

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

In the Matter of the Application of Laclede Gas Company to Change its Infrastructure System Replacement Surcharge in its Missouri Gas Energy Service Territory.)	<u>Case No. GO-2016-0332</u>
)	Tariff No. YG-2017-0148

In the Matter of the Application of Laclede Gas Company to Change its Infrastructure System Replacement Surcharge in its Laclede Gas Service Territory.)	<u>Case No. GO-2016-0333</u>
)	Tariff No. YG-2017-0147

**Staff’s Recommendation Regarding Tariffs
filed by Laclede Gas Company
and Missouri Gas Energy**

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Recommendation*, states as follows:

1. On September 30, 2016, Laclede Gas Company filed *Applications* to change the Infrastructure System Replacement Surcharges (“ISRS”) of both its Laclede Gas Company (“LGC”) service area and its Missouri Gas Energy (“MGE”) service area, docketed as Cases GO-2016-0333 and GO-2016-0332, respectively.

2. Also on September 30, 2016, Laclede filed its proposed ISRS tariff sheets, which the Commission’s Data Center designated as Tariff Tracking No. YG-2017-0048 and Tariff Tracking No. YG-2017-0047. Each of these sheets had a designated effective date of October 30, 2016.

3. On October 3, 2016, the Commission suspended Tariffs YG-2017-0048 and YG-2017-0047 until January 28, 2017, the 120th day after September 30, 2016.

4. Following an objection by the Office of the Public Counsel (“OPC”), the Commission convened an evidentiary hearing on January 3, 2017.

5. Thereafter, the Commission issued its *Report & Order* on January 18, 2017, effective January 28, 2017. Therein, the Commission rejected Tariffs YG-2017-0048 and YG-2017-0047, and authorized Laclede to file new or revised tariff sheets compliant with the *Report & Order* by 1:00 p.m., January 19, 2017. The Commission additionally directed its Staff to review the compliance tariffs and to file its recommendation by 4:00 p.m. on January 20, 2017.

6. Laclede timely filed its revised tariff sheets compliant with the *Report & Order* on January 19, 2017. The Commission's Data Center designated these filings as Tariff YG-2017-0148 and Tariff YG-2017-0147.

7. Staff has reviewed Tariff YG-2017-0148 and Tariff YG-2017-0147 and has determined that they are compliant with the *Report & Order* issued on January 18, 2017, effective January 28, 2017, all as set out in detail in the memorandum attached hereto. Staff therefore recommends that the Commission **APPROVE** Tariff YG-2017-0148 and Tariff YG-2017-0147 for service rendered on and after January 28, 2017. Staff has determined further that there is good cause for these sheets to be approved on less than 30-days' notice in that § 393.1015.2(3), RSMo., requires that the Commission's order be effective not later than the 120th day following the filing of an application to establish or change an ISRS and accompanying rate schedules. January 28, 2017, is the 120th day following September 30, 2016.

WHEREFORE, Staff prays that the Commission will **APPROVE** Tariff YG-2017-0148 and Tariff YG-2017-0147 for service rendered on and after January 28, 2017. The sheets to be approved are:

YG-2017-0147:

P.S.C. Mo. No. 5 Consolidated
27th Revised Sheet No. 12, Cancelling 26th Revised Sheet No. 12

YG-2017-0148:

P.S.C. Mo. No. 6
7th Revised Sheet No. 10, Cancelling 6th Revised Sheet No. 10

Respectfully submitted,

/s/ Kevin A. Thompson

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail on each of the parties listed in the Service List for this case maintained by the Commission's Data Center on this 20th day of January, 2017.

