

JUL 17 2007

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

Case No. GC-2006-0549

**Missouri Public
Service Commission****List of Issues & STATEMENT OF POSITIONS****Issue 1:**

Since June 2005, have the meter readings from the meters installed at the Shewmaker home, including the automated meter reading (AMR) modules attached to those meters, resulted in Ms. Shewmaker being overcharged for her gas usage?

No, Ms. Shewmaker is now being charged correctly for her gas usage.

We disagree with the first sentence concerning **correct charges**. Laclede cannot prove the validity of this statement. By its own admission to the Public Service Commission (according to Mr Csolak, a spokesperson for Laclede) in a November 21, 2006 online article by Leisa Zigman, a KSDK, News Channel Five, reporter, *the AMR readers have a failure rate of 1.5 to 2 percent*. According to Laclede's FY06 Annual Report filed with the Federal Securities and Exchange Commission, it has over 590,000 residential customers. At its admitted failure rate, this represents a failure of somewhere between 8,850 and 11,800 AMR failures. This does not account for any meter failures, which must occur at rate of about every 10 years because Laclede normally replaces them after 10 years of use. Yet, your Honor, Laclede wants us just to take its word that all its instrumentation installed at *our house* is in working order.

Prior to installing an AMR module, the customer appears to have been charged for only half of her actual usage.

We disagree with the second sentence concerning being charged for only half of our gas usage for the said period. We assert that it is *highly implausible* that Laclede would not notice a discrepancy between the monthly readings of the remote reader (on the outside of the house) and the readings of the actual gas meter inside our house, which was recorded periodically by a Laclede Gas meter reader OVER A PERIOD OF EIGHT YEARS (from 1997 until 2004)!!.

Several facts support this conclusion.

First, since an AMR module replaced the Trace device in June 2005, there have been consistent readings from two different meters and two different AMR modules.

Your Honor, there is definitely less consistency in the data since the installation of the cited instrumentation. This is proven by Laclede's own rebuttal testimony which provides a measure of the consistency of the data in the form of the regression coefficients (the R-squared values). Laclede indicated regression coefficients of 0.98 or better for all the data prior to the 2005 installation, but only a 0.94 for the data since installation. This

indicates a less consistent pattern in the data since installation. In addition, Laclede has NOT PROVEN that the two sets of instrumentation installed since June 2005 are consistent with each other. Mr. Chickev correctly understood that this could not be proven statistically due to too few data points for each of the data sets. Either way, *Laclede's statement about "consistent readings" since the 2005 installation is erroneous.*

Second, the first meter was tested, and proved to be registering accurately. Again, your Honor, Laclede is expecting us to "just believe" that the other 3 devices are in working order. *Laclede has not proved that the other 3 devices were not defective.* For eight years they did have a defective device installed on our property, which, according to their testimony, was just recently discovered.

Third, the readings from the AMR-equipped meters are more consistent with the readings obtained prior to the installation of the Trace device. Laclede has not proved this in any of its prior testimony. To do so they would have had to have provided us with a statistical entity known as the "total sum of squares", or the sum of the differences between each monthly data point and each of the two regression lines. *This statement by Laclede is unproven.*

Fourth, the readings from the AMR-equipped meters indicate less usage than the pre-Trace device readings, consistent with the customer's testimony that she has made efforts over the past two years to conserve energy usage.

Your Honor, we plan to turn up the thermostat from 63 degrees at night and 68 degrees during the day. We have been consistently cold during the last two winters.

Fifth, the customer's usage dropped by almost exactly half upon installation of the Trace device in 1997.

No comment

Sixth, the Trace device registered exactly half of the usage registered on the meter itself, which was likely due to the loss of one of the two magnets that register usage in a Trace device.

Notice, your Honor, the words "was likely due". Laclede is only guessing what the cause of the lower usage actually was. The trace device in question has not been saved for inspection. We believe that if one could be provided for our examination and Laclede could actually shown us the two magnets, we would be more inclined to believe this statement.

Issue 1A: If so, what should the amount of charges be for gas service rendered since the AMR installation in June 2005?

