

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

In the matter of the application of Laclede Gas)	
Company for a temporary variance from certain)	
portions of Rule 10.A of its Tariff regarding meter)	GE-2005-0405
testing in connection with its implementation of)	
an automated meter reading program)	

**RESPONSE TO NOTICES OF *EX-PARTE* CONTACT
AND RENEWED REQUEST FOR APPROVAL OF APPLICATION**

COMES NOW Laclede Gas Company (“Laclede” or “Company”) and, for its Response to Notices of *Ex-Parte* Contact and Renewed Request for Approval of Application, states as follows:

1. On May 10, 2005, Laclede filed an application requesting that the Commission grant it a temporary variance, through calendar year 2006, from the statistical sampling requirements of Laclede’s meter testing program. During the variance period, Laclede would concentrate on replacing specific meters that have been identified as incompatible with Laclede’s automated meter reading (“AMR”) program, rather than on sampling random meters for accuracy.

2. On June 15, 2005, the Staff of the Missouri Public Service Commission (“Staff”) filed its Recommendation and Memorandum in which it recommended that the Commission approve Laclede’s Application for a Variance. In doing so, the Staff noted the positive impact that implementation of AMR would have on customer service and stated that the temporary variance would permit a more rapid realization of those benefits by allowing the Company to remove older-style meters on an accelerated basis and replace them with newer meters. (*See* Staff Memorandum, page 2, Attachment A). The Staff also noted that the variance did not involve a gas safety issue or rule and that a

similar variance was previously granted to Missouri Gas Energy in Case No. GO-97-242 in connection with its implementation of AMR. (*Id.*).

3. On June 20, 2005, Local 5-6 filed its Verified Application to Intervene in this proceeding in which it took no position on Laclede's Application but expressed concern about the impact that the Company's request for relief could have on jobs and other terms and conditions of employment. On June 30, 2005, Laclede filed a response opposing Local 5-6's application on the grounds that the potential impact of the variance on jobs and the conditions of employment is not an appropriate basis for intervention and delay of the variance requested in this case, and, in any event, that the temporary nature of the relief requested should minimize the practical impact on the applicant.

4. On July 15, 2005, Local 5-6 filed a Reply raising two previously unstated concerns to support its application to intervene. First, Local 5-6 stated that, anecdotally, trace devices on Laclede meters may not meet meter sampling requirements and may need to be replaced. Second, Local 5-6 expressed the concern that there was no assurance that Laclede will resume the current meter sampling program when the temporary variance expires in 2007.

5. In response to Local 5-6's Reply, Laclede observed that trace devices are not even meters, but are instead remote sending units that are not part of, or affected by, the statistical meter sampling program. Laclede further noted that to the extent the accuracy of these trace units was a matter of concern, then such a consideration actually supported granting the relief requested by Laclede since the AMR program would lead to the *complete replacement* of all trace devices in less than 2 years. Finally, regarding whether the Company would resume the meter sampling program in 2007 once the

temporary variance expired, Laclede represented that it fully intended to comply with its tariffed obligation to do so, and Local 5-6 had offered nothing to suggest that Laclede would not comply with the law.

6. Since these pleadings were filed, Local 5-6 has attempted to influence the Commission's disposition of this matter by raising baseless concerns in a number of different venues – concerns that have nothing to do with the relief requested in this case. For example, in the Company's recently concluded general rate case proceeding, Local 5-6 made a number of allegations regarding the propriety and impact of the Company AMR program only to assert later, at a hearing before the Commission, that such allegations were not relevant to the Commission's disposition of that matter. And, as indicated by the notice of *ex-parte* communication filed in this case on December 2, 2005, and similar notices filed subsequently, it is now appealing to local governmental bodies to adopt vague and uninformed resolutions for the Commission's consumption that likewise have nothing to do with the specific relief requested by Laclede in this case.

7. Because Laclede received no advance notice of Local 5-6's efforts, it did not have an opportunity to counter whatever representations Local 5-6 may have made to obtain these resolutions. As a result, the respective Council members did not have the benefit of information showing:

- That the expansion of AMR technology in the St. Louis area will in no way compromise public safety as evidenced by the fact that some form of such technology has been used for many years by Laclede, every other major gas and electric utility in Missouri, and scores of utilities across the country serving tens of millions of customers, without any adverse impact on safety;
- That the cost, operational and safety aspects of such technology will continue to be subject to review by the state agency with the specific responsibility and expertise to assess appropriate safety standards for public utilities, just as it has been with other utilities that have previously implemented AMR technology

throughout their service areas. Notably, there is absolutely nothing to indicate that this Commission, or any other state commission for that matter, has ever found any plausible safety concern arising from the use of such technology or the operational changes necessary to implement it.

