

LACLEDE GAS COMPANY

POSTHEARING BRIEF

GC-2006-0390

April 27, 2007

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

USW Local 11-6		)	
	Complainant,	)	
v.		)	Case No. GC-2006-0390
		)	
Laclede Gas Company,		)	
	Respondent.	)	

LACLEDE GAS COMPANY’S POSTHEARING BRIEF

COMES NOW Laclede Gas Company (“Laclede” or “Company”) and files this Posthearing Brief, and in support thereof, states as follows:

INTRODUCTION

In its prehearing brief, Laclede demonstrated that the evidence elicited in this case utterly failed to show that the installation of AMR modules by Laclede violated Section 393.130.1 RSMo (safety and adequacy) or any other gas safety law, rule, order, or decision of the Commission. Further evidence that was presented through depositions and live testimony on December 11 and 12, 2006, and February 26, 2007, did absolutely nothing to alter this fact. Indeed, such evidence only served to reinforce the point that Laclede’s AMR installation program is at least as sound and uneventful as the other AMR installation programs that preceded it in Missouri and throughout the United States.

As discussed in Laclede’s prehearing brief, the prefiled evidence established the following:

- I. Laclede’s AMR contractor, CellNet Technology, Inc. (“CellNet”), has a wealth of experience in the AMR field, with no safety concerns;
- II. An AMR installation is a relatively simple procedure that does not interfere with or affect the flow of gas through the meter. An AMR installation will not cause a gas leak;

- III. AMR installers were adequately trained to perform their tasks. They received safety training, including appropriate gas safety training. Specifically, AMR installers were trained to, and did, call in gas leaks;
- IV. Meters do develop leaks over time. These leaks are very small and are not hazardous, as evidenced by the fact that there are virtually no safety rules associated with meter leaks, and there is no evidence that a meter leak ever led to a gas safety incident;
- V. Gas safety issues are adequately addressed by the Commission's gas safety rules, which are stricter than the corresponding federal pipeline safety rules, and which Laclede will continue to follow, separate and independent of the duties of AMR installers. In addition to required leak and corrosion inspections, Laclede also frequently inspects gas facilities in connection with visits to properties to turn on the flow of gas, home sale inspections, and other service work;
- VI. Beginning in the fall of 2005, Laclede began to track all meters with AMR modules that were brought into Laclede's meter shop. This information was provided to the Complainant, and shows that leaks on meters with AMR modules were actually discovered less frequently than leaks on meters without AMR modules;
- VII. More than 600,000 AMR installations have been performed in Laclede's service territory without any injuries to people or damage to customer property;
- VIII. After more than 600,000 AMR installations, there have been only a few instances of damage to meters, two of which occurred in January 2006 in connection with a procedure approved by Laclede wherein a drill was used to remove stuck or stripped screws from a meter. As a result of this damage, the stripped screw removal practice was stopped at or around the end of January 2006, and no personnel have since been permitted to use drills during AMR installations. One other meter damage event in November 2006 is unexplained; and
- IX. A tendency of some meter index dial hands to move erratically is neither a new issue nor exclusively an AMR issue, but arises from the use by meter manufacturers of low friction, plastic index materials. There is no effect on measurement or safety. Laclede has developed a procedure to ensure that leak spotting is not affected by the sometimes erratic movement.

As discussed below, these points were all bolstered by the evidence adduced at the hearing and in depositions that followed the beginning of the hearings. Cumulatively,

the evidence overwhelmingly demonstrates that there are no violations of law or Commission rules, orders or decisions pertaining to safe or adequate service.

The focus of the Union's case appears to be to assert unsubstantiated theories regarding how an improper installation might cause a leak; to groundlessly attempt to cast doubt on whether in fact all AMR-equipped meters were reviewed by Union members in Laclede's meter shop; and to elevate the rare instances of meter damage arising from an established stripped screw removal method that was nevertheless ended by Laclede more than a year ago. In sum, the Union has completely failed to even approach proving a case that Laclede has violated any law or Commission rule, order or decision in the AMR implementation process.

Issue A: Has the installation of AMR modules by Laclede violated Section 393.130.1 RSMo (safety and adequacy) or any gas safety law, rule, order, or decision of the Commission?

