

**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.)	

RESPONSE TO STAFF’S POST-HEARING COMMENTS

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

1. On November 9, 2006, the Staff filed a pleading in the above-referenced proceeding providing additional comments relating to matters addressed during the on-the-record presentation that was held in this matter on November 8, 2006. The purpose of the on-the-record presentation was to present and address the Stipulation and Agreement filed by Laclede, the Office of the Public Counsel and USW Local 11-6 on November 7, 2006, in resolution of their issues in this proceeding.

2. In its pleading, the Staff states that it neither supported nor opposed the Stipulation and Agreement at the presentation. In indicating why it did not oppose the Stipulation and Agreement, the Staff correctly observes that it is only through a settlement that refunds or credits can be issued to specific customers while any penalties would have gone to the Public School Fund. Although Counsel for Staff indicated during the on-the-record presentation that the Staff did not anticipate pursuing any further action in this proceeding, the Staff nevertheless states in its Post-Hearing Comments that it continues to have concerns regarding whether Laclede violated Commission rules or otherwise mismanaged the implementation of its new Automated Meter Reading (“AMR”) system. The Staff accordingly suggested that the Commission could either approve the Stipulation and Agreement as a resolution of all of the issues in this case, approve the Stipulation and Agreement but authorize the Staff to proceed with any complaints it may still have, or reject the Stipulation and Agreement with the knowledge that any penalty would flow to the school fund.

3. Laclede does not wish to belabor the issues relating to what it believes has been an extraordinary effort by the Company to implement, at considerable cost to itself, a new AMR system that even today is sharply reducing the need for estimated bills, saving customers millions of dollars in avoided service initiation charges, and freeing customers from the need to spend hundreds of thousands of hours waiting for gas personnel to visit their homes and businesses. Suffice it to say that for reasons previously addressed in its pleadings and testimony, the Company believes that it has undertaken this massive and undeniably beneficial project in full compliance with the Commission’s rules and its own tariff provisions.

4. Contrary to Staff's suggestions, Laclede further believes that by ensuring that its call center and customer accounting personnel were at historically high levels compared to previous winter periods -- and by committing over \$1.3 million since that time to both expand its call center hours by more than 50% and to further increase customer accounting resources -- the Company has made a serious, good faith effort to manage the challenges posed by this massive effort. Staff can say what it will about whether the Company should have learned more from the experiences of MGE and Ameren when their installations of new AMR systems also led to numerous customer complaints. The fact remains, however, that neither utility had to confront the challenges that Laclede has had to face in its installation of a new AMR system. Neither had the massive number of inside meters that Laclede has, a factor that has not only contributed to the need to reconcile more estimated bills but has also made it extremely difficult in numerous circumstances to gain the access necessary to complete the installation of the AMR system. Nor did either face the kind of concerted, and at times very public, opposition that Laclede has encountered from its Union over the deployment of this new technology. And neither had to meet all of these challenges at a time when wholesale natural gas prices and customer bills were at their highest, historical levels ever, due largely to the price impacts of unprecedented hurricane activity -- events that to Laclede's knowledge no one, including the Staff, had anticipated.

5. Despite these challenges, Laclede has persevered and even accelerated its efforts to introduce this system so that its customers could begin receiving these benefits sooner rather than later. As a result, over 600,000 AMR devices have now been installed in less than 18 months. As a final effort to assist those customers who have been most

significantly affected by this transition to a new AMR system, Laclede has also agreed with Public Counsel and its Union to spend at least another \$500,000 to provide a credit to all customers who received catch-up bills on or after November 1, 2004, after more than 12 consecutive months of estimated billings – a credit equal to the amount underbilled for the period prior to those 12 consecutive months. Moreover, Laclede has agreed to provide such credits to all qualifying customers notwithstanding the scores of notices, meter reading attempts and other efforts Laclede may have made to gain access to customers’ premises during the time their bills were being estimated. While the Staff may suggest that this voluntary credit is not sufficient, it goes well beyond what the Staff itself indicated was legally required of the Company in its own testimony – testimony in which the Staff clearly recognized that customers also have a responsibility to permit access or risk the possibility of undercharges. Nevertheless, Laclede has agreed to make this accommodation in an effort to assist these customers who have been most affected by the transition to AMR and complete a process that has been, and will continue to be, overwhelmingly beneficial to all customers.

6. Finally, Laclede strongly recommends that the Commission adopt the option suggested by Staff under which it would approve the Stipulation and Agreement in resolution of all of the issues in this case. That is undeniably the right course of action in this proceeding. As the Stipulation and Agreement clearly provides, the measures set forth therein are designed to resolve *all* of the issues between Laclede, Public Counsel and the Union. Those issues are inextricably linked to any issues that may have been raised by the Staff, a fact that can be readily gleaned from even a summary review of the reasons for consolidating these cases, the pleadings, and the similar nature of the claims

and issues addressed in the testimony filed by the respective parties to this case. Indeed, that is precisely why the Stipulation and Agreement explicitly says that Laclede has the right to argue that the measures it proposes are, in fact, sufficient to resolve any other issue that may have been raised in this proceeding. *See* paragraph 12 of the Stipulation and Agreement. And Laclede strongly believes that such measures unquestionably do resolve all issues in this case by providing voluntary relief to all customers who received catch-up bills after more than 12 months of consecutive estimated bills, by providing such relief regardless of what notices may have been provided, and by establishing new notice requirements and other measures that are responsive to matters raised in this proceeding. Laclede accordingly requests that the Commission approve the Stipulation and Agreement as a settlement that fully and fairly resolves all of the issues in this case by providing timely and significant relief to those customers who have been most impacted by estimated bills during the transition to a new AMR system.

WHEREFORE, for the foregoing reasons, Laclede respectfully requests that the Commission approve the Stipulation and Agreement in resolution of all issues in this proceeding.

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 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 15th day of November, 2006 by United States mail, hand-delivery, email, or facsimile.

/s/ Rick Zucker