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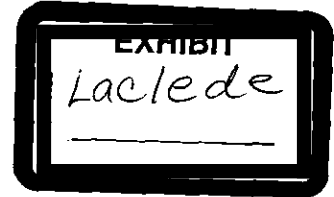
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JUN 05 2006

Missouri Public
Service Commission

May 19, 2006

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VIA TELECOPIER, E-MAIL AND REGULAR MAIL

Ms. Sherrie A. Schroder
Diekemper, Hammond, Shinnars,
Turcotte and Larrew, P.C.
7730 Carondelet Avenue, Suite 200
St. Louis, MO 63105

Exhibit No. 16
Case No(s) GC-2006-0060
Date 5-22-06 Rptr XF

Re: Union Disparagement of Laclede – Automated Meter Reading

Dear Sherrie:

It is my understanding that during the May 15, 2006 meeting with Laclede Gas Company ("Laclede") you initially denied sending a memorandum to Fire Chiefs and a proposed Resolution regarding alleged safety hazards. However, when confronted with the May 4, 2006 Memorandum with your name on it and the Resolution, you then apparently admitted preparing those documents.

We have carefully analyzed those documents. The fourth "Whereas" clause of the Resolution provides that "... Laclede Gas Company has recently requested the Missouri Public Service Commission to relieve Laclede Gas Company of some of its obligations to conduct safety inspections, perform meter sampling, perform annual meter reads, perform inspections after meter changes, ..." (emphasis added). The fifth "Whereas" clause states that "... these proposed changes may harm consumers by reducing safety inspections, ... and reducing opportunities for early detection of hazards and preventive maintenance, ..." (emphasis added). Coupled with your Memorandum to the Fire Chiefs, we believe that these statements clearly disparage Laclede and violate the April 25, 2006 Agreement between Laclede and the United Steelworkers Union ("Agreement"). That Agreement expressly provides that the Union will not make or "... encourage any third party to make any statement, oral or written that: "... Laclede's decision, or request to the PSC not to perform manual meter readings is a decision not to

perform, or a request to be relieved of, an important safety procedure.” Agreement ¶A.3. Your Memorandum encourages the Fire Boards to make precisely such a statement by adopting the Resolution, which violates ¶A.3 and, as explained below, ¶A.6.

Further, your Memorandum, coupled with the Resolution, violates ¶A.4 of the Agreement because the Union is stating, and encouraging the Fire Boards to state, that Laclede’s acts or omissions, “. . . may harm consumers.”

Finally, in violation of ¶A.6, the Resolution falsely states that Laclede has requested that it be relieved of its obligation to “. . . install meter reading devices with trained personnel. . .” (emphasis added). That statement is knowingly false or misleading because the Union knows that the Cellnet employees are, in fact, trained.

The proviso to ¶A to the Agreement does not save the Union from these violations for at least two reasons. First, the general language of the proviso does not allow the Union to disparage Laclede by making the allegations, or allegations to the effect of the allegations, expressly prohibited by paragraphs A.1-4. Second, these are not statements that the Union “. . . in good faith believes to be true.” They are false or misleading, in violation of ¶A.6. Union witnesses admitted at their recent depositions in Case No. GC-2006-0060 that they do not have a single shred of evidence to show that meter reading or inspection is a safety procedure that has prevented explosions, fires, injury to persons or damage to property (Schulte Tr. 77-79, 84-88, 119-20, 170; Stewart Tr. 90-91). Schulte even testified that he could not think of a circumstance where an employee’s failure to read a meter might create a potential safety hazard (Schulte Tr. 118-19). Stewart admitted that the three year corrosion inspection required by law “is sufficient” and that he does not know whether “. . . any leaks that are reported by meter readers are imminent safety hazards” (Stewart Tr. 105, 108). In fact, the Union has no evidence that utilities that do not perform meter reading inspections (or TFTOs for that matter) have a higher incidence of safety hazards than Laclede did when it conducted such inspections or that conducting such inspections has resulted in Laclede having a lower rate of fires, explosions, carbon monoxide poisoning than any other gas utility in Missouri or the United States (Schulte Tr. 72-73, 108-109, 182-88, 210-11). Schulte also admitted that he has no facts to show that there is a higher incidence of hazards on premises where there has been a change of customer than on premises where there has not been a change of customer (Schulte Tr. 210-11).

