

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

In the Matter of Laclede Gas Company's)	
Tariffs Designed to Permit Early)	
Implementation of Cold Weather Rule)	<u>Case No. GT-2009-0026</u>
Provisions and to Permit Laclede to)	Tariff File No. JG-2009-0033
Collect Bad Debt through the PGA.)	

Staff's Response to Laclede's Response to Staff's Motion

COMES NOW the Staff of the Missouri Public Service Commission and, for Response to Laclede's November 5 Response to Staff's Motion to Reject Tariff and Dismiss Docket states as follows:

1. On July 9, 2008, Laclede Gas Company (Laclede or Company) filed tariff sheets designed to permit Laclede to collect a portion of its bad debts through the Purchased Gas Adjustment (PGA)/Actual Cost Accounting (ACA) process.

2. The tariff sheet also requested Laclede be permitted to implement cold weather rule requirements early. This tariff provision request is now moot because the heating season began November 1.

3. The arguments raised by Laclede are facially plausible but cannot withstand scrutiny because the proposed tariff to collect bad debt in the PGA/ACA results in unlawful single-issue ratemaking as well as prohibited retroactive ratemaking.

4. The argument that these costs are volatile cannot overcome the unlawfulness of single-issue and retroactive ratemaking.

5. Laclede's suggestion of "more accurate recovery" (Laclede Br. p. 6, pp. 9) again, may sound good, but cannot overcome the prohibited single-issue ratemaking problem.

6. Laclede made a similar proposal in the last rate case. The parties rejected that proposal. In a black box settlement, a level of revenue for bad debt recovery is built in. Laclede may not go back and assign any specific number to bad debt recovery in a black box settlement.

7. The Uniform System of Accounts (USOA) does not permit bad debt to be recorded as a gas cost. Gas costs are in Accounts 804 and 805. Bad debts are not permitted to be recorded in these accounts.

8. Laclede even admits bad debt is **not** a gas cost. (Laclede Br. p. 6, pp. 9). Only gas costs may be included in the PGA/ACA process.

9. The fact that Laclede reputedly seeks to change the recovery method of only the gas portion of bad debt through the PGA does change the fact that this is single issue ratemaking. (Laclede brief footnote 5).

10. Contrary to Laclede's interpretation, Section 393.150 indicates the Commission may set rates after hearing. There is nothing to preclude the Commission from dismissing a tariff filing as moot or unlawful.

11. Laclede's discussion of summary judgment rules is misleading. Staff did not request Summary Disposition, but made a Motion to Dismiss. Commission Rule 4-240-2.116(4) permits the Commission to dismiss a case for good cause. Surely there is no better cause for dismissal than that one section of the tariff is now moot and the other section is illegal.

12. The fact that Staff and Laclede have taken time to write testimony does not mean the Commission should waste its time or more Staff or Company resources on this case. (Laclede Br. p.2 pp. 3)

13. Besides being unlawful, this proposal is bad policy. Consumer bad debt write-offs is a cost over which Laclede has significant control. Commission approval of this tariff would reduce Laclede's incentive to aggressively collect bad debt and reducing Laclede's incentive to use every option to control and collect bad debt is bad for the Company and worse for customers.

14. Despite much rhetoric, Laclede offers nothing to overcome the fact that Commission approval of this tariff would constitute prohibited single-issue ratemaking and retroactive ratemaking.

WHEREFORE, for all the reasons noted above, Staff prays that the Commission suspend the procedural schedule, reject the proposed tariff, File No. JG-2009-0033, the cold weather rule tariff section as moot and the bad debt proposal as prohibited single-issue and retroactive ratemaking, dismiss this docket, and grant such other and further relief as is just in the circumstances.

Respectfully submitted,

/s/ Lera L. Shemwell

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

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-7431 Telephone)
(573) 751-9285 (Fax)
lera.shemwell@psc.mo.gov

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 10th day of November 2008.

/s/ Lera L. Shemwell