

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 8th day of
June, 2006.

In the Matter of the Verified Application and)	
Petition of Laclede Gas Company for)	<u>Case No. GO-2006-0377</u>
Establishment of an Infrastructure System)	Tariff File No. YG-2006-0899
Replacement Surcharge)	

**ORDER APPROVING INFRASTRUCTURE SYSTEM REPLACEMENT SURCHARGE,
CUSTOMER NOTICES AND REVISED TARIFF**

Issue Date: June 8, 2006

Effective Date: June 15, 2006

On March 31, 2006, Laclede Gas Company filed a Petition to Establish an Infrastructure System Replacement Surcharge (ISRS). Laclede's request to establish an ISRS was accompanied by an implementing tariff. The Commission has suspended that tariff until July 29, 2006.

In its ISRS Petition, Laclede seeks to implement an ISRS rate schedule that will allow it to recover costs for infrastructure system replacements that are eligible for ISRS recognition under Sections 393.1009, 393.1012 and 393.1015, RSMo Supp 2005, the controlling statutes. The specific infrastructure system replacements for which Laclede seeks ISRS recognition are set forth in Appendix A to Laclede's application.

Section 393.1015.1(2) requires that the Commission publish notice of Laclede's ISRS filing. Therefore, on April 5, 2006, the Commission directed that notice of the filing be mailed to the Board of Aldermen of the City of St. Louis and the county commissions of the counties served by Laclede. It also directed that notice be given to the members of the

General Assembly representing and the media serving Laclede's service area. In that same order, the Commission directed that any person wishing to intervene in this matter file an application to intervene no later than April 25, 2006. Missouri Industrial Energy Consumers (MIEC) filed a timely application to intervene. No party objected to MIEC's request, and the Commission granted MIEC's application on May 9, 2006.

Section 393.1015.2(3) requires that the Commission act upon Laclede's ISRS application no later than 120 days after it was filed. That means that the Commission must act on or before July 29, 2006. Section 393.1015(2) requires the Staff of the Commission to file a report regarding Laclede's ISRS application no later than 60 days after it was filed. Thus, Staff's report was due May 30, 2006.

Staff filed its report on May 19, 2006, indicating that its Auditing and Energy Departments have examined Laclede's ISRS application. Based on the results of its examination, Staff recommended that adjustments be made to Laclede's calculation of revenue requirement, particularly calculation of income tax expense. The Staff also recommended that an adjustment of \$119,621 be included to reflect the over recovery of revenues through previous ISRS rates. Based on its adjustments, Staff recommends that Laclede be allowed to recover ISRS revenues of \$1,820,481. This results in a downward adjustment of \$207,290 from the \$2,027,771 in ISRS revenues requested by Laclede. Staff's determination of its amount and the supporting calculations are shown in Attachment A to Staff's Memorandum. On May 23, 2006, the Commission ordered any party wishing to respond to Staff's recommendation do so on or before May 31, 2006.

On May 31, 2006, Laclede filed a response accepting the recommendations contained in Staff's report. In its response, Laclede noted that Staff's recommendation did

not address Laclede's proposed notices, but Laclede asserts that both Staff and the Office of the Public Counsel have reviewed and do not object to the notices. No other party filed a response to Staff's recommendation and no party replied to Laclede's response.

On June 1, 2006, Laclede filed a revised tariff sheet with ISRS rates designed to implement the adjustments proposed in the Staff's May 19th recommendation. With its revised tariff, Laclede filed a Motion for Approval of Tariff and Motion for Expedited Treatment seeking a Commission order making the revised tariff effective on or before June 15th. The Commission ordered responses to Laclede's motion to be filed on or before June 5, 2006.

On June 5, 2006, Staff filed its verified memorandum regarding Laclede's motion and revised tariff sheet. In its June 5th memorandum, Staff stated that the ISRS rates in the revised tariff page implement all the appropriate adjustments to Laclede's initial submission and are consistent with the May 19th Staff recommendation. The Staff also confirmed that it has no objection to Laclede's proposed notice or Laclede's request for a June 15, 2006 effective date. The Staff recommends that the proposed notice and revised tariff be approved effective June 15, 2006.

Based on Laclede's verified application and Staff's verified May 19th recommendation and June 5th memorandum, which are hereby admitted into evidence, the Commission concludes that Laclede's proposed customer notice and revised tariff establishing an ISRS sufficient to recover annual pre-tax revenues of \$1,820,481 should be approved. . Because the authorized revenues and rates differ from those contained in the tariff previously submitted by Laclede, the original tariff will be rejected.

IT IS ORDERED THAT:

1. Laclede Gas Company is authorized to establish an Infrastructure System Replacement Surcharge sufficient to recover appropriate annual pre-tax revenue of \$1,820,481.

2. The tariff sheet filed by Laclede Gas Company on March 31, 2006, and assigned Tariff No. YG-2006-0747, is rejected: The tariff sheet rejected is:

P.S.C. MO. No. 5 Consolidated
5th Revised Sheet No.12, Cancelling 4th Revised Sheet No. 12

3. The tariff sheet filed by Laclede Gas Company on May 1, 2006, and assigned Tariff No. YG-2006-0899, is approved: The tariff sheet approved is:

P.S.C. MO. No. 5 Consolidated
6th Revised Sheet No.12, Cancelling 5th Revised Sheet No. 12

4. The Customer notices set forth in Attachments 1, 2 and 3 to Laclede Gas Company's Request for Approval of Customer Notices are approved.

5. This order shall become effective on June 15, 2006.

6. This case will close on June 16, 2006.

BY THE COMMISSION



Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Gaw, Clayton,
and Appling, CC., concur.

Voss, Regulatory Law Judge