

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

In the Matter of a Staff Investigation	)	
Into the Customer Service and Billing	)	<b><u>Case No. GO-2020-XXXX</u></b>
Recordkeeping Practices of Spire	)	
Missouri, Inc.	)	

**MOTION TO OPEN INVESTIGATION**

**COMES NOW** the Staff of the Missouri Public Service Commission and for its *Motion to Open Investigation into the Recordkeeping, Business Practices, Business Operations, and Responsiveness to the Commission of Spire, Inc., and Spire Missouri, Inc.*, states as follows:

***Introduction:***

1. This motion requests that the Commission open a Staff investigation into the accuracy of the recordkeeping of Spire, Inc.'s Missouri operating subsidiary, Spire Missouri, Inc., which operates in two non-contiguous service territories as Spire Missouri East and Spire Missouri West, with respect to customer accounts, as well as the efficiency and reliability of Spire's recordkeeping methods, applications, and systems.

***Parties:***

2. Movant is the Staff of the Missouri Public Service Commission, acting through the Chief Staff Counsel as authorized by Commission Rule 20 CSR 4240-2.070(1).

3. Spire, Inc., is a Missouri general business corporation in good standing, established on October 18, 2000, as The Laclede Group, Inc. Its principal place of business is located at 700 Market Street, 6<sup>th</sup> Floor, Saint Louis, Missouri 63101, and its registered agent is Ellen Theroff, 700 Market Street, 6<sup>th</sup> Floor, Saint Louis, Missouri

63101. Spire, Inc., is a public utility holding company, with operating subsidiaries that provide public utility services in Missouri, Alabama, and Mississippi. Spire Inc.'s website ([www.spireenergy.com](http://www.spireenergy.com)) states, "Every day we serve more than 1.7 million customers making us the fifth largest publicly traded natural gas company in the country. We help families and business owners fuel their daily lives through our gas utilities serving Alabama, Mississippi and Missouri. Our natural gas-related businesses include Spire Marketing, Spire STL Pipeline and Spire Storage." Spire Inc.'s website goes on to note that Spire has "nearly 3,500" employees and that it has quadrupled its enterprise value over that past five years, to more than \$6 Billion.

4. Spire Inc.'s consolidated annual report Form 10-K for 2018, filed with the United States Securities and Exchange Commission ("SEC") states, "Spire Inc. ("Spire" or the "Company"), formerly the Laclede Group, Inc. (formed in 2000), is the holding company for Spire Missouri Inc., Spire Alabama Inc., Spire EnergySouth Inc., and other utility and non-utility subsidiaries. Spire Missouri Inc. ("Spire Missouri" or the "Missouri Utilities") was founded in 1857 as The Laclede Gas Light Company and was renamed Laclede Gas Company in 1950 and then Spire Missouri Inc. in 2017. Effective August 31, 2014, the Company purchased Alabama Gas Corporation, which was formed by the merger of two gas companies in 1948 and renamed Spire Alabama Inc. ("Spire Alabama") in 2017. On September 12, 2016, the Company purchased EnergySouth, Inc., along with its wholly owned subsidiaries, Mobile Gas Service Corporation and Willmut Gas & Oil Company, and in 2017, those companies were renamed Spire EnergySouth Inc. ("Spire EnergySouth"), Spire Gulf Inc. ("Spire Gulf"), and Spire Mississippi Inc. ("Spire Mississippi"), respectively." Spire Inc.'s 10-K also states,

“Our gas-related businesses include Spire Marketing, a Houston-based provider of natural gas marketing and related services to a diverse customer base primarily in the central U.S.; Spire STL Pipeline, a 65-mile pipeline bringing lower-cost natural gas supplies to the St. Louis region; and Spire Storage, a Wyoming-based provider of natural gas storage services to customers in the western U.S.”

