

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

In the Matter of the Application of)	
Missouri Gas Energy, an Operating Unit)	
of Laclede Gas Company, for Approval to)	Case No. GO-2015-0179
Change its Infrastructure System)	
Replacement Surcharge.)	

**PUBLIC COUNSEL’S MOTION FOR
ORDER DENYING CERTAIN ISRS COSTS**

COMES NOW the Missouri Office of the Public Counsel (OPC) and for its motion for order denying certain ISRS costs, states as follows:

1. On January 30, 2015, Missouri Gas Energy (MGE) filed its application to raise its Infrastructure System Replacement Surcharge (ISRS) rate to recover eligible costs incurred complying with state and federal regulations that require the replacement of infrastructure, improvement of infrastructure, or the relocation of infrastructure. §§ 393.1009, 393.1012, and 393.1015 RSMo, Supp. 2013.

2. MGE’s application states that it seeks to include infrastructure costs incurred through February 28, 2015, despite the fact that MGE’s application was filed on January 30, 2015. MGE’s request, therefore, seeks to include costs incurred after the application was filed. The Staff Recommendation filed on March 31, 2015 concurs with this assessment, and states:

In its January 30, 2015 Application MGE asserts that it has continued to incur costs related to ISRS-eligible infrastructure system replacements. For the period from September 1, 2014 through February 28, 2015, MGE estimates that it is entitled to update and increase its current ISRS in the amount of \$2,604,269. This request included budgeted ISRS plant and budgeted ISRS costs for the months of January and February 2015.

MGE's updated its ISRS Application to \$2,871,524 on March 12, 2015. This updated ISRS Application includes approximately \$919,754 in additional ISRS plant over and above the actual and budgeted plant in its January 30, 2015 Application. MGE's updated Application and was received via email to Staff on March 12, 2015.¹

3. Public Counsel challenges the lawfulness of MGE's attempt to include costs incurred *after* MGE filed its application to increase its ISRS. ISRS petitions must comply with § 393.1015.1(1) RSMo, which requires:

At the time that a gas corporation files a petition with the commission seeking to establish or change an ISRS, it shall submit proposed ISRS rate schedules and its supporting documentation regarding the calculation of the proposed ISRS with the petition, and shall serve the office of the public counsel with a copy of its petition, its proposed rate schedules, and its proposed documentation.

Here, the ISRS statute requires proposed rate schedules and supporting documentation to be filed *with the petition*. MGE's petition, however, did not include the necessary documentation to support the \$919,754 in additional plant that was not fully identified until March 12, 2015 in an e-mail sent to only the Commission's Staff, and later forwarded to Public Counsel upon request. This practice of including costs incurred after the application is filed is not lawfully authorized by the ISRS statute.

4. The ISRS statutes contemplate a process whereby the gas company files all documentation necessary to support the entirety of the amount the company seeks to recover through the surcharge. This filing triggers the 120-day window in which the documents are to be evaluated, and if necessary, challenged before the Commission. Any delay in providing the supporting documentation cuts short Public Counsel's ability to adequately analyze the proposal, and raises serious questions of MGE's customer's due process rights under the ISRS statutes.

¹ Staff Recommendation, March 31, 2015, EFIS Document No. 6, Appendix A.

5. Missing documentation is not the only issue with MGE's proposal. MGE is also required to file rate schedules to reflect the rate impact of the requested ISRS rate increase. By seeking plant costs incurred after the application is filed, the rate schedules also act only as "placeholder" rates, and are not an accurate reflection of the gas company's ultimate requested increase. Accordingly, MGE's request in this case violates § 393.1015.1(1) RSMo because the *true* rate schedules proposed by MGE are not known until sometime after MGE sends its additional plant costs to the Staff.

6. Commission rule 4 CSR 240-3.265(20) also requires a gas company seeking to increase its ISRS rate to "submit proposed rate schedules and its supporting documentation regarding the calculation of the proposed ISRS with its petition." The rule provides detail as to what documentation must be filed "for each project for which recovery is sought" and requires documentation of the "net original cost of the infrastructure system replacements..., the amount of related ISRS costs that are eligible for recovery during the period in which the ISRS will be in effect, and a breakdown of those costs identifying which...project categories apply and the specific requirements being satisfied by the infrastructure replacements for each." 4 CSR 240-3.265(20)(K). MGE did not provide this information with its petition for costs added after the petition was filed, and has not filed the additional documentation with the Commission. Even if the additional costs were lawful, the required documentation has not been filed to support an order approving the requested ISRS rate increase.

7. Public Counsel raised these same issues in the Laclede Gas Company ISRS case, Case No. GO-2015-0178, and a procedural schedule has been set, and testimony filed in that case. A hearing is scheduled in that case for April 20, 2015. For

this reason, Public Counsel asks the Commission to delay a ruling on this motion until after the Commission fully addresses this issue in the Laclede case since the argument raised herein is identical in both cases.

WHEREFORE, the Office of the Public Counsel respectfully moves the Commission to deny the \$919,754 of requested cost recovery through the ISRS for plant costs incurred and/or documented after MGE filed its petition.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

By: /s/ Marc D. Poston
Marc D. Poston (#45722)
Chief Deputy Counsel
P. O. Box 2230
Jefferson City MO 65102
(573) 751-5558
(573) 751-5562 FAX
marc.poston@ded.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 10th day of April 2015.

Missouri Public Service Commission

John Borgmeyer
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
john.borgmeyer@psc.mo.gov

Missouri Public Service Commission

Office General Counsel
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounservice@psc.mo.gov

Missouri Gas Energy (Laclede)

Rick E Zucker
700 Market Street, 6th Floor
St. Louis, MO 63101
rick.zucker@thelacledegroup.com

/s/ Marc Poston