Conclusion: Laclede's AMR project has not violated Section 393.130.1 RSMo (safety and adequacy) or any other gas safety law, rule, order, or decision of the Commission. To the contrary, as stated by Staff witness Robert Leonberger, the project has, if anything, made Laclede's system safer because of the positive impact it has had on the operational condition of the Company's meters. (Ex. 40, p.2, l.3-6; Tr. 1008, l.13-19) It has also enhanced the adequacy of Laclede's service by slashing the number of estimated bills caused by Laclede's inability to access inside meters. (Ex. 42, pp.3-4; Tr. 976, l.6-12)

- I. Laclede's AMR contractor, CellNet Technology, Inc. ("CellNet"), has a wealth of experience in the AMR field, with no safety concerns.

CellNet was represented at the hearing by Clark Korbisch, its Vice-President of Customer Operations. Mr. Korbisch testified that CellNet has been in the AMR business for more than 10 years. It has installed more than 3.5 million modules on gas meters

alone. In that time, no AMR installation has resulted in a fire, explosion or any gas-related incident resulting in injury to people or damage to property. (Ex. 7, p.3, l.5-19; Tr. 44, l.21 to 45, l.9) CellNet has operations in several states, including in both Missouri and Jefferson City itself, where a network of AMR modules was installed on gas and electric meters in 1999. (Ex. 7, p.2, l.1-10; Tr. 46, l. 2-14) Staff witness Leonberger testified that he had no safety concerns with respect to CellNet (Tr. 853, l.10-13)

- II. An AMR installation is a relatively simple procedure that does not interfere with or affect the flow of gas through the meter. An AMR installation will not cause a gas leak.

The highlight of this three day hearing occurred on the very first morning, when Laclede witness Korbisch performed a demonstration (“demo”) that illustrated the simplicity of an AMR installation. In the demo, Mr. Korbisch simply removed the original index from the meter, affixed the AMR module to the meter frame, inserted the original index into the AMR module, and then attached the AMR index cover over the module. (Tr. 5-15; see also Rebuttal Testimony of Robert Leonberger, Ex. 39, p.11) Although Mr. Korbisch worked deliberately during the demo while adding commentary and explanation, it was clear that, with even a little practice, an installation could be performed in less than five minutes. (Tr. 16, l.2-6) As confirmation of the ease of installation, Union witness Pat White opined that he could install an AMR device simply by having watched the demo. (Tr. 350, l.2-4; 353, l.16-21)

The demo also proved that an AMR installation takes place entirely on the outside of the meter and never interferes with the flow of gas. (Tr. 9, l.5-8) Thus, an AMR installation simply will not, and does not, cause a gas leak. This point was confirmed by a number of witnesses, including a Union witness, in both pre-filed testimony and at the

hearing (Seamands Rebuttal, Ex. 42, p. 5, l. 18 to p. 6, l. 6; Korbisch Rebuttal, Ex. 7, p. 3, lines 14-19; Leonberger Rebuttal, Ex. 39, p. 12, lines 2-8; Deposition of Frank Mueting, Ex. 4, p. 108, lines 9-17, p. 113, l. 12-14; Tr. 876, l.19 to 877, l.13; 1005, l.18 to 1006, l.8).

In the form of a counter-demonstration, Laclede meter shop employee Gloria Harmon appeared on behalf of the Union and discussed AMR installation issues she has noted at the meter shop. Out of a score of Union witnesses, Ms. Harmon was the only one who was familiar with the workings of a meter. Inexplicably, the Union did not submit any pre-filed written testimony by Ms. Harmon, but instead announced her role just prior to the hearing. Laclede had no opportunity to prepare rebuttal or discovery of Ms. Harmon's testimony.

Nevertheless, Ms. Harmon's testimony only served to support Laclede's position that its AMR implementation was both safe and adequate. First, it should be noted that Ms. Harmon (i) works primarily on large meters; (ii) had very limited exposure to residential or small commercial AMR-equipped meters and only in the beginning of the AMR project back in mid-2005; (iii) does not even perform leak tests on meters, but only performs accuracy tests; and (iv) does not make or keep records on AMR-equipped meters. (Tr. 71, l.21-23; 79, l.23 to 80, l.13; 81, l.1-7; 111, l.12-21; 115, l.2-11; see also Tr. 1019, l.2-7; 1020, l.17-24) Accordingly, the few AMR-related issues identified by Ms. Harmon, primarily on Rockwell meters, took place in 2005 and have long since been rectified. (Tr. 69, l.3 to 70, l.3; Tr. 84, l.21 to 85, l.6; Tr. 1020, l.25 to 1021, l.22; 1022, l.4 to 1023, l.7) Other than these few issues, Ms. Harmon testified that there were basically no other problems. (Tr. 87, l.14-22; 103, l.23 to 104,l.1)

- III. AMR installers were adequately trained to perform their tasks. They received safety training, including appropriate gas safety training. Specifically, AMR installers were trained to, and did, call in gas leaks.

