

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

Lynne P. Shewmaker,)	
)	
Complainants,)	
v.)	Case No. GC-2006-0549
)	
Laclede Gas Company,)	
Respondent.)	

POST-HEARING BRIEF OF LACLEDE GAS COMPANY

The evidence presented in this case clearly demonstrates that Laclede Gas Company (“Laclede” or “Company”) is billing the Complainant accurately, based on meter readings from a meter that passed an accuracy test in accordance with Commission rules. As further confirmation of the accuracy of these billings, all three of the meters, and three of the four remote reading devices that have been in place at the Shewmaker home over the past 15 years have registered consistent usage. The only outlier was a Trace Device that appears to have measured half of the customer’s actual usage, most likely due to a manufacturer’s defect that omitted one of the two magnets in the device. Ms. Shewmaker’s complaint should be denied and her case dismissed.

BACKGROUND

The Complainant, Lynne Shewmaker, resides at 7330 Maple Avenue in St. Louis County (the “Property”) with her husband, Sherman Shewmaker. She has lived there for 28 years. (Tr. 46, ll. 23-24) Laclede’s meter at the Property is inside the Shewmakers’ home. (Rebuttal Testimony of John R. Chickey, P.E., Ex. 2, p. 2, l.11) In order to obtain regular readings Laclede has from time to time installed remote reading devices on the inside meters. Prior to 1997, Laclede had installed on its meter in place at the time

(“Meter 1”), a remote reading device known as a Remote Extension unit or “RE.” (Ex. 2, p. 3, ll. 18-20)

In October 1997, Laclede removed Meter 1 and the RE and replaced them with another meter (“Meter 2”) and a remote meter reading device known as a “Trace Device.” (Ex. 2, p. 3, ll. 12-14) Immediately, the customer’s billed usage, based on the Trace Device readings, dropped by half. (Ex. 2, p. 4, ll. 18-20; Schedule JRC-1, pp. 1-2) Laclede obtained only a few readings from Meter 2 while the Trace Device was in place, but these readings differed in a strange manner from the Trace Device readings. (Ex. 2, p. 5, l. 21 to p. 6, l. 5)

In June 2005, Laclede removed the then non-working Trace Device and replaced it with an automated meter reading module (“AMR 1”). AMR 1 was installed on Meter 2, which remained in place. (Ex. 2, p. 2, ll. 11-14) Following the installation of AMR 1, the Shewmakers experienced a substantial increase in gas billings above the usage that had been billed based on readings obtained from the Trace Device. (Ex. 2, p. 2, ll. 14-17) This increase became especially noticeable during the winter of 2005-06, whereupon Ms. Shewmaker registered a high-bill complaint with Laclede. (Tr. 106, l. 17 to 107, l.2; Ex. 2, p. 6, l.21 to p. 7, l. 8) The Company investigated the matter and responded by, among other things, removing Meter 2 and AMR 1, and replacing them with Meter 3 and AMR 2 in February 2006. (Ex. 2, p. 7, ll. 9-19)

Laclede then performed an accuracy test on Meter 2 and found it to be registering accurately. (Exhibit 2, p. 7, ll. 9-23; Rebuttal Testimony of Carol Gay Fred, Ex. 4, p. 7, ll.9-11; Ex. 4, Schedule 2) Laclede therefore concluded that Meter 2 and its accompanying AMR module, AMR 1, had been accurately measuring gas usage.

Nevertheless, on March 1, 2006, Ms. Shewmaker initiated an informal complaint at the Commission and, on June 29, 2006, filed a formal complaint. In the one year since filing the Complaint, Meter 3 and AMR 2 have continued to measure usage similar to Meter 2 and AMR 1, although conservation by the Shewmakers since 2005 has caused a downward trend. (Ex. 2, p. 8, ll. 1-20; Direct Testimony of Lynne Shewmaker, Ex. 1, p. 2) Nevertheless, the Shewmakers still believe that they are being overcharged for gas service.

List of Issues

- 1. Since June 2005, have the meter readings from the meters installed at the Shewmaker home, including the automated meter reading (AMR) modules attached to those meters, resulted in Ms. Shewmaker being overcharged for her gas usage?**
 - A. If so, what should the amount of charges be for gas service rendered since the AMR installation in June 2005?**
 - B. Should Laclede be required to remove late fees charged to Complainant's account since June 2005?**
- 2A. Should the Commission require Laclede to remove the AMR module from its meter inside the Shewmaker home, and permit the Complainant to send in self-reads of the meter in lieu thereof?**
- 2B. Should the Commission require Laclede to also remove the existing meter inside the Shewmaker home, and permit the Complainant to have it privately tested to prove accuracy and return it to the Shewmaker home, such testing to be at Laclede's cost?**

ARGUMENT

Issue 1: Since June 2005, have the meter readings from the meters installed at the Shewmaker home, including the automated meter reading (AMR) modules attached to those meters, resulted in Ms. Shewmaker being overcharged for her gas usage?

