

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

In the Matter of the Verified Application	)	
and Petition of Laclede Gas Company to	)	
Change its Infrastructure System	)	Case No. GO-2015-0341
Replacement Surcharge in its Laclede Gas	)	
Service Territory.	)	

In the Matter of the Application of	)	
Laclede Gas Company to Change	)	
its Infrastructure System Replacement	)	Case No. GO-2015-0343
Surcharge in its Missouri Gas Energy	)	
Service Territory	)	

**PUBLIC COUNSEL’S POSITION STATEMENT**

COMES NOW the Missouri Office of the Public Counsel (OPC) and for its Position Statement on the contested issues, states:

**Issue A: Regulator Stations Replaced to Increase System Pressure**

**Are the regulator stations included in Laclede’s ISRS petition eligible for ISRS recovery under Section 393.1009(5)(a) RSMo?**

Public Counsel seeks a Commission order that removes \$1,155,358.17 from Laclede’s ISRS request as ineligible costs due to the fact that Laclede replaced the equipment because of its move to a higher pressure system, not because the replaced regulator stations were worn out or in deteriorated condition. Section 393.1009(5)(a) mandates that ISRS-eligible replacements must replace existing facilities that are worn out or in deteriorated condition.

**Issue B: Telemetric Equipment Discontinued by the Manufacturer**

**Is the telemetric equipment included in Laclede’s ISRS petition eligible for ISRS recovery under Section 393.1009(5)?**

Public Counsel seeks a Commission order that removes **\$401,258.82** from Laclede's ISRS request as ineligible costs due to the fact that Laclede replaced the equipment because the manufacturer is no longer making or supporting the telemetric equipment, not because the replaced equipment was worn out or in deteriorated condition. Section 393.1009(5)(a) mandates that ISRS-eligible replacements must replace existing facilities that are worn out or in deteriorated condition.

**Issue C: Costs Incurred/Documented After the Petitions Were Filed**

**(i) May Laclede and MGE submit estimated "budget" ISRS investments in the petition that are later replaced with actual ISRS investments?;**

**(ii) May Laclede and MGE update reserves for depreciation and accumulated deferred income taxes related to actual ISRS investment amounts (including amounts from previously incurred ISRS costs since the current ISRS was established)?**

The Infrastructure System Replacement Surcharge (ISRS) petitions filed by Laclede Gas Company and Missouri Gas Energy (MGE) included estimates of future infrastructure costs. Weeks after filing the petitions, the companies incurred and/or documented the additional July and August 2015 costs and provided documentation for the new costs to Staff and Public Counsel. The companies now seek to replace the estimates with the "actual" amounts for July and August, despite the fact that no documentation supporting the costs was filed with the petitions.

Public Counsel's position on this issue is that costs incurred and/or documented after the ISRS petitions are filed are ineligible for inclusion in *this* ISRS, but would be

eligible for the next ISRS filing, barring some other reason for ineligibility. This position is supported by § 393.1015.1(1), which states:

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 supporting documentation.

The statute is clear in its mandate that at the time a gas corporation files a petition, it shall submit proposed ISRS rate schedules and its supporting documentation to the Commission.

Laclede's and MGE's attempts to extend the ISRS-eligible costs past the date of the petition is also a violation of Commission rule 4 CSR 240-3.265(20), which repeats the statutory requirement of 393.1015.1(1), and which also includes detailed requirements of what documentation is to be provided with the petition. It states that the "supporting documentation shall include workpapers showing the calculation of the proposed ISRS, and shall include, at a minimum, the following information," which is followed by twelve (12) subparts of required documents. Further, 4 CSR 240-3.265(20)(K) requires specific documentation "for each project for which recovery is sought" and "a breakdown of those costs identifying which of the following project categories apply and the specific requirements being satisfied by the infrastructure replacement for each." Laclede and MGE did not file any of these required documents regarding the estimated costs because those costs had yet to be incurred and/or documented. Accordingly, all costs incurred and/or documented after the petitions were filed are ineligible and should not be rejected.

Public Counsel witness, Ms. Jacqueline Moore, totaled the Laclede costs that were incurred and/or documented after the petition was filed to be **\$17,987,441.67**. Ms. Moore also totaled MGE's costs that were incurred and/or documented after the petition was filed to be **\$9,626,747.16**. Public Counsel's position is that these amounts should be determined by the Commission to be ineligible for this ISRS.

**Other Infrastructure Costs**

Based upon evidence entered into the record during the evidentiary hearing, Public Counsel may oppose other costs in addition to the three cost categories identified above. Public Counsel's post-hearing brief will provide a final detailed analysis of all costs that Public Counsel opposes because such costs cannot lawfully be recovered through this ISRS.

WHEREFORE, the Office of the Public Counsel respectfully submits this Position Statement.

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](mailto: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 9<sup>th</sup> day of October 2015.

**/s/ Marc Poston**

---