

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

In the Matter of the Verified Application and)	
Petition of Laclede Gas Company to Change its)	<u>Case No. GR-2015-0026</u>
Infrastructure System Replacement Surcharge in)	Tariff No.YG-2015-0027
Its Laclede Gas Service Territory)	

AMENDED STAFF RECOMMENDATION

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

1. On July 25, 2014, Laclede Gas Company (“Laclede” or “Company”) filed a verified application (“Application”) with the Commission to change its Infrastructure System Replacement Surcharge (“ISRS”) and a revised Tariff Sheet with a proposed effective date of August 25, 2014, pursuant to Sections 393.1009 to 393.1015 RSMo. Laclede requested that the Commission issue an order approving a change to its ISRS to provide for the recovery of the eligible infrastructure system replacement investments made by the Company from March 31, 2014 through August 31, 2014. The Commission ordered Staff to file a recommendation no later than September 23.

2. On September 23, 2014, Staff filed its *Recommendation* pursuant to the Commission’s order.¹

3. As explained in Staff’s previous recommendation, Staff auditors determined that three work orders (60418, 60419 and 900293) included in Laclede’s application reflected projects that were not eligible ISRS gas utility plant projects as

¹ That day Staff also filed a Corrected Recommendation to correct a typographical error.

described in Section 393.1009(5)(a)-(c) RSMo., and Staff removed these work orders from its ISRS revenue calculation.

4. However, after discussing these work orders with Laclede and internally, Staff determined that these work orders should be included in the ISRS revenue calculation. Laclede described work order 900293 (which Staff received shortly before completing the audit) as a cast-iron replacement performed at a customer's request; but after further discussion and follow-up with the Company, Staff determined that the replacement was performed as part of Laclede's Cast Iron Replacement Program and the Company simply expedited this work based on a customer's complaint related to low main pressure.

5. Work orders 60418 and 60419 pertained to telemetric equipment that Laclede excluded from its previous ISRS application at the request of the Office of the Public Counsel.² After initially not including the work orders in this case, Staff determined that the equipment pertains to pressure gauges that are part of Laclede's regulator stations, which are included in the definition of "gas utility plant projects" at 393.1009(5)(a) Commission rule 4 CSR 240-40.030(13)(S) requires gas systems to be equipped with "graphic telemetering, recording pressure gauges, or another device to indicate gas pressure in the district."

6. In this proceeding, Laclede requested an ISRS surcharge to recover infrastructure replacement costs incurred from March 31, 2014 through August 31, 2014, with a total revenue requirement of \$3,149,162 (per Laclede's July 25, 2014 Application). Laclede's requested amount was revised to \$2,828,702 based on

² See GO-2014-0212.

Laclede's September 16, 2014 updated request. With this amended recommendation, Staff recommends ISRS surcharge revenues in the amount of annual pre-tax revenues of \$2,819,933.

7. 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 Laclede and other utilities.

8. Staff has verified that Laclede has filed its 2013 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.

WHEREFORE, Staff respectfully recommends the Commission issue an order in this case that:

1. Rejects Laclede's ISRS tariff sheet revised Tariff Sheet P.S.C MO No. 1 Fifteenth Revised Sheet No. 10 cancelling P.S.C. MO No. 1 Fourteenth Revised Sheet No. 10, filed February 8, 2013;

2. Approves the Staff's recommended ISRS surcharge revenues in the amount of annual pre-tax revenues of \$2,819,933; and

3. Authorizes Laclede to file an ISRS rate for each customer class as reflected in Appendix B, which generates \$9,881,984 annually.

Respectfully submitted,

/s/ John D. Borgmeyer

John D. Borgmeyer
Deputy Staff Counsel
Missouri Bar No. 61992

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 30rd day of September, 2014.

/s/ John D. Borgmeyer

LACLEDE GAS COMPANY
CASE NO. GR-2015-0026
 ISRS RATE DESIGN

APPENDIX B

Staff's Total ISRS Revenue Calculation **\$9,881,984**

GO-2014-0212 \$7,062,051
GR-2015-0026 \$2,819,933

Customer Rate Class	Ave Cust # Sept. 13	Customer Charge	Ratio To Res	Weighted Cust #	Customer Percentage	ISRS Charge	ISRS Revenues
Residential	602,420	\$19.50	1.6250	978,933	88.0849%	\$1.20	\$8,704,537
Com & Ind. Class 1	30,895	\$25.50	2.1250	65,652	5.9074%	\$1.57	\$583,768
Com & Ind. Class 2	8,945	\$44.29	3.6908	33,015	2.9707%	\$2.73	\$293,561
Com & Ind. Class 3	589	\$88.57	7.3808	4,347	0.3912%	\$5.47	\$38,656
Large Volume	73	\$874.78	72.8983	5,322	0.4788%	\$54.02	\$47,319
Interruptible	16	\$776.36	64.6967	1,035	0.0931%	\$47.94	\$9,204
Transportation	133	\$2,069.94	172.4950	22,942	2.0643%	\$127.82	\$203,996
Transportation - Other	0	\$2,069.94	172.4950	0	0.0000%	\$0.00	\$0
Gas Light	83	\$5.69	0.4742	39	0.0035%	\$0.35	\$350
<i>Vehicle Fuel</i>	4	\$22.09	1.8408	7	0.0007%	\$1.36	\$65
Liquid Propane	42	\$17.00	1.4167	60	0.0054%	\$1.05	\$529
TOTAL	<u>643,200</u>			<u>1,111,351</u>	<u>100.0000%</u>		<u>\$9,881,984</u>

* Due to rounding to the nearest penny, the designed ISRS rates will under collect by \$31,904. However, it should be noted that the total amount collected will be trued-up at a later date.

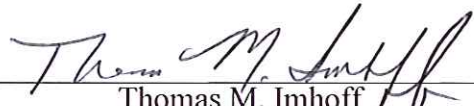
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In the Matter of the Verified Application)
and Petition of Laclede Gas Company)
Change its Infrastructure System) Case No. GR-2015-0026
Replacement Surcharge in Its Laclede Gas)
Service Territory)

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.

LAURA BLOCH
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 21, 2015
Commission Number: 11203914



Notary Public