

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

Abb D. Rhodes,)	
)	
	Complainant,)
v.)	Case No. GC-2007-0406
)	
Laclede Gas Company,)	
	Respondent.)

LACLEDE GAS COMPANY’S ANSWER TO COMPLAINT

COMES NOW Laclede Gas Company (“Laclede” or “Company”), pursuant to the Commission’s April 20, 2007 Notice of Complaint in the above captioned case, and submits its Answer to the Complaint filed against Laclede by Abb D. Rhodes (“Mr. Rhodes” or the “customer”). In support thereof, Laclede states as follows:

1. This complaint involves billings to Laclede Account No. 230894-004, a commercial account on the first floor of 4201 N. 20th Street (the “Property”). Complainant Abb Rhodes and Josephine Rhodes have owned the Property located in the City of St. Louis since late 1995. The Property is a two-story building. The first floor is a business with a sign titled “Chucks Cocktail Lounge.” The second floor consists of two apartments, one of which is used by Mr. Rhodes as his residence. The main source of gas usage at the Property comes from winter space heating. Until November 2005, the main gas source for space heating at the Property was a furnace, believed to have a capacity of approximately 125,000 Btu, that was connected through the first floor meter. The usage on the second floor meter was very small, consistent with gas usage for cooking and/or water heating.

2. The building at the Property is a fairly old brick building. It has 10-foot high ceilings. It does not appear to be well-insulated.

3. The current gas accounts at the Property were both established in November 2000. Between November 2000 and November 2004, the first floor meter consistently recorded usage of between 700 and 900 CCF (hundred cubic feet) per year, and averaged 750 CCF/year. There have also been consistently few meter readings for this account, apparently owing to the fact that the cocktail lounge does not open until 5 pm, according to Mr. Rhodes, long after the meter reader had passed by on his route. Beginning in November 2001, Laclede averaged two meter readings per year over the next five years. Nevertheless, as stated above, through November 2004, these readings showed very consistent usage.

4. According to Mr. Rhodes, in or about November 2005, he installed a large 175,000 Btu boiler at the Property. Mr. Rhodes stated that the original furnace continues to heat the bar area, while the new boiler heats the rest of the building. However, Laclede's inspection of the premises reveals a heat exchanger in the bar area, indicating that the boiler may also be able to heat the bar area. At this time, Laclede does not know why Mr. Rhodes more than doubled the heating capacity at the Property in November 2005, or how his gas usage changed at or around that time.

5. In October 2006, Laclede obtained a meter reading of x1211, indicating that usage at the Property had been substantially underestimated. In November 2006, Laclede installed an automated meter reading (AMR) module at the Property, at the same time obtaining a reading of x1455, which confirmed the October reading. The reading of x1455 indicated that over 4400 CCFs of gas had been used in the two years since

November 2004, a large difference from the previously consistent annual average of 750 CCFs.

6. Further readings obtained during the winter of 2006-07 indicated that either the meter was malfunctioning or the customer's gas use at the Property had, for some reason, quadrupled. On February 7, 2007, Laclede responded to a gas odor call at the Property, and found the boiler to be leaking. The boiler was repaired by February 9, and on February 22, 2007, Laclede replaced the meter at the Property. The replaced meter was tested and found to be operating properly.

7. In response to the allegations in the complaint, Laclede admits to the allegation contained in paragraph 1 of the complaint.

8. With respect to paragraph 2 of the complaint, Laclede has been serving the building at the Property since well before 1996.

9. Laclede admits that the customer paid all gas bills for service to November 6, 2004, as alleged in paragraph 3 of the complaint.

10. Laclede admits that the commercial account at the Property was underbilled after November 6, 2004, as alleged in paragraphs 4 and 5 of the complaint. Laclede denies that it acted negligently in connection with the underbilling. It makes no sense for the customer to flatly deny an underbilling when the customer has admitted to adding a 175,000 Btu boiler at the Property in late 2005. Meanwhile, Laclede sent a letter to the customer in March 2006 informing the customer of an impending AMR installation. Laclede followed up with an AMR reminder call in May 2006, and also sent Mr. Rhodes letters seeking meter readings in July, August, September and October of 2006, before finally obtaining a meter reading on October 18, 2006.

11. Laclede denies the complainant's assertion that Laclede does not have the authority to issue a billing adjustment to reconcile the undercharge. To the contrary, the complaint itself includes Laclede tariff sheet R-9, which mandates an adjustment for an undercharge in the event of a billing error. (See Laclede tariff sheets R-8 to R-10 for the complete terms of Laclede tariff rule 10B concerning billing adjustments).

12. Laclede denies the allegations made in paragraphs 7-11 of the complaint. Laclede denies that any of its billings are arbitrary, capricious, in bad faith, or the result of Laclede's negligence. First, the Commission's duty in reviewing complaints is to determine whether Laclede has violated any law, or rule, order or decision of the Commission. The Commission does not make findings regarding negligence or bad faith. In fact, Laclede tariffs and Commission rules anticipate that billing errors may occur, and these tariffs and rules set the parameters for billing adjustments, which Laclede followed in this case. The meter readings obtained by Laclede in October and November 2006 indicated either some kind of error or a tremendous change in the customer's gas usage. Rather than just immediately bill all of this apparent usage, Laclede attempted to determine if the readings were in error. Ultimately, Laclede accurately billed the 6815 CCF used by the customer between November 2004 and February 2007.

13. While Laclede recognizes that it may not have been convenient for the customer to be available to permit access to the meter in accordance with Laclede's meter reading schedule, that problem is remedied by the installation of the AMR module. Nevertheless, the customer knew that a 175,000 Btu boiler had been added at the Property in or about November 2005. Laclede did not. Rule 4 of Laclede's tariff states that the customer shall agree to notify Laclede of any material changes in his installation

or load condition. While Mr. Rhodes may not have fully appreciated his obligation to contact Laclede regarding the boiler installation, he should not be surprised that it would affect his gas usage.

14. Although Laclede denies the customer's request in paragraph 12 of the complaint that Laclede eliminate its billing adjustment, Laclede nevertheless pledges to continue to review this matter to determine if reasons exist that warrant further adjustment.

WHEREFORE, Laclede respectfully requests that the Commission accept Laclede's Answer.

Respectfully submitted,

/s/ Rick Zucker

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Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing Answer was served on the Complainants, the General Counsel of the Staff of the Missouri Public Service Commission, and the Office of Public Counsel on this 21st day of May, 2007 by United States mail, hand-delivery, email, or facsimile.

/s/ Rick Zucker