

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GO-2007-0177, File No. YG-2007-0316, Laclede Gas Company

FROM: Michael J. Ensrud, Energy – Tariffs/Rate Design
Roberta Grissum - Auditing Department

/s/Tom Imhoff 12/19/06

Energy Department/Date

/s/Lera L. Shemwell 12/19/06

General Counsel's Office/Date

SUBJECT: Staff Recommendation on the initial Tariff Sheet filed to implement the seventh
adjustment to Laclede ISRS Rate - YG-2007-0316

DATE: December 19, 2006

On November 3, 2006, Laclede Gas Company (Laclede or Company) of St. Louis, Missouri, filed a tariff sheet with the Missouri Public Service Commission (Commission) with a proposed effective date of December 4, 2006. This tariff sheet (File No. YG-2007-0316) proposes to establish new Infrastructure System Replacement Surcharge (ISRS) rates. The plant and the revenue requirement associated with prior ISRS rates were rolled into this calculation. In its VERIFIED APPLICATION AND PETITION Laclede states:

8. With this application, Laclede requests an adjustment to its ISRS rate schedule to reflect costs incurred in connection with ISRS-eligible infrastructure system replacements made during the period beginning March 1, 2006 through September 2006.

On November 7, 2006, the Commission issued an Order Suspending Tariff, Directing Notice and Setting Intervention Date. The Commission suspended Laclede's ISRS tariff sheet until March 3, 2007.

The ISRS rates being implemented as part of this filing consists of the following:

GO-2006-0377	\$1,820,481
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GO-2007-0117	<u>\$1,893,864</u>
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Total Revenue Requirement	<u>\$3,714,345</u>
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The proposed rates generate this revenue requirement annually through a surcharge on customers' bills.

The Staff has reviewed Laclede's tariff filing YG-2007-0316 and has determined that the ISRS rates proposed should be accepted as filed, and may replace the existing ISRS rates as of January 2, 2007, the requested effective date.

Laclede's proposed rates are consistent with those provided in Staff's Attachment 1, even though Staff's calculation reduced taxes, that calculation was so small that it did not result in a need to change rates. Staff's proposed changes and rate filing are consistent with past Laclede ISRS filings.

Laclede's proposed ISRS rates are based on the twelve-month average of customer counts for the period October 2005 through September 2006.

The revised ISRS tariff sheet should be designated as:

P.S.C. MO. No. 5

Seventh Revised SHEET No. 12, Canceling Sixth SHEET No. 12

The Staff has verified that this company 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.

Copies:

- Director – Utility Operations Division
- Director – Utility Services Division
- Public Information Administrator
- General Counsel
- Manager – Procurement Analysis Department
- Manager – Energy Department
- Michael Cline, Director – Tariff and Rate Administration (Laclede)
- Kenneth J. Neises, Executive Vice-President – Energy & Administrative Services (Laclede)
- Michael Pendergast, Vice-President – Associate General Counsel (Laclede)
- Office of the Public Counsel

LACLEDE GAS COMPANY**CASE NO. GO-2007-0177**

ISRS RATE DESIGN

ISRS RATE FILING NO.1

Staff's Total ISRS Revenue Calculation
Initial ISRS\$3,714,345

Customer Rate Class	Cust # Sept. 03	Customer Charge	Ratio To Res	Weighted Cust #	Customer Percentage	ISRS Charge	ISRS Revenues
Residential	598,976	12.00	1.0000	598,976	87.2783%	\$0.45	\$3,241,817
Com & Ind. Class 1	31,053	15.75	1.3125	40,757	5.9388%	\$0.59	\$220,588
Com & Ind. Class 2	9,392	25.00	2.0833	19,567	2.8511%	\$0.94	\$105,900
Com & Ind. Class 3	665	50.00	4.1667	2,771	0.4037%	\$1.88	\$14,996
Large Volume	94	625.00	52.0833	4,896	0.7134%	\$23.49	\$26,498
Interruptible	16	555.00	46.2500	740	0.1078%	\$20.86	\$4,005
Transportation	150	1,473.00	122.7500	18,413	2.6829%	\$55.36	\$99,653
Transportation - Other	0	1,190.00	99.1667	0	0.0000%	#DIV/0!	\$0
Gas Light	110	4.10	0.3417	38	0.0055%	\$0.15	\$203
<i>Vehicular Fuel</i>	5	15.70	1.3083	7	0.0010%	\$0.59	\$35
Liquid Propane	125	11.50	0.9583	120	0.0175%	\$0.43	\$648
TOTAL	<u><u>640,586</u></u>			<u><u>686,283</u></u>	<u><u>100.0000%</u></u>		<u><u>\$3,714,345</u></u>

* Due to rounding to the nearest penny, the designed ISRS rates will under collect by \$8,047. However, it should be noted that the total amount collected will be true-up at a later date.

**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) Case No. GO-2007-0177
Infrastructure System Replacement Surcharge.) Tariff No. YG-2007-0316

AFFIDAVIT OF MICHAEL JAY ENSRUD

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael Jay Ensrud, of lawful age, on oath states: that he has participated in the preparation of the foregoing written memorandum, consisting of two pages to be presented in the above case; that the information in the attached written report were given by Missouri Gas Energy; that he has knowledge of the matters set forth in such memorandum; and that such matters are true to the best of his knowledge and belief.

Michael Jay Ensrud

Subscribed and sworn to before me this 19th day of December, 2006.

Rosemary R. Robinson
Notary Public

My commission expires 9-23-2008

