

**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-</u>
)	
Missouri Gas Energy, an operating unit of)	
Laclede Gas Company)	
)	
Respondent.)	

STAFF COMPLAINT

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its Complaint pursuant to Section 386.390 RSMo 2000¹ and 4 CSR 240-2.070 hereby states:

Introduction

1. This Complaint concerns the issuance of billing statements for a period of time in excess of a standard monthly billing cycle of 26 to 35 days in violation of Commission Rules 4 CSR 240-13.015(1)(C) and 4 CSR 240-13.020(1), and section 7.02 of Missouri Gas Energy's (MGE) Sixth Revised Tariff Sheet R-47.

Complainant

2. The Complainant in this matter is the Staff of the Missouri Public Service Commission, 200 Madison Street, P.O. Box 360, Jefferson City, MO 65102, acting through staff counsel pursuant to Commission Rule 4 CSR 240-2.070(1).

¹ Unless otherwise specified, all statutory references are to the Revised Statutes of Missouri ("RSMo"), revision of 2000, as amended.

Respondent

3. Respondent MGE is an operating unit of Laclede Gas Company ("Laclede"), a Missouri general business corporation in good standing incorporated on March 2, 1857, as Laclede Gas Light Company; its principal office is at 700 Market Street, St. Louis, Missouri 63101, and its registered agent is Ellen Theroff, 700 Market Street, 6th Floor, St. Louis, Missouri, 63101. Laclede Gas Company is a wholly-owned subsidiary of The Laclede Group, Inc., a publicly-traded Missouri general business corporation in good standing and a public utility holding company. The Laclede Group's principal place of business is also located at 700 Market Street, 6th Floor, St. Louis, Missouri 63101.

4. Operating under the fictitious name "Missouri Gas Energy" or "MGE" and using gas plants it owns or controls, Laclede presently provides natural gas to approximately 500,000 customers in northwest, western, and southwestern Missouri.

Jurisdiction

5. By virtue of the activities described in Paragraph 3 and 4 above, Respondent MGE is a "gas corporation" as defined in Section 386.020(18) and a "public utility" as defined in Section 386.020(43). Thus, it is subject to the jurisdiction of the Missouri Public Service Commission and to the provisions of the Public Service Commission Law at Chapters 386 and 393, RSMo.

Powers of the Commission

6. Pursuant to §§ 386.250 and 393.140, the Commission is charged with the supervision and regulation of public utilities engaged in the retail sale of natural gas service, and the Commission is authorized to promulgate rules for this purpose. Pursuant to this authority, the Commission has duly promulgated rules governing utility

service and billing practices at 4 CSR 240 Chapter 13.

7. Section 386.390.1, authorizes the Commission to hear and determine complaints:

Complaint may be made by the commission of its own motion, or by the public counsel or any corporation or person, chamber of commerce, board of trade, or any civic, commercial, mercantile, traffic, agricultural or manufacturing association or organization, or any body politic or municipal corporation, by petition or complaint in writing, setting forth any act or thing done or omitted to be done by any corporation, person or public utility, including any rule, regulation or charge heretofore established or fixed by or for any corporation, person or public utility, in violation, or claimed to be in violation, of any provision of law, or of any rule or order or decision of the commission

8. Section 386.570.1, provides for a penalty between \$100.00 to \$2,000.00, per offense, for “[a]ny corporation, person or public utility which violates or fails to comply with any provision of the constitution of this state or of this or any other law, or which fails, omits or neglects to obey, observe or comply with any order, decision, decree, rule, direction, demand or requirement, or any part or provision thereof, of the commission”

9. Section 393.140.2 authorizes this Commission to investigate the methods employed in distributing gas and to order “such reasonable improvements as will best promote the public interest, preserve the public health and protect those using such gas... and those employed in the manufacture and distribution thereof[.]”

Complaint

10. The gravamen of Staff’s *Complaint* is that because of a conversion to a new billing system, MGE has rendered bills for a normal monthly usage period in excess of 35 days in violation of Commission rules and its own tariff.

