

**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-2015-0341**
Infrastructure System Replacement)
Surcharge in its Laclede Gas Service)
Territory)

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

POSITION STATEMENTS OF STAFF

COMES NOW the Staff of the Missouri Public Service Commission and respectfully submits the following Position Statements of Staff based on the List of Issues filed herein by Laclede Gas Company:

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

Staff Position: Yes. Staff included the regulator stations in its recommended ISRS revenue requirement for Laclede in this case.

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

Staff Position: Yes. Staff included the telemetric equipment in its recommended ISRS revenue requirement for Laclede in this case.

Issue C.

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

Staff Position: Yes. Laclede filed to recover ISRS qualifying infrastructure replacement costs incurred during the period March 1, 2015 through June 30, 2015 with true-ups through August 31, 2015. Laclede included in its filing actual ISRS eligible plant expenditures from March 2015 through June 2015, as well as budgeted ISRS eligible plant additions through the end of August 2015. Staff began its review with the actual amounts provided in the filing and received the July 2015 actual ISRS eligible plant additions on August 14, 2015 and received the August update on September 14, 2015.

Similarly, MGE filed to recover ISRS qualifying infrastructure replacement costs incurred during the period March 1, 2015 through June 30, 2015 with true-ups through August 31, 2015. MGE included in its filing actual ISRS eligible plant expenditures from March 2015 through June 2015, as well as budgeted ISRS eligible plant additions through the end of August 2015. Staff began its review with the actual amounts provided in the filing and received the July 2015 actual ISRS eligible plant additions on August 14, 2015 and received the August update on September 15, 2015.

(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)?

Staff Position: Yes. Staff believes these items should be updated regardless of whether budgeted or actual ISRS investment amounts are included in the ISRS revenue requirement. Staff updated the amounts of accumulated depreciation reserve and accumulated deferred income tax reserve associated with ISRS plant additions. This adjustment moves the balance for these items closer to the effective date of new ISRS

rates. The depreciation reserve and deferred income tax reserve amounts reduce rate base, and thus offset to some degree the rate impact of inclusion of ISRS eligible plant additions in ISRS revenue requirement calculations. The methodology used by the Auditing Staff allows for consideration of all accumulated depreciation and deferred income taxes on ISRS qualifying infrastructure replacements costs through October 15, 2015. This methodology is consistent with past reviews conducted by the Auditing Staff.

The Auditing Staff also included incremental accumulated depreciation, accumulated deferred income tax and any change in property tax rates for replacements associated with the currently effective ISRS authorized for Laclede in Case Nos. GO-2014-0212, GR-2015-0026, and GO-2015-0269 and for MGE in Case Nos. GR-2015-0025 and GO-2015-0270.

Respectfully submitted,

/s/ Jeffrey A. Keevil

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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 counsel of record this 9th day of October 2015.

/s/ Jeffrey A. Keevil