5. Spire Missouri, Inc. (“Spire”), is a Missouri general business corporation in good standing, established on March 2, 1857, as the Laclede Gas Light Company. Its principal place of business is located at 700 Market Street, 6<sup>th</sup> Floor, Saint Louis, Missouri 63101, and its registered agent is Ellen Theroff, 700 Market Street, 6<sup>th</sup> Floor, Saint Louis, Missouri 63101. Spire Missouri, Inc., operates as a natural gas utility in Missouri under the fictitious names “Spire Missouri East” and “Spire Missouri West.” Spire, Inc.’s 10-K describes Spire’s activities as follows: “Spire Missouri is a public utility engaged in the purchase, retail distribution and sale of natural gas, with primary offices located in St. Louis, Missouri. Spire Missouri is the largest natural gas distribution utility system in Missouri, serving more than 1.1 million residential, commercial and industrial customers. For utility regulatory purposes, Spire Missouri has two regions, one serving St. Louis and eastern Missouri (“Spire Missouri East”) and the other serving Kansas City and western Missouri (“Spire Missouri West”).”

6. Spire and Spire, Inc., acting through its wholly-owned subsidiaries, are in the business of distributing natural gas to the Missouri public for light, heat and power, using gas plant, as defined at § 386.020(19), RSMo, that they own, control, operate, or manage.

***Jurisdiction:***

7. By virtue of its activities described in Paragraphs 3 through 6, above, Spire and Spire, Inc., are gas corporations within the intendments of § 386.020(18), RSMo, and public utilities within the intendments of § 386.020(43), RSMo, and therefore "subject to the jurisdiction, control and regulation of the commission and to the provisions of this chapter."

8. The Commission is vested with the supervision of natural gas utilities in the State of Missouri, § 386.250, RSMo., and is expressly authorized to investigate the business methods employed by natural gas utilities, § 393.140(2), RSMo., as well as their plants and facilities, § 393.140(3), RSMo., and the methods, practices, regulations and property employed by them in the transaction of their business, § 393.140(5), RSMo. The Commission is also authorized to enter upon and inspect the property and facilities utilized by natural gas utilities, § 393.140(7), RSMo., to examine their books, records, documents and papers, § 393.140(8), RSMo., and to compel by subpoena the production of books, records, and documents, and responses to whatever questions it may propound. § 393.140(9), RSMo. The Commission is authorized to delegate these powers to its employees. § 386.240, RSMo. The Commission is also authorized to adopt rules which prescribe the conditions of rendering public utility service, disconnecting or refusing to reconnect public utility service and billing for public utility service, § 386.250(6), RSMo. This authority necessarily extends to the enforcement of such rules as the Commission may adopt. § 386.250(7), RSMo. Pursuant to this authority, the Commission has adopted its rules at 20 CSR 4240-13, *Service and Billing Practices for Residential Customers of Electric, Gas, Sewer, and Water Utilities*.

***Why an investigation is needed:***

9. The Commission has established within its Staff a Customer Experience Department, whose duties include investigation of the allegations contained in formal consumer complaints against natural gas utilities, as well as a Consumer Services Department, whose duties include investigation of the allegations contained in informal consumer complaints against natural gas utilities. Most consumer complaints, whether formal or informal, involve billing and payment issues and, not infrequently, the disconnection of service and refusals to connect service or establish service or commence service. Some of the consumer complaints against natural gas utilities also involve input or review from the Commission's Safety Engineering Department. These matters necessarily turn on the accuracy and accessibility of the utility's customer accounts and billing and payment records.

10. From time-to-time, when investigating formal and informal consumer complaints involving Spire, Staff has become aware that Spire's records may be inaccurate and difficult to access.

- a. **Case GC-2020-0057:** The report of Staff's Customer Experience Department notes that when service was initiated in October 2014 at customer's current address, no deposit was required. A month later, \$3,502.13 was transferred to the account from service received and unpaid for at a prior address. Company service representatives should have checked the customer's service history with the Company before initiating the new account. The first bill was sent to a prior billing address.

In 2015, Spire improperly charged the customer for \$2,287.93 owed on a relative's account. Despite customer's objection, Spire initially determined the customer was responsible for the relative's balance. After the customer contacted the Consumer Services Department, Spire reversed this amount, determining that the customer was in fact not responsible for the relative's balance. In March 2016, the customer voluntarily terminated service and Spire generated a final bill of \$3,753.61, which appears to be accurate.

