

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

Staff of the Public Service Commission)	
Of the State of Missouri,)	
)	
Complainant,)	
)	
v.)	Case No. GC-2006-0318
)	
Laclede Gas Company,)	
)	
Respondent.)	
)	
Office of the Public Counsel,)	
)	
Complainant,)	
)	
v.)	Case No. GC-2006-0431
)	
Laclede Gas Company,)	
)	
Respondent.)	

**LACLEDE GAS COMPANY’S RESPONSE TO
STAFF’S ADDITIONAL COMMENTS**

COMES NOW Laclede Gas Company (“Laclede” or “Company”) and for its Response to the Additional Comments submitted by the Staff of the Missouri Public Service Commission (“Staff”) in this proceeding, states as follows:

1. At the Commission’s agenda meeting on November 28, 2006, the Commission considered an order approving the Stipulation and Agreement filed in this case. In Additional Comments filed after the agenda meeting, Staff indicated that there was some discussion at the agenda meeting regarding the possibility of holding in abeyance and ultimately dismissing any further action on penalties in this case pending Laclede’s fulfillment of certain actions over the next three years. Staff went on to

indicate that such an approach, if accompanied by certain monitoring conditions or safeguards, would effectively resolve the issues in this case in that it would “make whole the injured consumers, impose an adequate penalty for Laclede’s violation of the Commission’s rules, and safeguard the public interest.” As proposed by the Staff, these monitoring conditions deal with suggested response times for different kinds of consumer complaints and reporting requirements relating to estimated bills, AMR implementation and call center performance.

2. Before addressing Staff’s recommended conditions, Laclede must first re-emphasize that it has not only complied with the Commission’s rules relating to billing adjustments and the use of estimated bills, but has affirmatively furthered their underlying objectives by deploying a new AMR system that has already drastically reduced the need to rely on estimates. Laclede also wants to make it clear that the credits it has agreed to provide as a result of the Stipulation and Agreement are not being offered by the Company in order to make “injured” consumers “whole.” To the contrary, Laclede has provided such credits, not out of any legal or moral obligation to do so, but solely as a means of bringing closure to this matter by providing “no fault” assistance to those residential customers who have been most affected by the transition to a new AMR system – a system that, even today, is providing millions of dollars in savings and hundreds of thousands of hours of saved time to Laclede’s customers. Accordingly, there is no basis for any suggestion that Laclede has performed, let alone been found to have performed, any unlawful acts for which some kind of penalty or “deferred sentence” is either appropriate or necessary.

3. That said, Laclede does not object to the monitoring conditions proposed by the Staff in its Additional Comments and, assuming timely Commission approval, will be prepared to begin accumulating such information effective January 1, 2007 and reporting it thereafter at the intervals suggested by Staff. In fact, Laclede believes such information may prove useful in demonstrating for the Commission, the Staff and other interested parties how the implementation of AMR is benefiting customers.

4. Laclede does, however, object to any form of conditional approval of the Stipulation and Agreement that would hold open the issue of whether penalties should be imposed for any *past* matters addressed by the Stipulation and Agreement. Laclede fully intends to comply with the Stipulation and Agreement and the monitoring conditions, and there is no reason to conclude based on its past record that such compliance will not be forthcoming. Moreover, Laclede fully understands that its efforts in this regard will be monitored by the Commission and its Staff and that Laclede will be held accountable in the unlikely event its future compliance actions were found wanting.

5. Pursuant to the terms of the Stipulation and Agreement, however, Laclede is already providing good and valuable consideration to finally resolve these complaint cases as they relate to any past matters. As previously noted, the Company has already agreed to provide a minimum of \$500,000 in credits to its customers, even though it has no legal obligation to do so. In addition, it has agreed to implement a multitude of other measures, none of which are currently required by any Commission rule or tariff provision. Among others, these include: (a) provisions obligating Laclede to hire an independent consultant to review the methods and procedures used to identify which customers are eligible to receive credits under the Stipulation and Agreement (*see*

numbered paragraph 4 under Estimated Bill Issues); (b) provisions obligating Laclede to make an additional incentive contribution of \$500 to Dollar Help for any customer that should have received a credit of \$25 or more but was not properly identified (paragraph 4); (c) provisions allowing customers to spread out payment not only of their prior under-billings but also their current *arrearages* when they receive a catch-up bill (paragraph 3); (d) provisions requiring Laclede to provide special notices to customers receiving catch-up bills (paragraph 6); (e) provisions addressing Laclede's more than 50% expansion of its call center hours (paragraph 7); and (f) provisions obligating Laclede to implement prospectively a 12 month limitation on billing for undercharges (paragraph 5).

6. In view of this good and valuable consideration, it would be grossly unfair to hold open the issue of penalties while simultaneously capturing all of these discretionary benefits for customers that relate to the same past actions. This is particularly true in light of the Commission's ample power to pursue prospective enforcement and, if necessary, penalties, in the extremely unlikely event Laclede fails to provide these benefits or otherwise does not comply in all material respects with the terms of the Stipulation and Agreement and the monitoring conditions, assuming they are approved by the Commission.

7. In summary, Laclede continues to believe that the measures set forth in the Stipulation and Agreement represent an extraordinarily responsive, comprehensive and consumer-friendly resolution of any issues that may have been raised in these proceedings. And with Laclede's willingness to comply with additional monitoring requirements, the Commission, Staff and Public Counsel can verify that these benefits have indeed been provided and otherwise monitor the Company's efforts to comply with

the agreements it has voluntarily assumed. Any monitoring, however, and any future consideration of penalties should be strictly limited to Laclede's future actions in complying with these agreements.

WHEREFORE, for the foregoing reasons, Laclede respectfully requests that the Commission approve the Stipulation and Agreement and the monitoring requirements as a full and final resolution of all issues in these consolidated cases.

Respectfully Submitted,

/s/ Michael C. Pendergast

Michael C. Pendergast, Mo. Bar 31763
Vice President and Associate General Counsel
Rick Zucker, Mo. Bar 49221
Assistant General Counsel – Regulatory

Laclede Gas Company
720 Olive Street, Room 1520
St. Louis, MO 63101
Telephone: 314.342.0532
Facsimile: 314.421.1979
Email: mpendergast@lacledegas.com
rzucker@lacledegas.com

Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing pleading was served on the General Counsel of the Staff of the Missouri Public Service Commission, the Office of Public Counsel, and USW Local No. 11-6, on this 30th day of November, 2006 by United States mail, hand-delivery, email, or facsimile.

/s/ Rick Zucker