- That even after AMR is fully implemented, Laclede will still be required by the Commission's safety rules to perform a leak inspection survey of its lines in residential areas at least once every *one to three* years, depending on the kind of line. This requirement is already more stringent than its federal counterpart, which requires a leak survey of most residential lines only once every five years. In addition, Laclede will still be required to perform a gas safe inspection of the customer's equipment at such times as it is necessary to physically turn on the flow of gas to a customer. What Laclede would not be required to do is inspect or test equipment when gas service is initiated or transferred from one customer to another, without physically turning the gas on or off. Currently, *no other* gas utility in Missouri is required to perform such work when service is transferred to a customer without affecting the flow of gas. As a result, making customers pay for such inspections is not a true matter of public safety, but instead an effort to have customers pay in perpetuity for work that is no longer necessary to provide them with safe and adequate service. Moreover, any customer who truly desires to have such an inspection performed will still have the option to contact Laclede to obtain one.
- That the expansion of AMR technology will also benefit customers by enabling Laclede to provide them with better, more convenient utility service. Specifically, it will virtually eliminate the need for Laclede to render estimated bills because it cannot gain access to a customer's premise. Estimated bills are a major source of customer complaints. By providing actual readings every month, AMR technology will enable Laclede to give customers what they desire – a bill based on actual usage each month. It will also enable Laclede to obtain such readings without having to make customers – many of whom live very busy lives – wait at home so that Company personnel can gain access to the customers' inside meters.
- That AMR technology will also save customers money. In those situations where service has not been previously disconnected, a new customer will no longer have to pay a service-initiation charge of \$36.00 to have a Laclede employee visit their premises since Laclede will now be able to obtain an initial meter reading through the AMR technology. Once again, there is every reason to believe that customers will appreciate the opportunity to avoid this charge when there is no longer any valid reason for performing the underlying work.

8. As evidenced by the attached letter from a majority of the members of the St. Louis County Council, when elected officials are made aware of these facts, they are

quick to clarify that their resolutions should not be misconstrued by the Commission as providing any basis for rejecting either the implementation of AMR technology or the change in utility practices that has been requested in this case to implement AMR. This is hardly surprising, given the promise that such technology holds for providing more convenient and less costly utility service to their constituents, without any compromise to public safety.

9. In any event, it is this Commission, rather than local governmental bodies reacting to a one-sided lobbying effort, that has the expertise and resources necessary to evaluate these matters with the care they deserve. Indeed, that is precisely why such a task has been statutorily and exclusively entrusted to the Commission rather than left to the ad-hoc, inconsistent and potentially uninformed determinations of scores of local governmental agencies. (Section 393.140 RSMo 2000). In this case, Laclede respectfully suggests that there is no valid reason why the Commission should not exercise that power now and approve the Company's request for relief. This is particularly true given the fact that the relief requested in this case relates solely to the replacement of obsolete meters and raises no issue of public safety. The benefits to be derived by Laclede's customers from the granting of such relief have been thoroughly identified and explained by both the Company and the Commission Staff. And, as demonstrated by the pleadings previously filed in this proceeding, Local 5-6 has yet to articulate any reason even justifying intervention, much less supporting an argument that the granting of such relief would be inappropriate or adverse to the interests of Laclede's customers. For all of these reasons, Laclede renews its request that the Commission approve its Application in this case.

WHEREFORE, for the foregoing reasons, Laclede renews its request that the Commission approve its Application in this case.

Respectfully Submitted,

/s/ Rick Zucker

Michael C. Pendergast, #31763
Vice President & Associate General Counsel
Rick Zucker, #49211
Assistant General Counsel-Regulatory

Laclede Gas Company
720 Olive Street, Room 1520
St. Louis, MO 63101
Telephone: (314) 342-0532
Facsimile: (314) 421-1979
E-mail: mpendergast@lacledegas.com
rzucker@lacledegas.com

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, the Office of Public Counsel and the Paper, Allied-Industrial, Chemical and Energy Workers Local No. 5-6, AFL-CIO on this 3rd day of January, 2006, by hand-delivery, email, fax or United States mail, postage prepaid.

