

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 21st day of  
December, 2006.

Staff of the Public Service Commission of Missouri,	)	
	)	
Complainant,	)	
	)	
v.	)	<b><u>Case No. GC-2006-0318</u></b>
	)	
Laclede Gas Company,	)	
	)	
Respondent.	)	

The Office of the Public Counsel,	)	
	)	
Complainant,	)	
	)	
v.	)	<b><u>Case No. GC-2006-0431</u></b>
	)	
Laclede Gas Company,	)	
	)	
Respondent.	)	

**ORDER APPROVING STIPULATION AND AGREEMENT**

Issue Date: December 21, 2006

Effective Date: December 31, 2006

This case is a consolidation of two separate complaints filed against Laclede Gas Company. The first case, Case No. GC-2006-0318, is a complaint brought by the Commission's Staff, containing two counts. The first count alleges that Laclede has violated Commission regulations regarding notification to customers concerning the issuance of estimated bills. In particular, Staff alleges:

Laclede failed to provide in a timely manner the required notification that estimated bills may not reflect actual usage and that the customer may read and report usage on a regular basis. Laclede has also failed to attempt to secure an actual reading at least annually.

The second count of Staff's complaint alleges that Laclede has not acted quickly enough to investigate and correct situations where it has shut off gas service at a meter or curb, but usage has continued to register on the meter. In other words, gas has continued to flow into the building under unknown conditions.

For both counts, Staff asks the Commission to require Laclede to take corrective actions. In addition, Staff asks leave to proceed to Circuit Court to seek statutory penalties against Laclede for the alleged violations of the Commission's regulations.

The second complaint, Case No. GC-2006-0431, is brought by the Office of the Public Counsel. It alleges that Laclede has violated Commission regulations by billing customers for estimated gas usage for more than twelve months without obtaining an actual meter reading. Public Counsel asks the Commission to require Laclede to take corrective action, and seeks penalties for the violations.

Both complaints were set for hearing beginning on November 8, 2006. On November 7, Public Counsel, Laclede, and USW Local 11-6<sup>1</sup> filed a Stipulation and Agreement that purports to resolve Public Counsel's complaint against Laclede, as well as Count 2 of Staff's complaint. Staff did not sign the Stipulation and Agreement.

The Commission convened the hearing at the scheduled starting time on November 8. At that time, the parties that signed the Stipulation and Agreement presented it to the Commission for approval. Staff indicated that it neither supported, nor opposed,

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<sup>1</sup> USW Local 11-6 is the labor union that represents some of Laclede's workers. The Commission allowed Local 11-6 to intervene in the consolidated complaint case.

the Stipulation and Agreement.<sup>2</sup> Staff, however, indicated that it does support the portion of the Stipulation and Agreement that concerns Count 2 of Staff's complaint relating to locked meter consumption. Staff states that it does not accept the Stipulation and Agreement as a resolution of Count 1 of its complaint and indicates that it seeks guidance from the Commission as to whether it should further pursue that portion of its complaint, either through Case No. GC-2006-0318, or by filing a new complaint.<sup>3</sup> Laclede is aware of Staff's position, but believes that the submitted Stipulation and Agreement provides a reasonable remedy for the problems identified in Staff's complaint as well as those identified in Public Counsel's complaint.<sup>4</sup> Similarly, Public Counsel indicates that the Stipulation and Agreement represents a reasonable settlement of its concerns. Despite Staff's position, the signatory parties continued to ask the Commission to approve their Stipulation and Agreement.<sup>5</sup>

On November 28, after the Commission initially discussed this Stipulation and Agreement at an agenda meeting, Staff filed additional comments in which it asked the Commission to impose certain requirements on Laclede to allow Staff to better monitor Laclede's customer service performance if the Commission chooses to approve the Stipulation and Agreement. On November 30, in response to Staff's additional comments, Laclede indicated that it would accept the monitoring requirements requested by Staff because it intended to fully comply with the Stipulation and Agreement. Laclede denied

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<sup>2</sup> Transcript pages 22-23.

<sup>3</sup> Transcript pages 25-26.

<sup>4</sup> Transcript page 34.

<sup>5</sup> Transcript page 41.

any wrong doing and opposed any suggestion that the Commission should impose additional penalties for past actions.

Staff did not sign the Stipulation and Agreement and therefore it is nonunanimous. However, Commission Rule 4 CSR 240-2.115 provides that if no party objects to a nonunanimous stipulation and agreement it may be treated as a unanimous agreement. Since no party objects to the Stipulation and Agreement, it will be treated as a unanimous agreement, as it relates to Public Counsel's complaint and Count 2 of Staff's complaint.

The Stipulation and Agreement resolves Public Counsel's complaint by requiring Laclede to provide at least \$500,000 in bill credits to residential customers who received a catch-up bill on or after November 1, 2004, for a period exceeding 12 consecutive months of estimated usage. The credit is to be made within 60 days of the approval of the Stipulation and Agreement. The amount of the credit is to be equal to the amount of the catch-up bill that relates to under-billings for usage prior to the 12 consecutive months of estimated bills. The cost of such credits will be borne by Laclede's shareholders and will not be passed on to ratepayers.

Laclede also agrees that in the future it will, in most situations, limit any residential billing of an undercharge to no more than 12 months from the date it obtains an actual meter reading. In addition, except in cases of diversion or fraudulent receipt of service, Laclede agrees to provide written notice to customers who receive a catch-up bill of \$100 or more, advising those customers of their right to pay the catch-up amounts in equal installments over a time period equal to the period over which the under-billing occurred. The Stipulation and Agreement also requires Laclede to take other specified steps to improve its service to its customers.