The Shewmakers have not been overcharged for gas service. The facts in evidence overwhelmingly support this conclusion for many reasons. First, and most important, Meter 2, which was at the Property from October 1997 to February 2006 (including the June 2005 to February 2006 period subject to the customer's complaint), was removed, tested for accuracy, and passed the accuracy test. (Exhibit 2, p. 7, ll. 9-23; Ex. 4, p. 7, ll.9-11) In fact, Meter 2 proved to be very accurate. While Commission rules permit meters to have up to a 2% variance, Meter 2 tested accurate to within **0.2%**. (Commission Rule 10.030(18); Ex. 4, Schedule 2)

Second, since AMR 1 replaced the Trace device in June 2005, there have been consistent readings from two different meters (Meters 2 and 3) and two different AMR modules (AMR 1 and 2), although conservation by the Shewmakers since 2005 has caused a downward trend. (Ex. 2, p. 8, ll. 1-20; Ex. 1, p. 2). Third, the readings obtained from Meter 1 and the RE device prior to 1997 are more consistent with the readings from Meters 2 and 3, and AMRs 1 and 2 (from 2005-07), than they are with the readings received from the Trace device. (Ex. 2, p. 7, ll. 10-17; Ex. 2, Schedules JRC-1 and JRC-2)

Fourth, the readings from Meters 2 and 3 and AMRs 1 and 2 (2005-07) indicate less usage than the pre-1997 readings, which is consistent with the customer's testimony

that she has made significant efforts over the past two years to conserve energy usage. Specifically, she has testified that “...two teenagers have left the household. We have closed off rooms and reduced the thermostat to 63 degrees.” (Ex. 1, p. 2) Given the Shewmakers extra efforts to conserve, one would certainly expect to see materially less gas usage at the Property, not more. Thus, it makes perfect sense that the Shewmakers’ usage would trend down from over 2000 CCFs per year registered prior to 1997, to just over 1500 CCF in 2007. It makes no sense that the usage would have suddenly declined by half, from 2000+ CCF annually to 1000+ CCF annually, beginning in 1997, a number of years before these conservation efforts were made, and then would increase roughly 40% to over 1500 CCF in the face of these conservation efforts. (Ex. 2, p. 8, ll. 16-22; Schedule JRC-1) Since there is no evidence that the pre-1997 data is inaccurate, the correlation between the pre-1997 usage and the conservation-affected post-2005 usage provides yet more evidence that the current metered usage is accurate.

Fifth, only Laclede provided a credible theory to explain the fact that the customer’s billed usage dropped by half immediately upon installation of the Trace Device in 1997. As shown in the table below, the customer’s bills for the winter of 1997-98 were substantially lower than in the previous winter:

<u>Month</u>	<u>1996-97 (Pre-Trace)</u>	<u>1997-98 (With Trace)</u>
December	\$253.86	\$132.65
January	\$376.77	\$152.61
February	\$281.05	\$89.72

(Ex. 2, p. 4, l. 18 – p. 5, l. 20) Only Laclede had a plausible explanation for this sudden, steep decline in gas usage. As stated by Laclede witness and professional engineer, John R. Chickey:

“The meter moves the index by a mechanical method wherein the meter axle rotates the index arm, which turns the index gearing. However, the Trace Device records usage through two magnets that trigger a switch on the Device’s circuit board as they rotate. The two pulses from the magnets equal one rotation of ½ foot on the meter. Although it is a very rare occurrence, if one of those magnets is missing, the result will be that only half the usage is recorded. While we do not have the subject Trace Device for confirmation, I strongly believe that a missing magnet caused the Trace Device to register exactly half of the actual gas usage occurring at the Property.” (Ex. 2, p. 9, l. 22 to p. 10, l. 7)

For her part, Ms. Shewmaker, on redirect, made only a vague reference to having insulated the attic sometime during the 28 years she has lived at the Property. (Tr. 46, l. 23 to 47, l. 4) Ms. Shewmaker did attempt to claim that the pre-Trace device readings in 1997 were higher than in the past, and because of that she requested a new meter in 1997. (Tr. 41, ll. 15-22) However, the facts in evidence demonstrated that her pre-1997 gas usage was actually trending slightly *downward*. (Tr. 42, l. 20 to 43, l. 18; Ex. 2, Schedule JRC-1) Ms. Shewmaker then admitted that the focus of her concern may not have been the actual usage registered during this period, but rather the dollar amount of the gas bills, which are affected in large part by gas prices. (Tr. 43, l. 19 to 44, l. 5)

