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August 12, 2002

Secretary of the Commission  
Missouri Public Service Commission  
200 Madison Street, Suite 100  
P.O. Box 360  
Jefferson City, Missouri 65102-0360

**FILED<sup>2</sup>**  
**AUG 12 2002**  
Missouri Public  
Service Commission

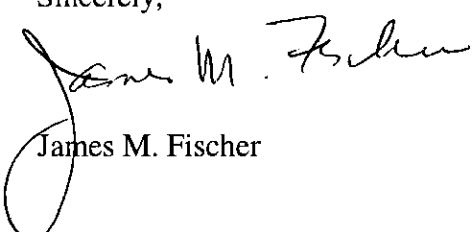
RE: *Ru Ann Davinroy v. Laclede Gas Company*  
Case No. GC-2002-1152

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter are the original and eight (8) copies of the Answer and Motion to Dismiss of Laclede Gas Company. A copy of the foregoing document has been hand-delivered or mailed this date to each party of record.

Thank you for your attention to this matter.

Sincerely,

  
James M. Fischer

/jr  
Enclosures

cc: Ru Ann Davinroy  
Dana K. Joyce, General Counsel  
Office of the Public Counsel

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

**FILED<sup>2</sup>**  
**AUG 1 2 2002**  
**Missouri Public  
Service Commission**

Ru Ann Davinroy,	)	
	)	
Complainant,	)	
	)	Case No. GC-2002-1152
v.	)	
	)	
Laclede Gas Company	)	
	)	
Respondent.	)	

**ANSWER AND MOTION TO DISMISS  
OF LACLEDE GAS COMPANY**

**COMES NOW** Laclede Gas Company ("Laclede" or "Company"), pursuant to the Commission's July 11, 2002 Notice of Complaint in the above captioned case, and submits its Answer and Motion to Dismiss the Complaint filed against Laclede by Ru Ann Davinroy ("Ms. Davinroy" or the "Customer") on or about June 24, 2002. In support of its Answer and Motion to Dismiss, Laclede states as follows:

1. Ms. Davinroy's Complaint arises out of her dispute with a billing adjustment made by Laclede in January 2002 to correct ten months of underbillings caused by a malfunctioning meter. As set forth in paragraph 3 of the Complaint, both Laclede and the Commission Staff<sup>1</sup> have made extensive efforts to explain the adjustment to Ms. Davinroy. However, she remains unsatisfied.

2. As discussed below, Laclede's billing adjustment is both legally justified and mathematically accurate, and the Commission should dismiss this case and not grant

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<sup>1</sup> See Staff member Tracy Leonburger's letter to Ru Ann Davinroy dated April 30, 2002, attached hereto as Exhibit 1.

the relief sought by the Customer to restore her account to its pre-January 2002 level of a \$248.08 credit balance.

### FACTS

3. Ms. Davinroy is a budget-billing customer. Her levelized payment schedule generally results in her building a modest credit balance during the summers, when gas usage and billings are low, and building a modest debit balance to Laclede in the winters when colder weather increases gas usage and billings. During much of the cold winter of 2000-2001, she made monthly levelized payments of \$67, while, along with other customers throughout Missouri, her actual bills increased significantly due to the combined effects of increased gas usage and dramatically higher wholesale natural gas prices. This resulted in the Customer experiencing a larger than usual deficiency during the 2000-2001 winter. In fact, by February 15, 2001, Ms. Davinroy's balance stood at a \$217.36 debit. Effective with the January 2002 billing adjustment, the Customer's deficit stood at a \$217.45 debit balance, having increased a total of nine cents over eleven months.

4. The deficiency, which should have decreased somewhat over this period, instead remained constant as a result of the fact that the customer's meter began to malfunction in mid to late February of 2001, and as a result showed little or no usage thereafter, thus generating erroneously low billings.

