

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

Regarding an Investigation into the Service and )  
Billing Practices for Residential Customers of ) Case No. GW-2007-0099  
Electric, Gas, and Water Utilities. )

**PUBLIC COUNSEL’S RESPONSE TO THE REPORT OF THE STAFF**

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Response to the Report of the Staff states as follows:

**Summary of Response and Recommendations**

Customers at many Missouri Public Service Commission (Commission) local public hearings and in individual informal and formal complaints have identified estimated bills as a significant and highly troubling issue. The Commission is well aware of the financial hardship an estimated bill can be to a family, no matter what the income, or a senior citizen’s monthly budget. At best estimated bills cause a financial crunch and inconvenience, but at worst they pose a threat to the health, safety and welfare of customers and is detrimental to the public interest. Therefore, it is vital that any study of the issue and the extent of the problem and discussion of possible solutions be based on the best and most complete data. In addition, the methodology employed must be shown to be reasonable and must be reliable and valid.

Public Counsel is concerned with the accuracy of some of the data contained in the report. In some cases, the company data responses seem incomplete and also raise concerns regarding compliance with the Commission Rules on billing adjustments. Public Counsel disagrees with Staff’s use of only the month of September 2006 in performing calculations and in forming the conclusions contained in the Report. A more appropriate method is to calculate

the percentage of estimated bills based on the full 12 month period as opposed to using only the selected data. The data does not support Staff's conclusion that "there does not appear to be a violation of a Commission rule or company tariffs on estimated billing practices. "Making efforts" to comply is not compliance. The Commission and the public expect more than an effort.

Public Counsel has made specific recommendations and urges the Commission to adopt those suggestions.

### **Procedural History**

The Commission opened this case in its September 14, 2006 Order Establishing Investigative Case and Directing Staff to File and Initial Report. The Order expressed the Commission's concerns with Laclede Gas Company's estimated billing practices and the Commission's desire to "investigate the extent of these problems and whether they extend to other utilities." The Commission directed its Staff to file an initial report setting forth the Staff's recommendations concerning the scope and nature of the investigation.

The Staff filed its initial report on September 26, 2006. The Staff's initial report included a detailed explanation of the Consumer Services Department's desire to amend Chapter 13 of the Commission's rules and recommended that the Commission establish a task force to conduct a general review of Chapter 13. The Staff's initial report made no specific recommendation regarding estimated billing.

On October 19, 2006, the Commission issued its Order Directing Staff to Proceed with Investigation. This Order directed the Staff to send survey questions to investor-owned electric, gas and water utilities regarding estimated billing. The Order also directed the Staff to "conduct spot audits to read customer meters and determine the extent to which estimated bills reflect

actual meter readings for the various utilities.” The Staff was ordered to file a report of its findings.

On September 4, 2007, the Staff filed its Report as directed in the October 19, 2006 Commission Order. On September 18, 2007, the Staff filed a Corrected Staff Report containing corrected Schedules 1 and 2.

### **Data Response Integrity and Calculations**

Public Counsel has concerns with the accuracy of some of the Staff’s reported data. Public Counsel has met with Staff to work through the data issues and anticipates that Staff will file additional corrections.

Public Counsel is also concerned with the accuracy of some of the companies’ reported data. In some cases company data responses appear incomplete and raise concerns regarding compliance with the Commission Rules on billing adjustments. To the extent possible, Public Counsel believes it would be appropriate to attempt to resolve these issues on a company specific basis. Public Counsel has already contacted companies to seek clarification and updated information.

Public Counsel disagrees with Staff’s use of only selected data in performing calculations and in forming the conclusions contained in the Report. Due to significant variations in the monthly number of estimated reads for some companies it would be more appropriate to calculate the percentage of estimated bills based on the full 12 month period as opposed to using only the month of September 2006. In some cases, using only the month of September significantly underestimates the extent of estimated billing. For example, using a 12 month period for Laclede would show that 14.9% of bills were estimated as opposed to the 10% for September provided in the last column of Schedule 1.

### **Staff Conclusions and Recommendations**

Public Counsel is concerned with the Report's statement that the decline in estimated bills indicates that utilities "are making efforts to comply with Commission rule 4 CSR 240-13.020(3)."<sup>1</sup> Effort alone is insufficient, and non-compliance is unlawful. This rule is not a simple "best practices" framework. It provides requirements that must be followed. Rule 4 CSR 240-13.020(3) protects consumers by requiring the utility to advise the customer of the utility's inability to obtain an actual meter reading for three (3) consecutive billing periods.

Public Counsel believes it is premature to conclude there are no violations of a Commission rule or company tariff on estimated billing practices. The data indicates that a number of companies had estimated bills in excess of 12 months during the reporting timeframe. The data collected by Staff is not detailed enough to conclude that customers received full and proper notice or that any billing adjustments were compliant with the Commission Rule. Public Counsel suggests it would be more appropriate to use the reported data as a starting point to work one-on-one with the companies to verify compliance with the Commission Rules and company tariffs.

The Staff recommends ongoing quarterly reporting on the total number of bills rendered per month, the number of estimated and the number of actual read bills rendered per month by customer class, and the number of consecutively estimated reads for 3+ months per month. Staff recommends annual submissions of detailed descriptions of procedures and formulas used to calculate estimated and true-up bills. Public Counsel supports these Staff recommendations.

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<sup>1</sup> *Staff Report*, p. 2

### **Additional Public Counsel Recommendations**

Public Counsel requests that this docket be left open for at least a limited period of time. This will allow Public Counsel an opportunity to work directly with the companies to verify the submitted responses, request further information and determine if violations of the Commission Rules or company tariffs have occurred. Having the docket open will allow Public Counsel to report to the Commission any general issues that arise. Public Counsel is willing to file a status report with the Commission in three months providing an update on unresolved issues and indicating whether the case should be closed.

Public Counsel also suggests that the Commission strengthen the language in Rule 4 CSR 240-13.020(3) prohibiting a company from back billing an under-collection unless the company can document its attempts to gain actual reads and that it provided customers the proper notice of a need to gain entry.

**WHEREFORE**, Public Counsel respectfully submits its Response to the Report of the Staff.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 19<sup>th</sup> day of September 2007:

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