

## **STAFF REPLY TO PUBLIC COUNSEL'S SECOND RESPONSE**

TO: Missouri Public Service Commission Official Case File  
Case No. GW-2007-0099 Regarding an Investigation into the Service and  
Billing Practices for Residential Customer of Electric, Gas and Water  
Utilities

FROM: /s/ Gay Fred, Consumer Services Manager

DATE: April 25, 2008

/s/ Gay Fred 4/25/08      /s/ Kevin Thompson 4/25/08  
Consumer Service Department/Date      General Counsel's Office/Date

It appears from the Office of the Public Counsel's (OPC's) Second Response to the Staff's Report, that OPC identified three issues; 1) the interpretation of the "date of discovery", 2) that a utility bill shall be computed on the actual usage during the billing period unless, one of three exceptions has been met, and 3) the factors used to determine an estimated bill.

In Commission case GC-2006-0318 (Staff of the Public Service Commission of Missouri v. Laclede Gas Company), Staff stated in its direct testimony that Laclede Gas Company (Laclede) had not followed the Commission's rule on undercharges 4 CSR 240-13.025 on Billing Adjustments. Staff was disappointed that the actual interpretation of the "date of discovery" was not able to be fully explored by the Commission in case GC-2006-0318 due to OPC and Laclede reaching a settlement agreement in that case.

Staff agrees with OPC's interpretation of the "date of discovery" and agrees that the rule was written to protect utility companies from meter or billing errors unknown to the utility by allowing the utility to recover undercharged amounts once the utility discovered that a billing error had occurred or that a meter had stopped registering usage. Staff also agrees with OPC's belief that there may be exceptions where a utility may render a bill based on estimated usage for a seasonally billed customer, or if extreme weather conditions, emergencies or work stoppages prevent actual meter readings, or if the utility is unable to obtain access to the customer's premises to read the meter. The inability to gain access to the customer's meter due to the number of meters located inside the customer's premise has prevented Laclede from obtaining actual meter readings for billing purposes. However, with Laclede's installation of Automated Meter Reading (AMR) devices on residential customer's meters, estimated bills have declined dramatically. For example, initially Laclede started the AMR installation project with approximately 290,000 inside meters. To date, Laclede has been able to gain access for AMR installation to all but two-thousand two-hundred seventy-two (2,272) inside meters.

The Schneider case, pointed out by OPC, is an example of the type of complaint Staff has received where a meter stopped registering and Laclede failed to get the meter repaired in a timely fashion. Staff has had a number of these complaints in which it did not appear that Laclede was acting in a timely fashion to repair stopped meters. A number of factors resulted in this apparent failure including: the lack of access to the customer's premise to replace the meter; lack of Laclede personnel to repair or replace the meter; and Cellnet's lag time in returning to a premise to determine if the problem was with the AMR or with the meter. Staff also found that if Cellnet found a stopped meter, there was lag time between Cellnet and Laclede to create and issue a work order to have the meter replaced by Laclede personnel.

In 2007, after Staff identified that Laclede had a stopped-meter problem, Staff met with Laclede on August 20, 2007. Laclede stated that they were committed to developing a procedure for identifying and resolving issues such as estimated bills following the installation of AMR due to stopped meters or non-registering AMRs. Laclede told Staff, beginning September 1, 2007, Cellnet would be creating a report for Laclede to use which would identify a possible stalled meter or a malfunctioning AMR.

In August 2007, Laclede also told Staff that Cellnet had advised Laclede of a design flaw with the Cellnet AMR on all outside American Meters. Cellnet stated that where freezing temperatures occurred, AMRs on American meters malfunctioned due to moisture collection and freezing within the device. This caused the "dog tail" to break resulting in AMR failure. Laclede also brought this issue to the Commission's attention during the September 11, 2007 agenda meeting and stated that in an effort to be proactive, Cellnet would replace all AMRs on all outside American meters with the newly designed AMR. The majority of replacements would be done in the summer of 2008 and completed before the 2008 winter season. Laclede stated that the delay was due to the limited access to the product from the supplier prior to the 2008 summer season.

Staff continued to discuss and meet with Laclede on a regular basis (monthly) regarding a number of consumer issues related to AMRs, dead meters, estimated bills and catch up billing. It was during a meeting held on January 11, 2008, that Laclede told Staff that, on accounts showing no consumption or no movement for five (5) days, Laclede would send someone to the field to check the status of the meter and disconnect the gas if the premise was vacant. During the January 11, 2008 meeting Laclede also stated that for any complaint from a consumer with a meter showing no consumption, Laclede would replace the entire meter with a new meter with a pre-installed AMR. Laclede also committed that, to the best of its ability it would verify consumption usage on the AMR before leaving the premise. Laclede felt that doing a complete meter replacement would help narrow the timeframe a consumer might receive an estimated bill. In an effort to minimize the number of consumer's billed for undercharges, Staff continues to monitor Laclede's procedures for handling malfunctioning meters to assure it is done in a timely fashion.

Staff agrees with OPC's third issue regarding Laclede's practices for estimating usage when the actual usage is unknown. The procedures used are complicated at best. Laclede applies a formula to the customer's past usage pattern to develop a base

load factor and a heating factor. When a customer or Staff wants to verify the charges, it is nearly impossible and requires information not readily available to the customer or the Staff. Staff's experience is that other gas utility companies' estimating procedures are much more straightforward.

Staff and OPC have met with Laclede and tried to develop tariff language to better define the company's procedures for handling estimated bills when meters stop registering usage and a customer's usage is estimated until a meter or AMR is replaced. To date the parties have not been able to agree on the appropriate procedures or tariff language.

#### Staff's Recommendation

Staff respectfully asks the Commission to clarify whether it agrees with OPC's and Staff's interpretation of "date of discovery". In addition, Laclede committed to put a simplified calculation method on its customer's bill to enable customers to calculate their own bills and to verify the billed amount. Staff requests the Commission order Laclede to follow through on its commitment. Staff also asks that the Commission direct Laclede to develop tariff language on "dead" or stopped meter procedures which will assist consumer's with understanding the application of bill adjustments when a meter has stopped.

Staff will continue to monitor Laclede's progress with respect to its AMR installation project, which is expected to be completed by the 2008 winter heating season. Staff will review issues of lack of access to install AMRs, AMR mechanical malfunctions, AMR retrofit malfunctions, and consumer's estimated bills and catch-up bills through the lifecycle of AMR installation project.