Laclede and CellNet partnered to develop training materials for AMR installers. (Ex. 7, p.4, l.3-8) CellNet contracted with Honeywell Utility Solutions (“Honeywell”) to hire and train AMR installers for the Laclede project. The training manuals for AMR installers are set forth in great detail in 212 pages of exhibits to the deposition of Deborah Redepenning, Honeywell’s Senior Program Manager. (Ex. 31HC) More than half of these materials are devoted to safety training, including gas safety, driver safety, and wearing personal protective equipment. With respect to gas safety, AMR installers are trained to contact Laclede through their supervisors if they detect escaping gas, which can be identified by smell, sound or feel. (Ex. 5 to Ex. 31HC; Ex. 7, p.4, l.12-16; Tr. 30, l.15-23) Mr. Korbisch of CellNet testified that the gas safety training involved in Laclede’s AMR project is in line with industry best practices and is consistent with other utilities’ AMR projects. (Tr. 284, l.22 to 285, l.3) Both Staff witness Leonberger and former AMR installer Frank Mueting agreed that training was adequate. (Ex. 39, p. 11, l.17-22; Mueting Deposition, Ex. 4, p. 108, l. 25 to p. 109, l.4)

CellNet AMR installers did detect escaping gas on occasion and did report potential leaks to Laclede. (Ex. 10) If the leak required a meter replacement, such work was done by Laclede’s Union gas workers, who would also effect the AMR installation by replacing the leaking meter with an AMR-equipped meter. (Tr. 319, l.4-12) It should be noted that the primary job of AMR installers was to place the AMR modules. Installers were not trained to inspect gas facilities, assess leaks or to take any action to remediate leaks, other to report them to Laclede. All gas safety work, including

corrosion inspections, leak surveys and responses to gas odor reports, was handled by Laclede through its gas service employees. (Tr. 42, l. 20 to 43, l.8; Tr. 44, l.7-20)

- IV. Meters do develop leaks over time. These leaks are very small and are not hazardous, as evidenced by the fact that there are virtually no safety rules associated with meter leaks, and there is no evidence that a meter leak ever led to a gas incident.

It was well established in the pre-filed testimony that over time, meters can develop tiny leaks that are not hazardous. A meter is made up of a number of parts that are each attached together around a gasket to form tight seals and keep the gas inside. Meter manufacturers are very cognizant of potential hazards, and they construct meters such that any leaks that may occur tend to be tiny, slow leaks that squeeze out of a worn gasket or seal. These leaks are so small that they dissipate in the atmosphere before they can ever present a hazard. One of these seals inside the meter is attached to the drive axle, which extends outside the meter into the center box. If this seal becomes worn, a very small amount of gas may pass out of the meter along the drive axle and into the center box. (Seamands Rebuttal, Ex. 42, p. 5, lines 1-17; Korbisch Rebuttal, Ex. 7, p. 3, lines 5-9; Leonberger Rebuttal, Ex. 39, p.12, l.9-21; Deposition of Jim Johnson, Ex. 26, p. 51, l.11-16) As noted above, these leaks are not caused by AMR installations.

At the hearing, Union witness Pat White conceded that meter leaks were so small he has never even got one sufficiently strong to create a bubble in the soap solution that is sometimes applied in a leak test. (Tr. 363, l.23 to 364, l.4; 378, l.16-17) Laclede Servicemen White and Jim Johnson further confirmed that they were not aware of any fires or explosions that had occurred from a leak on any meter, including one with an AMR module. (Tr. 370, l.23 to 371, l.5; Johnson Deposition, Ex.26, p.115-116) Finally,

Staff witness Leonberger maintained that neither he, nor any national or regional gas safety organizations to which he belongs, had any safety concerns with AMR (Tr. 850,1.9-18), and that he couldn't even recall having any discussions at these gas safety organizations pertaining to whether the installation or existence of an AMR might cause a leak. (Tr. 850, 1.19-23) Specifically, Mr. Leonberger confirmed that he had no safety issues with Laclede's AMR project. (Tr. 853, 1.4-9; 969, 1.23-25)

