

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

Shane Early (a/k/a Shane Earley),)	
)	
Complainants,)	
v.)	Case No. GC-2006-0376
)	
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 3, 2006 Notice of Complaint in the above captioned case, and submits its Answer to the Complaint filed against Laclede by Mr. Shane Earley. In support thereof, Laclede states as follows:

INTRODUCTION AND BACKGROUND FACTS

1. This case represents a perfect example of the benefits of Laclede’s automated meter reading program (“AMR”). The parties’ dispute arises out of the fact that Laclede’s meter is inside the Earley’s home. In the past, billings to Mr. Earley have been frequently based upon actual meter readings obtained by Laclede and self-readings turned in by the Earleys, with the remaining billings based on estimated usage. Specifically, for the two years prior to November 2004, six monthly bills were based on Laclede meter readings, eight bills were based on self-reads by the Earleys, and ten bills were based on estimated readings. Since Laclede installed an AMR unit on the meter in January 2006, all of the customers’ bills have been based on actual readings, without troubling the Earleys either to read the meter, fill out a card and mail it to Laclede, or to permit a Laclede representative access inside their home to read the meter.

2. On October 26, 2004, the Earleys sent in a self-reading of x4022. Despite efforts by Laclede to obtain meter readings, and despite the fact that the Earleys had been frequently turning in self-reads, there were no further meter readings for the next 12 months. On October 26, 2005, Laclede rendered a bill to the Earleys based on an estimated reading of x6011, reflecting the Earleys' historically above-average gas usage.

3. In November 2005, the Earleys turned in a self-reading, effective for November 28, 2005, of x4817. This indicated to Laclede that the Earleys had been significantly overbilled since the last actual reading in October 2004. In accordance with Rule 10B of Laclede's tariff regarding billing adjustments, Laclede issued a re-bill allocating 795 ccf (hundred cubic feet) of actual usage for the period between October 26, 2004 and November 28, 2005. The re-bill resulted in a large credit balance on the Earleys' account.

4. On December 29, 2005, Laclede obtained a meter reading at the Earley home of x6056. This reading indicated that the November 2005 reading was in error, and that the Earleys actual usage was much closer to the amounts estimated, and closer to the Earley's historical usage. Comparing the Earleys actual read of x6056 on December 29, 2005, to the estimated reading of x6011 on October 26, 2005, indicates that the Earleys 2005 bills were still over-estimated, but at a much smaller level than indicated by the inaccurate November 2005 self-read.

5. Pursuant to Rule 10B of Laclede's tariff, based on the related and available information, Laclede determined October 26, 2004 – December 29, 2005 to be the probable period during which the overcharge existed. Accordingly, Laclede rendered an adjusted bill for the period October 26, 2004 (actual reading of x4022) to December

29, 2005 (actual reading of x6056). After offsetting payments made by the Earleys for gas provided between October 26, 2004 and October 26, 2005, the result was a balance of \$235.27 owed by the Earleys, which basically represented the balance due for gas service from October 26, 2005 to December 29, 2005. Based on the Earleys historically high usage and weather during this period, the Earleys could have normally expected to pay about \$665 for service during these two winter months. The result of the overcharge is that the amount owed for this period is \$430 less than normal. In other words, although the Earleys would normally owe about \$665 for gas service during the October 26, 2005 – December 29, 2005 period, because they were overbilled for the 12 months preceding October 26, 2005, they would owe only \$235.27 for the final two months of 2005.

6. The Earleys don't see it that way. They are focussed on the fact that they have paid for gas service through meter reading x6011 as of October 26, 2005, and that based on a meter reading of x6056 on December 29, 2005, they should only owe for 45 ccf of gas for the two winter billing months between these dates, a sum that should be much less than \$235.27 billed by Laclede. The Earleys' analysis does not take into account the fact that, when gas usage is allocated within a period that an overcharge or undercharge has occurred, changes in rates during that period, especially the cost or price of gas, will affect the account balance, and can do so in either direction. In this case, in performing the billing adjustment, overbilled gas from the period October 26, 2004 to October 26, 2005 was allocated to the period October 26, 2005 to December 29, 2005. The result is that the Earleys net bill for usage in the latter period is higher than the cost of the 45 unbilled ccfs primarily because gas prices were higher during the last two months of 2005 than they were during the preceding 12 months.

