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PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Hearing

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Volume 2

In the Matter of the Application)
of Laclede Gas Company for a)
Temporary Variance from Certain)
Portions of Rule 10.A of Its)
Tariff Regarding Meter Testing)Case No. GE-2005-0405
in Connection with Its)
Implementation of an Automated)
Meter Reading Program)

NANCY DIPPELL, Presiding
DEPUTY CHIEF REGULATORY LAW JUDGE
ROBERT M. CLAYTON, III,
LINWARD "LIN" APPLING,
STEVE GAW,
COMMISSIONERS

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1 P R O C E E D I N G S

2 JUDGE DIPPELL: Okay. Let's go ahead
3 and go on the record. This is Case No.
4 GE-2005-0405 in the Matter of the Application
5 of the Laclede Gas Company for a Temporary
6 Variance from Certain Portions of Rule 10.A of
7 Its Tariff Regarding Meter Testing in
8 Connection With Its Implementation of an
9 Automated Meter Reading Program.

10 My name is Nancy Dippell. I'm the
11 Regulatory Law Judge assigned to this matter.
12 And come here today, as it turns out, to
13 discuss a unanimous Stipulation and Agreement.

14 We'll begin by letting the attorneys make
15 their entries of appearances. And we'll start
16 with Staff.

17 MR. SCHWARZ: Tim Schwarz, Deputy
18 General Counsel, P.O. Box 360, Jefferson City,
19 Missouri, 65012, appearing for Staff of the
20 Commission.

21 JUDGE DIPPELL: Thank you. Ms.
22 Schroder?

23 MS. SCHRODER: Sherrie Schroder, 7730
24 Carondelet, Suite 200, St. Louis, Missouri,
25 63015, appearing for USW 11-6.

1 JUDGE DIPPELL: Mr. Pendergast?

2 MR. PENDERGAST: Thank you, your
3 Honor. Michael C. Pendergast and Rick Zucker,
4 appearing on behalf Laclede Gas Company. My
5 business address is 720 Olive Street, St.
6 Louis, Missouri, 63101.

7 JUDGE DIPPELL: Mr. Poston?

8 MR. POSTON: Marc Poston for the
9 Office of the Public Counsel, P.O. Box 2230.
10 Jefferson City, Missouri, 65102.

11 JUDGE DIPPELL: And was there anyone
12 else -- I guess technically DNR was made a
13 party to this case -- or no. I'm sorry. Not
14 that one. I -- I was working on another case
15 down here.

16 MR. SCHWARZ: They all look the same.

17 JUDGE DIPPELL: Okay. Another --
18 another agreement. Back to Laclede. And if I
19 call Laclede Ameren today, that's -- that's
20 been, you know, par for the course today, too.

21 So I'd like to begin with having some
22 opening statements. Perhaps the parties can
23 kind of present the Stipulation a little bit.
24 Would Laclede or Union Laclede, would you like
25 to begin?

1 OPENING STATEMENT

2 BY MR. PENDERGAST:

3 MR. PENDERGAST: Thank you, your
4 Honor. As I mentioned, we're here today to
5 consider a Stipulation and Agreement that's
6 been submitted by Laclede, the Commission staff
7 and the United Steel Workers Local 11-6 for
8 resolution of all the issues in this case.

9 Public Counsel has also indicated and
10 allowed us to represent the Stipulation and
11 Agreement. They have no objection to the terms
12 of the Stipulation and Agreement. So I think
13 it's fair to go ahead and treat it as a
14 unanimous Stipulation and Agreement for
15 purposes of this proceeding.

16 Before the proposed settlement was reached
17 by the parties, the parties submitted an issue
18 list on March 28th, 2006, in which they
19 identified the sole issue under consideration
20 in this case.

21 I think it's fair to say that while some
22 safety concerns were raised, at least
23 initially, we were able to go ahead and work
24 our way through that. And I think that the
25 issue list that was ultimately submitted and

1 regulation is the meter testing regulation with
2 the overall purpose of making sure that we have
3 reliable meters out in the field so that we can
4 get a reliable and accurate gauge of what
5 customers are actually consuming.

6 I think if that's the underlying principle
7 and the underlying consideration in whether the
8 variance should be granted that there is no one
9 who would question that it should at this
10 point.

11 In fact, I think everybody would be able
12 to go ahead and give an unqualified yes to the
13 granting of the variance. I say that for a
14 number of reasons. On a shorter-term basis, a
15 temporary variance will enable Laclede to
16 remove and replace a significantly greater
17 number of those meters that are most likely to
18 fail and prove unreliable.

19 Specifically, as a result of the temporary
20 variance, Laclede will not only be replacing
21 those meters that have been targeted for
22 replacement and scheduled for replacement under
23 the statistical meter sampling program because
24 of various considerations I mentioned, but also
25 14,000 obsolete meters that are incompatible

1 with the installation of the AMR device.

2 Notably, these are all older meters that
3 have either been discontinued or are no longer
4 in use or can't be configured to accommodate a
5 automatic meter reading device. And they are
6 ones that would probably in all likelihood have
7 to be replaced sooner rather than later under
8 the statistical meter sampling program.

