

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

In the Matter of Laclede Gas Company's) Case No. GR-2005-0284
Tariff to Revise Natural Gas Rate Schedules)

STAFF RECOMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and files its recommendation concerning the tariffs filed by Laclede Gas Company (Laclede or Company) Implement a Low-Income Energy Affordability Program. Staff respectfully as follows:

1. On April 12, 2006, February 28, 2006, Laclede filed tariff sheets proposed to become effective on May 13, 2006.
2. These tariff sheets are designed to implement a Low-Income Energy Affordability Program. The purpose of the Low-Income Energy Affordability Program is to provide a mechanism whereby low income households of Laclede can pay off their past due balances (arrearages) and maintain current payments of their gas usage through Laclede's winter months (November-April). As described in the attached Staff Recommendation, attached hereto as Appendix A and incorporated herein by reference, successful participation in this Program should result in a greater number of Laclede customers becoming full time current paying customers of Laclede.
3. Implementation of this program satisfies the requirements found in paragraph 13 of the Stipulation and Agreement (Stipulation) in Case No. GR-2005-0284 (Laclede's rate case). The Stipulation provides:

13. The parties agree that a low-income energy assistance program as described and set forth in Attachment 4 to this Stipulation and Agreement, which is incorporated herein for all purposes, should be approved by the Commission.

WHEREFORE Staff requests that the Commission accept Staff's Recommendation and approve Laclede's tariffs designed to implement a Low-Income Energy Affordability Program.

Respectfully submitted,

/s/ Robert V. Franson

Robert V. Franson
Senior Counsel
Missouri Bar No. 34643

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 24th day of April 2006.

/s/ Robert V. Franson

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's Tariff to)
Revise Natural Gas Rate Schedules) Case No. GR-2005-0284

AFFIDAVIT OF ANNE ROSS

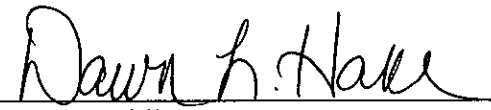
STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

Anne Ross, of lawful age, on her oath states: that she has participated in the preparation of the following Staff Memorandum and Summary of Issues; that the information is given by her; that she has knowledge of the matters set forth; and that such matters are true and correct to the best of her knowledge and belief.



Anne Ross

Subscribed and sworn to before me this 24th day of April 2006.



Notary Public



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

MEMORANDUM

To: Missouri Public Service Commission Official Case File, Case No. GR-2005-0284,
Tariff File No. YG-2006-0772, Laclede Gas Company

From: Anne Ross, Energy Department – Economic Analysis

/s/Lena Mantle 04-24-06
Utility Operations Division/Date

/s/Robert Franson 04-26-06
General Counsel's Office/Date

Subject: Staff Recommendation to Approve Tariff Sheets Filed in Accordance with Stipulation and Agreement to Implement a Low-Income Energy Assistance Program and to Set Forth Certain Changes to the Program That Shall Apply for the 2005-2006 Program Year.

Date: 04/24/2006

On April 12, 2006, Laclede Gas Company (Laclede or Company) filed tariff sheets proposed to become effective on May 13, 2006. The tariff sheets were filed in compliance with Paragraph 13 of the Stipulation and Agreement (S&A) in Case No. GR-2005-0284 dated September 26, 2005, and approved September 30, 2005, in which the Company agreed to implement a Low-Income Energy Affordability Program (Program). The purpose of the Program is to provide a mechanism whereby low income households of Laclede can pay off their past due balances (arrearages) and maintain current payments of their gas usage through Laclede's winter months (November-April). Successful participation in this Program should result in a greater number of Laclede customers becoming full time-current paying customers of Laclede Gas Company. The Program has two components – a Winter Bill Payment Assistance (Bill Assistance) Program and an Arrearage Repayment Program (ARP).