Union witness McFarlane claimed that there had in fact been two incidents in which installation of AMRs were responsible for leaks that had ignition and were therefore reported at the National Transportation Safety Board (NTSB). (Tr. 217, 1.2-17) Staff witness Leonberger was very skeptical of this claim and testified that, after expending substantial effort, he was unable to either locate any such reports or find someone else who had ever heard of such reports. (Tr. 851, 1.1 to 853, 1.3) Mr. McFarlane's credibility was further undermined when, on redirect, he attempted to claim that a wiggler leak on an American 250 meter, even under two pounds of pressure, could create an explosive condition (i.e. a gas-in-air mixture of 5%) in the Commission's large hearing room in less than a minute. This is extremely dubious, since a wiggler leak is the same type of leak that Union witness White conceded wouldn't even bubble soap, and at the same pressure that failed to produce any gas-in-air reading in the case experienced by Union witness Jim Johnson. (Tr. 716, 1.2-4)

- V. Gas safety issues are adequately addressed by the Commission's gas safety rules, which are stricter than the corresponding federal pipeline safety rules, and which Laclede will continue to follow, separate and independent of the duties of AMR installers. In addition to required leak and corrosion inspections, Laclede also frequently inspects gas facilities in connection with visits to properties to turn on the flow of gas, home sale inspections, and other service work.

The Union has argued that because its members are trained gas workers, having them install or review AMR installations and other facilities at customer premises would add a level of safety to gas service. This argument ignores the fact that the Commission already has in place gas safety rules that provide safety at a level greater than that provided by the federal rules and many other states. Specifically, Laclede performs corrosion inspections and leak surveys once every three years rather than five years, as provided in the federal pipeline safety rules. (Seamands Rebuttal, Ex. 42, p. 10, l.9-13; Tr. 962, l.10-20) Laclede also does inspections when turning on gas service and when responding to leak calls. In addition, as testified to by Union witness Boyle, Laclede's own practices add another level of safety themselves due to the fact that Laclede's gas workers also visit tens of thousands of homes per year to perform service work and home sale inspections. (Tr. 585-588)

Both Union witnesses from Wisconsin, Mr. McFarlane and Mr. Gozy, congratulated the Commission and Laclede for already reducing the corrosion inspection period to three years from the five-year mandate in the federal pipeline safety rules. (Tr. 203, l. 19 to 204, l.2; 233, l.6-15) Mr. Gozy further conceded that Missouri is ahead of the curve when it comes to safety regulation. (Tr. 233, l.24 to 234, l.1) Both witnesses also noted that in union-management negotiations on AMR implementation, they obtained agreements with their respective utilities to do annual hazard inspections. However, such inspections are performed by college students, who pay union dues and receive one week of training. (Tr. 192, l.15-24; 234, l.2-15) In effect, this appears to be not much more than a jobs program subsidized by the utility customers. (Tr. 237, l.15-19)

In summary, Staff witness Leonberger, a Supervisor in the Gas Safety/Engineering Section of the Commission's Utility Operations Division, believes that the Commission's safety rules provide adequate safety measures, that adding another layer of inspections is unnecessary, and that Laclede does a good job in maintaining safe service. (Tr. 974, 1.10 to 975, 1.3; 1000, 1.13-16) The evidence in this proceeding solidly confirms his conclusion.

- VI. Beginning in the fall of 2005, Laclede began to track all meters with AMR modules that were brought into Laclede's meter shop. This information was provided to the Complainant, and shows that leaks on meters with AMR modules were actually discovered less frequently than leaks on meters without AMR modules.

Laclede personnel remove any meter that is reported as and suspected of leaking. The meter is then delivered to the meter shop where it is tested. If AMR installations were causing gas leaks, one would certainly expect to find a much larger proportion of meter leaks on meters that have AMR modules than on meters that do not have AMR modules. After becoming aware in 2005 that the Union was likely to contest the AMR installation in some manner, during October 2005, Laclede began to keep track of information on the number of meters with AMR modules that were brought into Laclede's meter shop. For the ten month period November 2005 through August 2006, there were a total of **__** meters with AMR devices brought into the meter shop due to a reported leak, out of a weighted average of approximate 285,000 meters with AMR modules in existence during that period. This equates to a leak rate of about **____** for the meters on which an AMR module is installed. During the same time period, a total of **__** meters without AMR devices were also brought into the meter shop due to a reported leak. The weighted average of non-AMR meters was roughly 365,000,

equating to a leak rate of about **_____** for the meters that did not have an AMR module. In direct contradiction of the Union's claim, the number of leaks reported on meters without an AMR module was actually proportionally greater than the number of leaks reported on meters with an AMR module. At the very least, this indicates that the installation of AMR modules has not increased the frequency of meter leaks. (Seamands Rebuttal, Ex. 42HC, p. 7, l. 14 to p. 8, l.17)