With regard to Count 2 of Staff's complaint, the Stipulation and Agreement requires Laclede to begin sending a notification letter to the affected location within five business days of discovering the unauthorized gas consumption. If the occupant of the affected location does not promptly contact Laclede to begin legitimate service, Laclede is to disconnect the flow of gas to the affected location no less than 10 business days and no more than 15 business days after the unauthorized flow of gas is detected. That disconnection may be performed regardless of the outside temperature.

Staff filed a separate complaint from that filed by Public Counsel. In particular, Staff contends that Laclede failed to secure actual meter readings at least annually and failed to provide timely notification to customers that estimated bills may not reflect actual usage and that those customers may read and report their own meters. Staff suggests that further penalties could be imposed on Laclede for alleged violations of the Commission's regulations regarding customer billings, and asks the Commission's guidance on how to proceed.

After reviewing the Stipulation and Agreement, the Commission finds that the steps that Laclede has agreed to take in this Stipulation and Agreement significantly benefit Laclede's customers, particularly those customers who were most affected by Laclede's billing practices. The customers who will receive bill credits if the Stipulation and Agreement is approved are those who received catch-up bills based on more than 12 months of estimated bills. Although those customers may have been harmed by receiving an unexpectedly large catch-up bill after Laclede obtained an actual meter reading, the Stipulation and Agreement will require Laclede to give them a bill credit for gas that they actually used to compensate them for hardship they may have suffered.

The Commission finds that Laclede's customers, and the public, will be better served by the prompt resolution of these complaints that will be afforded by the approval of the Stipulation and Agreement. Therefore, the Commission will approve the Stipulation and Agreement as a final resolution of Public Counsel's complaint, and as a resolution of Count 2 of Staff's complaint.

Staff did not, however, sign the Stipulation and Agreement and is not bound by its terms. Therefore, the Stipulation and Agreement cannot finally resolve Count 1 of Staff's complaint. The Commission has not yet heard evidence about Staff's complaint and for that reason is unable to make any finding about that count. The Commission believes that the resolution of Public Counsel's complaint that is embodied in the Stipulation and Agreement provides relief for the customers allegedly harmed by Laclede's actions. For that reason, the Commission will direct its Staff not to seek additional penalties at this time.

To ensure that Laclede's billing practices improve as a result of the measures it is required to take by this Stipulation and Agreement, the Commission will hold Count 1 of Staff's complaint in abeyance and order Staff to monitor those billing practices for a period of three years. If Staff finds that Laclede does not comply with the terms of the Stipulation and Agreement, as well as the monitoring conditions requested by Staff, Staff may again ask the Commission for authority to seek penalties against Laclede.<sup>6</sup>

Since all aspects of Public Counsel's complaint are resolved by the Stipulation and Agreement, that case will be severed from the consolidated case and closed. Staff's

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<sup>6</sup> The running of the two-year statute of limitation on the filing of a penalty action established by Section 516.390, RSMo 2000, is tolled while Staff's complaint is pending before the Commission. See De Paul Hosp. v. Southwestern Bell Tel. Co. 539 S.W.2d 542 ( Mo App. E.D. 1976); State ex rel. Sure-Way Transp., Inc. 836 S.W. 2d 23 (Mo App. W.D. (1992).

complaint in Case No. GC-2006-0318 will remain open and pending before the Commission.

**IT IS ORDERED THAT:**

1. The Stipulation and Agreement filed on November 7, 2006, is approved as a resolution of the Office of the Public Counsel's complaint in Case No. GC-2006-0431 and of Count 2 of Staff's complaint in Case No. GC-2006-0318, and the signatory parties are ordered to comply with its terms.

2. Case No. GC-2006-0431 is severed from this consolidated case and shall be closed on January 1, 2007.

3. The Commission's Staff is directed not to pursue the imposition of penalties against Laclede Gas Company for the violations alleged by Staff in Count 1 of its complaint in Case No. GC-2006-0318, unless Laclede fails to comply with the terms of the Stipulation and Agreement and the requirements of this order. If, within the next three years, Staff determines that Laclede Gas Company has failed to comply, it may again ask the Commission for authority to seek penalties against Laclede Gas Company.

4. Laclede Gas Company shall comply with the following monitoring conditions:

a. Laclede Gas Company shall provide consumer complaint responses in more timely fashion, as follows:

(1) Laclede shall provide responses on disconnect and denial of service complaints within one business day;

(2) Laclede shall provide responses on all other consumer complaints within five business days;

(3) Laclede shall provide on all complaint responses the Statement of Account with the resolution form.

b. Laclede Gas Company shall provide to Staff and the Office of the Public Counsel a monthly status report on its AMR installation project;

c. Laclede Gas Company shall provide to Staff and the Office of the Public Counsel, on a monthly basis, the number of estimated bills issued, broken down by increments of 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 consecutive months of estimated billing;

d. Laclede Gas Company shall provide on a monthly basis, all call center performance reports currently being submitted on a quarterly basis.

e. Laclede Gas Company shall provide quarterly internal strategies and objectives for improving call center performance and customer service

5. Case No. GC-2006-0318 shall remain open for three years from the date of this order.

6. This order shall become effective on December 31, 2006.

**BY THE COMMISSION**



Colleen M. Dale  
Secretary

( S E A L )

Davis, Chm., and Appling, CC., concur  
Murray, Gaw and Clayton, CC., concur,  
concurrences to follow

Woodruff, Deputy Chief Regulatory Law Judge