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*Issues:* *Tariff*  
*Witness:* *Carol Gay Fred*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Surrebuttal Testimony*  
*Case No.:* *GT-2008-0374*  
*Date Testimony Prepared:* *December 19, 2008*

**MISSOURI PUBLIC SERVICE COMMISSION**  
**GENERAL COUNSEL DIVISION**

**SURREBUTTAL TESTIMONY**  
**OF**  
**CAROL GAY FRED**

**LACLEDE GAS COMPANY**

**CASE NO. GT-2008-0374**

*Jefferson City, Missouri*  
*December 2008*

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**CAROL GAY FRED**  
**CASE NO. GT-2008-0374**

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1           A.     In Staff's Reply to Public Counsel's Second Response in GW-2007-0099 filed  
2 April 25, 2008, Staff discussed in detail the AMR deployment and a number of issues it had  
3 identified, similar to Ms. Meisenheimer's list of informal complaints addressed in her Schedule  
4 1-HC. In Staff's response in GW-2007-0099, Staff pointed out that it had identified that  
5 Laclede had ongoing issues with its AMR project, that the stopped-meter problem had been  
6 identified, and that Staff had met with Laclede on August 20, 2007 to address the concerns  
7 related to the stopped-meter issue.

8           In GW-2007-0099, Laclede stated in its Response to Staff's April 25, 2008 Reply and  
9 Public Counsel's February 19, 2008 Second Response that the Company was committed to  
10 working with Staff and OPC toward resolving the various identified issues. The Company  
11 would develop tariff language for a procedure for identifying and resolving issues, such as  
12 estimated bills following the installation of AMR due to a stopped meter or non-registering  
13 AMR.

14           Q.     Did Laclede follow through with their commitment?

15A          A.     Yes. Following Laclede's response in the GW-2007-0099 case, the Company  
16 has followed through with their commitment and filed on May 19, 2008, its tariff proposing a  
17 procedure for identifying and resolving issues created by estimated bills following the  
18 installation of AMR due to stopped meters or non-registering AMRs.

19           In addition, following the May 19, 2008 filing, Laclede, Staff and OPC met on several  
20 occasions to discuss the originally proposed language, however, the parties could not reach a  
21 unanimous agreement. Company witness Mr. Wildeisen has filed direct testimony which  
22 includes proposed amended tariff language on stopped or non-registering meters. Staff

1 supports this proposed amended tariff because it provides a clear procedure that fairly resolves  
2 this issue with the customer.

3 **FIRST CONCERN**

4 Q. Can you briefly state Ms. Meisenheimer's "first concern" with the proposed  
5 amended tariff?

6 A. Yes, it appears that Ms. Meisenheimer believes that the proposed tariff language  
7 submitted by Laclede would expand the conditions for which Laclede may estimate bills to  
8 include not only occasions when a gas meter stops functioning or the AMR fails to register a  
9 reading, but also when there is a failure to provide readings of actual usage.

10 Q. Do you agree?

11 A. No. I do not understand Ms. Meisenheimer's "first concern". It appears from  
12 her objection to the proposed tariff language that she may be trying to establish a complaint  
13 case against Laclede regarding their AMR project, an issue that was already addressed by OPC  
14 in case number GW-2007-0099 and resolved by the Commission.

15 Q. Why is Ms. Meisenheimer's "first concern" confusing to you?

16 A. Her "first concern" is confusing, because in Commission rule 4 CSR 240-13.020  
17 (2) (A) it clearly provides the requirements by which a utility may estimate a customer's bill:

18 (2) Each billing statement rendered by a utility shall be  
19 computed on the actual usage during the billing period except as  
20 follows:

21 (A) A utility may render a bill based on estimated usage-

22 1. To seasonally billed customers, provided an appropriate  
23 tariff is on file with the commission and an actual reading is  
24 obtained before each change in the seasonal cycle;

25 2. When extreme weather conditions, emergencies, labor  
26 agreements or work stoppages prevent actual meter readings; and

27 3. When the utility is unable to obtain access to the  
28 customer's premises for the purpose of reading the meter or when  
29 the customer makes reading the meter unnecessarily difficult. If  
30 the utility is unable to obtain an actual meter reading for  
31 these reasons, where practicable it shall undertake reasonable