11. On July 21, 2015, Laclede filed revised tariffs sheets for its Laclede Gas and MGE operating units with a proposed effective date of September 8, 2015. One purpose of the revised tariff sheets was to modify certain provisions relating to MGE's billing practices to accommodate the conversion of MGE's customer service and billing system with Laclede's Customer Care & Billing system.

12. Laclede reduced MGE's billing cycles from 21 to 18 in order to be consistent with the number of cycles used by Laclede.

13. After becoming aware of the planned change in billing cycles through discussions with MGE, Staff brought to MGE's attention that a change from the Commission rule and tariff language on billing periods would require a variance request by Laclede.

14. MGE submitted to Staff a draft variance on July 24, 2015, which requested specifically a variance to 4 CSR 240-13.015(1)(C), 4 CSR 240-13.020(1), and from section 7.02 of its Sixth Revised Tariff Sheet R-47, a true and accurate copy of which is attached hereto as Exhibit A and incorporated herein by reference. To date, Laclede has not filed the variance.

15. Commission Rule 4 CSR 240-13.020(1) provides that "A utility shall normally render a bill for each billing period to every residential customer in accordance with commission rules and its approved tariff."

16. Commission Rule 4 CSR 240-13.015(1)(C) defines Billing Period as, "a normal usage period of not less than twenty-six (26) nor more than thirty-five (35) days for a monthly billed customer nor more than one hundred (100) days for a quarterly billed customer, except for initial, corrected, or final bills."

17. Section 7.02 of Laclede's Sixth Revised Tariff Sheet R-47 references billing periods in the context of prorating customer charges.

18. In the draft variance, MGE stated that it anticipated "that during this conversion process, a significant number of MGE's customers would receive a bill covering a billing period in excess of 35 days."²

19. On September 25, 2015, in its *Status Report* filed in relation to another matter before the Commission³, Laclede indicated that MGE's billing system was successfully converted to Laclede's system, stating:

3. Since that date, the press of other business, along with the preparation required to convert the MGE customer information system onto Laclede's CC&B system has delayed completion of this project.

4. Laclede is pleased to report that *the MGE system was successfully converted over the Labor Day weekend...* (emphasis added).

20. However, through conversations with MGE, Staff is aware of several complications that have arisen due to the transition to the conversion to MGE's new billing system.

21. In October 2015, Staff received two informal complaints⁴ from MGE customers stating that they had either received a bill with a larger customer charge than they normally should have been billed, or that they had not received a bill and had contacted MGE several times to determine the reason.

22. In each of the above referenced informal complaints, MGE stated that the billing statement was outside of a standard billing period of 26 to 35 days. In addition,

² See Exhibit A, pg. 5

³ Case No. GC-2015-0147

⁴ ** C201600678, and C201600666 **

MGE acknowledged that the billing system integration caused the billing delay, and the customers' billing cycle should return to the standard 26 to 35 days on the next statement.

23. Neither of the billing statements complained of were initial, corrected, or final bills.

24. Staff is concerned with the potential number of customers experiencing the same or like circumstances as the above referenced complainants.

25. Because MGE rendered billing statements to monthly billed customers for a usage period of more than 26 to 35 days without receiving a variance from the Commission, Laclede's conduct described in Paragraphs 10 through 24, above, constitutes a violation of Commission Rules 4 CSR 240-13.020(1) and 4 CSR 240-13.015(1)(c), and Section 7.02 of MGE's Sixth Revised Tariff Sheet R-47.

WHEREFORE, Staff prays that the Commission will provide notice to Respondent, convene a hearing on Staff's *Complaint*, and, after hearing, determine that Laclede d/b/a MGE has violated Commission Rules and their tariff as alleged herein by Staff, and authorize its General Counsel to seek appropriate penalties for those violations in Circuit Court; and grant such other and further relief as is just in the circumstances.