At the hearing, the Union raised a question as to whether all AMR-equipped meters brought to the meter shop have been reviewed and reported in this data. However, both Union Witness Harmon and Laclede witness Seamands testified that two employees, named William and Allen, assess AMR-equipped meters and record their findings. (Tr. 115, l.5 to 116, l.23; Tr. 127, l.6-13; Tr. 1019, l.8-15. The Unions' attorney questioned whether Ms. Harmon may have repaired AMR-equipped meters before they were received by William and/or Allen, thus skewing the results. (Tr. 119, l.15-23) However, Dr. Seamands established that Ms. Harmon's exposure to AMR-equipped was not only limited, but pre-dated the time when William and Allen started evaluating each AMR-equipped meter. (Tr. 1019, l.2-1020, l.24; 1023, l.8-21)

The Union also noted that the dates on the evaluation forms did not reflect daily work, but were sporadic, implying that some AMR-equipped meters may not have been counted. (Tr. 120, l.22 to 121, l.16) Again, Dr. Seamands explained that William and Allen would not test each AMR-equipped meter immediately upon its arrival at the meter shop, but may allow several of these meters to accumulate over a span of days and then address them as a group. (Tr. 1023, l.22 to 1024, l.15)

- VII. More than 600,000 AMR installations have been performed in Laclede's service territory without any injuries to people or damage to customer property.

The proof, as they say, is in the pudding. With well over 90% of approximately 650,000 AMR installations completed (Tr.1025, 1.13-18), there have been no explosions or fires, and no personal injury or property damage, attributable to the installation or existence of an AMR-equipped meter. This is a fact agreed to by all sides. (Korbisch Rebuttal, Ex. 7, p.3, 1.5-9; Tr. 376, 1.12-19; Tr. 1026, 1.6-21) In addition, Staff witness Gay Fred, who is the Commission's Consumer Services Manager, stated that there had been only two safety complaints related to Laclede's AMR project. (Tr. 781, 1.16-18)

- VIII. After more than 600,000 AMR installations, there have been only a few instances of damage to meters, two of which occurred in January 2006 in connection with a procedure approved by Laclede wherein a drill was used to remove stuck or stripped screws from a meter. As a result of this damage, the stripped screw removal practice was stopped at or around the end of January 2006, and no personnel have since been permitted to use drills during AMR installations. One other meter damage event in November 2006 is unexplained.

The Union's claim that AMR installers damage meters is also wholly without basis. As stated above, before installing an AMR module, the installer must first remove the original index by unscrewing it from the index frame. On occasion, the screws will not turn easily, and the screw threads will break or become stripped. With Laclede's concurrence, CellNet contractors formed a team specializing in removal of these stripped screws by using a drill bit to "catch" the screw, and then back it out. This practice has been used by at least one other utility, and Mr. Korbisch of CellNet even indicated that this was a common practice. (Ex. 42, p.9, 1.10-15; Tr. 287, 1.3-12; 290, 1.14-19) In January 2006, there appears to have been two occurrences where a meter was damaged through this process. There was no other damage to persons or property from this event.

Upon further review, Laclede decided to discontinue this practice, and it has not been used since. (Leonberger Rebuttal, Ex. 39HC, p. 15, l.13-15; Seamands Rebuttal, Ex.42, p.9, l.4-18; Tr. 889, l. 16-21)

The Union has tried to insinuate that Laclede attempted to hide this damage incident because Laclede did not fill out a third party damage report. Since CellNet is performing these installations on Laclede's behalf, however, this was not a third-party situation in which a damage report was required. Correspondingly, Laclede does not prepare a damage report when our own employees damage a meter in the course of their duties, as confirmed by Union witness Mark Boyle. (Tr. 539, l.8-13; Seamands Rebuttal, Ex. 42, p. 9, l. 18 to p. 10, l. 2)

