALE (this "*Bill of Sale*") dated as of July 1, 2017 (the "*Effective Date*") is made between Landis+Gyr Technology, Inc., successor-in-interest to Cellnet Technology, Inc. ("*Landis+Gyr*") and Laclede Gas Company ("*Customer*").

WHEREAS, Landis+Gyr owns certain MIUs currently deployed on Customer's gas meters in Customer's service territory in Eastern Missouri (the "*Deployed MIUs*"); and

WHEREAS, Landis+Gyr has agreed to sell to Customer, and Customer has agreed to purchase from Landis+Gyr, the Deployed MIUs subject to the terms and conditions of this Bill of Sale.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Customer and Landis+Gyr each agree as follows:

1. **Amendment to Services Agreement.** Simultaneous with the execution of this Bill of Sale, Customer and Landis+Gyr have entered into that certain Amendment to Automated Meter Reading Services Agreement dated as of the Effective Date (the "*Services Amendment*"), which amends that certain Automated Meter Reading Services Agreement dated March 11, 2005 (the "*Services Agreement*") that relates to the meter reading services provided by Landis+Gyr to Customer. This Bill of Sale will not become effective until the Services Amendment is fully executed and delivered.

2. **Transfer of the Deployed MIUs.** Landis+Gyr does hereby sell, convey, transfer, and assign to Customer, and Customer does hereby purchase and accept from Landis+Gyr, all of Landis+Gyr's right, title, and interest in and to the Deployed MIUs. Title to and risk of loss with respect to, the Deployed MIUs is transferred to Customer effective as of the Effective Date.

3. **Purchase Price.** As the purchase price for the Deployed MIUs, Customer will pay to Landis+Gyr the sum of \$16,624,219.88 (\$23.74 per Deployed MIU for 700,262 Deployed MIUs) via electronic funds transfer on or before 45 days after the Effective Date.

4. **Warranties.** Landis+Gyr represents, warrants, and covenants to Customer that (a) Landis+Gyr has all rights necessary to sell the Deployed MIUs to Customer and (b) the Deployed MIUs are transferred to Customer with good title, free and clear of all liens or other encumbrances. EXCEPT FOR THE WARRANTIES EXPRESSLY SET FORTH IN THIS BILL OF SALE, LANDIS+GYR DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE DEPLOYED MIUS INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF TITLE, WARRANTY OF MERCHANTABILITY, AND WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE. CUSTOMER ACCEPTS THE DEPLOYED MIUS IN THEIR "AS IS, WHERE IS" CONDITION, WITH ALL FAULTS OR DEFECTS, BOTH PATENT AND LATENT, AND ASSUMES ALL RISK WITH RESPECT TO THEIR FUTURE USE. Notwithstanding anything to the contrary in this Bill of Sale, Landis+Gyr will nevertheless remain responsible for the maintenance of the Deployed MIUs and installation of replacement MIUs for the Deployed MIUs under the terms of the Services Agreement, as amended.

5. **Assignment.** This Bill of Sale binds and inures to the benefit of Customer and Landis+Gyr and their respective successors and permitted assigns. Neither this Bill of Sale, nor any rights or obligations under this Bill of Sale, may be assigned, delegated, or transferred, by operation of law or otherwise, without the signed written consent of both Landis+Gyr and Customer.

6. **Governing Law; Jurisdiction.** This Bill of Sale shall be construed in accordance with the laws of the State of Missouri, without regard to its conflicts of law rules. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION, CLAIM OR PROCEEDING RELATING TO THIS BILL OF SALE.


7. **Miscellaneous.** Capitalized terms used and not defined in this Bill of Sale have the meanings assigned to them in the Services Agreement. The recitals of this Bill of Sale are by this reference incorporated into this Bill of Sale. Delivery of electronic copies of any signed original document shall be deemed the same as delivery of an original.

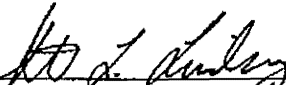
8. **Counterparts.** This Bill of Sale may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this Bill of Sale and all of which, when taken together, shall constitute one and the same agreement. Electronic copies of any signed original agreement shall be deemed the same as delivery of an original. At the request of either Party, the Parties shall confirm electronic copies of any signed original document by signing and delivering a duplicate original document.

IN WITNESS WHEREOF, this Bill of Sale is executed as of the Effective Date.

Landis+Gyr Technology, Inc. ^

Laclede Gas Company

By:   
Name: Blake Miskin  
Title: VP Finance / CFO

By:   
Name: Steven L. Lindsey  
Title: CEO & President