7. Naturally, the Earleys would prefer to overpay for cheaper gas and underpay for more expensive gas, because it works to their financial benefit. Therefore, they would prefer to maintain the status quo on the bills covering the period October 26, 2004 to October 26, 2005, and be billed for the period of October 26, 2005 to December 29, 2005 as if they used only 45 ccf during this period, an amount that is unlikely to cover their actual gas usage for two summer months, much less two winter months. Laclede's tariff, however, requires that it make billing adjustments based on the entire period estimated to be involved in the over or undercharge, and that is what Laclede has done in this case.

ANSWER

8. Laclede hereby incorporates the foregoing paragraphs 1-7 into this Answer to Complainant's letter of formal complaint ("Complaint") dated March 23, 2006 and signed on March 28, 2006.

9. Laclede denies the general comments made in the introduction to the Complaint.

10. Laclede agrees with the allegations in paragraph 1 of the Complaint that the Earleys account was paid current as of October 26, 2005.

11. Laclede agrees with the allegations in paragraph 2 of the Complaint that the Earleys self-reading in November 2005 was incorrect.

12. Laclede denies the allegations in paragraph 3 of the Complaint. Based on the inaccurate November 28, 2005 self-read, Laclede *charged*, not credited, the Earleys the amounts listed in paragraph 3.

13. Laclede denies the allegations in paragraph 4 of the Complaint. The lower overall gas cost per therm for the 13-month period ending November 28, 2005 reflects the use of less gas in the more expensive second block in Laclede's tariff.

14. Laclede agrees with the allegations in paragraph 5 of the Complaint regarding the credit to the Earleys for the period ended October 26, 2005.

15. Laclede agrees with the allegations in paragraph 6 of the Complaint.

16. Regarding paragraphs 7 and 8 of the Complaint, Laclede agrees that it sent out a bill in early January 2006 for service rendered to December 29, 2005, and that on January 25, 2006, it sent an adjusted bill on the Earleys' account that superseded the bill sent in early January and covered the period October 26, 2004 to December 29, 2005, as discussed in paragraphs 1-7 hereof.

17. Laclede agrees that paragraph 9 is an accurate description of the billing adjustment made on the Earleys' account for the period ending December 29, 2005, excluding taxes.

18. Laclede denies the allegations in paragraph 10 of the Complaint. The Earleys clearly used more than 45 therms of gas between October 26, 2005 and December 29, 2005. Further, Laclede denies that it has manipulated this matter in any way; rather, Laclede has adjusted the Earleys' bill over the probable period that the overcharge existed, resulting in a much lower amount owed for the last two months of 2005 than would normally be the case. This bill adjustment was done in accordance with Laclede's tariffs, and is fair to the Earleys, Laclede's other customers and the Company itself.

CONCLUSION

19. This dispute arises directly out of the fact that the location of Laclede's meter inside the customers' home impedes the Company's ability to receive regular meter readings. Prior to 2005, the Earleys' willingness to read their own meter had been helpful in rendering accurate bills, but for 2005, Laclede received only one such reading, which came late in the year and was inaccurate. As a result, it became necessary for Laclede to issue a billing adjustment. Even though the adjustment operated in the customers' favor, producing a balance for the last two months of 2005 that was more than \$400 less than what they would have otherwise received for this period, the Earleys are dissatisfied and frustrated.

20. Laclede's implementation of AMR will virtually eliminate this issue from being repeated in the future. With AMR, Laclede will no longer send a representative to the Earleys home each month in a generally vain attempt to gain access to the meter. The Earleys will not have to read the meter, fill out a card, or mail it to Laclede within a narrow time window in order to generate a bill based on actual usage. Most importantly, the Earleys are virtually guaranteed to receive regular bills that will be based on actual usage, avoiding the risk of a billing adjustment that, although properly handled in this case, has left them frustrated and angry.

WHEREFORE, Laclede respectfully requests that the Commission accept Laclede's Answer and find that, in making the billing adjustment on the Earleys' account, Laclede has violated no statute or rule, order or decision of the Commission.

Respectfully submitted,

/s/ Rick Zucker

Rick Zucker
Assistant General Counsel
Laclede Gas Company
720 Olive Street, Room 1516
St. Louis, MO 63101
(314) 342-0533 Phone
(314) 421-1979 Fax
rzucker@lacledegas.com

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 3rd day of May, 2006 by United States mail, hand-delivery, email, or facsimile.

/s/ Rick Zucker