A third instance of a damaged meter occurred in November 2006 at a commercial business on Mackenzie Street in St. Louis. Upon investigation, Laclede concluded that the top of the meter had been punctured by a fine-pointed object consistent with a drilling. This event likely occurred at, or within 24 hours after, an AMR installation. However, CellNet had not issued a drill to the installer, and the installer stated that he did not carry or use a drill. Laclede concluded that the installer could not have punctured the iron casing of the meter lid either with hand tools or with the blunt-edged bolt used to attach the AMR unit to the meter lid. Therefore, Laclede concluded that the installer did not create the holes in the meter. However, Laclede was also not able to find any evidence indicating who else might have committed this act. In the end, it remains a mystery, but not one that raises any legitimate concerns regarding the efficiency or safety of Laclede's practices in this area. There is no reason to believe the event will reoccur. Further, the event itself presented no danger, as there was no gas-in-air reading in the

building, the building was not evacuated and the gas was not even shut off. (Seamands Supplemental Rebuttal, Ex. 43, p. 8; Tr. 721, 1.2-14) Regardless, the important point to note is that CellNet does not issue or permit power tools to be used on an AMR installation. (See Seamands Supplemental Rebuttal, Ex. 43, pp. 3-10, 18-19; Tr. 46, 1.24 to 47, 1.3) Assuming, *arguendo*, that this meter damage was caused by a drill used by the AMR installer, making a grand total of three meters damaged by a power tool over nearly two years in a 650,000 unit project, it simply does not rise to the level of a violation of safety laws or rules.

- IX. A tendency of some meter index dial hands to move erratically is neither a new issue nor exclusively an AMR issue, but arises from the use by meter manufacturers of low friction, plastic index materials. There is no effect on measurement or safety. Laclede has developed a procedure to ensure that leak spotting is not affected by the sometimes erratic movement.

The Union claims that the erratic movement of certain meter dials on a few brands of meters may affect measurement and leak testing. However, not one of the Union witnesses had any basis to support these claims, or had done any research or investigation to verify them. In effect, these claims amount to no more than wishful thinking. In contrast, Laclede and Staff were prepared to explain what caused the dials to move erratically, why it did not present a measurement problem, and what procedures had been developed to ensure that an accurate leak test could be performed with such dials.

The dial that the Union witnesses refer to is primarily the ½ foot dial known as a test dial, but can also involve the 2 foot dial, which is also a test dial. Neither of these dials is used in meter reading for billing purposes. This is neither a new issue nor an AMR issue. In fact, it has been several years since meter manufacturers made a design change to meter indexes that reduced the friction on the drive arm and allowed the test

dial to turn more freely. Union witness Pat White confirmed this when he indicated that the skipping dials can occur on meters both with and without AMR modules. (Tr. 407, 1.9-17) Long before this AMR project even began, the Company reviewed this matter and found that it has absolutely no effect on the accuracy of either measuring or billing. (Seamands Rebuttal, Ex. 42, p. 12, lines 3-12) Union witness Carlton took the bizarre position that meter dial problems occur with those meters with AMR modules installed by CellNet and with factory installed AMR modules, but do not occur with meters containing a “red stamp,” that Mr. Carlton believes have AMR modules installed by Union members in Laclede’s meter shop. (Tr. 499, 1.24 to 500, 1.11; 515, 1.9 to 516, 1.4)

Union witnesses have on numerous occasions referred to this effect as a “spinning” dial, implying that one or more meter dials are whirling through multiple revolutions, causing customer bills to skyrocket. In fact, the opposite is true. As testified to by Union witness Pat White, the movement of the half-foot hand is basically three hours on a clock, or one-fourth of one revolution. (Tr. 389, 1.10 to 390, 1.9) To put this in perspective, one-fourth of a half-foot hand is 1/8 (cubic) foot, while 100 cubic feet costs about \$1. More important than the fact that a miniscule amount of money (less than a penny) is at stake, is the fact that, as discussed below, the forward movement of the dial is only temporary, so in reality there is no measurement error at all.