1 alternatives to obtain a customer reading of the meter, such as  
2 mailing or leaving postpaid, preaddressed postcards upon which  
3 the customer may note the reading unless the customer requests  
4 otherwise;  
5

6 If Ms. Meisenheimer is asserting that Laclede's proposed tariff is expanding on the rule  
7 requirements stated above, I disagree. The rule clearly states that a utility has the right to  
8 render an estimated bill if the utility is unable to obtain access to the customer's premises for  
9 the purpose of obtaining an actual read or if the customer fails to provide a reading on a  
10 preaddressed postcard. However, if Ms. Meisenheimer is asserting that the proposed language  
11 is unclear on its reference to "or provide readings of actual usage", then perhaps Laclede should  
12 consider inserting the clarifying words, "or *if the customer fails* to provide a reading of actual  
13 usage." (clarifying words italicized and underlined for emphasis).

14 Q. Is this the only part of Ms. Meisenheimer's "first concern" that causes you  
15 confusion?

16 A. No. I'm also confused why Ms. Meisenheimer has chosen to reference issues  
17 related to the AMR deployment in this tariff filing docket when the issues addressing AMR  
18 deployment were addressed by Staff, Laclede and OPC in the GW-2007-0099 docket. In fact,  
19 in Staff's Reply to Public Counsel's Second Response in GW-2007-0099, Staff discussed in  
20 detail the AMR deployment and a number of issues it had identified, similar to Ms.  
21 Meisenheimer's list of informal complaints she addressed in her Schedule 1-HC. In Staff's  
22 response in GW-2007-0099, Staff pointed out it had identified that Laclede had ongoing  
23 problems with its AMR project, that the stopped-meter problem had been identified, and that  
24 Staff had met with Laclede on August 20, 2007 to address those issues. In the GW-2007-0099  
25 case, Laclede stated it was committed to working with the parties to resolve these issues and  
26 would develop tariff language for a procedure for identifying and resolving issues, including

1 | estimated bills following the installation of AMR due to stopped meters or non-registering  
2 | AMRs. Following Laclede's response in the GW-2007-0099 case, Laclede filed on May 19,  
3 | 2008, its proposed tariff to develop a procedure for identifying and resolving issues, including  
4 | estimated bills following the installation of AMR due to stopped meters or non-registering  
5 | AMRs.

6 | Q. Are you familiar with the current progress of Laclede's AMR project?

7 | A. Yes, on December 10, 2008, Staff met with Laclede and asked the current status  
8 | of the AMR project. Laclede informed Staff that the Company had 682,000 meters equipped  
9 | with AMR out of the possible 720,000 total meters. Laclede also told Staff the Company has  
10 | 1,172 meters not yet equipped with AMR. Of the 1,172 meters without AMR, 647 were inside  
11 | meters that Landis & Gry (formerly known as CellNet) is unable to gain access to the meter to  
12 | install the AMR. Of the 647 inside meters, 452 are receiving estimated bills, due to either the  
13 | Company's inability to gain access or the customer does not submit a reading. The other 525  
14 | meters of the 1,172 are outside meters, most of which are either large meters requiring extra  
15 | fittings, meters with problems that required additional work, or meters with a lack of access due  
16 | to infrastructure issues. However, these 525 outside meters are read monthly. Staff  
17 | understands that 38,000 meters are considered inactive meters (the difference between the  
18 | 682,000 meters installed with AMR and the 720,000 total number of meters). These 38,000  
19 | meters are inactive for various reasons. Some meters may never be equipped with AMR due to  
20 | the nature of the property and others may be a year or more before re-activated, i.e., properties  
21 | being renovated.

22 | Laclede also stated that Landis & Gry and Laclede had made numerous attempts either  
23 | in person or through written notices to access the remaining inside meters to install an AMR

1 and both are still unable to access these premises. Therefore, estimated bills will continue  
2 unless the customer submits self-reads.

3 Q. In Ms. Meisenheimer discussion of her “first concern” she did not refer to the  
4 GW-2007-0099 case, but rather referred to the GC-2006-0318 case. Is that an appropriate  
5 reference?