5. For example, on March 19, 2001, Laclede issued its March bill to Ms. Davinroy based on a March 15 meter reading. The reading indicated the Customer used only 15 ccf (hundred cubic feet) of gas, when based on the actual weather, the Customer would have been expected to have used over *eight times* that amount. The bill issued for

March 2001 was \$28.37, when it really should have been over \$100 more, or about \$137.40. After receiving the Customer's budget billing payment of \$104 on April 9, 2001,<sup>2</sup> the debit balance appeared to have dropped by \$75.63 (calculated by subtracting the inaccurate \$28.37 bill from the \$104 payment). In reality the debit balance should have actually *increased* by \$33.40, since the \$104 payment by the Customer would have been less than an accurate billing of \$137.40. Thus the malfunctioning meter caused a \$109.03 swing between what the customer appeared to owe and what she actually owed.

6. The scenario related above persisted throughout the remainder of 2001. However, the effect was never again as large as in the March scenario, particularly from late spring through summer and into early autumn, when actual usage only marginally exceeded the very low, or sometimes zero, readings reflected on the faulty meter. The final time the faulty meter's reading was relied on was the reading of December 14, 2001. Based on this reading, Laclede attributed a very low billing to the Customer of \$12.63. This bill, which was far lower than what the customer would normally be billed at this time of year, made the Customer's budget billing balance appear to be a \$248.08 credit (\$248.08 owed by Laclede to Ms. Davinroy). In fact, Customer's actual usage based on actual weather would have produced a \$72.26 bill, which was actually higher than the Customer's \$45 budget billing payment.

7. Thus, in order to fully understand how the malfunctioning meter caused the Customer to go from a \$217.36 debit balance on February 15, 2001 to a \$217.45 debit balance in January 2002, one must look at the faulty meter readings, the projected actual

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<sup>2</sup> As discussed in paragraph 10, *infra*, and in Exhibit 2, the Customer's budget bill was increased from \$67 to \$104 for February and March 2001 (paid in March and April 2001), and then reduced to \$59 per month beginning in April 2001, and to \$45 beginning in August 2001.

gas usage, and the budget billing payments. Exhibit 2 attached hereto sets forth these factors for 2001 and demonstrates how they compare to other recent years.

8. As can be seen on Exhibit 2, the 2001 meter readings show usage figures that are abnormally low when compared to surrounding years. Moreover, even though the actual 2001 usage estimated by Laclede is generally lower than other years, the high gas prices that lingered after the cold 2000-2001 winter season drove 2001 bills above those of other years. Further, it is clear that the bills based on estimated actual usage far exceeded the rendered bills and basically equaled the budget billing payments.

9. The fact that the Customer was on the budget billing program minimized the problem caused by the faulty meter, because the Customer's levelized payments roughly equaled actual billings for the period during which the meter failed. However, the budget billing payments dropped from \$104 to \$59 in April 2001, to reflect a reduction in the high gas prices in early 2001, and then dropped again from \$59 to \$45 per month in August 2001 to reflect the much lower bills assessed to the Customer as a result of the faulty meter readings. The result was that the budget billing payments were too low to reduce the deficit incurred during the cold winter of 2000-2001, but instead basically maintained the balance at the same level that existed in February 2001.

10. Meanwhile, the faulty meter readings created the incorrect impression that budget billing payments of \$104 per month (for March and April 2001), \$59 per month (from May through August 2001), and \$45 per month (from September 2001 through January 2002) caused a \$509.44 benefit for the Customer, sending her from a \$217.36 deficit to a peak credit balance of \$292.08 in January 2002. It is simply not feasible that \$669.00 in payments made over an 11-month period could produce credits worth over

\$500. In truth, the Customer's \$669.00 in payments over the 11 month period almost exactly equaled the \$669.09 in usage Laclede seeks to assess for that period.

