

STAFF REPORT

TO: Laclede Gas Company - Missouri Public Service Commission Official
Case File, Case No. GC-2006-0456, Laclede Gas Company

FROM: Tom Imhoff – Tariffs/Rate Design

/s/Tom Imhoff 08-25-06
Energy Department/Date

/s/Lera Shemwell 08-25-06
General Counsel's Office/Date

SUBJECT: Staff Recommendation on the Complaint of Marcia Johnson against
Laclede Gas Company.

DATE: August 25, 2005

BACKGROUND

On June 2, 2006, Ms. Marcia Johnson (Complainant or Ms. Johnson) filed a formal complaint against Laclede Gas Company (Laclede or Company).

On July 3rd, 2006, Laclede filed LACLEDE GAS COMPANY'S ANSWER TO COMPLAINT in which it requested *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.*

On July 6, 2006, the Commission issued its "ORDER DIRECTING STAFF INVESTIGATION AND FILE A REPORT." This Order requires Staff to *investigate the issues set out in the pleadings and file a report of its findings no later than August 18, 2006.*

On August 18, 2006, the Staff filed a "... REQUEST FOR EXTENSION OF TIME TO FILE STAFF'S REPORT"

On August 24, 2006, the Commission issued its "ORDER DIRECTING STAFF INVESTIGATION AND FILE A REPORT." This Order requires Staff to *investigate the issues set out in the pleadings and file a report of its findings no later than August 25, 2006.* This memo is in response to the Commission's Order.

The Complainant asserts that Laclede should not be allowed to bill her for undercharges for the time period of November, 2003 through November, 2005. The Complainant states that the service was under a Mr. John White, and that Laclede did not attempt to read the meter. The Complainant states that no "tag on the door knob" was left to indicate that Laclede had been unable to read the meter, or to set up an appointment to read the meter.

The Complainant states that she is responsible for a prior balance of \$334.71 from 6721

Alabama, and that she has taken over a balance of Mr. White in the amount of \$95.37. She disagrees with Laclede billing her for three years of corrected estimates. Ms. Johnson filed a formal complaint because she believes she is being billed unfairly. She stated that if the total billing is correct, then she would like the entirety of the bill for 6721 Alabama to be split evenly between her and Mr. White.

The Energy Tariffs/Rate Design Staff (Staff) has performed its investigation of this complaint. Staff's investigation reveals that Ms. Johnson lived with Mr. John White at 6721 Alabama during the disputed period of November 2003 to November 2005 and so benefited from service at that location. The gas account during this entire time was in Mr. White's name. Ms. Johnson asked to have the gas put into her name in November of 2005. Laclede discovered an undercharge due to estimated billing at this time and billed Ms. Johnson a total of \$1,550.19 that included the under-billing, an unpaid balance from 6721 Alabama and an unpaid balance from a previous address (4462 Oakland) at which Ms. Johnson resided.

Ms. Johnson paid \$91.00 to Laclede which was applied to the Complainant's oldest balance that was incurred at 4462 Oakland. In January, 2006, Ms Johnson and Mr. White attempted to have the bill once again put under Mr. White's name and to have the gas turned off. Laclede turned off the gas on February 4, 2006, at which point another undercharge was discovered for the period of November 18, 2005-February 4, 2006. Laclede determined that 428 Ccfs of gas were used during this period, for a total bill of \$623.05. The net bill, issued to Ms. Johnson for service during this time period was \$760.95.

On February 4, 2006, gas was turned on for Ms. Johnson at 6919 Alabama and the entire \$1,550.19 bill was transferred to this address. Laclede has transferred the additional \$760.95 bill from 6721 Alabama to Ms Johnson's 6919 Alabama account as well.

Mr. White is not currently connected to Laclede's system. Laclede has stated that it would pursue the balance from Mr. White should he reconnect to the system.

In Laclede's answer the company states that it will stop seeking payment when either Mr. White or Ms. Johnson pay the balance, and suggests that the two work out a deal between them, but rejects the idea of splitting the bill.

Laclede states, but cannot substantiate that the meter reader left a door tag for a self read in February of 2004 and June of 2004. The Complainant states that she never received any hanging door tags requesting a self read. The normal protocol Laclede uses when they cannot perform an inside meter read would be to leave a hanging door tag requesting a self read on the third and seventh months. Laclede mails a self read request by the eleventh month.

On January 21, 2005, Laclede received a meter reading from the customer on a self-read card from the 6721 Alabama residence, which indicated an approximate \$800 under-

billing at that time. Laclede issued a bill on February 14, 2005, for that amount, and received a phone call on March 9, 2005 indicating that the meter had been misread. Laclede accepted that, because they thought that the amount was too high as well. On October 22, 2005, Laclede was able to get an actual meter read which indicated an under-billing of \$1,550.19. On December 13, 2005, Laclede issued a bill that included the under-billed amount of \$1,550.19.

