

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 22<sup>nd</sup> day of January, 2014.

In the Matter of the Application of Missouri Gas Energy, a Division of Laclede Gas Company, For Approval to Change its Infrastructure System Replacement Surcharge	) ) ) )	<b><u>File No. GO-2014-0179</u></b> Tariff No. YG-2014-0244
--	------------------	--

**ORDER REGARDING PUBLIC COUNSEL'S MOTION TO REJECT APPLICATION**

Issue Date: January 22, 2014

Effective Date: February 1, 2014

On December 6, 2013, Missouri Gas Energy, a division of Laclede Gas Company (MGE), filed an application and petition with the Commission requesting authorization to change its Infrastructure System Replacement Surcharge (ISRS). On December 18, the Office of the Public Counsel filed a motion asking the Commission to reject MGE's application.

Public Counsel argues that MGE's application fails to comply with the Commission's regulation that describes what must be submitted along with an application to change an ISRS. On that basis, Public Counsel contends the application is deficient and should be summarily rejected. The Commission's Staff and MGE responded to Public Counsel's motion on January 3, 2014. Both Staff and MGE urge the Commission to deny Public Counsel's motion. Public Counsel replied to Staff and MGE on January 14. MGE responded to Public Counsel's reply on January 18. MGE continues to contend that its application fully complies with the requirements of the rule, but offers to provide additional

information during the review process if the Commission finds that additional information is required.

The regulatory provisions in question are found in Commission Rule 4 CSR 240-3.265(20). Section (20) sets out a highly detailed description of the supporting documentation that a natural gas utility must submit to the Commission and the Office of the Public Counsel. That section states “[t]he subject utility’s supporting documentation shall include workpapers showing the calculation of the proposed ISRS, and shall include, at a minimum, the following information:” The rule then includes detailed informational requirements in subsections (A) through (L). Public Counsel argues MGE’s application fails to satisfy the requirements of Subsections (K) and (L).

Subsection (K) requires the natural gas utility to submit “for each project for which recovery is sought, ... a breakdown of those costs identifying which of the following project categories apply and the specific requirements being satisfied by the infrastructure replacements for each:” The subsection then sets out eight categories into which the projects could be classified. Similarly, the relevant part of subsection (L) requires the natural gas utility to describe “for each project for which recovery is sought, the statute, commission order, rule or regulation, if any, requiring the project; ....”

As part of its application, MGE submitted appendices A, B, C, and D. The first page of appendix A includes a table entitled Summary of Plant Additions. That table contains a summary of the costs of plant additions for which the company is seeking ISRS recovery broken into five broad categories. Appendices B, C, and D then provide more details about hundreds of specific work orders for which MGE is seeking to recover its costs through its

ISRS. However, the provided details do not include information about the “statute, commission order, rule, or regulation, if any, requiring the project.”

MGE argues that its application complies with the requirements of the rule by providing the summary and referencing the specific work orders. If Public Counsel, or any other party, wants to dig deeper into the specific projects it can do so by sending a data request to the company requesting those details. Further, MGE explains that the information it provided with this ISRS application is the same information it has provided with all previous applications to change its ISRS and no one has ever objected that those previous applications did not provide sufficient information.

MGE is essentially correct. The description it offers of its ISRS-eligible projects in the categories described in Appendix A, the project listings providing high-level descriptions, and the work orders containing detailed information, taken as a whole, should be sufficient to allow a reviewer to determine whether the projects qualify for inclusion within the ISRS. However, MGE does not supply the detailed information required by Subsections (K) and (L) in that it did not submit “for each project for which recovery is sought, ... a breakdown of those costs identifying which of the following project categories apply and the specific requirements being satisfied by the infrastructure replacements for each,” nor did it describe “for each project for which recovery is sought, the statute, commission order, rule or regulation, if any, requiring the project”. However, that deficiency can still be corrected by MGE.

That finding is consistent with a decision reached by the Commission in a recent Report and Order granting an ISRS application filed by Liberty Utilities.<sup>1</sup> The information provided by Liberty Utilities in that case was the same as the information provided by MGE in this case. In denying Public Counsel's motion to reject Liberty Utilities' ISRS application, the Commission found that "the Petition provided detailed information through headings and project descriptions to demonstrate that the projects were eligible for ISRS recovery." In doing so, the Commission allowed Liberty Utilities to supplement its ISRS application with additional details to meet the requirements of the regulation. The Commission will allow MGE to do the same.

This order denies Public Counsel's motion to summarily reject MGE's ISRS application. In doing so, the Commission is not making any determination about the merits of that application; that decision will be made later in the review process. For that reason, this is an interlocutory order that is not subject to appeal. Nevertheless, the Commission will give this order a ten-day effective date.

**THE COMMISSION ORDERS THAT:**

1. The Office of the Public Counsel's Motion to Reject Application is denied.
2. No later than February 1, 2014, Missouri Gas Energy shall supplement its application and petition requesting authorization to change its Infrastructure System Replacement Surcharge by submitting for each project for which recovery is sought, a breakdown of those costs identifying which project categories apply and the specific requirements being satisfied by the infrastructure replacements for each, and for each

---

<sup>1</sup> *In the Matter of the Verified Application and Petition of Liberty Energy (Midstates) Corp. d/b/a Liberty Utilities to Change its Infrastructure System Replacement Surcharge*, File No. GO-2014-0006, Report and Order (October 16, 2013)

project for which recovery is sought, the statute, commission order, rule or regulation, if any, requiring the project.

3. This order shall become effective on February 1, 2014.



**BY THE COMMISSION**

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

R. Kenney, Chm., Stoll, W. Kenney,  
and Hall, CC., concur.

Woodruff, Chief Regulatory Law Judge