

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

In the Matter of Laclede Gas Company's)	
tariffs designed to permit early)	
implementation of Cold Weather Rule)	Case No. GT-2009-0026
provisions and to permit Laclede to collect)	Tariff number JG-2009-0033
the gas cost portion of its write-off's)	
through the PGA)	

**LACLEDE GAS COMPANY'S RESPONSE TO
EX PARTE CONTACT FROM GTELEMETRY LTD**

COMES NOW Laclede Gas Company ("Laclede" or "Company") and submits its Response to an *ex parte* contact made on January 21, 2009, by Theo Dorman-Kade of Gtelemetry Ltd ("Gtel"). In support of its Response, Laclede respectfully states as follows:

1. In his *ex parte* contact, Mr. Dorman-Kade introduces a wireless gas disconnect and shutoff product being sold by Gtel. In making his sales pitch, Mr. Dorman-Kade notes the significant and growing number of jurisdictions that have allowed utilities to track and adjust rates to reflect changes in bad debt expense, and touts his product as an alternative measure to reduce bad debt.

2. Laclede wishes to make only two brief points in response to Mr. Dorman-Kade's communication. First, it is clear from the record in this case that bad debt expense does not consistently move in one direction, namely upwards, as Mr. Dorman-Kade assumes. To the contrary, the historical record demonstrates that bad debt expense can, and frequently does, decrease due to the effects of gas prices, weather and other factors. If, as Mr. Dorman-Kade suggests, the use of his device can result in a further

reduction in bad debt expense, then the corresponding use of a mechanism, like the PGA, to reflect the gas cost portion of such reductions on a more accurate and timely basis should be viewed as a benefit for consumers. Conversely, in the absence of such a ratemaking approach, all of the immediate benefits derived from using such a device would accrue solely to the Company.

3. Second, this situation confirms that the prospect of being required to absorb, or allowed to retain, roughly one-third of any changes to bad debt expense is a sufficient incentive for the Company to pursue bad debt measures. Laclede notes that it first communicated with Gtel this past fall, well after the Company had already filed its tariff in this case. Although Laclede is not aware of any precedent for use of this product in the United States, and has questions about its potential feasibility, the Company nevertheless expressed its willingness to consider the potential benefits of a remote shut-off device and engaged in further discussions with Mr. Dorman-Kade. Prior to Mr. Dorman-Kade's *ex parte* communication, Laclede had already determined to move forward with analyzing the product and, if appropriate, to begin an experimental testing, or pilot, phase, even though its proposed tariff would permit the Company to keep only about one-third of potential savings.

4. Needless to say, Laclede neither solicited nor was even aware of Mr. Dorman-Kade's *ex parte* communication. Indeed, we believe his communication to be factually flawed for the reasons stated above. Nonetheless, assuming the use of such a device proves both feasible and effective in reducing bad debt expense, then approval of Laclede's proposal in this case would permit both the Company and the customers to share in the benefit of lower bad debt expenses.

WHEREFORE, Laclede respectfully requests that the Commission accept Laclede's Response to the January 21, 2008 *ex parte* contact of Gtelemetry Ltd.

Respectfully submitted,

/s/ Michael C. Pendergast

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Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing pleading was served on all parties of record on this 2nd day of February, 2009 by email, facsimile, hand-delivery or by placing a copy of such pleading, postage prepaid, in the United States mail.

/s/ Gerry Lynch