

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

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

**LACLEDE GAS COMPANY’S MOTION FOR EXTENSION OF TIME
TO FILE REBUTTAL TESTIMONY AND
RESPONSE TO THE OFFICE OF THE PUBLIC COUNSEL’S
MOTION FOR LOCAL PUBLIC HEARINGS**

COMES NOW Laclede Gas Company ("Laclede" or "Company"), and files this Motion for Extension of Time to File Rebuttal Testimony, along with its Response to the Motion for Local Public Hearings filed by the Office of the Public Counsel (“Public Counsel”). In support of these pleadings, Laclede states as follows:

MOTION FOR EXTENSION OF TIME TO FILE REBUTTAL TESTIMONY

1. This case consists of two complaints filed by Staff and Public Counsel on different, but somewhat related issues. On April 12, 2006, the Commission issued a procedural schedule that provided Laclede a period of 60 days following direct testimony to file its rebuttal testimony.

2. On July 5, 2006, the Commission issued an Order Adopting Revised Procedural Schedule extending the filing of direct testimony by complainants to July 21, 2006, and setting September 6, 2006, as the date for Laclede to file rebuttal testimony. Upon

request by Public Counsel, the direct testimony date was extended again to July 28, 2006. On July 28, both Staff and Public Counsel filed their direct testimonies on the two consolidated complaint cases.

3. Public Counsel indicated in its July 28 direct testimony that it believed that public hearings should be held in this case. (See Meisenheimer Direct, p. 5)

4. It was not until August 30, 2006, however, that Public Counsel formally requested that local public hearings be scheduled and that the Commission decide the issue on an expedited basis. On August 31, the Commission ordered Laclede to respond on Tuesday, September 5, immediately after the Labor Day holiday. Public Counsel seeks to hold the public hearings in early October, the week before the evidentiary hearing currently scheduled for October 10-11, 2006 in this case.

5. Given Public Counsel's exceptionally late request to schedule local public hearings, Laclede is requesting an extension of the time to file its rebuttal testimony. As Laclede will address more fully below, it is unprecedented to hold public hearings on a complaint issue that, based on evidence provided by Public Counsel itself, affects only a small percentage of customers. Nevertheless, if there are to be public hearings, Laclede deserves, and is entitled to, an opportunity to address in its rebuttal testimony the matters raised in those public hearings. Accordingly, the Commission should extend the date for Laclede's rebuttal testimony at least until it has ruled upon Public Counsel's Motion.

6. Finally, as reflected in the Commission's July 5 Order, Laclede has provided notice to the other parties that it reserved its rights to request modification to the procedural schedule.

WHEREFORE, Laclede respectfully requests an extension of the time to file rebuttal testimony in this case pending the Commission's ruling on Public Counsel's Motion and, in the event that the Commission grants that Motion, until 30 days after the conclusion of those local public hearings.

RESPONSE IN OPPOSITION TO
PUBLIC COUNSEL'S MOTION FOR LOCAL PUBLIC HEARINGS

8. Public Counsel's request for a local public hearing comes too late in the process. Although this matter has been pending before the Commission for well in excess of four months, Public Counsel has waited until the verge of Laclede's only testimony filing in this case to request one. Its claim that it did not file its request earlier because it was awaiting data request responses from Laclede is unpersuasive, for a number of reasons, the most telling of which is the fact that, as stated above, Public Counsel had already indicated its desire to hold public hearings in its July 28 direct testimony. Of nearly equal importance is the fact that the information relied on by Public Counsel in its August 30 filing was derived directly from Staff's Consumer Services Division, which is located in the same building as Public Counsel. Moreover, Public Counsel has been aware of the claims in this case since Staff originally filed it on February 2, 2006, and obviously was aware of its own claims in advance of the May 11, 2006 filing of its companion complaint.

9. Public Counsel's failure to request a local public hearing further in advance of the hearing prejudices Laclede and unfairly increases notification expenses. Setting the local public hearing during the week before the main evidentiary hearing places a burden on Laclede's ability to prepare for either the evidentiary hearing or to address any issues raised

at the local public hearing. Further, mailing a special notice to each of its customers, in addition to advertisements, is costly; the cost of such a project, including postage, will exceed \$150,000. Requiring an outlay of this size would be especially wasteful and inequitable, given the fact that the Commission has not yet determined whether its rules even support Public Counsel's controversial theory in this case. Finally, with the proposed date of the public hearing only four weeks away, it will be exceedingly difficult to obtain a Commission order approving and finalizing the hearing locations, times and notice, and to print and send more than 630,000 pieces of mail in time to give customers sufficient notice of the hearings.