/s/ Gerry Lynch

St. Louis County Council

1st District
HAZEL M. ERBY

2nd District
KATHLEEN KELLY BURKETT

3rd District
SKIP MANGE

4th District
MICHAEL E. O'MARA

5th District
KURT S. ODENWALD

6th District
JOHN CAMPISI

7th District
GREGORY F. QUINN



JOHN CAMPISI
Chairman

KURT S. ODENWALD
Vice Chairman

SUZANNE R. PRATL
Administrative Director

314 / 615-5432
FAX 615-7890

December 13, 2005

Mr. Jeff Davis
Chairman
Missouri Public Service Commission
Governor Office Building
200 Madison St.
P.O. Box 360
Jefferson City, MO 65102-0360

RE: St. Louis County Council Resolution 4869

Dear Chairman Davis:

We, the undersigned members of the St. Louis County Council, are writing to you regarding a resolution passed by the County Council on October 4, 2005. Resolution No. 4869 was passed by the County Council as a result of concerns expressed regarding the alleged failure of Laclede Gas to perform safety inspections of the interior of residences after performing repairs to outdoor meters. During the weekly caucus held by the County Council on October 4, concern was expressed by the sponsor of the resolution that inspections of the pilot lights inside homes were not performed in certain situations. The discussion at the Council caucus centered on the continued need for safety inspections of the pilot lights at the time repairs or replacements are made to outdoor gas meters. There was consensus reached at our caucus that inspections should

Administration Building • 41 S. Central Avenue • Clayton, MO 63105

The County Government Center and the Council Chamber are accessible for disabled persons. If you need an accommodation or need this material in an alternative format, please call 314-615-5432 (voice) or call Relay Missouri at 1-800-735-2966 (TTY).



be performed by Laclede Gas, and that Laclede Gas should continue to reignite the pilot light after any such repair or replacement. This was the basis for our vote in support of Resolution No. 4869. It was our desire to let the Public Service Commission know of our belief that indoor safety inspections should be performed any time a repair or replacement is made to a gas meter.

In the October 13, 2005 issue of the *St. Louis/Southern Illinois Labor Tribune*, an article appeared which suggests that the County Council Resolution passed on October 4, 2005 was intended to urge the Public Service Commission to reject an attempt by Laclede Gas to replace manual meter readings with an automated meter reading program. The *Labor Tribune* article casts our vote and the passage of Resolution 4869 in a much different light than was presented at the County Council caucus. In fact, there was no discussion at the County Council caucus regarding any attempts by Laclede Gas to implement an automated meter reading program.

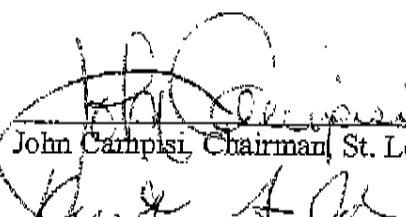
Following the publication of the *Labor Tribune* article, we undertook to become more fully informed of the issues presently pending before the Public Service Commission in relation to Laclede Gas. We have learned that Laclede Gas has filed a "Verified Application for Variance" in connection with its efforts to propose to implement an automated meter reading program. It is important for the members of the Public Service Commission to understand our votes on Resolution 4869 had absolutely nothing to do with Laclede Gas' proposed automated meter reading program, or it's Verified Application for Variance. Each of us unequivocally refutes any such characterization of the Resolution passed by the County Council on October 4, 2005.

Missouri Public Service Commissioners
December 13, 2005
Page 3

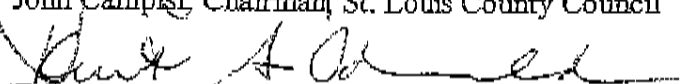
The County Council has seven members. Without our votes, Resolution 4869 would not have passed. We feel that it is imperative to inform the Public Service Commission of the circumstances behind the passage of Resolution 4869, and to correct any misconceptions that may have resulted from the passage of said Resolution. While we agreed with the sponsor of the Resolution that safety inspections should be performed in households, it is inappropriate and inaccurate to characterize those concerns as opposition to Laclede Gas' proposal to implement an automated meter reading program.

Thank you for taking the time to consider these comments.

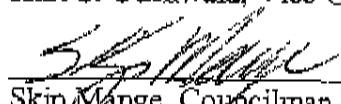
Very truly yours,




John Campisi, Chairman, St. Louis County Council



Kurt S. Odenwald, Vice-Chairman, St. Louis County Council



Skip Mange, Councilman, 3rd District



Greg Quinn, Councilman, 7th District