Respectfully Submitted,

/s/ Mark Johnson

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 15th day of December, 2015.

/s/ Mark Johnson

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

In the Matter of the Verified Application of)
Missouri Gas Energy, an operating unit of)
Laclede Gas Company, for a Temporary) Case No. GO-2015-_____
Variance from Commission Rules 4 CSR)
240-13.015 (C) and 13.020 (1) and from)
Section 7.02 of its Sixth Revised Tariff)
Sheet No. R-47)

**VERIFIED APPLICATION OF MISSOURI GAS ENERGY,
AN OPERATING UNIT OF LACLEDE GAS COMPANY, FOR A
VARIANCE FROM COMMISSION RULES 4 CSR 240-13.015 (1) (C) AND 13.020
(1) AND FROM SECTION 7.02 OF ITS SIXTH REVISED TARIFF SHEET
NO. R-47 AND MOTION FOR EXPEDITED TREATMENT**

COMES NOW Missouri Gas Energy (“MGE”), an operating unit of Laclede Gas Company (“Company”), and, pursuant to 4 CSR 240-2.060, 2.080, and 3.265 of the Rules of the Missouri Public Service Commission (“Commission”), submits its Verified Application for a Variance from Commission Rules 4 CSR 240-13.015(1) (C) and 13.020 (1) and from Section 7.02 of its Sixth Revised Tariff Sheet No. R-47 and Motion for Expedited Treatment. In support thereof, MGE states as follows:

I. THE APPLICANT

1. MGE is an operating unit of Laclede Gas Company, which is duly incorporated under the laws of the State of Missouri and conducts business in its MGE service territory under the fictitious name of Missouri Gas Energy. Laclede’s principal office is located at 700 Market Street, St. Louis, Missouri 63101. MGE’s principal office is located at 3420 Broadway, Kansas City, Missouri 64111. A Certificate of Good Standing evidencing Laclede's standing to do business in Missouri was submitted in Case

No. GF-2013-0085 and is incorporated by reference herein for all purposes. The information in such Certificate is current and correct.

2. In its Missouri Gas Energy service territory, MGE is engaged in the business of distributing and transporting natural gas to approximately 500,000 customers in the western Missouri counties of Andrew, Barry, Barton, Bates, Buchanan, Carroll, Cass, Cedar, Christian, Clay, Clinton, Dade, Dekalb, Greene, Henry, Howard, Jackson, Jasper, Johnson, Lafayette, Lawrence, McDonald, Moniteau, Pettis, Platte, Ray, Saline, Stone, and Vernon.

3. Communications in regard to this Application should be addressed to the persons below:

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4. Other than cases that have been docketed at the Commission, neither MGE nor Laclede has a pending action or final unsatisfied judgment or decision against it from any state or federal agency or court which involve customer service or rates within the past three years of the date of this application.

5. Laclede is current on its annual report and assessment fee obligations to the Commission; no such report or assessment fee is overdue.

II. BACKGROUND

6. On July 21, 2015, the Company filed revised tariff sheets (the “Revised Tariffs”) for its Laclede Gas (“Laclede Gas”) and Missouri Gas Energy (“MGE”) operating units with a proposed effective date of September 8, 2015. One of the purposes of the Revised Tariffs is to modify certain tariff provisions relating to MGE’s billing practices so as to accommodate the replacement of MGE’s much older customer service and billing system with the Company’s relatively new Customer Care & Billing (“CC&B”). The conversion to the Company CC&B system is currently scheduled to be completed on September 8, 2015.

7. As part of the conversion process, MGE’s billing cycles are being reduced from 21 per month to 18 per month to be consistent with the number of billing cycles currently embedded in CC&B and used by Laclede Gas. This modest consolidation of billing cycles will necessarily result in a change in billing periods for some customers, as it did when Laclede Gas switched over to CC&B during the summer of 2013. That, in turn, means that customers would need to receive either: (1) two bills in fairly rapid succession that reflect what was owed from the billing period previously in effect and what is owed by the customer for the new billing period or (1) just one bill that covers both billing periods.