The Bill Assistance program provides current bill payment assistance, in the form of bill credits, to participating customers who follow certain guidelines. The parties to the S&A agreed that "Bill credits in the sum of \$550,000 annually shall be made available during the months of November – April to households with incomes ranging from 0% to 150% of the federal poverty guidelines (FPL)." (S&A attachment 4, 1). Customers who enroll in the Bill Assistance program agree to "register with a Community Action Agency (CAA), apply for any energy assistance funds for which they might be eligible, and review and agree to implement cost-free, self-help energy conservation measures identified by the CAA." In addition, applicants are provided with "basic budgeting information, as well as information about other potential sources of income such as the Earned Income Tax Credit." To participate in the program, households make timely and full payment on their natural gas bill, including an amount toward arrearages, and, in return, receive a monthly bill credit averaging \$60-\$70 (depending on income level) in the winter months (November-April).

The second component of the program established in the S&A is the ARP, which is available to households with incomes from 0%-185% FPL. This program, funded at \$350,000 per year, is designed to assist customers, through a payment matching program, in eliminating their arrearage balance. The Company and Program Participants negotiate an agreed-upon amount

(minimum of \$10 per month) that the customer will pay each month toward their arrearage balance; if regular payment is made, the agreed-upon amount will be matched with ARP funds. Customers in the 0-50% FPL do not have to pay \$10 per month in the winter months when their heating burden is the greatest, yet will continue to receive a \$10 per month credit on their bills from these funds.

After the October 1, 2005 effective date of the Company's new tariffs and rate increase, several things needed to be done to establish the Program. These tasks included identifying potential participants, determining eligibility, and signing up hundreds of low-income households, as well as making modifications to the Company's billing system. Consequently, the program was not functioning until mid-February, and participants did not have the opportunity to earn bill credits in the first few months (November- January) of this past winter. As a result of discussions with Staff, Office of Public Counsel, and Jackie Hutchinson of the St. Louis Human Development Corporation, the Company is proposing the following changes to this past winter's Program:

There will be two supplemental payments of \$75 each, applied to the participant's usage in April and May 2006. If a customer owes less than \$75 in either month, the excess will be applied to the customer's arrearage balance. These \$75 payments or bill credits may be used as the qualifying payments for customers who want to enroll in the ARP. The current ARP requires customers to provide a payment equivalent to one-third of their arrearage balance. The \$150 of payments may be applied toward a customer's portion of the one-third payment.

Customers who enroll in the ARP will receive full matching of the amount paid by the customer, rather than the matching of agreed-upon amounts. The current program only allows customers to receive matching payments equivalent to the amount of the agreed-upon payments the customers makes.

Customers who enroll in the ARP during March-July of this year, who are also eligible for the Winter Bill Assistance Program, will have the option of entering into a levelized bill agreement with the Company. The customer's levelized bill calculation will be decreased by their expected LIHEAP payment, including the bill credits that will be applied to a customer's bill in the upcoming winter months

The Staff recommends that the Commission approve these tariffs based on the changes as outlined above. The Staff believes these changes were needed due to the elapsed amount of time from the effective date of the tariffs and the actual implementation of the Program. The changes described above will enhance the Program

Staff therefore recommends approval of the following tariff sheets, as filed on April 12, 2006 with an effective date of May 15, 2006:

P.S.C. Mo. No. 5 Consolidated, Original Sheet No. R-49
P.S.C. Mo. No. 5 Consolidated, Original Sheet No. R-50
P.S.C. Mo. No. 5 Consolidated, Original Sheet No. R-51
P.S.C. Mo. No. 5 Consolidated, Original Sheet No. R-52

Staff has verified that this company has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Copies: Director - Utility Operations Division
 Director - Utility Services Division
 Public Information Administrator
 General Counsel
 Manager - Procurement Analysis Department
 Manager - Energy Department
 Mike Pendergast, Counsel (Laclede Gas Company)
 Office of the Public Counsel