

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

In the Matter of the Verified Application and)	
Petition of Laclede Gas Company for)	<u>Case No. GO-2007-0370</u>
establishment of an Infrastructure System)	Tariff No. JG-2007-0708
Replacement Surcharge.)	

STAFF MEMORANDUM

COMES NOW the Staff of the Commission and submits its Memorandum concerning Laclede Gas Company's (Laclede) Infrastructure System Replacement Surcharge (ISRS) filing and states:

1. On March 30, 2007, Laclede Gas Company (Laclede or Company) of St. Louis, Missouri, filed a tariff sheet with a proposed effective date of April 30, 2007.

2. This tariff sheet (File No. JG-2007-0708) proposes to establish a replacement Infrastructure System Replacement Surcharge (ISRS) rates. The plant and the revenue requirement associated with prior ISRS rates were rolled into this calculation.

3. Laclede submitted its Application based upon Missouri statutory sections in Chapter 393 RSMo, authorizing Infrastructure System Replacement Surcharges.

4. On April 5, 2007, the Commission issued an ORDER SUSPENDING TARIFF. The Commission suspended Laclede's ISRS tariff sheet until July 28, 2007.

5. On April 24, 2007, the Commission issued its Order Directing Filing of Staff Report in which Staff was directed to file a report no later than May 29, 2007. This memo is Staff's response to that Order.

6. The Staff has reviewed Laclede's tariff and has determined that the ISRS rates proposed should be accepted as filed, and may replace the existing ISRS rates as of June 16, 2007.

7. This effective date is in accord with the requirement in CSR 240-3.265 which states: A natural gas utility may effectuate a change in an ISRS no more often than two (2) times during every twelve (12)-month period, with the first such period beginning on the effective date of the rate schedules that establish an initial ISRS. For the purposes of this section, an initial ISRS is the first ISRS granted to the subject utility or an ISRS established after an ISRS is reset to zero pursuant to the provisions of section (18) of this rule.

WHEREFORE, for the foregoing reasons, Staff respectfully requests that the Commission accept Staff's recommendations in this case, and issue its Order in accord with those recommendations that the tariff sheets may be approved with an effective date of June 16, 2007.

Respectfully submitted,

/s/ Lera L. Shemwell
Lera L. Shemwell
Deputy General Counsel
Missouri Bar No. 43792

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 29th day of May, 2007.

/s/ Lera L. Shemwell

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GO-2007-0370, File No. JG-2007-0708, Laclede Gas Company

FROM: Michael J. Ensrud, Energy – Tariffs / Rate Design

/s/Thomas Imhoff 05/25/07

Energy Department/Date

/s/Lera Shemwell 05/25/07

General Counsel's Office/Date

SUBJECT: Staff Recommendation on the initial Tariff Sheet filed to implement the eighth adjustment to Laclede ISRS Rate - JG-2007-0708

DATE: May 25, 2007

On March 30, 2007, 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 April 30, 2007. This tariff sheet (File No. JG-2007-0708) proposes to establish a replacement 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 OF LACLEDE GAS COMPANY TO CHANGE ITS INFRASTRUCTURE SYSTEM REPLACEMENT SURCHARGE 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 October 1, 2006 through February 2007.

On April 5, 2007, the Commission issued an ORDER SUSPENDING TARIFF. The Commission suspended Laclede's ISRS tariff sheet until July 28, 2007.

On April 24, 2007, the Commission issued ORDER DIRECTING FILING OF STAFF REPORT. Staff was directed to file a report no later than May 29, 2007. This memo is Staff's response to that requirement.

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

GO-2006-0377	\$1,820,481
GO-2007-0117	\$1,893,864
GO-2007-0370	<u>\$1,797,448</u>
Total Revenue Requirement	<u>\$5,511,793</u>

The proposed rates generate the aforementioned revenue requirement annually through a surcharge on customers' bills.

The Staff has reviewed Laclede's tariff filing JG-2007-0708 and has determined that the ISRS rates proposed should be accepted as filed, and may replace the existing ISRS rates as of June 16 effective date. Since Laclede had previously filed two other ISRS increases within 12-months, these previous filings dictate that approval be delayed. The June 16, 2007 effective date complies with:

CSR 240-3.265 Natural Gas Utility Petitions for Infrastructure System Replacement Surcharges

16) A natural gas utility may effectuate a change in an ISRS no more often than two (2) times during every twelve (12)-month period, with the first such period beginning on the effective date of the rate schedules that establish an initial ISRS. For the purposes of this section, an initial ISRS is the first ISRS granted to the subject utility or an ISRS established after an ISRS is reset to zero pursuant to the provisions of section (18) of this rule.

Laclede's initially proposed revenue requirement is consistent with what Staff's deems appropriate. Laclede's initially filed rates are consistent with those provided in Staff's Attachment 1. Laclede's proposed changes and rates follow past practice in ascertaining appropriate 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

Eight Revised SHEET No. 12, Canceling Seventh 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-2007-0370**

ISRS RATE DESIGN

ISRS RATE FILING NO.1

Staff's Total ISRS Revenue Calculation
Initial ISRS

\$5,511,793

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%	\$0.67	\$4,810,599
Com & Ind. Class 1	31,053	15.75	1.3125	40,757	5.9388%	\$0.88	\$327,335
Com & Ind. Class 2	9,392	25.00	2.0833	19,567	2.8511%	\$1.39	\$157,147
Com & Ind. Class 3	665	50.00	4.1667	2,771	0.4037%	\$2.79	\$22,254
Large Volume	94	625.00	52.0833	4,896	0.7134%	\$34.86	\$39,320
Interruptible	16	555.00	46.2500	740	0.1078%	\$30.95	\$5,943
Transportation	150	1,473.00	122.7500	18,413	2.6829%	\$82.15	\$147,878
Transportation - Other	0	1,190.00	99.1667	0	0.0000%	\$0.00	\$0
Gas Light	110	4.10	0.3417	38	0.0055%	\$0.23	\$302
<i>Vehicular Fuel</i>	5	15.70	1.3083	7	0.0010%	\$0.88	\$53
Liquid Propane	125	11.50	0.9583	120	0.0175%	\$0.64	\$962
TOTAL	<u>640,586</u>			<u>686,283</u>	<u>100.0000%</u>		<u>\$5,511,793</u>

* Due to rounding to the nearest penny, the designed ISRS rates will over collect by \$5267. However, it should be noted that the total amount collected will be true-up at a later date.

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Case No. GO-2007-0370

AFFIDAVIT OF MICHAEL J. ENSRUD

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael J. Ensrud, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Report and Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Report and Investigation was given by him; that he has knowledge of the matters set forth in such Staff Report and Investigation; and that such matters are true to the best of his knowledge and belief.



Michael J. Ensrud

Subscribed and sworn to before me this 25th day of May, 2007.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086



Notary Public

My commission expires 9-21-10