10. Moreover, local public hearings would serve no purpose in this case. Local public hearings are routinely held in rate cases, because a rate increase affects all customers. Local public hearings are not generally held on complaint cases, especially those cases which affect only a small group of customers. In this case, customers affected by Staff and Public Counsel's complaints would only involve those customers who either: (i) may be using gas in an unauthorized manner at a location where service has supposedly been disconnected; or (ii) have inside meters that are generally inaccessible to Laclede, and, as a result, have received an adjusted bill to reflect the difference between actual and estimated usage. Regarding the small number of customers in the first group, it is difficult to see any compelling reason to afford public hearing time to persons who are diverting natural gas, or otherwise using it without authorization. The second group of customers also represents a relatively small and narrowly defined population who have alternative means of expressing their concerns and viewpoint and, in fact, have done so. In its motion for public hearings, Public Counsel cites 519 estimated billing complaints, and 1,148 "general" billing complaints for the first 6½

months of this year. To Laclede's knowledge, the 519 estimated billing complaints are a subset of the 1,148 general billing complaints. While general billing complaints are not specific to this case, complaints on estimated billing are potentially more likely to be relevant. These 519 complaints comprise less than one-tenth of one percent of Laclede's customers. This comes nowhere close to a level of overall customer impact that would justify the cost and resources necessary to conduct a local public hearing, particularly at this late stage of the proceedings.

11. This is particularly true given the other and more extensive means that customers now have to voice their concerns to the Commission, including toll-free telephone calls on the Commission's 800 number, e-mails and, of course, correspondence through the mail. The ease of registering a complaint reduces, rather than supports, the need for a local public hearing. By filing the complaint, the customer's voice is heard and a process set in motion to review the account.

12. Moreover, there are a number of reasons why billing complaints against Laclede have increased over the past year. First, the escalation in the cost of natural gas in 2005 has affected virtually all of Laclede's customers and has not only caused them a great deal of frustration, but has led to two amendments to the Cold Weather Rule. Second, while Laclede's installation of a new automated meter reading ("AMR") system has already begun to provide significant benefits to customers in the form of more convenient and less costly utility service, it has also resulted in Laclede obtaining meter readings at locations that have received estimated bills for some time. This, in turn, has occasionally resulting in billing adjustments for customers, who then seek redress. Third, certain union elements and a labor trade publication have opposed the AMR project and attempted to foment complaints by the

public in general, and specifically among customers sympathetic to labor. Finally, many of the complaints cited by Public Counsel have no validity and some do not even involve estimated bills. Given these considerations, it is not surprising that the number of complaints has increased. Indeed, since AMR deployment by itself requires that Laclede access virtually every meter in its system, in a sense, the number of complaints is actually relatively small, and affirms the accuracy of Laclede's estimated billing process. In any event, these complaints certainly do not lead to a conclusion that local public hearings are appropriate.

13. Nevertheless, in the event the Commission concludes that a local public hearing is necessary, Laclede requests that such a hearing be set in a manner that permits Laclede to provide notice via a bill message, and that the procedural schedule be amended to permit Laclede an opportunity to address local public hearing comments in its rebuttal testimony. Laclede further requests that any notification to the public include a full description of the many benefits that customers are receiving and will continue to receive as a result of AMR, as well as request comments on Public Counsel's proposed recommendation in this case that customers' gas service be disconnected if they have not provided meter readings or access to Laclede within 12 months, regardless of (i) whether they are current or delinquent in paying their bills; (ii) whether the estimates represent an overcharge or an undercharge; (iii) whether the outside temperature is above or below 32 degrees; or (iv) whether other occupants of a multi-tenant building are affected.

14. In summary, a public hearing in this case is simply not justified. Estimated bills are largely caused by the difficulty many customers have, given their busy lives, in making themselves available to permit Laclede personnel access to their meters on a regular basis. To address that concern and better serve its customers in today's busy society, the

Company has now installed more than half a million AMRs and expects to have the AMR installation project substantially completed by the end of this year. Were the Commission to request that Laclede provide a solution to reduce the amount of estimated bills it issues, the Company could not produce a better response than AMR. So why have a local public hearing now? Indeed, at this late stage, holding a local public hearing in this case is akin to holding a public hearing to discuss the condition of the old Busch Stadium, while ignoring the fact that a new one has been substantially completed and is now hosting games. For all of these reasons, there is simply no justification for Public Counsel's untimely request.

WHEREFORE, Laclede respectfully requests that Public Counsel's Motion for Local Public Hearings be denied, or that if the Commission wishes to convene local public hearings, that the Commission order that notice be provided, and the procedural schedule in this case amended, as requested herein.

Respectfully submitted,

/s/ Michael C. Pendergast

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing pleading was served on all parties of record on this 5th day of September 2006, by hand-delivery, email, fax or United States mail, postage prepaid.

/s/ Gerry Lynch_____