There are two issues at stake in this complaint. The first is whether Ms. Johnson is responsible to pay for gas service received in Mr. White's name. There is no dispute that the gas service at 6721 Alabama was under Mr. White's name between November 22, 2003 and November 17, 2005. Laclede believes that Ms Johnson is responsible for the bill, however, because she has admitted that she lived with Mr. White during the entire two-year period and that this living arrangement resulted in 'substantial benefit' of gas service for Ms. Johnson, as outlined in Laclede's tariff and MO PSC rule 13.050 (2) (D).

The second issue is whether Laclede fairly re-billed to collect for the undercharge that existed between 11/22/03 and 11/17/05. Staff has reviewed Laclede's method for the recalculation of the under-billing and believes it has been computed in accordance with their tariff.

Staff's Position

The Staff's position on the first issue has the Complainant benefiting from the service for the disputed period. The Complainant has admitted that she benefited from the service and should be held responsible for some amount since Mr. White is not currently a customer of Laclede. In the event that Mr. White reconnects for service, Staff would recommend that half of the outstanding balance revert back to Mr. White's account. Laclede has not violated any tariff provision, rules or regulations of the Commission on this point.

The second issue is more complex due to the disagreement between the Complainant and Laclede on the issuance and reception of an actual meter read notification. The Staff is unable to make the determination as to when the Complainant actually received a notice and request for a meter self read. There is no documentation supporting either position. Laclede has a notation on the account of a "read program letter #1" mailed to the account at 6721 Alabama, but no actual copy of the letter addressed to Mr. White is available. The Staff notes that Laclede received a self meter read from the account on January 25, 2005. The Staff is not sure if the Complainant received the self billing request within the twelve (12) month actual meter read requirement.

Laclede is entitled to the revenue resulting from a **fair** re-billing of revised usage compared to initial (estimated) usage. Both Laclede's tariff and Commission Rule provide for the method of re-billing. The Commission's rules permit Laclede to bill for a total twelve month period from the date of discovery, or inquiry. The proper assignment of term to particular bill cycle is complicated because of variations in the PGA, ISRS

and margin rates during the duration of the complaint. Variations in allocation of therms to any particular bill cycle will result in variations in total revenue for the period. Laclede has computed these correctly within the context of its tariff and Commission Rules.

The Commission's Rules and Regulations, along with Laclede's tariff, require that the adjustments should: 1) incorporate the whole time period in dispute and 2) shall make billing adjustment for the period estimated to be involved as long as the notice was within the twelve (12) month period. Implicit in these requirements is that assignment of therms (the estimates) must be reasonable. In summary, the estimates must incorporate the whole duration of the re-billing period. Also, the assignment of therms to particular billing cycle needs to meet some expectation of reasonableness. In this case, Staff believes that Laclede has met this obligation.

STAFF'S RECOMMENDATION

Staff recommends that the Commission make a finding that the Complainant benefited from the service at 6721 Alabama, but since Laclede cannot prove that it left hang tags or that a letter was actually sent to the customer, that Ms. Johnson only be held responsible for half of the bill at 6721 Alabama and that Laclede attempt to collect the other half from Mr. White. The Commission should require Laclede to have better documentation indicating when a customer has been informed that an actual meter read needs to be made, or when the meter reader left a hanging door tag requesting access to read the meter.

Laclede's method of calculation was in compliance with its tariff, Commission Rules and Regulations.

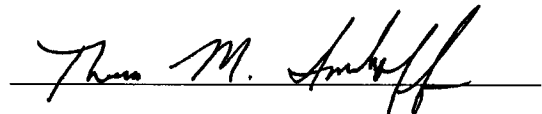
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter Marcia Johnson vs. Laclede)
Gas Company)
)
) Case No. GC-2006-0456

AFFIDAVIT OF THOMAS M. IMHOFF

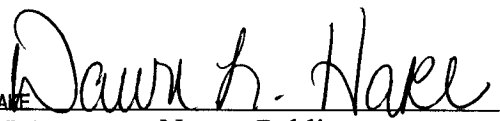
STATE OF MISSOURI)
)**ss**
COUNTY OF COLE)

Thomas M. Imhoff, of lawful age, on oath states: that he has participated in the preparation of the foregoing written report, consisting of Four pages to be presented in the above case; that the information in the attached written report was given by Laclede Gas Company; that he has knowledge of the matters set forth in such report; and that such matters are true to the best of his knowledge and belief.



Subscribed and sworn to before me this 25th day of August, 2006.




DAWN L. HAKE
My Commission Expires
March 16, 2009
Cole County
Commission #05407643
Notary Public

My commission expires _____