8. Based on its experience with the Laclede Gas conversion, the Company believes that having MGE customers receiving just one bill that covers both billing periods will be far less disruptive to customers, especially those that are living on fixed

incomes, have their utility payments automatically debited from their banking accounts, and/or are on a budget billing plan. As a result, it is anticipated that during this conversion process, a significant number of MGE's customers would receive a bill covering a billing period in excess of 35 days. This conversion process and these exceptions should be completed before the heating season.

III. REQUEST FOR VARIANCE

9. Commission Rule 4 CSR 240-13.020 (1) provides that "A utility shall normally render a bill for each *billing period* to every residential customer in accordance with commission rules and its approved tariff." Commission Rule 4 CSR 240-240-13.015 (1) (C) further defines "billing period" to mean "... a normal usage period of not less than twenty-six (26) nor more than thirty-five (35) days for a monthly billed customer" Similarly, Section 7.02 of MGE's Sixth Revised Tariff Sheet No R-47 references the normal billing period of 26 to 35 days in the context of prorating customer charges. (See Exhibit 1, which is attached hereto and incorporated herein for all purposes).

10. Because these Rules and tariff provisions are intended to require that a utility "normally" render bills for billing periods of between 26 and 35 days, the Company believes that exceptions to that normal requirement are contemplated and permitted, including instances where a significant number of bills with shortened or extended billing periods have to be issued on a one-time basis to accommodate a system conversion like the one described herein. After discussions with the Commission Staff, however, and out of an abundance of caution, the Company is requesting that the

Commission grant a temporary variance from the rule and tariff provisions identified above to further confirm that this approach for dealing with the issue is acceptable.

11. The Company further proposes that the variance be granted subject to certain conditions. Specifically, the Company proposes that the variance be granted by the Commission on the conditions: (1) that the Company will issue two bills in the event the billing period for any customer exceeds 51 days as a result of the conversion; and (2) that the variance will expire no later than November 1, 2015. Throughout the conversion process and thereafter, the Company will continue to prorate customer charges only where the billing period is less than 26 days or more than 35 days.

12. The Company has discussed this application for a variance with the Commission Staff and the Office of the Public Counsel and has been advised by counsel for both parties that they do not oppose the relief requested or the Company's request to have that relief granted on an expedited basis as set forth below.

13. No other public utility will be affected by the granting of the variance requested herein.

IV. MOTION FOR EXPEDITED TREATMENT

14. Under the circumstances described above, MGE requests that the Commission approve the variance as soon as reasonably practical but in no event later than August 19, 2015. The Company suggests that there is good cause for granting the variance by that date since it is not opposed by either Staff or OPC; will provide the Company's information technology personnel with sufficient notice of whether their current programming is on track or needs to be revised, and will not be detrimental to any customer or any other party, including any other public utility. The Company submitted

this Application and Motion as soon as reasonably practical after concluding that seeking a variance was an appropriate approach based on its discussions with the Commission Staff.

WHEREFORE, for the foregoing reasons, Missouri Gas Energy respectfully requests that the Commission grant a variance from Commission Rules 4 CSR 240-13.015(C) and 13.020 (1) and from Section 7.02 of its Sixth Revised Tariff Sheet No. R-47 consistent with the recommendations and conditions set forth herein and that the Commission grant such variance as soon as reasonably practical but in no event later than August 19, 2015.

Respectfully submitted,

/s/ Rick E. Zucker

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ATTORNEY FOR LACLEDE GAS COMPANY

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing Application and Petition was served on the General Counsel of the Staff of the Missouri Public Service Commission and the Office of the Public Counsel on this ____th day of July, 2015 by hand-delivery, fax, electronic mail or United States mail, postage prepaid.

/s/ Marcia Spangler

Marcia Spangler