11. Laclede detected that the Customer's meter was faulty after it had been removed as part of a routine practice on or about January 10, 2002. The January meter reading, performed on January 15, showed the new meter at "24." Laclede's computer questioned this reading since previous readings on the old meter were in the "3500" range. Upon reviewing the account, an account records clerk noticed several low usage or zero readings (meaning the meter had showed little or no usage since the previous reading) during 2001. It was then determined that the meter had been malfunctioning beginning with the March 2001 meter reading. Laclede then performed the adjustment shown on Exhibit 2 based on heating degree days during the relevant billing periods.

### **RULES**

12. Rule 10 of the Rules and Regulations portion of Laclede's tariff covers billing adjustments. Rule 10B(A) provides that:

"For all billing errors, the Company will determine from all related and available information the probable period during which such condition existed and shall make billing adjustments for the period estimated to be involved as follows...

#### Residential Customers:

...In the event of an undercharge: An adjustment shall be made for the entire period that the undercharge existed not to exceed twelve consecutive billing periods, calculated from the date of discovery, inquiry or actual notification of the Company, whichever was first."

Laclede's tariff is consistent with and nearly identical to Commission Rule 4 CSR 240-13.025.

13. Based on all related and available information, the Company determined that the Customer's meter malfunctioned beginning with the mid-February to mid-March 2001 period. The Company first discovered that the meter was "DR" (does not read) in January 2002. Therefore, Laclede is entitled to make the adjustment covering a period of 10-11 months, from January 2002 back to February 2001.

#### **ANSWER TO COMPLAINT**

14. Laclede admits that the Customer resides at 1830 Kilmory Drive in Florissant, Missouri.

15. Laclede admits that it is a public utility under the Commission's jurisdiction as set forth in paragraph 1 of the Complaint.

16. Laclede admits that in December 2001 the Customer appeared to have a credit balance of \$248.08 as stated in paragraph 2 of the Complaint. However, as stated above, such balance was incorrect as it was based on inaccurate readings from a faulty meter. Laclede denies that the Customer's budget billing payments exceeded actual gas usage. In fact, actual gas usage between mid-February 2001 through mid-January 2002 roughly equaled budget billing payments, such that the Customer's balance on February 15, 2001 was a \$217.36 debit, and the balance 11 months later after the adjustment to correct the faulty meter was a \$217.45 debit.

17. Further under paragraph 2, Laclede admits that it discovered in early January 2002 that the Customer's meter had not been working for most of 2001. As stated above, Laclede denies that it replaced the meter because of its malfunction; instead Laclede discovered the malfunction after the faulty meter had been replaced.

18. Also under paragraph 2, Laclede is without sufficient information or belief to know whether or not the Customer knew whether her meter had not been working for most of 2001.

19. Laclede admits that it recalculated the Customer's estimated usage during the meter-malfunction period based on all related and available information and adjusted the Customer's account to a debit balance of \$217.45 in January 2002.

20. Again under paragraph 2 of the Complaint, Laclede denies that the alleged \$465.53 adjustment is a windfall to Laclede or that Laclede is not entitled to it. On the contrary, the adjustment, which is actually \$509.53 (consisting of total estimated charges from February 13, 2001 to January 15, 2002 of \$669.09, less the billings of \$159.56 which were inaccurately recorded during this period), is fair and reasonable and was calculated in accordance with Laclede's tariff and Commission Rules.

21. Laclede denies that Exhibit A to the Complaint is an accurate representation of the Customer's bills during 2000 and 2001. First, the timing of the figures in the Actual Usage columns should be understood. For example, the figure of \$58.67 under January 2000 Actual Usage was based on a meter reading for the period November 15, 1999 to December 15, 1999. Second, the 2001 Actual Usage column is inaccurate in that there is no \$109.95 billing for May 2001. There was a billing in April 2001 in the sum of \$109.95, but this bill was reversed in May when our computer system identified that the May reading was actually less than the April reading. The system eliminated the April reading and allowed the May reading to represent usage for the two-month period March-to-May. This billing for two months totaled only \$26.22. As can be seen on Exhibit 2, this total is significantly lower than the \$89.32 billed during the same



two-month period in 2000, and the \$96.35 billed during the same two-month period in 2002. The same situation took place in the August-October 2001 time frame, in which the September bill of \$16.12 was reversed in October, leaving an October 2001 bill for a two month period that totalled \$27.82. Again, Exhibit 2 shows that this 2 month figure is significantly below the figure for the same period in 2000, and also far below the projected 2001 billings for this period.