9 In any event, we're replacing them now.
10 And when you add up all the obsolete meters
11 that we're replacing as a result of the
12 deploying the AMR process and also the
13 scheduled meters that were targeted to be
14 removed and either fixed and replaced, we will
15 be taking out and are taking out a far greater
16 proportion of those meters that are
17 questionable than would have otherwise been the
18 case without the variance.

19 On a longer-term basis, I think that the
20 process that we've come up to will also help us
21 accelerate or at least advance the cause of
22 getting AMR deployed.

23 In addition to the meters that I've talked
24 about, the obsolete ones and the ones that were
25 already targeted, we will also be accelerating

1 the replacement of meters that had already been
2 identified as subject to replacement next year
3 under the statistical meter sampling program.

4 And to the extent we can replace them this
5 year and do that in coordination with the AMR,
6 we have made a commitment to do that. And that
7 has the benefit of not only taking meters that
8 are supposed to be removed out of service
9 earlier, but it will also allow us to go to the
10 customer's premises once, basically, install a
11 meter with the AMR device already on it so that
12 we won't have to come back next year and say,
13 This was scheduled to be replaced, now we need
14 to go ahead and get inside again and replace
15 it. So we think that's a positive as well.

16 In addition, it helps us to conclude our
17 deployment of AMR. And that is probably the
18 biggest advance in making sure that we're
19 accurately assessing what a customer is
20 actually consuming on a contemporaneous basis
21 since it will virtually eliminate the need for
22 estimated bills.

23 We'd be getting real time readings of the
24 customer's actual usage each and every month
25 with the AMRs installed, even though

1 circumstances where we have traditionally had
2 problems doing so because of the location of
3 inside meters.

4 For all of these reasons, we think that
5 granting the variance is certainly justified
6 and will not only meet the purposes of the
7 Commission's meter testing regulations, but
8 actually further them beyond what those
9 regulations contemplate.

10 We would accordingly urge the Commission
11 to approve it. Thank you.

12 JUDGE DIPPELL: Okay. Wait just a
13 moment, Mr. Pendergast, before you step down.
14 And before I let the -- the Union say
15 something. I just want to ask you one specific
16 question.

17 And that is, how does what you agreed to
18 differ from what you originally asked the
19 Commission to allow?

20 MR. PENDERGAST: Yeah. And I think
21 you can go ahead and see that in the
22 Stipulation and Agreement itself. And I am
23 pleased to go ahead and say this is the
24 shortest Stipulation and Agreement I've ever
25 filed with the Commission.

1 Aside from the standard provisions, we
2 really only have two. The first is to go ahead
3 and indicate or suggest that the Commission
4 approve the verified application for variance.

5 And the second one is the one that
6 basically has, if you will, the variation from
7 what we had originally proposed, which is what
8 we're also implementing, as can you see.

9 What it does is it talks about the
10 acceleration and replacement of meters that
11 weren't scheduled to go ahead and be replaced
12 and fixed until next year. That provision says
13 that we will make an effort to do that, to the
14 extent that we can do it, in coordination with
15 our AMR.

16 We also indicate that to facilitate that,
17 in part, we will be utilizing our meter shop
18 employees to install the AMR device on these
19 meters in advance of when they are taken out
20 into the field and installed in advance of when
21 they otherwise would be.

22 So, essentially, that is the additional
23 element that is reflected in the Stipulation
24 and Agreement. Other than that, the terms of
25 the original variance request, we are

1 recommending be approved.

2 JUDGE DIPPELL: Okay. So the terms
3 in paragraph 2 are -- are basically in addition
4 to your original request?

5 MR. PENDERGAST: I think it would be
6 fair to say that, yes.

7 JUDGE DIPPELL: Okay. Ms. Schroder,
8 would you like to respond or --

9 MS. SCHRODER: Certainly.

10 OPENING STATEMENT

11 BY MS. SCHRODER:

12 MS. SCHRODER: I think that the Union
13 was the one group that was recommending against
14 approving this variance originally, so it makes
15 some sense to express why -- why we have now
16 entered into this unanimous Stipulation.

17 The Union raised several issues
18 originally. One of them was a safety issue.
19 We were concerned that outside installers who
20 were not trained professional gas -- gas
21 workers would be installing the -- the AMR
22 compatible meters instead of trained gas
23 professionals replacing and installing
24 inaccurate meters, and that those people
25 wouldn't be carrying leak detectors, and they

1 wouldn't otherwise be trained to detect gas
2 leaks. So that was -- that was our principle
3 concern.

4 In the course of discovery, we learned
5 that the AMR compatible meters were, in fact,
6 being installed by Laclede employees who are
7 gas workers and trained to -- to look for gas
8 leaks and were carrying those devices and that
9 -- all right. So that was -- that sort of took
10 out the safety aspect as far as we were
11 concerned.

12 We then, through this negotiated
13 settlement, actually have what we believe we
14 have added yet additional safety. Trained
15 Laclede gas employees are going to actually be
16 installing the AMR device on eight to 10,000
17 more meters in the shop. And, therefore, you
18 know, we know that those are being installed
19 correctly, that that AMR device is being
20 installed on these meters in a professional way
21 that will not be causing gas leaks. So that's
22 a very important plus to us.