6 A. I don’t believe so. I can not understand why Ms. Meisenheimer referred to the  
7 GC-2006-0318 case because OPC and Laclede reached a Stipulation and Agreement in that  
8 case and Staff did not support or object to the Stipulation and Agreement.

9 Q. How does complaint case number GC-2006-0318 relate to this proceeding?

10 A. In the GC-2006-0318, Staff filed a complaint case against Laclede alleging two  
11 (2) counts of rule violations. The first count dealt with the inappropriate catch-up bills for  
12 customers whose usage had been estimated for a period exceeding 12 months and that Laclede  
13 had failed to provide the appropriate notices to customers regarding estimated bills. In  
14 addition, Staff had concerns whether Laclede was providing timely notice regarding the  
15 estimated bills considering that the customer may read and report usage on a regular basis in  
16 place of an estimated bill. Staff’s second count dealt with Laclede customer accounts in which  
17 gas was noted to have been turned off, but the customer continued to obtain gas service. Staff  
18 alleged Laclede had not acted quickly to investigate and correct these conditions, causing  
19 concern about Laclede’s ability to provide safe and adequate service. Both counts alleged  
20 Commission rule violations.

21 Q. Why didn’t Staff object to the Stipulation and Agreement?

22 A. Staff did not object to the Stipulation and Agreement because it provided a  
23 method to refund money back to harmed customers.



1           Q.     Is there any other reason why you believe Ms. Meisenheimer inappropriately  
2 referred to the GC-2006-0318 case?

3           A.     Yes. The purpose of the GW-2007-0099 case was to investigate the extent of  
4 problems with estimated billing practices, and in particular, whether those problems extended  
5 to Missouri's other gas, electric, and large water utilities as it related to estimated billing, notice  
6 requirements and vacant-with-usage issues. In the GW-2007-099 case, the Commission also  
7 authorized Staff to file a complaint against Laclede to address the concerns raised by Staff and  
8 OPC regarding a number of issues if Staff believed it had sufficient basis for bringing a  
9 complaint.

10          Q.     Do you believe staff had or has sufficient basis for bringing a complaint against  
11 Laclede?

12          A.     No. Staff has been tracking for the last couple of years the number of Laclede's  
13 complaints and inquiries as it relates to estimated bills, catch-up bills and AMR related issues.  
14 As I stated in my rebuttal testimony, from November 1, 2007 to October 31, 2008, the  
15 Consumer Services Department has received from Laclede consumers 125 complaints  
16 regarding estimated bills, defective meter, AMR installation/repair or rebills, and that  
17 approximately 80 of those complaints dealt with unmetered gas/stopped meters. When I  
18 consider that there are 646,271 active meters, 682,000 meters with AMR of 720,000 total  
19 meters, taking 125 complaints out of the possible 646,271, the percent of total consumer  
20 complaints equates to .01934%. This percentage factor in Staff's opinion does not reflect a  
21 significant trend or basis for filing a complaint case against Laclede. However, as I stated in  
22 my rebuttal testimony, it does not reduce the impact of these issues as experienced by the  
23 affected individual consumer.

1 Q. Earlier you stated you don't believe Laclede's tariff proposal expands its ability  
2 to estimate bills, however you have suggested some additional language you believe may  
3 satisfy OPC because it appears OPC is trying to address AMR issues rather than address the  
4 tariff proposal. Is there anything else that you would like to address?

5 A. Yes. Both Ms. Meisenheimer and Paul Wildeisen have used the word  
6 "memorialize". Ms. Meisenheimer states she believes the Company now seeks to  
7 "memorialize" AMR failures as a reason to estimate bills and Mr. Wildeisen states that the  
8 proposed tariff "memorializes" the service obligations assumed by the company when a gas  
9 meter has stopped or failed to register or provide reading of actual usage. I'm uncertain why  
10 either Ms. Meisenheimer or Mr. Wildeisen uses the word "memorialize".