22. Laclede denies that Exhibit B to the Complaint is an accurate depiction of the Customer's March-June billings for 2000-2002. First, the time period covered by these billings is mid-January to mid-May, not March-June. To illustrate, the 2001 figure of \$341.23 is the sum of the following bills: \$176.69, \$28.37, \$109.95, and \$26.22. The first billing of \$176.69 covers the period January 17, 2001-February 15, 2001, representing a time period *during which the meter appeared to be functioning normally*. Hence, this billing amount cannot be used by the Customer to refute the allegations that the meter malfunctioned. As stated above, Laclede reversed the third billing figure of \$109.95. The true billings for March-June 2001 (covering the usage period mid-February to mid-June), based on the faulty meter, are as follows: \$28.37 (for March), \$26.22 (for April and May combined), and \$12.63 (for June). Thus, the total for these four months during which the meter malfunctioned was \$67.22, not \$341.23. In comparison, for the same four-month period in 2000 and 2002, the billings were \$187.91 (in 2000), and \$213.35 (in 2002). Usage for the mid-February to mid-June period in 2000 and 2002 were 254 ccf and 296 ccf, respectively. In comparison, Laclede's adjustment used an estimate of 254 ccf for this period in 2001, while the faulty meter showed usage of 16 ccf. When this is added to the fact that PGA rates were significantly higher during this period in 2001 than

in either 2000 or 2002, there can be no doubt that the customer's meter was not working properly, and that the usage estimate assessed by Laclede for March-June 2001 of \$298.25 is both fair and reasonable.

### **CONCLUSION**

23. Exhibit 2 leaves no doubt that the Customer's meter did not work properly during the period February 13, 2001 – January 10, 2002. The usage was extremely low, nearly non-existent. Correspondingly, the bills are also abnormally low, as illustrated by the comparison with years 1999, 2000 and 2002. Further, this discrepancy is exacerbated by the fact that gas prices were significantly higher during 2001. This only serves to widen the gulf between actual charges and the erroneously low billings.

24. Laclede properly calculated the charges that should have been assessed to the customer. This calculation was based on an accepted principle of using heating degree days to predict usage. Laclede's approach is consistent with its tariff and Commission Rules, as acknowledged by Staff Consumer Services Specialist Tracy Leonburger.


25. While Laclede is confident that its adjustment is legally and mathematically correct, the Company also recognizes that the size of the adjustment would have been reduced if Company personnel had discovered the faulty meter earlier. Laclede is taking steps to improve its ability to recognize malfunctioning meters. For example, in this case much of the time that the meter malfunctioned occurred during the warmer weather months of April through October. During this period, Laclede personnel do not typically investigate zero usage readings, because many customers use gas only for space heating and tend to have little or no usage outside of the winter heating season.

To remedy this situation, Laclede is working on computer programming to attempt to identify customers for whom a zero reading in warmer months warrants investigation.

26. Most important, Laclede regrets the inconvenience this matter has caused for Ms. Davinroy. Early in the adjustment process, a Laclede employee offered Ms. Davinroy a discount of 25% of the estimated usage billings Laclede calculated for the eleven-month period. Based on estimated usage billed at \$652.16 for the eleven months at issue, this offer is worth \$163.04. Ms. Davinroy declined the offer and has consistently maintained that Laclede's adjustment is mistaken in its entirety. As the Commission can see, she has gone to a great deal of effort to pursue her case. While the Company disagrees with Ms. Davinroy's position, in order to settle this matter, we hereby renew our offer to reduce by 25% the usage billings Laclede estimated for the eleven-month period at issue.