/s/ Kevin A. Thompson

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GO-2016-0332 - Tariff Tracking No. YG-2017-0148
Laclede Gas Company d/b/a Missouri Gas Energy

FROM: Kimberly K. Bolin, Regulatory Auditor V, Auditing Department
Michael J. Ensrud, Rate & Tariff Examiner II, Procurement Analysis

/s/ Mark L. Oligschlaeger 01/20/17
Auditing Department / Date

/s/ David M. Sommerer 01/20/17
Commission Staff Division / Date

/s/ Kevin Thompson 01/20/17
Staff Counsel's Office / Date

SUBJECT: Staff Report on the Tariff Sheet Filed in Compliance with the
Commission's Report and Order

DATE: January 20, 2017

On January 18, 2017, the Missouri Public Service Commission ("Commission") issued its REPORT & ORDER ("Order") authorizing Missouri Gas Energy (MGE or Company), an operating unit of Laclede Gas Company (Laclede) to file a new tariff sheet to recover the revenue authorized in its Order. The Order directed the Company to file a tariff sheet in compliance with the order no later than 1:00 p.m., January 19, 2017. On January 19, 2017, the Company filed a cover letter and a compliance tariff sheet with the Commission. The tariff sheet has a proposed effective date of February 18, 2017. However, the Company requests that the Commission approve the tariff to be effective on January 28, 2017 consistent with the effective date of the Order.

Staff has reviewed Laclede's tariff sheet and has determined that the Company's submitted ISRS tariff sheet (YG-2017-0148) complies with those prescribed rates authorized by the Commission's Order. Appendix B, attached, follows the rate design for each customer class as set out in Appendix B of the original Staff Recommendation, as updated for the reduction in revenue requirement that resulted from Case No. GO-2016-0332.

Based upon its review and calculations made in response to the Report and Order issued in this case, Staff recommends MGE receive additional ISRS revenues of \$3,186,298. This amount differs from Staff's original recommendation in the amount of \$176,301. This difference is the return and depreciation expense associated with \$1,847,404 of hydrostatic testing costs that have

been ordered to be removed from ISRS eligible plant. Upon Commission approval, this amount will be included with ISRS rates currently in effect from Case Nos. GR-2015-0025, GO-2015-0270, GO-2015-0343, and GO-2016-0197. The following table shows the cumulative amount to be included in rates:

ISRS Case No.	Revenue Requirement	Cumulative
GR-2015-0025	\$1,990,296	
GO-2015-0270	\$2,814,926	\$4,805,222
GO-2015-0343	\$1,878,151	\$6,683,373
GO-2016-0197	\$3,570,050	\$10,253,423
GO-2016-0332	\$3,186,298	\$13,439,721

Staff has verified that MGE 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.

Staff has determined further that there is good cause for these sheets to be approved on less than 30-days' notice in that § 393.1015.2(3), RSMo., requires that the Commission's order be effective not later than the 120th day following the filing of an application to establish or change an ISRS and accompanying rate schedules. January 28, 2017, is the 120th day following September 30, 2016.

Therefore, Staff recommends that the Commission issue an order approving the following tariff sheet, as filed on January 19, 2017 to go into effect on January 28, 2017, as requested by the Company.

P.S.C. MO. No. 6

Seventh Revised Sheet No. 10, Canceling Sixth Revised Sheet No. 10

MGE
 ISRS Rate Design
 Total ISRS Revenues

CASE NO. GO-2016-0332

FILE NO. YG-2017-0148

Total REVISED Revenue Requirement **\$ 13,439,721**

Customer Rate Class	Number of Customers	Customer Charge	Ratio to Residential Customer Charge	Weighted Customer Nos.	Customer Percentage	Proposed ISRS Charge	Proposed ISRS Revenues
Residential	445,941	\$ 23.00	1	445941	78.5626%	\$ 1.97	\$ 10,558,593
Small General Service	57,881	\$ 34.00	1.478261	85563.21739	15.0739%	\$ 2.92	\$ 2,025,889
Large General Service	3,421	\$ 115.40	5.017391	17164.49565	3.0239%	\$ 9.90	\$ 406,406
Large Volume	482	\$ 904.56	39.328696	18956.4313	3.3396%	\$ 77.60	\$ 448,833
	<u>507,725</u>			<u>567,625</u>			\$ 13,439,721

*Due to rounding to the nearest penny, the designed **ISRS rates will over collect by \$14,272**. However, it should be noted that the total amount will true-up at a later date.

Appendix B