In March 2019, the customer sought to re-initiate service. A Cold Weather Rule payment arrangement was offered requiring an initial payment of \$2,930.96 (80%). No payment was made and service was not initiated. Beginning in April 2019, the customer repeatedly contacted the Company seeking to re-initiate service. In June, the customer was told that the balance was \$3,753.61 and that full payment was required. In July, customer called and Spire advised that a prior outstanding debt of \$2,287.93 would have to be paid first, as well as a deposit requirement due to the prior debt. This amount was the same arrears of the customer's relative that had previously been improperly transferred to the customer in 2015 but was then removed from the account. The customer contacted the Commission, and Spire again withdrew the relative's outstanding debt of \$2,287.93. Spire advised customer that the balance due was \$3,753.61 plus a \$150 deposit to initiate service. The customer's offer to pay \$2,000.00 was rejected. Later in July, the customer again called to

re-initiate service and offered to pay \$2,900.00, but was denied. Customer then called the Commission to file an informal complaint. Spire then agreed to accept a payment of \$2,900.00 to re-initiate service. The payment was made as agreed. However, the technician dispatched to restore service discovered evidence of tampering and unauthorized use of service and therefore service was not restored. At that time, a Company representative erroneously advised the customer that the AMR had been reporting unauthorized usage for the past three years. In actuality, while the meter continued to record usage over the three year period, it had not electronically transmitted this information to the Company.

Spire eventually calculated that \$2,620.51 was owed for the three year period of unauthorized usage, \$370 for damage to the meter, plus a past due balance of \$853.61 from usage in 2015, for a total balance of \$3,844.12. A Company representative erroneously advised the customer that \$6,132.05 was required to restore service. Upon escalation, a resolution specialist again cited the outstanding debt of \$2,287.93 of customer's relative. That debt was later removed from the account, but a duplicate charge of \$370 was applied for the damaged meter, leaving a balance of \$4,214.12. Despite a request by the Commission Staff, for reasons that are unclear, Spire failed to switch out the meter so that customer's meter could be tested for accuracy. Later that month, the customer again called to re-initiate service and Spire was unable to provide an account balance. On July 25, 2019, a day later, Spire advised it would

re-initiate service upon a payment of \$853.61, which it characterized as the total account balance. In August 2019, Spire stated it would re-initiate service for a payment of \$2,990.51 plus a \$150 deposit. Upon escalation, a resolution specialist advised the customer that \$4,214.12 would be required to re-initiate service. The next day, Spire revised the account balance to \$3,844.12, an amount which appears to be supported by documents.<sup>1</sup> In September 2019, Spire offered to resume service for a payment of \$2,900.00.

Despite requests by Staff, Spire was unable to produce recordings of all telephone conversations with customer to support the statements it made.

The above narrative demonstrates that Spire repeatedly improperly held this customer responsible for a relative's balance and could not provide accurate and consistent account information upon request or provide accurate information regarding service resumption. Spire also failed to switch out and test the meter as requested by Staff and could not produce recordings of all telephone conversations. Although Staff repeatedly stated in its *Memorandum* in this case that Spire had not violated any tariff, Commission regulations or state statutes, each of the errors recited above is technically a violation of Spire's tariff, Commission regulations and state statutes. By characterizing these as "technical violations," Staff means that

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<sup>1</sup> Staff is unable to confidently state that this balance is in fact accurate.



the violations were evidently not purposeful and, in many cases, were eventually corrected.

- b. **Case GC-2019-0331:** The report of Staff's Customer Experience Department in regard to this proceeding notes that Spire erroneously noted on the customer's account that her furnace was old and in need of cleaning, whereas in fact her furnace was relatively new. The note actually referred to another customer with the same name. In May 2019, the customer's service was terminated despite the pendency of a formal complaint at the Commission. Spire explained that the termination was "inadvertent" and restored service. In June 2019, Spire threatened to again terminate the customer's service, despite the pendency of a formal complaint at the Commission. When the customer contacted Staff, Spire did not complete the termination.

The narrative above reflects that Spire's account notes were incorrect and that Spire terminated the customer's service improperly, in violation of Commission regulations, and threatened to do so again. Although Staff repeatedly stated in its *Memorandum* in this case that Spire had not violated any tariff, Commission regulations or state statutes, each of the errors recited above is technically a violation of Spire's tariff, Commission regulations and state statutes. By characterizing these as "technical violations," Staff means that the violations were evidently not purposeful and, in many cases, were eventually corrected.