WHEREFORE, the Company requests that the Commission deny the relief requested by the Complainant, and dismiss this case.

Respectfully submitted,

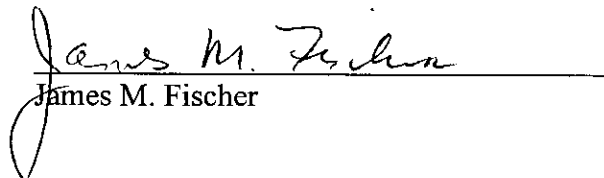


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**Certificate of Service**

The undersigned certifies that a true and correct copy of the foregoing Answer and Motion to Dismiss was served on the Complainant and on the General Counsel of the Staff of the Missouri Public Service Commission on this 12th day of August, 2002 by hand-delivery or by placing a copy of such Response, postage prepaid, in the United States mail.



James M. Fischer

JUN 21 2002 12:34

MISSOURI PUBLIC SERVICE COMMISSION

Exhibit 1  
Page 1 of 2

Commissioners  
KELVIN L. SIMMONS  
Chair  
CONNIE MURRAY  
SHEILA LUMPE  
STEVE GAW  
BRYAN FORBIS

**Missouri Public Service Commission**

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Director, Administration  
DALE HARDY ROBERTS  
Secretary/Chief Regulatory Law Judge  
DANA K. JOYCE  
General Counsel

April 30, 2002

Mr. & Mrs. Robert Davinroy  
1830 Kilmory Drive  
Florissant, MO 63031

Dear Mr. &amp; Mrs. Davinroy:

This is response to your complaint regarding the re-billing of your account by Laclede Gas (Company). You stated that Laclede had not proven its case in estimating your usage and that bill adjustment made to your January 2000 statement was too high.

I did contact the Company on your behalf and they have provided me with a report. According to a Company representative, on January 8, 2002 a postcard was mailed to your home requesting that you contact the company to schedule a meter inspection, as it appeared to the meter reader that the meter had stopped registering. According to Company records, a new gas meter was installed on January 10, 2002 and the index was set at index 0000.

According to the tariffs on file and approved by this Commission. The Company can adjust your account in the event of the stoppage or failure of the meter. I have enclosed a copy of Laclede's tariff that pertains to billing adjustments.

The Laclede representative with whom I was in contact provided me with the following information:

On February 1, 2002, the Davinroys' account was adjusted in accordance with MPSC Tariff R-8, pertaining to undercharges. The Davinroys were billed for 610 ccf, for the period of February 13, 2001 to January 10, 2002 and the total charge was \$652.16. A bill adjustment credit of \$159.56 was then applied to this amount, leaving the balance due \$492.60. The account was then billed from January 10, 2002 to January 15, 2002 (regular billing cycle date) for a total of 24 ccf or \$16.93. This brought the total due in gas charges to \$509.53; however, the Davinroys are on budget billing and at the time of the adjusted bill of \$44.00 and after applying both credits, the balance due on the account was \$217.45.

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PUBLIC SERVICE COMMISSION

Exhibit 1  
Page 2 of 2Mr. & Mrs. Davinroy  
June 7, 2002  
Page 2 of 2

The rule referenced above allows a utility to re-bill your account based on "all related information". They start with what you used last year (if available) compared to the number of degree days and they use that information to calculate what they think you would have used had the meter been registering properly. The Company conducted a degree day study and reviewed the meter usage history of the residence. For clarification, a "degree day study" is the amount of cold weather recorded by the Weather Bureau and is arrived at by adding the mean high and the mean low temperatures of the day, and then dividing this sum by (2) two to obtain the mean temperature of that day. This figure is then subtracted from 65 degrees in order to obtain the amount of heating degrees that day. The National Weather Service provides this information daily in each region of the country.