23 We also know through this procedure that
24 other AMR devices are going to be installed by
25 the manufacturer of the meters, the new meters,

1 rather than in the field. And the manufacturer
2 is also -- you know, has trained employees who
3 know how to do this correctly. And so we
4 believe that that's another plus.

5 That's not something that was added
6 because of settlement, but that's something
7 that we learned during the process.

8 We also believe that this adds safety
9 because it -- it accelerates the installation
10 of AMR and the replacement of inaccurate meters
11 through, again, the use of these trained
12 professionals. So that increases the number of
13 meters that are checked for leaks, both the AMR
14 compatible meters that are being installed and
15 the inaccurate meters that have been picked up
16 from prior meter sampling that are being
17 installed.

18 Originally, I -- I think Laclede's
19 original numbers in its variance proposal were
20 that they had anticipated there would be
21 originally approximately -- if they hadn't been
22 doing this AMR variance that there would have
23 been approximately 20,000 meters replaced in
24 this 2005/2006 year that through their
25 variance, they were now upping it to 26,000

1 meters that would be replaced, older style
2 meters.

3 With this settlement, we are increasing it
4 again, to, I think, around 30,000 meters is
5 sort of the -- the hope.

6 Laclede has already replaced, as I
7 understand, about 9,000 AMR incompatible
8 meters. There's -- then there's -- by
9 accelerating the number of meters being
10 replaced this year that were inaccurate, that's
11 how we get the additional approximately 4,000
12 meters that hopefully will get replaced this
13 year.

14 This also hits the -- or satisfies the
15 goal that PSC Staff identified when they
16 recommended approval of the variance last year,
17 which was speeding up installation of the
18 automatic meter reading devices so that we have
19 actual reads rather than estimated reads.

20 And it does that more than what the
21 original variance asked for because, by
22 installing an additional, say, 4,000 this year,
23 AMR compatible will -- yeah -- AMR meters with
24 the AMR device already installed, then -- and
25 actually, it would be more than that.

1 But making sure that these new meters that are
2 going in all actually have the AMR device
3 already installed, then it means that those
4 meters are ready to do -- to have actual reads
5 immediately.

6 And as Mr. Pendergast mentioned, the AMR
7 incompatible meters were older meters, as were
8 the inaccurate meters that were already
9 identified to be replaced.

10 It also makes the installation much more
11 efficient for the customer because instead of
12 having to go contact them twice, once to
13 replace an incompatible meter and once to
14 install the AMR device, they're getting an AMR
15 installed meter. So it's just one contact.
16 And I think that takes care of that.

17 It certainly takes care of all of the
18 concerns that USW 11-6 had with the variance.
19 Thank you.

20 JUDGE DIPPELL: Thank you.

21 Mr. Schwarz, did you have anything to add?

22 OPENING STATEMENT

23 BY MR. SCHWARZ:

24 MR. SCHWARZ: Well, I would -- I
25 would like to remind the Commission that its

1 Rule provides that all meters will be replaced
2 on a ten-year cycle. Given that the life
3 expectancy of a meter is considerably longer
4 than that, all of the major LDCs in the state
5 have established sampling programs by which
6 they stratify their meters by age and model and
7 do a statistically valid sample each year of
8 those models.

9 If a -- the Commission's rules also
10 specify that meters have to read within 2
11 percent of the actual gas flow. If the -- the
12 -- the sample meters -- if -- say, 90 percent
13 of -- of them are accurate, 10 percent are
14 inaccurate, the variance setting up the
15 sampling program requires that those meters --
16 meters within that sampling group be replaced
17 within a given period. If 15 percent are
18 inaccurate, that period is in accordance.

19 So what you're talking about is if -- if
20 the meter sampling program identifies a meter
21 type and age that is -- appears to be on its
22 last legs that it -- it has a replacement
23 schedule that extends over several years.

24 The variance that Laclede requested said
25 rather than test -- you know, test these meters

1 in a statistical sample, instead, we've got
2 these older meters that we'll have to replace
3 anyway in the AMR program. We propose rather
4 than do the sampling, we'll simply replace
5 these older meters with newer meters that are
6 compatible with the AMR devices.

7 And then at the -- after the end of the
8 installation period of the AMR, when the AMR
9 program is completely installed, we'll return
10 to the -- to the statistical sampling program
11 to continue to test the accuracy of the meters.

12 Staff never perceived any safety problems
13 with that. We recommended that the program be
14 approved because it would get older meters out
15 and, frankly, a larger number of meters
16 replaced than would happen under the program.

17 The settlement, I think, the Union, as
18 they said, finally recognized that this is not
19 a pertinent threat to -- to gas safety. And
20 the settlement means that the meters that are
21 being installed will have the AMR devices
22 attached, which means that you're only
23 bothering the customer once to get access to
24 the premises. And in addition, accelerates
25 those -- those programs from past years that

1 have identified meters that need replacement.

2 Those will be additional ones will be
3 replaced during the time period of this
4 variance as well so that more meters will be
5 taken out of service and replaced than
6 otherwise would be. And Staff believes that's
7 perfectly appropriate.