Staff witness Leonberger explained that due to the lack of friction in the lightweight plastic gearing, the drive arm on the back of the index may fall due to gravity, causing the dial hand on the front of the index to jump slightly ahead temporarily until the “wiggler” from the meter catches up with the drive arm again. Mr. Leonberger said that he had investigated this independently and was able to replicate the action described

by the Union witnesses and Laclede. Because the drive arm is only ahead for a matter of seconds before the wiggler catches up with it again, Mr. Leonberger has no concerns regarding the ultimate measuring accuracy of meters. (Tr. 963, l.6-22; 967, l. 11-13)

Mr. Leonberger's direct experiment and learned explanation jives with Laclede's position on this measurement issue, but completely opposes the positions of Union witnesses Pat White and Carlton. These witnesses are both service technicians who, as part of their regular duties, install and remove meters, but have no experience with the operations of a meter. Accordingly, Mr. White was unfamiliar with the key parts of the meter involved in this proceeding (Tr. 354-357, l.2), and candidly admitted that he is not familiar with the inner workings of a meter (Tr. 392, l.24-25). Similarly, Mr. Carlton did not appear to understand how the gearing worked inside a meter index, did not understand Laclede's explanation that the dial jump was only temporary until the wiggler caught up with the drive arm, but nevertheless maintained a contrary opinion, although he conceded that Laclede could be right. (Tr. 503, l.7-11; 504, l.17 to 505, l.8)

Laclede also addressed the leak testing issue in 2006. Specifically, as a precautionary measure, service technicians are told to watch the half-foot and two-foot meter test hands until both are on the upswing in order to determine if gas is passing through a meter. This approach may require the technician to wait several extra seconds more than they otherwise would, but it is worthwhile to obtain an accurate result. (Seamands Rebuttal, Ex. 42, p. 12, lines 12-18) Staff witness Leonberger has reviewed and approved Laclede's solution with regard to working with the erratic test hands to perform an effective leak test. (Tr. 969, l. 19 to 970, l.22) Although both Union service technicians White and Carlton denied having seen the actual Technical Update document

brought to the hearing by Laclede, they both also testified that they had been made aware of the substance therein, that is, to wait for the two test hands to be on the upswing when doing a leak test. (Tr. 390, l. 10-23; 405, l. 3-11; 505, l.16 to 506, l. 5)

Issue B. If so, what is the appropriate remedy?

Conclusion: Since there has been no violation of any laws, or of Commission rules, decisions or orders, there should be no remedy, and this case should be dismissed. However, if the Commission believes that there should be a remedy, Laclede would note that the Commission has already confirmed that it cannot order the remedy that the Union seeks, which is that Laclede be ordered to use Union members to install, or supervise the installation of, the remaining AMR modules, and to inspect those modules that have already been installed. In making its decision, the Commission should weigh the virtually non-existent safety risk associated with AMR installations on meters against the cost of any contemplated safety measures.

In its initial complaint, the Union sought an order from the Commission that Laclede be required to use “its own trained, non-managerial personnel” to perform certain tasks. On August 10, 2006, the Commission issued its Order stating that, while the Commission has broad powers to enforce Section 390.130.1, it cannot dictate to Laclede how to manage its business, or what specific personnel it must use. The Union amended its relief request to remove the term “non-managerial” as specifically ordered by the Commission.

Laclede reiterates its argument that, while the Commission certainly has the regulatory powers to examine and be kept informed of the methods and practices employed by Laclede in the transaction of its business, as provided in Section 393.140.5, the Missouri Supreme Court has stated that the Commission’s authority to regulate does

not include the right to dictate the manner in which the Company shall conduct its business. (See *State ex rel. City of St. Joseph v. PSC*, 30 S.W. 2d 8, 36 (Mo. 1930); *State ex rel. Kansas City Transit, Inc. v. PSC*, 406 S.W.2d 5 (Mo. 1966). In *City of St. Joseph*, the Court stated: “The customers of a public utility have a right to demand efficient service at a reasonable rate, but they have no right to dictate the methods which the utility must employ in the rendition of that service.” In *State ex rel. Laclede Gas Company v. P.S.C.*, 600 S.W.2d 222, 228 (Mo. App. W.D. 1980), the Court stated that, although the Commission has the authority to regulate local distribution companies, it does not have the “authority to take over the general management of any utility.” Applying these principles to the instant case, the Commission may not dictate which specific personnel Laclede must use to install or inspect AMR units.

The evidence at the hearing indicates that the Union and Laclede may be in agreement on this point. Union witness McFarlane from Wisconsin opined that the Commission can order the Company to do something, and the Company may then decide how to go about doing it. (Tr. 201, l.8-11) Union witness Boyle testified that there is no assurance that any work ordered by the Commission would be performed by Union members. (Tr. 749, l. 8-13)

In any event, such a consideration is essentially mute because the evidence in this case establishes a virtually complete absence of risk associated with AMR installations and with meters themselves. Given this absence of risk, adding another layer of meter inspections on top of the Commission’s already stringent safety standards would not contribute to public safety, but instead simply saddle Laclede’s customers with additional, unnecessary costs.