11 Q. What concerns you regarding the word "memorialize"?

12 A. "Memorialize" according to Webster's dictionary means "to commemorate". If  
13 Ms. Meisenheimer asserts that Laclede intends to commemorate its AMR failures and  
14 estimated bills, I disagree. In Laclede witness Wildeisen's direct testimony he stated that  
15 specifically, the Company will (i) maintain a written procedure for determining when a failure  
16 occurs; (ii) react within 10 business days by either visiting the site to correct the failure or  
17 sending notice advising the customer that the bill is being estimated and asking the customer to  
18 make an appointment with Laclede to have the meter repaired; and (iii) if the customer does not  
19 respond, continue to send notices as least once for each full billing period thereafter.  
20 Recognizing the Company cannot control its customers, I'm not sure how Ms. Meisenheimer  
21 proposes that Laclede handle such a situation.

22 Q. Has Laclede been providing adequate reports on its AMR deployment?

1           A.     Yes. Laclede has been communicating and providing Staff with updates on its  
2 AMR deployment and discussing the various issues identified in the AMR deployment with the  
3 Commission and the Staff on numerous occasions. In fact, Staff continues to meet face-to-face  
4 with Laclede to address AMR issues, estimated bills, access issues, call center issues, and  
5 notice requirements on a monthly basis since November 2007, with the most recent meeting  
6 having been held December 10, 2008. Staff has not experienced difficulty in obtaining a status  
7 update on the project; in fact Laclede has always been very forthcoming in providing an update.

8           Q.     You state that Staff has been working with Laclede to address the issues related  
9 to AMR. Can you explain?

10          A.     Yes, in the Commission's Order Approving the Stipulation and Agreement in  
11 GC-2006-0318 that became effective December 31, 2006, Laclede was ordered to submit  
12 monthly reports regarding estimated bills, AMR installation, call center performance and to  
13 provide quarterly internal strategies and objectives for improving call center performance and  
14 customer service.

15          Q.     Has that been done?

16          A.     Yes.

17          Q.     In your opinion does Laclede wish to memorialize AMR failures and estimated  
18 bills?

19          A.     No, based on my experience Laclede would prefer to have no AMR failures or  
20 estimated bills and would prefer not to meet or address Staff's questions on these issues on a  
21 monthly basis.

22          Q.     Have you seen any overall improvements as it relates to consumer complaints  
23 and issues, related to the AMR project and/or estimated billing?

1           A.     Yes, I have seen significant improvement.

2           Q.     Can you explain?

3           A.     Yes, back in 2006 when Staff initially filed the GC-2006-0318 complaint case,  
4 the Staff indentified numerous consumers who had experienced issues with estimated billing,  
5 AMR installation, and locked meters showing consumption. Staff dealt with hundreds of  
6 consumer complaints regarding these issues from 2005 to 2008. However, as I stated in my  
7 rebuttal testimony, since November 1, 2007 to October 31, 2008, Consumer Services has  
8 received only about 125 complaints, of which 80 dealt with unmetered gas or stopped meters.  
9 In addition, as of December 10, 2008, I did a comparison of the number of Laclede open  
10 complaints that Consumer Services was handling in 2007 versus 2008. In December 2007 we  
11 handled 126 complaints and in 2008, there were 26. This in my opinion is a dramatic  
12 improvement.

13    **SECOND CONCERN**

14           Q.     OPC's "second concern" with the proposed tariff language deals with the  
15 language which addresses Laclede having a written procedure for determining when a gas  
16 meter has stopped or failed to register or provide reading of actual usage, and that the Company  
17 shall provide such procedure, as modified from time to time, to Staff's Consumer Services and  
18 Energy Departments and Public Counsel. OPC states that it does not seek to micromanage  
19 Laclede's business. Do you agree with that assertion?

20           A.     Yes. However, Staff believes if it knows and understands the Company's  
21 procedures for determining when a gas meter has stopped or failed to register or provide  
22 reading of actual usage, then Staff can be more responsive and efficient in addressing consumer  
23 questions and complaints.

1 Q. Is it Staff's intent to simply be made aware of the procedures?

2 A. Yes. If Staff observes an issue of concern, I believe it becomes Staff's  
3 responsibility to discuss it with the Company. If Staff and the Company can not resolve that  
4 issue and if Staff found it detrimental to the consumer, Staff would be required to file a  
5 complaint case on that issue.