8 JUDGE DIPPELL: Thank you.

9 Mr. Poston, did Office of Public Counsel have
10 anything to add?

11 MR. POSTON: Excuse me. I have
12 nothing further to add to that. Thank you.

13 JUDGE DIPPELL: Okay. Let's see then
14 if there are any Commission questions.
15 Commissioner Clayton, did you have some
16 questions?

17 COMMISSIONER CLAYTON: Mr. Poston,
18 I'm going to start with you just because you --
19 you ended first. You said you had nothing to
20 add.

21 Does that mean you support the Stipulation
22 and Agreement?

23 MR. POSTON: Well, we were not a
24 signatory to the Stipulation. We do not oppose
25 the Stipulation. We didn't come out and

1 support it. Well, we looked at the Stip -- at
2 the Stipulation, basically, for accuracy.

3 If the meters are accurate, if there's
4 going to be, I guess, a reduction in accuracy
5 because of this program or -- and for safety
6 concerns and based on the representations of
7 the other parties, there didn't seem to be any
8 accuracy or safety concerns. That's what we
9 based our non-opposition on.

10 COMMISSIONER CLAYTON: You based your
11 non-opposition on that.

12 MR. POSTON: Correct.

13 COMMISSIONER CLAYTON: Did Office of
14 Public Counsel have a position in the case as a
15 whole, whether or not to approve or not approve
16 the variance request filed by Laclede?

17 MR. POSTON: No. We have not filed
18 any -- any position, if that's what you're
19 asking.

20 COMMISSIONER CLAYTON: So you all
21 didn't take a position on the actual waiver
22 request either?

23 MR. POSTON: No. I mean, just --
24 just the extent that we don't oppose the
25 Stipulation, which -- approval of the variance.

1 COMMISSIONER CLAYTON: Well, I don't
2 want to belabor this, but it's happened several
3 times. I guess I'm trying to figure out what
4 to read into a statement of non-opposition or
5 not taking a position on it.

6 I mean, are -- are we to draw from Office
7 of Public Counsel's position that -- that it
8 supports the waiver request, or is it just
9 simply that it doesn't do any harm or exactly
10 -- tell me what I should take from your -- your
11 testimony here today.

12 MR. POSTON: Well, due to the limited
13 resources that our office has, we don't have
14 the expertise to -- to look into the issues
15 like safety that Staff has. And so we, to an
16 extent, have to rely on some of Staff's
17 representations.

18 And because we're relying on -- on other
19 parties, I thought it would be best that we
20 just don't oppose the Stipulation instead of
21 coming out and taking a stand -- you know,
22 having gone through and been able to with our
23 own Staff look into those safety issues and
24 things like that.

25 COMMISSIONER CLAYTON: Do you have

1 safety people on staff that -- do you have
2 people that can address safety issues on staff
3 of Public Counsel's office?

4 MR. POSTON: No.

5 COMMISSIONER CLAYTON: Not at all?

6 MR. POSTON: No engineers.

7 COMMISSIONER CLAYTON: Okay. Well,
8 thank you for your statement of neutrality here
9 today. Very helpful.

10 MR. POSTON: Thank you.

11 COMMISSIONER CLAYTON: I'd like to
12 address first -- first of all, Mr. Schwarz,
13 Staff -- Staff supported the waiver application
14 from the start; is that correct?

15 MR. SCHWARZ: That's correct, sir.
16 Staff recommend -- recommended approval.

17 COMMISSIONER CLAYTON: And Staff
18 supports the Stipulation that's been submitted
19 by the parties --

20 MR. SCHWARZ: That's correct, sir.

21 COMMISSIONER CLAYTON: -- thus far?
22 Would Staff agree or disagree that the
23 Stipulation and Agreement is an improvement on
24 the original application?

25 MR. SCHWARZ: Staff would agree.

1 COMMISSIONER CLAYTON: Okay. Does
2 Staff have any suggestions to further improve
3 the nature of the waiver request or any other
4 concerns that the Commission should be aware of
5 in this proceeding?

6 MR. SCHWARZ: No, sir.

7 COMMISSIONER CLAYTON: Okay. There's
8 nothing else we could be doing in terms of
9 safety or accuracy or improving the process
10 associated with this application?

11 MR. SCHWARZ: No, sir.

12 COMMISSIONER CLAYTON: Okay. Thank
13 you. I'd like to go to, I guess, briefly --
14 Mr. Pendergast, I'll go to you, and I'll finish
15 up with -- with the complainant, since that is
16 where the concerns were first raised.

17 Does Laclede believe that -- that this
18 Stipulation and Agreement is an improvement
19 upon its waiver, or is it -- does it see this
20 as negatively impacting its operations or -- I
21 know you've settled this case.

22 But can -- can Laclede give me an
23 assessment of what this agreement does in
24 normal operations at Laclede?

25 MR. PENDERGAST: Sure. I'd be happy

1 to, Commissioner. Essentially, obviously, we
2 thought the initial waiver request was
3 appropriate because we requested it.

4 And if we thought that there were any
5 safety concerns or other concerns, we would
6 have addressed them upfront when we proposed
7 it.

