

**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) **File No. GR-2015-0025**
Establish an Infrastructure System Replacement Surcharge)

AMENDED STAFF RECOMMENDATION

COMES NOW Staff of the Missouri Public Service Commission, by and through the undersigned counsel, and files this *Amended Staff Recommendation*. In support hereof, Staff respectfully states to the Commission as follows:

OVERVIEW

1. On July 25, 2014,¹ MGE filed a *Verified Application and Petition of MGE To Establish An Infrastructure System Replacement Surcharge* (“*Application*”) and tariff sheet for approval to establish an ISRS for the recovery of eligible infrastructure system replacement investments as calculated by MGE from January 2014 through August 2014. The Commission assigned Tracking No. YG-2015-0028 to MGE’s proposed tariff sheet.

2. On August 14, the Commission issued its *Order Directing Filing*. The *Order* directed Staff to file its report and recommendation in this matter no later than September 23. Staff filed its Recommendation pursuant to the Commission’s Order

3. As explained in Staff’s previous Recommendation, Staff reviewed MGE’s *Application* and all supporting workpapers and calculations, as well as MGE’s responses to Staff issued data requests. From its review, Staff identified two work orders that contained costs that were not eligible for recovery through an ISRS. Staff

¹ All dates herein refer to calendar year 2014 unless otherwise indicated.

also recalculated the ISRS revenue requirement using the actual incurred costs for July and August 2014, compared to MGE's calculation in the *Application* that used budgeted amounts for these months to develop its proposed revenue requirement. Staff's calculations resulted in an ISRS revenue requirement of \$1,980,698, versus MGE's estimated revenue requirement of \$2,775,348 in its *Application*.

4. However, after filing Staff's Recommendation, MGE contacted Staff to discuss the two work orders Staff removed from the ISRS revenue requirement. These two particular work orders described the costs as related to ground bed and rectifier work, and did not contain sufficient information for Staff to conclude the costs were related to cathodic protection to control steel main corrosion. With the additional information provided by MGE, Staff has now determined the costs of these two work orders to be eligible for ISRS recovery.

5. Staff's proposed ISRS rates for each customer class, attached hereto as Appendix B and incorporated herein by reference, are consistent with the methodology used to establish ISRS rates for MGE and other utilities.

6. With this amended recommendation, Staff recommends the Commission reject MGE's ISRS tariff sheet assigned Tracking No. YG-2015-0028, approve an ISRS surcharge for MGE to recover an annual pre-tax revenue amount of \$1,990,296 as calculated by Staff, and authorize MGE to file an ISRS rate for each customer class as reflected in the attached Appendix B.

7. Staff has verified that MGE filed its 2013 calendar year annual report and is not delinquent on the payment of any Commission assessment.

8. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends the Commission issue an order that: (1) rejects MGE's ISRS tariff sheet assigned Tracking No. YG-2015-0028; (2) approves an ISRS surcharge for MGE to recover an annual pre-tax revenue amount of \$1,990,296 as calculated by Staff; and (3) authorizes MGE to file an ISRS rate for each customer class as reflected in Appendix B.

Respectfully submitted,

/s/ Jennifer Hernandez

Jennifer Hernandez
Senior Staff Counsel
Missouri Bar No. 59814

Missouri Public Service Commission
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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been electronically mailed this 30th day of September 2014 to all counsel of record in this proceeding.

/s/ Jennifer Hernandez

CASE NO. GR-2015-0025	GR-2015-0025 proposed	\$1,990,296
FILE NO. YG-2015-0028	Total	\$1,990,296
ISRS RATE DESIGN	Company's Total ISRS Revenues	\$1,990,296

Customer Rate Class	Number of Customers	Customer Charges	Ratio To Res. Cust. Charge	Weighted Customer #	Customer Percentage	ISRS charge	ISRS Revenues
Residential	440,372	\$23.00	1.0000	440,372	78.1946%	\$0.29	\$1,556,305
Small General Service	60,087	\$34.00	1.4783	88,824	15.7721%	\$0.44	\$313,911
Large General Service	2,939	\$115.40	5.0174	14,746	2.6184%	\$1.48	\$52,114
Large Volume Service	489	\$904.56	39.3287	19,232	3.4149%	\$11.58	\$67,966
TOTAL	503,887			563,174	100.0000%		\$1,990,296

* Due to rounding to the nearest penny, the designed ISRS rates will under collect by \$10,796. However, it should be noted that the total amount collected will be true-up at a later date.

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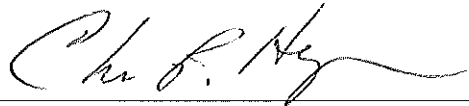
In the Matter of the Application of Missouri)
Gas Energy, an operating unit of Laclede)
Gas Company, For Approval to Establish)
an Infrastructure System Replacement)
Surcharge)

File No. GR-2015-0025

AFFIDAVIT OF CHARLES R. HYNEMAN

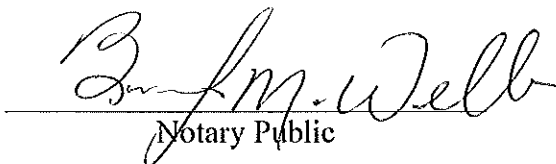
STATE OF MISSOURI)
)
COUNTY OF JACKSON) ss.

Charles R. Hyneman, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff's Amended Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Amended Recommendation was developed by him; that he has knowledge of the matters set forth in such Staff Amended Recommendation; and that such matters are true and correct to the best of his knowledge and belief.



Charles R. Hyneman

Subscribed and sworn to before me this 30th day of September 2014.



Notary Public



BEVERLY M. WEBB
My Commission Expires
April 14, 2016
Clay County
Commission #12464070

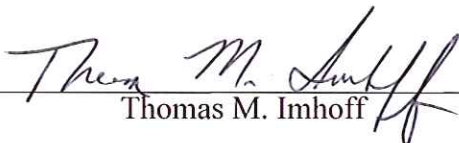
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Gas Company, For Approval to Establish an) Case No. GR-2015-0025
Infrastructure System Replacement)
Surcharge)

AFFIDAVIT OF THOMAS M. IMHOFF

STATE OF MISSOURI)
) ss
COUNTY OF COLE)


Thomas M. Imhoff, of lawful age, on oath states: that he participated in the preparation of the foregoing Amended Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Amended Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Amended Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Thomas M. Imhoff

Subscribed and sworn to before me this 30th day of September, 2014.





Notary Public