OTHER UNION WITNESSES

The Union presented the testimony of a number of its members employed by Laclede in the service department or as former meter readers. None of these witnesses had any grasp on the inner workings of a meter, how an AMR installation was performed, or how it might or might not affect a meter. Instead these witnesses had individual anecdotal evidence of leaks they found and reported or responded to. In most cases, the witnesses could not even pinpoint the source of the leak. While they could testify that a leak occurred and the leaking meter was equipped with an AMR module, in no cases could these witnesses competently testify to causation between the AMR module and the leak. As discussed above, Gloria Harmon was the only Union witness with some knowledge of the workings of AMR modules and meters, and her assertions are addressed in Section II *supra*.

In fact, the best evidence of improper AMR installations, and the source of meter leaks was provided by Laclede itself, through its voluntary program wherein two meter shop employees meticulously recorded the results of their review of AMR-equipped meters over a period of nearly a year. (see Section VI) This evidence indicated that the AMR installers are not perfect, and made errors on a small percentage of their work. Ironically, many of the testimonies of the Union witnesses proved the same point about their own work. (Tr. 740, 745 (Mark Boyle); Tr. 601-02 (Everett Minton); Tr. 642, 1.1-3 (Don Vierling); Tr. 655, 1.9 to 656, 1.24 (Kevin Stewart); Tr. 821 (Jon Guelich))

Finally, the Union also garnered the testimony of a number of customers, whose statements generally stood for the proposition that they prefer safe gas service. However, none of these customers established any expertise in gas safety matters, and none are

qualified to dispute Laclede's position that the AMR installers are adequately trained for the job they perform. The customer/witness testimonies prove only that these customers are generally loyal to union members. (Seamands Rebuttal, Ex. 42, p. 16, lines 4-19)

SUMMARY

The Union has completely failed to prove that Laclede has violated Section 393.130.1 RSMo, or any other gas safety law, rule, order, or decision of the Commission. In fact, the evidence clearly shows that Laclede has caused the installation of AMR modules to be performed in compliance with Section 393.130.1 regarding safe and adequate service, and in compliance with all gas safety laws, rules and orders or decisions of the Commission.

Laclede contracted with an experienced and proven AMR provider, CellNet, to perform 650,000 relatively simple procedures: installing an automated device on the frame of the meters. AMR installations do not interfere with or affect the flow of gas in the meters, or cause meters to leak. Rather, meters tend to independently develop tiny, non-hazardous leaks over time, usually through small fissures in one of the gaskets or seals on the meter.

CellNet's AMR installers were adequately and appropriately trained, both to perform installations and to call in gas leaks when detected. If an installer detected a leak, or a customer smelled gas, Laclede was called and a trained gas worker was promptly dispatched to investigate.

Otherwise, gas safety measures are dictated by the Commission's gas safety rules, which are already more stringent than its federal counterparts. In addition to required

leak and corrosion inspections, Laclede also provides gas safety checks whenever it is on a customer's property, for example to turn on gas or perform service work.

Regarding the incidence of leaks on AMR-equipped meters, Laclede voluntarily began to track these meters via Union employees in Laclede's meter shop. Both raw data and summaries of this work were provided to the Complainant for its use in this case and clearly established that the reported incidence of leaks on AMR-equipped meters was less than on non AMR-equipped meters.

The AMR installation project is nearly complete. Well over 600,000 AMR modules have been installed. There have been no fires or explosions, no injuries to people nor damage to customer property. There have been only a few instances of meter damage caused by Laclede's good faith attempt to efficiently remove stuck or stripped screws with a power tool.

Regarding the erratic dial issue, the Union may have intended to cast doubt on the operation of AMR modules that are replacing manual meter readers. However, this issue is more closely linked to newer lightweight plastic meter index components that have very little friction on the test hands. Because the dial jumps caused by the effect of gravity on the drive arm are only temporary until the wiggler axle on the meter catches up with the drive arm on the index, meter measurement is not impacted. Moreover, Laclede has developed a procedure for service technicians to see that dial hands are aligned on the upswing, so as to accurately perform a leak test.

In conclusion, there is no safety or adequacy issue involved with AMR installations and Laclede respectfully requests that the Commission deny the Union's requested relief, 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 pleading was served on all of the parties to this case on this 27th day of April, 2007 by United States mail, hand-delivery, email, or facsimile.

/s/ Gerry Lynch