- c. **Case GC-2018-0159**: The customer's complaint alleges that Spire was unable to provide validation of a \$1,647.66 debt that was sent to collections; that service was terminated by Spire without any mailed written notice or door tag and without contact from Spire within 24 hours prior to termination; and that no attempt was made to contact customer when the termination was implemented. In its responsive pleading, Spire denied each of the above allegations. The case file includes two *Motions to Compel Discovery* that Staff was obliged to pursue against Spire due to the Company's failure and refusal to provide necessary information to Staff. This case was not tried to a conclusion but was dismissed after the customer filed for bankruptcy relief.<sup>2</sup>

If the customer's allegations are true, then the narrative above reflects that Spire failed to follow its tariff, Commission regulations and state statutes.

- d. **Case GC-2018-0096**: The customer's complaint alleges that the customer received no bill for five months after starting service at a new address (the customer did not notice because the customer had set up automatic payment when initiating service); that the bills were not in fact paid but sent by Spire to the wrong address; that Spire sought to terminate service in March 2017 for non-payment of \$1,156.41, including a balance (more than five years old) of \$752.47 from a former address; that customer paid the

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<sup>2</sup> For reasons unclear to the undersigned, the Regulatory Law Judge evidently did not recognize that the filing of customer's bankruptcy stayed the complaint case as a matter of law.

current balance but disputed the \$752.47; that the customer made an informal complaint to the Commission but the Consumer Services Department closed customer's complaint against customer's wishes, without any resolution; that in July 2017 customer moved out-of-state and closed the account without paying the \$752.47; that customer was billed for the \$752.47 and disputed the bill with Spire; that Spire turned account over to collections and customer then filed a formal complaint with the Commission. There is no Staff report in the file, given this complaint was never tried to conclusion, but was settled by the parties and dismissed.

The narrative above reflects that Spire's customer account records and business practices were incorrect and unreliable and that Spire's customer service representatives failed to follow Spire's tariff, Commission regulations and state statutes. Each of the errors recited above is technically a violation of Spire's tariff, Commission regulations and state statutes. By characterizing these as "technical violations," Staff means that the violations were evidently not purposeful and, in many cases, were eventually corrected.

11. The four cases summarized above are a sample that could be multiplied many times over. These cases demonstrate areas of concern in Spire's recordkeeping, business practices, business operations, and responsiveness to the Commission:

- A. Failure to require a deposit pursuant to its tariff and Commission regulations;
- B. Failure to send bills to the correct address;

- C. Demanding payment for amounts for which the customer has no legal responsibility;
- D. Failure to provide an accurate account balance in response to customer balance inquiries;
- E. Failure to accurately annotate customer accounts to reflect actions taken;
- F. Failure to provide an accurate account usage history in response to customer usage inquiries;
- G. Inability to accurately perform simple arithmetic to compute account balances;
- H. Imposition of charges not permitted by its tariff and Commission regulations;
- I. Failure to switch out and test meters at Staff's request;
- J. Failure to produce all recordings of telephone conversations with customers at Staff's request;
- K. Failure to enter information onto the correct customer account;
- L. Inadvertent terminations of service;
- M. Terminations of service during the pendency of a formal complaint, in violation of its tariff and Commission regulations;
- N. Use of outside collectors to pursue payment for amounts for which the customer has no legal responsibility;
- O. Terminations of service without the notices and contacts required by its tariff and Commission regulations;

P. Failure to implement automatic payment protocols established by customers;

Q. Failure to cooperate with Staff investigations;

R. Failure to adequately train customer service personnel.

12. Staff states that the above-listed areas of concern are of sufficient significance that the public interest demands that Staff undertake an investigation of Spire's customer service business practices and operations, to include a review of monitoring and control systems used for the AMR systems. The investigation should be presented to the Commission, and identify and recommend improvements where such are warranted and recommend that Staff pursue a complaint if such is appropriate.

**WHEREFORE**, Staff prays that the Commission will open an investigatory docket and order Staff to undertake an investigation of Spire's recordkeeping, business practices, business operations, and responsiveness to the Commission, identifying and recommending improvements where such are warranted and recommending that Staff pursue a complaint if such is appropriate; or granting such other and further relief as is appropriate under the circumstances.

Respectfully submitted,

/s/ Kevin A. Thompson

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Attorney for Staff of the  
Missouri Public Service Commission

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been served electronically upon counsel for Spire, Inc., Spire Missouri, Inc., and the Office of the Public Counsel **on this 20<sup>th</sup> day of December, 2019.**

/s/ Kevin A. Thompson