The bills issued by Laclede over the past two years represent an accurate charge for gas service used by the customer.

We disagree. Laclede has not provided us with all of the monthly data we requested going back to March 1979. The question in our mind is WHETHER Laclede actually does not have the data OR WHETHER Laclede has examined the monthly data prior to 1995 and found them unsupportive of the case they are trying to prove.

Issue 1B: Should Laclede be required to remove late fees charged to Complainant's account since June 2005?

All but \$1.81 of late charges assessed by Laclede to Ms. Shewmaker since June 2005 resulted from her payment of half the bills during the winter of 2005-06, when she first protested the increased usage. Under the circumstances, these payments represented a good faith effort by the customer to pay the undisputed portion of her bills. Therefore, Laclede would agree to credit the customer in the amount of \$222.23 in late charges.

We agree.

Issue 2A: Should the Commission require Laclede to remove the AMR module from its meter inside the Shewmaker home, and permit the Complainant to send in self-reads of the meter in lieu thereof?

No. The Company's tariff provides that meters are the property of the Company, and the Company may install on its meter a remote reading attachment, the readings from which shall constitute actual meter readings. Moreover, the Missouri Supreme Court has confirmed that utility customers are not entitled to dictate the methods by which the utility must render its service. *State ex. Rel City of St. Joseph v. PSC*, 30 S. W. 2d 8, 14 (Mo. banc 1930).

We disagree. We believe that removal of the AMR module would remove one possible instrumental error.

Issue 2B: Should the Commission require Laclede to also remove the existing Meter inside the Shewmaker home, and permit the Complainant to have it privately tested to prove accuracy and return it to the Shewmaker home, such testing to be at Laclede's cost?

(Laclede's answer will undoubtedly be no).

Our answer is yes. We believe an independent test of the meter would restore our confidence in the reliability of this Company and its instrumentation

Are Missouri Regulators Too Cozy With Laclede Gas?

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By Leisa Zigman
I-Team Reporter

[Click to watch Leisa Zigman's report.](#)

(KSDK) - Some NewsChannel 5 viewers are questioning whether regulators with the Missouri Public Service Commission (PSC) are doing enough to help consumers resolve problems they may have with Laclede Gas.

This past summer, the I-Team exposed allegations of unlawful billing and how day laborers, with no previous gas experience, were installing the high tech automated meter readers. But after a record number of complaints to the PSC, viewers are starting to question the relationship between Laclede and the PSC.

At Liebe Athletic Lettering in Chesterfield, careful stitching and old fashioned customer service goes a long way. One year ago, Laclede installed a new automated meter reader (AMR) outside the business. The first bill was one for the record books.

"The bill was \$125,000," said business manager Rob Knoll.

Knoll showed us two years' worth of previous gas bills that averaged \$1,000 to \$2,000 a month. Knoll believes \$125,000 dollars was outrageous.

"Somebody needs to put a big finger on these people and get this fixed. Laclede Gas thinks they can do whatever it is they want to do," said Knoll.

Knoll complained loudly and Laclede agreed to correct any billing mistakes. But, the next month's bill was \$20,000 dollars higher.

"Now I have a \$146,000 bill instead of \$125,000. That is how they fixed it."

With the new AMR Laclede estimated Liebe used more gas than it takes to heat the America's Center. That estimated billing directly conflicts with what George Csolak, head of Laclede's corporate communications, told us this summer.

In July, Csolak explained the AMR wireless technology will allow Laclede to read your meter, even if you're not at home.

He went on to say, "No more estimated billing. It's all going to go away."

Since estimated bills aren't going away, we went back to Laclede to ask Csolak to explain why.

"Once everything is set up and deployed by the end of March, that is when estimated bills will go away. As I mentioned during our interview, glitches come up," said Csolak.

Steve White experienced one of those glitches after Laclede installed his AMR in July. He said his dials never moved. They appeared to be frozen. Still, his bills kept coming.

A Laclede supervisor told him a computer chip inside the AMR still sends a signal even if the dials on the face plate don't move.