Finally, the Shewmakers try to cast doubt on the post-June 2005 meter readings by claiming that the usage data since June 2005 is more “scattered” statistically than the usage data prior to June 2005. (Ex. 1, from the bottom of p. 1 to the top of p. 2; Tr. 122, l. 14 to 123, l.8) This argument should be rejected for two reasons. First the post-June 2005 data is not scattered, but shows a high degree of correlation. According to Laclede

witness Chickey, the correlation of the 2005-07 data is .9381 or 93.81%. (Ex. 2, Schedule JRC-2) Mr. Chickey, a professional engineer who has expertise in statistics, testified that any correlation above .9 (or 90%) is very good. (Tr. 53, ll. 5-8; Tr. 70, l. 22 to 71, l. 13) While the Shewmakers are correct that the correlation of data during the other time periods are higher than the correlation of the 2005-07 data, the correlation of data during all three time periods is very good. (See Ex. 2, Schedule JRC-2) Thus, there is nothing about the correlation of data during the 2005-07 time period that would even suggest that the meter readings are inaccurate. Second, the Complainant herself explained why the more recent data may have less correlation than the older data, and that is because of all the conservation efforts made by the Shewmakers during the 2005-07 period. As Ms. Shewmaker testified, in the past two years, two teenagers have moved out of the home, plus the Shewmakers have closed off the heat to certain rooms and lowered the thermostat to 63 degrees. (Ex. 1, p. 2) There was no evidence of any kind of significant conservation efforts in any other time period.

In summary, gas usage by the customer at the Property today is consistent with past usage, with a marked downward trend over the past few years owing to significant conservation efforts, as testified to by the customer. The consistent usage over the years is supported by Meter 1 and the RE device (1989-1997), Meter 2 (1997-2006), which passed a meter accuracy test, AMR 1 (2005-2006), and Meter 3 and AMR 2 (2006-present). In the face of this overwhelming evidence, the outlier is clearly the Trace Device (1997-2005). (Ex. 2, p. 10, ll. 12-19) The evidence overwhelmingly supports the position that billing based on current metering is accurate, and that the Complaint should be denied and this case dismissed.

Issue 1A: If so, what should the amount of charges be for gas service rendered since the AMR installation in June 2005?

For all of the reasons stated above, the charges for gas service assessed by Laclede since June 2005, which charges are based upon the usage registered by Meters 2 and 3 and AMRs 1 and 2, should stand as billed. The Complaint should be denied and this case dismissed.

Issue 1B: Should Laclede be required to remove late fees charged to Complainant's account since June 2005?

As stated at the hearing on June 29, 2007, this issue has been resolved by the parties and is no longer at issue. (Tr. 21, ll. 3-14)

Issue 2A: Should the Commission require Laclede to remove the AMR module from its meter inside the Shewmaker home, and permit the Complainant to send in self-reads of the meter in lieu thereof?

The Commission should not require Laclede to remove AMR 2 and permit the Complainant to send in self-reads in lieu of Laclede receiving a remote reading. The Company's tariff provides that meters are the property of the Company, and the Company may install on its meter a remote reading attachment, the readings from which shall constitute actual meter readings. (See Laclede Tariff Sheets R-8 and R-11) Moreover, the Missouri Supreme Court has confirmed that utility customers are not entitled to dictate the methods by which the utility must render its service. *State ex. Rel City of St. Joseph v. PSC*, 30 S. W. 2d 8, 14 (Mo. banc 1930).

Issue 2B: Should the Commission require Laclede to also remove the existing meter inside the Shewmaker home, and permit the Complainant to have it privately tested to prove accuracy and return it to the Shewmaker home, such testing to be at Laclede's cost?

No. Laclede's tariffs and the Commission rules address this issue. Both provide that any testing of meters will be done by the Company. (See Laclede Tariff Sheet R-8 and Commission Rule 4 CSR 240-10.030(20)) The only exception is where the customer requests by written application that the Commission itself test the meter and, in connection therewith, where the customer agrees to pay the test fee and shipping costs, unless the meter is more than 2% fast. Commission Rule 4 CSR 240-10.030(21)) No such request or application has been made in this proceeding.

WHEREFORE, Laclede respectfully requests that the Commission deny the relief requested by Complainant in this case and dismiss the Complaint.

Respectfully submitted,

/s/ Rick Zucker

Rick Zucker
Assistant General Counsel
Laclede Gas Company
720 Olive Street, Room 1516
St. Louis, MO 63101
(314) 342-0533 Phone
(314) 421-1979 Fax
rzucker@lacledegas.com

Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing pleading was served on the Complainant, the General Counsel of the Staff of the Missouri Public Service Commission, and the Office of Public Counsel on this 1st day of August, 2007, by United States mail, hand-delivery, email, or facsimile.

/s/ Rick Zucker