

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

In the Matter of the Laclede Gas Company)	
Tariff Filing to Establish Additional Procedures)	
For Situations Where a Meter Stops or)	<u>Case No.GT-2008-0374</u>
Fails to Register or Provide Meter Readings)	Tariff No. YG-2008-0690
Whenever an Automatic Meter Reader)	
Fails to Send Readings of Actual Usage)	

**LACLEDE GAS COMPANY’S RESPONSE TO
PUBLIC COUNSEL’S MOTION TO SUSPEND TARIFF FILING
AND REQUEST FOR EVIDENTIARY HEARING**

COMES NOW Laclede Gas Company (“Laclede” or “Company”), pursuant to 4 CSR 240-2.065 of the Commission’s Rules of Practice and Procedure, and in support of its Response to the Motion to Suspend Tariff Filing and request for an Evidentiary Hearing filed by the Office of the Public Counsel (“Public Counsel”) on May 28, 2008, states as follows:

1. On May 19, 2008, Laclede filed a tariff to clarify the procedures that the Company will follow in responding to a meter that has stopped or failed to register or provide actual meter readings. On May 28, Public Counsel filed the above referenced motion (the “Motion to Suspend”), in which it pejoratively and inaccurately characterized the tariff filing as seeking to weaken consumer protections by expanding the circumstances where Laclede may estimate usage. As explained below, the tariff filing does no such thing.

2. In direct response to Public Counsel’s request for relief, Laclede agrees that the Commission should set a prehearing conference and establish a procedural schedule in this case. Laclede first began circulating tariff language on this issue for Public Counsel and Staff’s review in March 2008. In its May 5, 2008 Response to

pleadings filed by Staff and Public Counsel in Case No. GW-2007-0099 (the “May 5 Response”), Laclede signaled its intention to file a proposed tariff in the near future for the Commission’s consideration. Finally, in the tariff filing itself, Laclede did not propose the standard effective date of 30 days, but instead proposed that the tariff become effective *four months* after the filing, in order to permit the parties additional time to discuss and consider the issue. All of these actions demonstrate Laclede’s recognition of the need for a balanced approach to these metering issues that reflects the legitimate views and input of all parties. In the absence of a stipulated agreement on these issues, however, Laclede welcomes the opportunity to present the matter before the Commission for its decision.

3. That said, Laclede feels compelled to address several assertions made by Public Counsel in its Motion to Suspend. In paragraphs 2 and 3 of that Motion, Public Counsel argues that Laclede’s tariff filing seeks to expand estimated billing at a time when the Company has been the subject of numerous complaints regarding estimated bills. This view conflicts with reality. The truth is that Laclede has spent a great deal of resources reducing estimated bills and in the process has significantly reduced customer complaints.

4. Laclede’s situation is well known to the Commission, the Staff and Public Counsel. Due to the plethora of inside meters in Laclede’s territory, estimated bills peaked at a rate of about 14-15% just a few years ago. In 2005, Laclede began implementing a universal AMR system, using cellular technology to reduce estimates and improve meter read information in a cost-effective manner. Despite the glitches inherent

in such a massive undertaking,¹ Laclede has reduced its estimated billings *by more than* 75%. Far from seeking to expand estimated bills, Laclede has substantially reduced them.

5. During the main AMR implementation phase, as pre-AMR estimates were reconciled to actual reads obtained at AMR installations, Laclede's customer complaints were unusually high. However, by the time Public Counsel filed its Motion to Suspend, the number of these complaints had plummeted. This is a simple reflection of the progress Laclede has made toward the goal of improving customer service in metering and billing.

6. As explained in Laclede's May 5 Response, Public Counsel is simply mistaken in its belief that the three situations listed in Commission Rule 4 CSR 240-13.020(2)(A) are the only situations in which a bill may be estimated. In addition to these, Laclede Tariff Rule 10A permits the Company to estimate a bill when a meter stops or fails to register usage.

7. Currently, Commission rules and/or Laclede's tariffs address the subjects of (i) meters that are stopped or fail to register usage and (ii) estimated billing. However, Laclede believes that there are additional clarifications that can and should be added in both areas to reflect the meter reading technology and practices that are in place today. For example, when a meter stops or fails to register a reading, Laclede's current tariff authorizes the Company to bill the customer for such period based on estimated consumption. However, there are really no parameters in this tariff provision concerning the procedures that are to be observed by the Company for addressing these situations.

¹ See Staff's reference to earlier AMR implementations in the September 26, 2006 Report of the Staff in Case no. GW-2007-0099.

At the same time, Commission Rule 13.020(2)(A) and Laclede Rule 6A do contain various procedures to govern estimated bills. By their very terms, however, these procedures not only assume that the meter is fully functioning, but also assume that such meters are being read on a manual basis. Laclede's tariff filing in this case is designed to fill in the gap created by the move to a fully automated meter reading system by establishing clear procedures, all of which are designed to ensure that customers are appropriately notified of a meter failure and that any required remedial action is taken on a timely basis.

8. In creating regulatory policy in this area, the Commission will determine the procedures that best balance the relative costs and benefits of various practices. In essence, the Commission will determine an appropriate level of service given the cost involved. As stated above, the transition to AMR has already improved service, decreased estimated bills and reduced the cost of obtaining meter readings, not only now but for years into the future. Public Counsel's position in this case, however, seems to suggest that Laclede should be required to somehow obtain – and obtain immediately – a manual meter read whenever there is some indication that the AMR system may not be producing a reading. While such situations should be addressed on a timely basis, it is unreasonable to suggest that the Company and its customers should incur the costs that would be required to maintain both an AMR system and the manual workforce necessary to immediately read any meters that appear to have failed to remotely register usage. Indeed, such an approach, which is nowhere required by any existing rule or tariff provision, would be exceedingly difficult to implement and in many instances would cause the Company to incur unnecessary costs, for example, when the Company is unable

to access an inside meter or when the meter, including its AMR component, is operating perfectly. In circumstances where meters show little or no usage because customers are simply not using gas, such as when they are out of town or have not turned on their furnaces, Laclede's intervention would needlessly inconvenience and aggravate them.

9. In contrast, Laclede believes that its tariff filing addresses these issues in a fair and balanced manner, appropriately weighing the need to obtain actual readings with the associated costs. Laclede looks forward to implementing this approach by agreement or, if an agreement cannot be reached, by establishing its merits at hearing.

WHEREFORE, for the foregoing reasons, Laclede Gas Company respectfully requests that the Commission schedule a prehearing conference in this case.

Respectfully Submitted,

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Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing Response was served on the General Counsel of the Staff of the Missouri Public Service Commission and the Office of the Public Counsel on this 9th day of June, 2008 by email, fax, hand-delivery or by United States mail, postage prepaid.

/s/ Gerry Lynch

Gerry Lynch