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Sponsoring Party: MoPSC Staff
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Case No.: GR-2000-512

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

FILED

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Missouri Public
Service Commission

DIRECT TESTIMONY

OF

GARY R. BANGERT

UNION ELECTRIC COMPANY

d/b/a AmerenUE

CASE NO. GR-2000-512

Jefferson City, Missouri
August 2000

1 **DIRECT TESTIMONY**

2 **OF**

3 **GARY BANGERT**

4 **UNION ELECTRIC COMPANY**

5 **d/b/a AmerenUE**

6 **CASE NO. GR-2000-512**

7 Q. Please state your name and business address.

8 A. Gary Bangert, P.O. Box 360, Jefferson City, Missouri 65102.

9 Q. By whom are you employed and in what capacity?

10 A. I am a Utility Management Analyst III for the Missouri Public Service
11 Commission (Commission or PSC).

12 Q. Describe your educational and professional background.

13 A. I graduated from Concordia Teachers College in Seward, Nebraska, in
14 1973 with a Bachelor of Science Degree in Education. I continued my education in 1975
15 by doing graduate work in mathematics at the University of Evansville in Evansville,
16 Indiana.

17 I have been employed by the Commission since 1977 as a Management
18 Analyst in the Management Services Department. The Management Services
19 Department was recently combined with the Commission's Depreciation Department into
20 a new Engineering and Management Services Department. My responsibilities at the
21 Commission include planning, performing, and directing reviews of management
22 operating and control systems at utility companies under the Commission's jurisdiction.

23 Q. What is the purpose of your testimony?

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1 A. The purpose of my testimony is to bring to the Commission's attention
2 certain billing issues and errors which have been occurring.

3 Q. Explain the necessity to address AmerenUE billing issues and errors.

4 A. Engineering and Management Services Staff began its review of
5 AmerenUE billing practices in April 2000 after being notified by the PSC's Consumer
6 Services Department of a number of Company billing errors. The Consumer Services
7 Department had received complaints from customers regarding alleged billing errors and
8 had been in contact with AmerenUE management. Engineering and Management
9 Services Staff met with Company management in June 2000 to review the specific cause,
10 number of accounts affected, and dollar amounts of the billing errors, as well as the
11 Company's corrective action to address the errors.

12 Company management initially indicated to Staff that meter reading
13 errors, beginning in the Fall of 1999, caused 228 accounts to be billed incorrectly. These
14 accounts were subsequently rebilled from December 1999 through February 2000.
15 Company management stated that the primary cause of the problem was meter reading
16 error by six field retrofit personnel. Most of the approximately 105,000 gas meters that
17 have been retrofitted for automated meter reading were field retrofitted. This process
18 involves removing the dial index, installing the CellNet electronic module at the coupling
19 point, and then reinstalling the dial index. The index setting does not change in this
20 process, and the index continues to receive a direct mechanical drive so that its function
21 continues as it always has. In order for the module to be in sync with the present setting
22 of the index, the installer must type the present reading into a handheld unit. The installer
23 must also enter the proper scaling constant into the handheld unit. It was discovered that

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1 index and scaling constant errors were frequently made by six of the field retrofit
2 personnel. The most common mistake involved misreading the index, which resulted in a
3 one-time error where automated readings were off by a fixed amount. In some cases, the
4 field installer did not record the correct scaling constant and automated meter readings
5 produced subsequent bills based on twice the actual reading.

6 Q. What was the consequence of these errors?

7 A. These field installer errors had a significant effect on the billing process.
8 As a result of field audits by Company personnel, approximately 1,100 meters were
9 found to be delivering incorrect readings to the billing system. Company management
10 stated that, in many cases, the error of the automated meter reading was substantial
11 enough to be caught by the reasonability limits in the billing system. In these situations,
12 estimated bills were produced. In 228 instances that have been identified by Company
13 personnel, incorrect bills were produced and mailed to customers. When the Company
14 found the errors and attempted to correctly bill its customers, it made subsequent
15 mistakes in applying the correct purchased gas adjustment (PGA) rate. A PGA rate
16 change occurred during the time period that meter reading errors were occurring. When
17 the incorrect bills were initially recalculated, the Company used the PGA rate in effect at
18 the time of recalculation rather than allocating usage to the PGA rate that was in effect at
19 the time the errors were occurring. The Company indicated to Staff that the PGA
20 overcharge was less than \$10.00 per account. Company management stated that the total
21 adjustment to the 228 customer accounts that were overbilled was \$3,443.21. In addition
22 to correcting the billing errors and PGA mistakes, the Company has credited a total of

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1 \$5,700 to customers by applying a credit of \$25 to the bill of each of the 228 affected
2 customers.

3 Q. Has staff verified the Company's corrected PGA amounts?

4 A. Staff is currently in the process of verifying that the correct PGA amounts
5 were applied to the mis-billed accounts that the Company has identified.

6 Q. What actions has the Company taken to ensure that instances of incorrect
7 billing have been identified and corrected?

8 A. Company management stated that it is in the process of completing field
9 investigations of all 35,500 gas meters in the Columbia service area and the 18,700 gas
10 meters in the Jefferson City service territory. These meters comprise approximately half
11 of the meters in AmerenUE's gas system. As of August 1, 2000, field investigations had
12 been completed on approximately 18,000 meters in the Columbia service area and work
13 had just begun in Jefferson City. Actual meter readings and correct scaling constants are
14 being recorded and compared with automated meter reading records to ensure that
15 accurate bills are being produced. The Company estimated that these field investigations
16 will be completed by the end of September. The field investigations currently underway
17 are indicating an error rate of approximately 1%. Company management stated that it is
18 taking action to correct all errors that are found. Based on the results of these efforts, a
19 decision will be made on the extent to which field audits will be conducted of all meters
20 in the gas system.

21 Q. What future action does Staff plan to take regarding its billing
22 investigation?

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1 A. Staff will follow up with the Company on the results of the field
2 investigations currently underway in Columbia and Jefferson City. The findings related
3 to billing errors or other issues that may be identified will be documented. These results
4 will help determine the need for additional corrective actions. Staff will also monitor
5 consumer complaints in order to identify billing process issues that require Company
6 management's attention. In addition, Staff is involved in the follow-up process associated
7 with a report it prepared in May 1999 that documents the results of a review of
8 AmerenUE's Customer Service operations. An implementation review will be conducted
9 that incorporates an evaluation of progress the Company has made in improving its
10 billing process, including its bill testing procedures.

11 Q. Is Staff proposing any additional actions on this issue in this rate case?

12 A. No.

13 Q. Does this conclude your testimony?

14 A. Yes, it does.

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

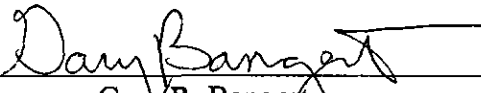
In The Matter Of Union Electric)
Company, d/b/a AmerenUE, For)
Authority To File Tariffs Increasing Rates)
For Gas Service Provided To Customers)
In The Company's Missouri Service Area)

Case No. GR-2000-512

AFFIDAVIT OF GARY R. BANGERT


STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Gary R. Bangert, of lawful age, on his oath states: that he has participated in the preparation of the foregoing written testimony in question and answer form, consisting of 5 pages of testimony to be presented in the above case, that the answers in the attached written testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.



Gary R. Bangert

Subscribed and sworn to before me this 4th day of August, 2000.



Notary Public

My commission expires _____

SHARON S WILES
NOTARY PUBLIC STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXP. AUG. 23, 2002