6 **THIRD CONCERN**

7 Q. Ms. Meisenheimer's "third concern" is that the Company treats AMR failures as  
8 an equipment failure that requires more immediate maintenance or repair even though the  
9 meter may be in working order and the index reading available. She asserts this distinction  
10 places an additional burden on consumers to provide access in a much shorter timeframe. Do  
11 you agree with her assessment?

12 A. Yes and no. I believe a malfunctioning AMR is equipment failure. However, I  
13 don't view this distinction as a burden on the consumer.

14 Q. Can you elaborate?

15 A. Yes, I believe it would be in the consumer's best interest to determine as soon as  
16 possible the cause of meter reading failure, whether it be a meter that has stopped functioning  
17 or a stalled AMR that fails to transmit the read, or possibly both. I base this on my experience.  
18 It is better for the consumer to get the matter resolved in a timely fashion rather than to  
19 continue receiving estimated bills that may later result in a large catch-up bill that is more  
20 difficult to pay.

21 Q. Ms. Meisenheimer states while the time may be a sufficient time for some  
22 customers it may not be for others, such as customer serving in the military, students on holiday  
23 breaks or customer that reside in other states. Do you agree?

1           A.     No. I believe the proposed tariff language states that the customer should  
2 contact the Company so that *arrangements can be made to access the customer's premises.*  
3 [*emphasis added*] This does not necessarily mean the customer must provide access within 25  
4 days as referred to by Ms. Meisenheimer. The proposed tariff also goes on to say that  
5 thereafter, the Company will provide additional notice to the customer at least once for each  
6 full billing period that the condition exists by mail, bill message, telephone message or hand  
7 delivery.

8           Q.     Do you have any other comments regarding this issue?

9           A.     Yes, Ms. Meisenheimer also stated that approval of the proposed amended tariff  
10 while these AMR issues remain increases the likelihood that customers will be unnecessarily  
11 inconvenienced. This causes me concern.

12          Q.     How so?

13          A.     It appears that Ms. Meisenheimer is implying that mechanical equipment can  
14 never fail, which in my opinion is illogical.

15          Q.     Ms. Meisenheimer stated in her testimony that she reviewed customer  
16 complaints received by your office and that there is evidence some customers might face  
17 unwarranted disconnect notices under the tariff. Do you agree?

18          A.     It is possible under a number of circumstances, not just under this tariff  
19 provision.

20          Q.     Can you explain why a customer might be faced with unwarranted disconnect  
21 notices?

22          A.     Yes. This is a situation that is not only an issue faced by Laclede Gas, it is faced  
23 by most all utilities because they must follow the same procedure. To stop a system-generated

1 disconnect notice on an account, a utility must manually go into the account and enter a manual  
2 override to remove the account from the computer-generated queue that generates a disconnect  
3 notice. This manual function requires human intervention, not an automatic system function.  
4 Therefore, if a utility representative fails to override the queue of the computer billing system it  
5 will continue to generate a disconnect notice. Because this involves a manual process managed  
6 by a human, it is not flawless. In the case of Laclede with its approximately 646,271 active  
7 meters, there will be errors.

8 **FIFTH CONCERN**

9 Q. In Ms. Meisenheimer's "fifth concern" she objects to a portion of Laclede's  
10 proposed tariff language that states, "the Company may discontinue service to the customer  
11 pursuant to Rule 14, Discontinuance of Service; provided that nothing herein shall be construed  
12 as requiring the Company to discontinue service within any specific period of time or as  
13 preventing the company from discontinuing service to a customer for any other lawful reason,  
14 including but not limited to, failure to grant the Company access for the purpose of installing a  
15 meter or a meter reading device, or for performing routine maintenance, or for non-payment of  
16 utility service." Ms. Meisenheimer states she believes this language is vague and that the  
17 issues are listed elsewhere in the company's existing tariff and should be rejected by the  
18 Commission because it is unnecessary. Do you agree with Ms. Meisenheimer?