Moreover, your statement in the Resolution that Laclede has asked to be relieved “. . . of some of its obligations to conduct safety inspections . . .” is unquestionably false and misleading, in violation of ¶A.6 because the Union admittedly has no evidence of any such obligations. The Union knows that no law or regulation requires such inspections. Indeed, Schulte admitted that the purpose of meter reading is billing, that to his knowledge there is no other purpose of reading a meter and that he does not know how often a meter must be inspected (Schulte Tr. 26, 70-71). He further admitted that he does not have information to show that gas utilities in Missouri or anywhere in the United

States are required to do TFTOs (Schulte Tr. 71, 108). Hendricks admitted that he does not know whether a gas utility in Missouri or in the United States has an obligation to perform TFTOs or inspections of customer facilities (Hendricks Tr. 80-82).

Likewise, Schulte admitted that he assumes that customer's gas pipes and appliances are their responsibility, not Laclede's (Schulte Tr. 73-74; see also, Hendricks Tr. 78 – "Laclede's not responsible for the customer's fuel run, no."). Although Stewart claimed that under the meter reader manual a meter reader has a responsibility to protect a customer's "life and property" he could not find any such obligation in the manual (Stewart Tr. 11-12, 91-94). He also admitted that the primary purpose for reading meters is for billing and that a corrosive pipe inspection is required only once every three years (Stewart Tr. 15, 47).

All of these statements in the Resolution are also flatly inconsistent with the Commission's April 11, 2006 Order Denying Motion for Immediate Relief in Case No. GC-2006-0060 in which the Commission found that the Union has not shown that Laclede is "in direct violation of any law pertaining to gas safety...[or]...in violation of any of the Commissions rules or of any federal safety rules." The Commission also determined that the Union had not shown "that it is the general practice of any other local distribution company to perform an inspection or that Laclede has a special circumstance which requires different treatment from that of other local distribution companys." The Union did not seek rehearing or reconsideration of this Order even though it continues to make representations or encourages others to make representations that are inconsistent with it.

Clearly, the Union's testimony also shows that the Union also has made knowingly false and misleading statements regarding Laclede's "obligations" to municipalities in encouraging them to adopt resolutions and to state legislators in encouraging them to write letters to the Commission regarding these matters.

Therefore, on behalf of Laclede, we hereby demand that you immediately issue a Memorandum to the Fire Chiefs advising them that your May 4, 2006 Memorandum contained false and misleading information, that Laclede has not requested to be relieved of a safety procedure by requesting that it no longer perform annual meter reads, meter sampling or inspections after meter changes. Further, we demand that you advise the Fire Chiefs that the Union has no evidence that any of these changes have, or will, harm consumers. We also demand that you advise the Fire Chiefs that your suggestion that Laclede is installing meter reader devices without trained personnel is false and misleading.

We likewise demand a similar memorandum, approved by Laclede, to all state legislators and municipalities advising them that the Union provided false and misleading information when it advised them that Laclede was requesting to be relieved of its obligations to perform safety inspections.

Ms. Sherrie A. Schroder

May 19, 2006

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Finally, we demand that you advise the Missouri Public Service Commission of the Union's above-described false and misleading statements at the evidentiary hearing scheduled in Case No. GC-2006-0060 on Monday, May 22, 2006.

Clearly, the Union is disingenuously raising safety to put its dispute with Laclede before the PSC rather than an arbitrator pursuant to the Labor Agreement, which is improper, if not an abuse of process.

Very truly yours,



Charles S. Elbert

CSE:csm

cc: Mr. Kenneth J. Neises
Mr. Peter J. Palumbo, Jr.
Mr. Gerard J. Gorla

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Pattonville Fire Dist

#3805 P.002/004

MEMORANDUM

TO: Fire Chiefs

FROM: Sherrie A. Schroder

DATE: May 4, 2006

RE: USW 11-6 Concerns About Public Safety Arising from Changes Recently Made or Requested by Laclede Gas

My firm is legal counsel for USW 11-6. Mark Woolbright requested that I send you this information as an explanation for the resolutions that he is distributing for you to sign and return to Missouri's Public Service Commission ("PSC"). As you may be aware, USW 11-6 has recently filed or intervened in several matters before the PSC pertaining to Laclede Gas due largely to concerns it has with employee and public safety. Specifically, pending matters include and address the following:

