

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

In the Matter of Laclede Gas Company's Tariff )  
To Revise Natural Gas Rate Schedules )

**Case No. GR-2005-0284**

**Dissenting Opinion of Commissioner Steve Gaw**

I respectfully dissent from the majority's Order Approving Stipulation and Agreement and Order Approving Tariffs. As noted in that Order, the majority approves a settlement to increase Laclede Gas Company's (Laclede) natural gas rates by \$10.5 million for service on and after October 1, 2005. As stated in the majority's decision, Laclede's original tariff sheets bore a requested effective date of March 21, 2005.<sup>1</sup>

It is well known that the wholesale price of natural gas has approximately doubled in the last two years. In fact, the price is 4 to 5 times higher than it was in the fall of 2001. Recognizing that wholesale gas costs are passed on to customers through the Purchased Gas Adjustment (PGA) Clause, the increase approved by the majority will be in addition to any increase experienced in the PGA Clause. Recent data indicates that many low income households have been faced with foregoing food, clothing and medicine in an effort to make their natural gas payments. This crisis will only be intensified this winter by the tremendous increases in natural gas realized as a result of a tight supply / demand correlation as well as the effect of Hurricanes Katrina and Rita. The non-gas rate increase approved by the majority, while not large compared to the amount originally sought, will cause further financial problems for low and middle income households already struggling to pay for increasing costs in gasoline.

Additionally, this increase expedites the date by which the Company is allowed to implement the rate increase. As noted previously, Laclede's original rate increase would not

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<sup>1</sup> The effective date of the tariffs was subsequently suspended by the Commission until January 19, 2006. See, *Suspension Order and Notice*, Case No. GR-2005-0284, issued February 28, 2005.

have been effective until January 19, 2006. By approving this settlement, Laclede is allowed to implement the agreed upon rates approximately 3 1/2 months prior to its original proposal and in advance of the winter heating season. I find it difficult to support an order implementing the increase at the beginning of this difficult heating season.

Finally, I recognize that the approved settlement also provides for the use of the accrual method for the recovery of net salvage for mass property accounts. As I have indicated in a previous dissent, I am concerned about the use of the accrual method and its attendant estimates to recover costs of removal that are uncertain and that may never actually be incurred.<sup>2</sup> I continue to harbor concerns that ratepayers be expected to front the utility for these future unknown expenditures.

For the above stated reasons, I must dissent.

Respectfully submitted,



Steve Gaw  
Commissioner

Dated at Jefferson City, Missouri,  
on this 19<sup>th</sup> day of October, 2005.

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<sup>2</sup> See, *In the Matter of Laclede Gas Company's Tariff to Revise Natural Gas Rate Schedules*, Case No. GR-99-315, Dissenting Opinion dated January 18, 2005.