8 That being said, and even though a similar
9 waiver had been granted to Missouri Gas Energy
10 a number of years ago in connection with its
11 deployment of AMR, we sat down, we talked with
12 our Union folks, and we tried to go ahead and
13 reach an accommodation that made business
14 sense, that would go ahead and get this
15 resolved so we could continue to move forward
16 and get things done.

17 And I think as reflected in the
18 Stipulation and Agreement, what we came up with
19 was something that -- that effectively
20 indicates that to extent that we can accelerate
21 some of these meters that are already being
22 targeted for removal from next year and do it
23 in coordination with our AMR program so that we
24 have somebody at the meter shop sticking AMR
25 device on it, take it out, install it on the

1 customer's premises in advance of AMR being
2 there.

3 That will be one less that the folks that
4 are installing the AMR will have to do. And
5 that will be a situation where we'll be able to
6 go ahead and bother the customer once rather
7 than having to go ahead to and bother them to
8 put the AMR device in and then come in the
9 preceding year the next year and say, We now
10 have to go ahead and replace the meter that we
11 put this device on.

12 So we think, from that standpoint, it was
13 certainly a reasonable thing to do. It was one
14 of those win-win situations. I do have to say
15 that, that from our perspective, we don't
16 believe that -- that safety was ever an issue
17 here.

18 We think that, you know, it's basically
19 just a case of how do you most efficiently
20 undertake this exercise. And it's a massive
21 one of installing 630 or 640,000 of these
22 devices to contribute to more accurate meter
23 readings in the future.

24 But, you know, that said, we were willing
25 to sit down and work out something if it made

1 sense. We think this does. And, you know, if
2 -- in future cases, if we think something
3 doesn't make sense, wouldn't impose an
4 additional costs on our customers or wouldn't
5 put additional inconvenience on our customers,
6 we'll respond accordingly to that.

7 COMMISSIONER CLAYTON: I appreciate
8 you saying the win-win circumstance.
9 Generally, the Commission likes the
10 win-win-win-win type of settlement.

11 Do you believe that this is -- if I assume
12 -- if I -- if I accept your statement that
13 safety was never an issue, if I accept that in
14 your argument, can we say -- does Laclede
15 believe that this still would be an improvement
16 on safety, an improvement on accuracy in
17 arriving at this Stipulation and Agreement?

18 MR. PENDERGAST: I, quite frankly,
19 wouldn't say that it's an improvement on
20 safety. I wouldn't say that it -- I -- I would
21 have to say that, at least at the edges, it may
22 be a -- an improvement on accuracy, only from
23 the standpoint that we were accelerating
24 further, taking some of these meters that have
25 been previously identified as being in kind of

1 the suspect category and that we didn't have to
2 replace until next year.

3 And to the extent that we can replace them
4 sooner, you know, we get new meters out there
5 in the field a little bit earlier than we
6 otherwise would, and those new meters should
7 have less reliability problems than the ones
8 we're taking out.

9 So I think from that -- that standpoint,
10 it is. And, certainly, from the standpoint
11 that it helps us advance the implementation of
12 AMR, which will be a quantum leap in having
13 accurate contemporaneous bills each and every
14 month. It's helpful to that as well.

15 COMMISSIONER CLAYTON: Can you tell
16 me how many -- how many meters in -- in
17 Laclede's territory have AMR right now?

18 MR. PENDERGAST: I think the last
19 time I checked, this morning on the drive up
20 here, it was in excess of -- slightly in excess
21 of 300,000.

22 COMMISSIONER CLAYTON: And how often
23 -- I want to ask you just quickly a couple of
24 questions just for my background.

25 How often are those meters tested that

1 have AMR? Do you know?

2 MR. PENDERGAST: I do not know how
3 often those meters are tested that have it.
4 Well --

5 COMMISSIONER CLAYTON: How often --

6 MR. PENDERGAST: The meters
7 underlying the AMR device would be tested in
8 exactly the same way they are today.

9 COMMISSIONER CLAYTON: Same way.

10 Okay.

11 MR. PENDERGAST: The device does not
12 change.

13 COMMISSIONER CLAYTON: Okay. Okay.
14 And how often are the meters read with the
15 device?

16 MR. PENDERGAST: Actually, we have
17 contracted to get a monthly reading on the
18 device. But they are capable of providing a
19 reading every 15 minutes, is my understanding.

20 COMMISSIONER CLAYTON: Tell me how
21 they work. How are they read? With an AMR --
22 with an Automated Meter Reader?

23 MR. PENDERGAST: Yeah. It has to do
24 with some complicated electronic stuff that I
25 think my engineer sitting next to me would

1 probably be in a better position to answer you
2 if I could allow him to do so.

3 COMMISSIONER CLAYTON: Well, it
4 doesn't require a person to go visit the
5 device, does it?

6 MR. PENDERGAST: No, it does not.

7 COMMISSIONER CLAYTON: Does it take
8 someone to drive by the device? Does it take
9 someone to drive the neighborhood? Does it
10 someone to --

11 MR. PENDERGAST: The way I understand
12 it, the provider, Cell Net, already has AMR
13 installed in the same service territory for
14 AmerenUE. And I think we'll be using the
15 backbone of their system in order to do it.