I understand that the Manager of the Customer Relations Department was in contact with you by mail on March 22, 2002 and attempted to explain the unmetered gas charge with the following breakdown:

<u>Service Dates</u>	<u>Degree Days</u>	<u>Therms</u>
2/14/00 to 1/13/01	3,837	760.4
2/13/01 to 1/10/02	3,135	628.0 (unmetered gas charge)
2/13/01 to 1/10/02	3,135	35.9 (originally billed)

The Manager explained that the above illustration shows that when the meter registered accurately, you used 760.4 therms for 3,837-degree days. When the meter was not registering you were only billed 35.9 therms for 3,135 degree days. The report indicates that the unmetered gas charge of 628.0 therms for 3,135 degree days was more in line with your previous usage patterns. I understand that he provided you with a call-back number if you had any additional questions.

I see no evidence that the company is in violation of the Commission's rules or the Company's filed and approved tariff in the re-billing of your gas account. Should you need arrangements on the billing, please contact the Company's phone center and set up a payment plan. Usually the company allows the same amount of time in which to pay off the billing as the condition existed.

Please contact our office again, if you have any questions. Our Consumer Services Department can be reached toll-free by dialing 1-800-392-4211.

Sincerely,

  
Tracy Leonberger  
Consumer Services Specialist II

/tfl

Enclosures: P.S.C. MO, No. 5 Consolidated, Fifth Revised Sheet No. R-8  
P.S.C. MO, No. 5 Consolidated, First Revised Sheet No. R-9

## EXHIBIT 2

Billing Period	Meter Reading at end of period	CCF Use Per Meter Reading	Laclede Estimated CCF	Bill Issued	Laclede Revised Bill, With Tax	Budget Bill Pmt.
Mid Feb-Mid March						
2000	2703	112	-	73.39	-	41
2001	3502	15	122	28.37	137.40	104
2002	297	132	-	90.78	-	73
Mid March-Mid May						
2000	2821	118	-	89.32	-	82
2001	3503	1	107	26.22	126.31	118
2002	434	137	-	96.35	-	146
Mid May-Mid June						
2000	2845	24	-	25.20	-	41
2001	3503	0	25	12.63	34.54	59
2002	461	27	-	26.22	-	73
Mid June-Mid July						
2000	2864	19	-	22.67	-	41
2001	3503	0	18	12.63	28.32	59
2002	481	20	-	25.19	-	73
Mid July-Mid Aug						
1999	- <sup>3</sup>	-	-	18.76	-	43
2000	-	-	-	23.15	-	67
2001	-	-	17	25.76	27.46	45

<sup>3</sup> August is the meter reader's vacation period.

Billing Period	Meter Reading at end of period	CCF Use Per Meter Reading	Laclede Estimated CCF	Bill Issued	Laclede Revised Bill, With Tax	Budget Bill Pmt.
Mid Aug-Mid Oct						
1999	2111	-	-	38.31		86
2000	2924	-	-	57.20		134
2001	3521	-	50	27.82	68.81	90
Mid Oct-Mid Nov						
1999	2154	43	-	30.40	-	43
2000	2956	32	-	36.22	-	67
2001	3522	1	54	13.50	61.27	45
Mid Nov-Mid Dec						
1999	2247	93		58.67		43
2000	3093	137		128.66		67
2001	3522	0	86	12.63	72.26	45
Mid Dec-Mid Jan						
1999-00	2407	160	-	97.54	-	43
2000-01	3324	231	-	218.94	-	67
2001-02	3521	23 <sup>4</sup>	158	30.00 <sup>5</sup>	112.72	45

<sup>4</sup> The figure of 23 ccf includes 24 ccf registered on new meter between January 10-15, 2002, plus <-1> ccf registered on old meter from December 12, 2001 to January 10, 2002.

<sup>5</sup> Rough estimate based on final meter reading for old meter on for January 10, 2002, and meter reading on new meter on January 15, 2002.