"The AMR system is not working properly. Not all of them, but a lot of them," said White.

White should know. He's been a Laclede meter reader for 28 years. He explained, if the dials don't work, there is no way for you to verify your bill.

"What it means is, you're just going to have to take their word on it, period," said White.

✕✕ Laclede has installed more than 590,000 AMRs. Officials say less than two percent have malfunctioned.

We were denied access to raw data and more specific information regarding failure rates.

"I'm not allowed to let paperwork go. That's all proprietary information. That is something that is Laclede property and I'm not allowed to disclose any of that," said Csolak.

✕ When asked if the PSC had asked for documentation, Csolak said Laclede "keep(s) the PSC apprised of everything

✗ we're doing regarding this program. They've been very open and excited about us deploying this system as well."✗

✗ ✗ Warren Wood, Director of Utility Operations for the PSC said Laclede has given him one and a half to two percent failure rate, but added he didn't have documents immediately available to verify that. ✗✗

He also said he had not requested specific failure rate documentation.

Gay Fred, Consumer Services Manager with the PSC, is handling the record number of consumer complaints filed against Laclede.

She said out of 2,000 complaints, she hadn't sent anyone out into the field to verify a claim.

In fact, the I-Team has confirmed through court records, interviews and documents that the PSC has not done any field inspections of reported AMR problems. Regarding estimated bills, the PSC has never audited Laclede to see if the company's estimates are accurate.

Many at Liebe believe the PSC is too trusting and should do a better job holding Laclede accountable.

"We see what happens when you trust them, it leaves something to be desired," said Knoll.

Some major statewide changes are already in the works. PSC officials say the changes have nothing to do with I-Team reports.

The PSC has directed its staff to begin spot audits of all utilities in February. That includes water, gas and electric. The PSC says they will look at the accuracy of each utility's estimated billing.

Since we interviewed Wood in Jefferson City, the PSC has requested more information from Laclede about the AMR failure rate. Laclede insists the AMRs are extremely reliable and accurate.

Csolak said once "initial glitches" are ironed out, the public will see "tremendous benefits."

To contact the Missouri Public Service Commission, call 1-800-392-4211 or visit www.psc.mo.gov.

To contact the Office of Public Counsel, which represents the interests of utility customers in proceedings before the Missouri Public Service Commission, call 573-751-4857 or visit www.mo-opc.org.

To contact Laclede Gas, call 314-621-6960 or toll free 800-887-4173 or visit www.lacledegas.com.

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UTILITY STATISTICS

Final Use Report Summary

2006

2005

2004

Gas Distribution Operating Revenues (Thousands of Dollars)

Residential	\$ 689,347
Commercial and Industrial	284,174
Interruptible	5,644
Transportation	15,257
Off-System and Other Incentive	139,501
Exploration and Development	---
Provisions for Refunds and Other	7,088
Total utility operating revenues	<u>\$ 1,141,011</u>

Therms Sold and Transported (Thousands)

Residential	462,158
Commercial and Industrial	216,903
Interruptible	5,311
Transportation	182,610
System therms sold and transported	<u>866,982</u>
Off-System	156,591
Total therms sold and transported	<u>1,023,573</u>

Customers - End of Period

Residential	580,392
Commercial and Industrial	40,909
Interruptible	17
Transportation	148
Total customers	<u>631,466</u>

14

Average Use and Revenue (Based on Average Monthly Use)

Use Per Customer - Therms	
Residential, without heat	291
Residential, with heat	772
Revenue Per Customer	
Residential, without heat	\$ 530.05
Residential, with heat	1,150.70

Gas Statistics (Millions of Therms)

Produced	.9
Natural Gas Purchased and Received for Transportation	901.7
Withdrawn from Storage	219.7
Total system receipts	<u>1,122.3</u>
Less	
Used by Company	.6
Delivered to Storage	232.4
Unaccounted For	22.3
System therms sold and transported	<u>867.0</u>
Peak Day System Sendout	9.0
Mean Temperature (F) on Peak Day	10°
Estimated System Sendout on Zero Day	11.0
Degree Days	4,114