16 And my understanding is they have towers
17 around the service territory, and they receive
18 the electronic feed from the AMR device that
19 basically reports what the meter is registering
20 at that given point in time.

21 COMMISSIONER CLAYTON: Okay. Okay.
22 And then how often would a meter that does not
23 have AMR be read?

24 MR. PENDERGAST: A meter that doesn't
25 have AMR -- well, we will have some meters that

1 still will not have AMR devices simply because
2 they're large commercial meters.

3 COMMISSIONER CLAYTON: I understand.
4 Just --

5 MR. PENDERGAST: And we will be doing
6 that once a month.

7 COMMISSIONER CLAYTON: One -- okay.
8 Okay. Okay. Thank you. I may have -- may
9 come back to you depending on --

10 MR. PENDERGAST: Thank you.

11 COMMISSIONER CLAYTON: Ms. Schroder?

12 MS. SCHRODER: Yes.

13 COMMISSIONER CLAYTON: Let me get my
14 notes. Can you -- can you identify for me --
15 and I have your Complaint up here, and I was
16 re-reviewing it.

17 Can you tell me what relief you were
18 requesting when you filed your Complaint?

19 MS. SCHRODER: Originally?
20 Originally?

21 COMMISSIONER CLAYTON: Right.

22 MS. SCHRODER: We wanted -- we wanted
23 the Commission to --

24 COMMISSIONER CLAYTON: Excuse me.
25 Not the Complaint. I'll get to the Complaint. I

1 meant the -- the objection or the --

2 MR. SCHWARZ: Statement of position.

3 COMMISSIONER CLAYTON: Statement of
4 position or objection or whatever it is.

5 MS. SCHRODER: Yes.

6 COMMISSIONER CLAYTON: Thank you for
7 correcting me. I'll remember that.

8 MS. SCHRODER: We basically wanted
9 Laclede to go ahead and replace the inaccurate
10 meters. We wanted to continue with the
11 sampling program. We didn't see that replacing
12 AMR incompatible meters required that --
13 required the sacrifice to accuracy that Laclede
14 was asking for.

15 That, you know, if you accept the premise
16 that the Commission's meter sampling program
17 improves accuracy, and we do, then we felt that
18 it was important to replace meters that had
19 been identified as inaccurate and that those
20 are not necessarily the oldest meters, so they
21 were not necessarily going to be the older
22 style meter identified by Laclede as being AMR
23 incompatible.

24 While we agreed that those meters are
25 older style, it's not clear that all old meters

1 are going to be inaccurate, especially -- it
2 seems like anymore things are being made quite
3 disposably, and sometimes the older equipment
4 holds up better than newer things.

5 And it hadn't been proven to us that, in
6 fact, those were the meters most likely to be
7 inac -- inaccurate. If so, they would have
8 been the meters that had been slated for
9 replacement under the meter sampling program.

10 We were also concerned -- we were -- we
11 were very concerned at that time that those
12 meters, the -- that instead of replacing the
13 inaccurate meters with Laclede employees who
14 were trained professionals that they were going
15 to be -- that this outside contractor was going
16 to be replacing the meters that are AMR
17 incompatible, and that was the concern.

18 COMMISSIONER CLAYTON: And that would
19 be -- that would be a contractor completely
20 separate from the manufacturer, correct?

21 MS. SCHRODER: Correct. Correct.

22 COMMISSIONER CLAYTON: Okay.

23 MS. SCHRODER: And that was a concern
24 to us because we felt that there wouldn't be
25 the -- with the sort of an unanticipated

1 benefit to the meter sampling program is that
2 these older style meters or the older meters
3 that are being sampled are also being checked
4 for gas leaks while they're being sampled. And
5 that has been an unintended, but long-term
6 benefit.

7 And, again, we thought that it was
8 important that that continue. And as it turns
9 out, with this Stipulation, there are
10 substantially more meters being replaced this
11 year than would have been replaced under just
12 meter sampling. So it's increased the -- the
13 safety aspects of that.

14 There also -- there's still going to be,
15 you know, a substantial number of inaccurate
16 meter -- of known inaccurate meters replaced.

17 COMMISSIONER CLAYTON: Forgive me.
18 I've got to ask just a few basic questions
19 here, and then I'll hopefully basic and quick.

20 Under the -- under the application, the
21 verified application for -- for how -- how this
22 would be done, would the contractor remove the
23 meter, or would it install the meter -- the AMR
24 on-site and test or -- because in the
25 Stipulation, you actually have work being done

1 off-site, and I don't know if that's a
2 difference between --

3 MS. SCHRODER: Right. One of the
4 things that is happening with AMR in general,
5 not just on this variance issue, but with AMR
6 in general, a lot of the -- most of the
7 devices, the AMR devices, are being installed
8 on-site by the contractors, employees. And
9 they're not trained gas workers. And that has
10 been a -- and will continue to be a safety
11 concern for 11-6.

12 And we're going to -- I mean, we have
13 raised -- we have filed some other issues with
14 the PSC that may be addressing that, and we
15 intend to address that at some point with you
16 directly.