- In Case No. GC-2006-0313, USW 11-6 challenged Laclede for ceasing to perform in-house gas appliance inspections following the changing of gas meters, simply because they are performing the change through the use of a Grunsky Bag, which does not require Laclede to turn off the gas supply to the house. While the use of the Grunsky Bag may reduce the risk during meter changes of safety hazards associated with turning off the gas supply, there continue to be other safety reasons for thorough inspections at the time of changing a meter. For example, such inspections catch irregularities in gas flow that may cause a pilot light to extinguish, resulting in gas seepage. (See Affidavit of Joseph Schulte for other examples)
- In Case No. GC-2006-0060, USW 11-6 has challenged Laclede's request to cease performing inspections known as "turn off/turn ons." Turn off/turn ons have historically been an important part of Laclede's safety program. These inspections consist of inspecting the meter and every gas appliance in the residence to be sure gas lines are connected and not leaking, valves are turned properly, flues are in proper working order and there is no blockage, carbon build-up or odor of gas that could foreshadow carbon monoxide poisoning or danger of fire or explosion.
- Also in Case No. GC-2006-0060, USW 11-6 challenged Laclede's request to end its long-standing practice of annual meter reads. This is another safety issue, because meter readers performing annual reads conduct visual inspections, use leak detecting devices and are cognizant of gas odors that may cause them to detect leaks. Meter readers may also visually detect physical impediments or potential hazards, such as corroding pipes and weak joints.
- In Case No. GC-2006-0390, USW 11-6 has challenged Laclede's use of persons who are not trained gas professionals to install the automated meter reading device on residential customers' meters on-site. This practice has been ongoing for approximately one year, and has resulted in

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Pattonville Fire Dist

#3805 P.003/004

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numerous service calls — some of them on an emergency basis — to correct leaks and other problems arising because an installer drilled entirely through a meter or otherwise ineptly installed the device. In addition, by sending someone other than a gas professional to the customer's residence, Laclede is missing an opportunity — always availed when a gas professional is on-site — for a quick and informal safety review that may locate gas leaks or future safety hazards.

USW 11-6 believes that safe provision of gas service is of the utmost importance. It is hoped that your endorsement of this principal will carry great weight with the PSC, since you are the first responders for gas fires and explosions, and possibly for carbon monoxide poisoning.

Thank you for your time and attention to this matter.

RESOLUTION THAT THE FIRE BOARD OF _____ OPPOSES THE
CHANGES THAT LACLEDE GAS HAS SOUGHT BEFORE THE MISSOURI PUBLIC
SERVICE COMMISSION

WHEREAS Laclede Gas Company is the provider of natural gas for both residential and commercial consumers in the Fire Board of _____, and

WHEREAS Laclede Gas Company has a monopoly on providing said natural gas service to consumers in the Fire Board of _____, and

WHEREAS Laclede Gas Company has, in the past, been highly focused on customer service, as demonstrated by its safety inspections, use of leak detectors during monthly and annual meter reads, installation of meter reading devices with trained personnel, etc. and

WHEREAS Laclede Gas Company has recently requested that the Missouri Public Service Commission relieve Laclede Gas Company of some of its obligations to conduct safety inspections, perform meter sampling, perform annual meter reads, perform inspections after meter changes, and install meter reading devices with trained personnel, and

WHEREAS these proposed changes may harm consumers by reducing safety inspections, reducing the frequency of the use of leak detection devices at consumers' residences or facilities, and reducing opportunities for early detection of hazards and preventive maintenance, and

WHEREAS these proposed changes will mean a loss of jobs to Laclede Gas Company employees who are residents of the Fire Board of _____,

NOW BE IT THEREFORE RESOLVED that the Fire Board of _____ opposes the regulatory changes that Laclede Gas has sought before the Missouri Public Service Commission and urges the Missouri Public Service Commission Laclede Gas Company's requests for relief from obligations to consumers. Accordingly, the Fire Board directs that a copy of this Resolution be sent to the Missouri Public Service Commission care of:

Deputy Chief Regulatory Law Judge Nancy Dippell
Governor Office Building
200 Madison Street
PO Box 360
Jefferson City, MO 65102-0360

Read and adopted this ____ day of May, 2006.

FACSIMILE COVER SHEET
LACLEDE GAS COMPANY
SERVICE AND INSTALLATION DEPT. (S&ID)
3950 FOREST PARK AVENUE
ST. LOUIS, MO 63118
(314) 658-5473 - OFFICE
(314) 535-8721 - FAX NUMBER

DATE: 5/12/06Total # of Pages 4
(including cover page)COMPANY: Laclede GasATTN: Gery GorlaFAX#: (314) 641-2155FROM: Tom ReitzFAX#: (314) 535-8721PHONE #: 658-5477

COMMENTS:

Gery - Per our conversation - Also - FYI I got
this from Mark Mitchell (South District Foreman)
who got it from his Father-in-Law - The
Fire Chief in Lemay. Please make sure
that Mike Pendergast & Rick Zucker get copies
as well as Pete, Ken & Mark. I'll get
a copy to Ben. Thanks.

Tom

If all pages not received, please call the above telephone number. Thanks.