

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

In the Matter of the Application of)	
Laclede Gas Company to Change its)	Case No. GO-2016-0196
Infrastructure System Replacement)	Tariff Filing No. YO-2016-0193
Surcharge in its Laclede Gas Service)	
Territory.)	

In the Matter of the Application of)	
Laclede Gas Company to Change its)	Case No. GO-2016-0197
Infrastructure System Replacement)	Tariff Filing No. YO-2016-0194
Surcharge in its Missouri Gas Energy)	
Service Territory.)	

APPLICATION FOR REHEARING

COMES NOW the Office of the Public Counsel ("OPC") and for its Application for Rehearing of the Public Service Commission's ("Commission") May 19, 2016 Report and Order states as follows:

1. On May 19, 2016, the Commission issued its Report and Order in Case Nos. GO-2016-0196 and GO-2016-0197 to resolve a contested issue regarding Laclede Gas Company's ("Laclede") requests to increase its Infrastructure System Replacement Surcharges ("ISRS") under Sections 393.1009, 393.1012 and 393.1015 RSMo for its Laclede Gas and Missouri Gas Energy operating divisions.

2. The Commission's Report and Order authorizes Laclede to increase its ISRS rates by amounts that include infrastructure costs incurred before and after Laclede filed its petitions. For the reasons explained below, the Commission's Report and Order is unlawful and unreasonable and should be reheard under the authority granted the Commission by Section 386.500 RSMo.

3. The Report and Order is unlawful under Sections 393.1009, 393.1012 and 393.1015 RSMo, and Commission rule 4 CSR 240-3.265 because it authorizes Laclede to include costs in its ISRS not incurred and/or not properly supported with documentation when Laclede filed its ISRS petitions.

4. The Report and Order is also unlawful under Section 386.710 RSMo, Section 393.1015 RSMo, and Article 1, Section 10, of the Missouri Constitution because the order violates OPC's right and obligation to represent the public and violates OPC's and the public's right to due process.

5. The Report and Order is unreasonable because certain fact findings are not based on competent and substantial evidence and the findings are arbitrary, capricious, and constitute an abuse of the Commission's discretion: (1) The evidence does not support the finding that Laclede provided Staff with sample work orders for costs sought to be included in the ISRS petitions. The evidence shows Laclede provided only work authorization "face sheets" and not the actual work orders - a very important distinction. (2) The evidence also does not support the finding that prudence reviews "typically" occur during a general rate case. The evidence shows the Staff and the Commission do not review for ISRS-eligibility in rate cases. (3) The evidence does not support the Commission's finding that Staff had sufficient time to perform an effective ISRS audit. Instead, the evidence shows Staff testifying repeatedly that it did not have sufficient time to perform an effective ISRS audit. (4) Lastly, there is insufficient evidence in the record to support the costs that were not documented until after the petition was filed.

6. The Report and Order is also unlawful and unreasonable when it concludes without any citation to the record or any other source that the purpose of the ISRS statutes is “to incentivize capital investments in safety upgrades.”

7. The Report and Order is unlawful and unreasonable because it incorrectly states, “No evidence was presented that any project included in either Laclede’s Petition or MGE’s Petition was not ISRS eligible.” The evidence before the Commission shows Work Order No. 900446 is not ISRS-eligible because the work order authorization sheet does not provide any evidence showing the project is ISRS-eligible other than the fact that a pipe was replaced. This conclusion also unlawfully applies an improper burden of proof under Section 393.150.2 RSMo in that Laclede has the burden of proving its costs are eligible and Laclede did not provide sufficient evidence to support this project as eligible.

WHEREFORE the OPC respectfully requests rehearing.

Respectfully submitted,

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