

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 5th day of
January, 2011.

In the Matter of the Application of Laclede Gas
Company for Establishment of an Infrastructure
System Replacement Surcharge.

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File No. GO-2011-0058
Tariff No. YG-2011-0225

ORDER APPROVING ISRS RATES, CUSTOMER NOTICES, AND TARIFF

Issue Date: January 5, 2010

Effective Date: January 7, 2011

On October 29, 2010, Laclede Gas Company filed an application and petition to establish an infrastructure system replacement surcharge (ISRS). Laclede requested an ISRS revenue increase of \$2,570,494. Laclede's request was accompanied by an implementing tariff bearing an effective date of January 5, 2011. On December 15, 2010, Laclede extended the tariff effective date to January 7, 2011.

In its application, Laclede seeks to establish its ISRS rate schedule to reflect costs incurred in connection with ISRS-eligible infrastructure system replacements made during the period April 1, 2010, through September 30, 2010, and updated for costs through November 30, 2010. The specific infrastructure system replacements for which Laclede seeks ISRS recognition are set forth in Appendix A to its application.

In connection with its ISRS application, on November 16, 2010, Laclede filed a request for approval of sample notices that will inform its customers of the ISRS. The filing and approval of those notices is required by the Commission's ISRS rule, 4 CSR 240-3.265(9).

Section 393.1015.1(2), RSMo, requires the Commission to publish notice of ISRS filings. Therefore, on November 4, 2010, the Commission directed that notice of Laclede's filing be mailed to the county commission of the counties served by Laclede and to the corresponding governing body for the City of St. Louis. The Commission directed that notice be given to the media serving the area served by Laclede and to the members of the General Assembly representing that area. In addition, the Commission directed notice to be sent to each party in Laclede's most recent rate case, File No. GR-2010-0171.

The Commission set a filing deadline of November 18, 2010, for interested parties to request intervention. No applications to intervene were received.

Section 393.1015.2(2), RSMo, allows the Staff of the Commission to file a report regarding Laclede's ISRS application no later than 60 days after it was filed. Staff filed its recommendation on December 28, 2010. Based upon Laclede's supplemental data, which amended its original estimate of plant for the period October 1 through November 30 2010, to the actual amount placed in service, Staff determined that Laclede should receive an incremental ISRS revenue increase of \$2,490,876. Therefore, Staff recommended that the Commission (1) reject Laclede's tariff sheet, (2) approve Staff's determination that the appropriate revenue requirement is pre-tax revenues of \$2,490,876 annually; and (3) authorize Laclede to file a new tariff setting an ISRS rate for each customer class as reflected in Attachment B to Staff's recommendation. With regard to Laclede's request for approval of its sample customer notices, Staff advised that Laclede's submission is in compliance with notice requirements contained in the Commission's November 4 order.

The Commission established a shortened response deadline for responses to Staff's recommendation. On December 29, 2010, Laclede filed its response and a motion for expedited treatment. Laclede accepted Staff's figure for annual pre-tax revenues and accepted the ISRS rates reflected in Attachment B to Staff's recommendation. On the same date Laclede filed a substitute tariff sheet to comply with Staff's recommendations. Laclede requested that the Commission approve the ISRS revenues and rates, and the customer notices, as soon as reasonably possible but no later than January 7, 2011.

On January 3, 2011, Staff replied to Laclede's response, stating that Laclede's substitute tariff sheet filed on December 28, 2010, complies with its recommendations. Staff recommended that the substitute tariff be approved.

Based on the pleadings in this case, the Commission finds that Laclede shall be permitted to collect ISRS rates in accordance with Staff's recommendations, which Laclede has accepted. The Commission further finds that Laclede's customer notices comply with requirements and shall be approved.

THE COMMISSION ORDERS THAT:

1. Laclede Gas Company is authorized to collect an Infrastructure System Replacement Surcharge sufficient to recover appropriate annual pre-tax revenues in the amount of \$2,490,876. The approved ISRS rates by customer class are contained in Appendix 1, attached hereto.
2. Laclede Gas Company's motion for expedited treatment is granted.

3. Laclede Gas Company's tariff sheet, Tariff No. YG-2011-0225, is approved as substituted on December 29, 2010, to become effective on January 7, 2011. The tariff sheet approved is:

P.S.C. MO. No. 5, Consolidated

Sixteenth Revised Sheet No. 12, Cancelling Fifteenth Revised Sheet No. 12

4. Laclede Gas Company's customer notices submitted on November 16, 2010, are approved.

5. This order shall become effective on January 7, 2011.

6. This case may be closed on January 8, 2011.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

Clayton, Chm., Davis, Jarrett,
Gunn, and Kenney, CC., concur.

Dippell, Deputy Chief Regulatory Law Judge