17 But in this particular case -- and that
18 was a concern of ours at first. In this
19 particular case, the meters that are being
20 taken out and replaced with AMR compatible
21 meters, they weren't actually being replaced at
22 the -- until the Stipulation that we've -- the
23 Stipulation Agreement, they would not have been
24 replaced with the AMR device on them. Just the
25 meters were being replaced.

1 And that work was still going to the
2 trained professionals that are the gas workers
3 at Laclede. But we didn't know that when
4 Laclede filed their request for the variance.

5 COMMISSIONER CLAYTON: Okay. Do you
6 believe that -- will this Stipulation and
7 Agreement or this case have any impact on the
8 alleged billing problems that have occurred in
9 St. Louis? Does it have any effect with that
10 from -- from your client's perspective?

11 MS. SCHRODER: Yeah. I think the
12 only -- it may have some. I think that because
13 there are going to be more inaccurate -- known
14 inaccurate meters replaced now under the
15 Stipulation and Agreement, that should help.

16 We're not talking about a huge percentage.
17 But we're talking about an acceleration of
18 maybe four to 5,000 inaccurate meters that are
19 being replaced. And because it's accelerating
20 the installation of AMR, which we've been told
21 repeatedly is going to be more accurate,
22 assuming that is correct, it should also take
23 care of that whole issue of estimated versus
24 actual reads.

25 Because although the AMR reads are remote,

1 it in one of your comments just recently here.
2 How does the Complaint case that's also pending
3 before the Commission relate to this case and
4 this Stipulation?

5 MS. SCHRODER: It --

6 COMMISSIONER CLAYTON: If at all.

7 MS. SCHRODER: Yeah. It doesn't
8 relate to it to a great deal.

9 This -- this case is the most different of
10 the cases that USW 11-6 is involved in, in that
11 this one really had the least safety aspect to
12 it. The other cases really are about safety
13 and are --

14 COMMISSIONER CLAYTON: How many cases
15 are there?

16 MS. SCHRODER: I think we have --
17 after this one, we have three active cases.

18 COMMISSIONER CLAYTON: Do you really?

19 MS. SCHRODER: Yeah. We have the
20 tariff revision case -- well, there's the
21 estimating case that Staff just recently filed.
22 And then --

23 COMMISSIONER CLAYTON: That's a --
24 that's a Staff Complaint case?

25 MS. SCHRODER: Right. And we

1 intervened.

2 COMMISSIONER CLAYTON: Okay.

3 MS. SCHRODER: And then there's the
4 Grunsky bag case that we filed.

5 MR. SCHWARZ: 313.

6 MS. SCHRODER: Yeah. 313 we filed a
7 month -- two months ago, I think.

8 COMMISSIONER CLAYTON: Is that a
9 Complaint case?

10 MS. SCHRODER: Yes.

11 COMMISSIONER CLAYTON: What is that,
12 the Grunsky bag case?

13 MS. SCHRODER: A Grunsky bag is a
14 method that Laclede is using -- and other gas
15 companies have used, but Laclede is using to
16 replace meters without turning off the service.
17 And it's kind of a complicated technological
18 situation.

19 But what Laclede is -- is doing there is
20 when they are replacing these meters without
21 turning off the service, they're not going in
22 afterwards and doing the -- the appliance
23 inspections that they normally do when they
24 replace a meter.

25 And that's the Union's complaint about

1 that, that we, again, think that's a safety --
2 safety issue.

3 And then the tariff revision complaint,
4 which was the one you referred to earlier, has
5 several safety aspects to it. You have
6 probably read the -- the Union's Motion for
7 Expedited Relief pertaining to the
8 turn-off/turn-on inspections.

9 But there's also -- Laclede's also asked
10 in its tariff basically not to do annual meter
11 reading. And that -- that is another issue
12 that the Union feels has a safety aspect to it,
13 again, because when annual reads are done,
14 there is a leak detector device that all of the
15 meter readers carry.

16 And they are trained to, you know, smell
17 the odor and -- and look for certain things on
18 the outside when they're doing these annual
19 meter reads, check for debris that may be
20 causing -- or soon to cause issues with the
21 meter, check for corrosion, things like that.

22 COMMISSIONER CLAYTON: On the third
23 case, the tariff revision or the objection,
24 complaint against the tariff, is it primarily a
25 safety case, or is it one relating to billing?

1 MS. SCHRODER: No. None of -- none
2 of the other matters that the Union is involved
3 in other than the Staff's complaint --

4 COMMISSIONER CLAYTON: Other than the
5 Staff complaint, the other two basically are
6 safety issues?

7 MS. SCHRODER: Right. Correct.

8 COMMISSIONER CLAYTON: Okay. Okay.

9 MS. SCHRODER: And I know it's
10 confusing. We get them confused at my office,
11 too.

12 COMMISSIONER CLAYTON: Well, I was
13 aware -- I was aware of the other two. I'm not
14 going to say the record. I'm not going to
15 admit anything. But I'm glad you mentioned it.

16 I guess the only other question that I
17 wanted to ask, your -- your clients are asking
18 -- are asking us to approve this Stipulation or
19 adopt the provisions of -- of this Stipulation
20 and Agreement and move this case along; is that
21 correct?