19 A. No, I believe the language adds clarity and would eliminate the mis-application  
20 of discontinuance of a consumer's service. Stating it is defined elsewhere in the tariff is fine.  
21 However, to eliminate any possible misinterpretation or application, it is beneficial to describe  
22 the actual provision for discontinuance within the context of the subject matter of the tariff.

23 Q. Why?

1           A.     Because the proposed tariff language addresses specifically stopped or failed-to-  
2 register meters, the language addressing discontinuance of service clearly defines the  
3 circumstances under which discontinuance could apply if a stopped or failed-to-register meter  
4 is involved. Such clarity eliminates broad or vague interpretation.

5           Q.     Are there any other issues you would like to address?

6           A.     Ms. Meisenheimer's last point in her testimony addressed her belief that the  
7 amended tariff should be addressed in Laclede's next general rate case.

8           Q.     Do you agree with Ms. Meisenheimer's assessment and her reasoning why it  
9 should be addressed in the next general rate case?

10          A.     As stated previously, this issue was addressed in the GW-2007-0099 case  
11 whereby Laclede stated it was committed to developing tariff language for a procedure for  
12 identifying and resolving issues such as estimated bills following the installation of AMR due  
13 to stopped meters or non-registering AMRs. Laclede has done so. Therefore, for OPC to  
14 continue to drag this out when Laclede has addressed these matters in its proposed tariff, is  
15 unnecessary.

16          Q.     Ms. Meisenheimer points out that a significant portion of Laclede's past AMR  
17 failures were weather related, failing most often during winter months and that the Commission  
18 should reject this proposed tariff to gauge AMR performance. Do you agree?

19          A.     No. It appears that Ms. Meisenheimer is not up-to-date on Laclede's AMR  
20 project. Laclede's past AMR failures related to weather were resolved through the winter of  
21 2007 and the summer months of 2008, with the Landis & Gry's replacement of all outside  
22 American Meters that had been equipped with a fifteen (15) year module. That was discussed  
23 with the Commission during its Agenda on September 11, 2007. However, as I have stated



1 | previously, I do not understand Ms. Meisenheimer's intent. Is OPC's intent to address the  
2 | proposed tariff amendments regarding stopped or failed-to-register meters or is OPC addressing  
3 | Laclede's AMR project. If Ms. Meisenheimer is concerned with Laclede's AMR project she  
4 | should address that in a separate docket, not in this tariff docket.

5 |       In my opinion it would be wasteful of the Commission's time and resources to reject  
6 | this proposed amended tariff given the Commission had directed Staff or OPC in two previous  
7 | cases (GC-2006-0318 and GW-2007-0099), to file a complaint case should they believe that  
8 | Laclede has violated a Commission rule or their approved tariff.

9 |       Q.    What is your recommendation regarding this proposed amended tariff?

10 |       A.    I recommend approval either as written or with the proposed amendments  
11 | suggested above.

12 |       Q.    Does this conclude your testimony?

13 |       A.    Yes.  
14 |  
15 |  
16 |

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

In the Matter of Laclede Gas Company's     )  
Tariff Filing to Allow Estimated Billing     ) Case No. GT-2008-0374  
Whenever an Automatic Meter Reader     ) Tariff No. YG-2008-0690  
Fails to Send Readings of Actual Usage.     )

**AFFIDAVIT OF CAROL GAY FRED**

**STATE OF MISSOURI**     )  
                                      ) ss  
**COUNTY OF COLE**     )

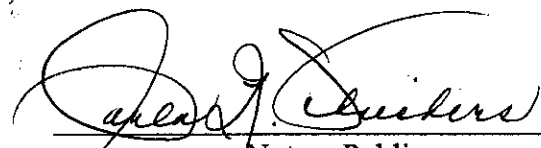
Carol Gay Fred, of lawful age, on her oath states: that she has participated in the preparation of the following Surrebuttal Testimony in question and answer form, consisting of 15 pages of Surrebuttal Testimony to be presented in the above case, that the answers in the following Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.

  
\_\_\_\_\_  
Carol Gay Fred

Subscribed and sworn to before me this 18<sup>th</sup> day of December, 2008.

My commission expires



  
\_\_\_\_\_  
Notary Public

CARLA K. SCHNIEDERS  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: August 25, 2012  
Commission Number: 08533187