22 MS. SCHRODER: Yes, we are.

23 COMMISSIONER CLAYTON: You believe
24 that that's in the best interest of the safety
25 of customers and the gas workers that are

1 operating under Laclede?

2 MS. SCHRODER: Yes, we do. We really
3 do. As Mr. Pendergast said, we believe that
4 this is a win-win-win because it's more cost
5 effective for Laclede, it speeds up the
6 installation of AMR, it's less inconvenient for
7 the customer, and it increases safety.

8 COMMISSIONER CLAYTON: Okay. Thank
9 you all for coming in today.

10 MS. SCHRODER: Thank you.
11 Commissioner Appling, did you have any
12 questions? All right. Is that all --
13 Commissioner Clayton?

14 COMMISSIONER CLAYTON: I don't have
15 any other questions.

16 JUDGE DIPPELL: All right. Would
17 anyone -- Mr. Pendergast, would you like to
18 make any final remarks?

19 MR. PENDERGAST: Just a -- a couple
20 -- and I don't want to sound like the groom at
21 the alter who wants to bicker before the
22 marriage has ever begun, but I'm going to. No.
23 I just wanted to go ahead and respond very
24 briefly to some of the questions Commissioner
25 Clayton had asked about the interrelation of

1 this case with the estimated bill complaint
2 that the Staff has filed and -- and the two
3 complaints that the Union has filed.

4 And I think it's important on the
5 estimated bill complaint just -- just to point
6 out that we are in a transition here. And we
7 are moving to an AMR system on all 640 or
8 30,000 of our meters.

9 We, unlike a lot of other utilities have a
10 tremendous number of inside meters, 240,000.
11 And in many instances, it's difficult to go
12 ahead and -- and get into various premises,
13 sometimes for significant periods of time.

14 Well, when you finally put an AMR device
15 in, you've got to get in. And you do start to
16 go ahead and get readings maybe for the first
17 time in a while. And I think that has probably
18 contributed to what we've seen here over the
19 last four or five months, to some degree.

20 And I'm not saying that's the only factor.
21 But the good news is that once AMR is
22 installed, while we'll never have another
23 estimated reading again, ever, it will go ahead
24 and be a quantum leap forward in getting
25 non-estimated, accurate readings each and every

1 month for all of our customers. And it's just
2 a transition of getting there.

3 And on the second point about the
4 relationship to the safety, I just want to
5 reemphasize, our company takes that obligation
6 seriously, as I think any other LDC does.
7 And we always have. You know, what we're
8 trying to do, whether it's with AMR or some of
9 the technologies we've tried to use, is really
10 bring ourselves onto par with what other LDCs
11 in this state have been doing for years.

12 And to the extent that there are questions
13 about whether what we're doing is -- is safe,
14 you know, it really raises a fundamental
15 question about your entire safety rules and
16 whether or not there needs to be made changes
17 to that.

18 There's nothing Laclede-specific about any
19 of these things. We are trying to go ahead and
20 do what others have already done for quite some
21 time. Sometimes change is hard. Sometimes it
22 doesn't come easy. But we think we owe it to
23 our customers to go ahead and be as efficient
24 as we can, while at the same time sharing the
25 Union's concern about making certain that

1 safety is foremost at the top of the list.

2 And that's what we're trying to do and
3 what we'll continue to try and do. And I just
4 wanted to put that on the record. And I
5 appreciate you letting me do it.

6 COMMISSIONER CLAYTON: Judge, I --

7 JUDGE DIPPELL: Go ahead.

8 COMMISSIONER CLAYTON: I feel like I
9 need to respond to him. The questions that I
10 had about the interrelation --
11 interrelationship of these cases was purely for
12 informational purposes. And I appreciate you
13 letting me get these tee'd up.

14 I appreciate your -- your statements
15 regarding perhaps procedures that are used by
16 other LDCs elsewhere, perhaps policies that are
17 adopted by other LDCs that perhaps Laclede is
18 attempting to do here as in this application
19 for a variance.

20 Be aware, the Commission really only has
21 the ability to take up the things that come
22 before it by either Complaint or otherwise.
23 And I think everyone in this room agrees that
24 safety really is the No. 1 priority, especially
25 with regard to gas service.

1 The potential for -- for something bad to
2 happen is always there. And we all have to
3 strive to do our best to deal with those
4 issues.

5 Now, having said that, I appreciate your
6 comments associated with taking a new track or
7 something like that when you started.

8 Believe me, I was shocked when the Judge
9 came in and said the other day that -- that the
10 Union had reached a settlement with Laclede.
11 So I was shocked and -- and appreciate the hard
12 work that's gone into this by all the parties
13 and look forward to work that lies ahead.

14 MR. PENDERGAST: Thank you.

15 MS. SCHRODER: Thank you, your Honor.

16 JUDGE DIPPELL: Are there any further
17 remarks? I'll let --

18 MR. SCHWARZ: No, ma'am.

19 JUDGE DIPPELL: All right. Then
20 seeing nothing further, we can go ahead and
21 conclude this hearing. And we can go off the
22 record. Thank you.

23

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