

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 24th day of  
March, 2010.

In the Matter of the Verified Application and Petition    ) **File No. GO-2010-0212**  
of Laclede Gas Company to Change its Infrastructure    ) **Tariff No. YG-2010-0455**  
System Replacement Surcharge                                )

**ORDER APPROVING INFRASTRUCTURE SYSTEM  
REPLACEMENT SURCHARGE, AND TARIFF**

Issue Date: March 24, 2010

Effective Date: March 31, 2010

On January 15,<sup>1</sup> Laclede Gas Company (“Laclede”)<sup>2</sup> filed an application requesting Commission authorization to change its Infrastructure System Replacement Surcharge (“ISRS”).<sup>3</sup> Laclede’s currently effective ISRS rates were reset in File No. GO-2009-0389 and generate annual revenues of \$8,093,710. Laclede is proposing to increase its currently established ISRS rates by \$3,244,969. Concurrent with its application, Laclede filed a tariff to implement its proposed changes to the ISRS. That Tariff was assigned tracking number YG-2010-0455. The Commission suspended that tariff until May 15 so it would have adequate time to consider Laclede’s application.<sup>4</sup>

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<sup>1</sup> All dates throughout this order refer to the year 2010 unless otherwise noted.

<sup>2</sup> Laclede is a public utility and gas corporation incorporated under the laws of the State of Missouri, with its principal office located at 720 Olive Street, St. Louis, Missouri 63101. Laclede is engaged in the business of distributing and transporting natural gas to customers in the City of St. Louis and the Counties of St. Louis, St. Charles, Crawford, Jefferson, Franklin, Iron, St. Genevieve, St. Francois, Madison, and Butler in Eastern Missouri. As a gas corporation and public utility, Laclede is subject to the jurisdiction, supervision and control of the Commission.

<sup>3</sup> The application was filed pursuant to Sections 393.1009, 393.1012, and 393.1015, RSMo Cum. Supp. 2009, and Commission Rules 4 CSR 240-2.060, 2.080 and 3.265.

<sup>4</sup> Section 393.1015.2(3) requires that the Commission act on Laclede’s application no later than 120 days after the petition is filed. Consequently, the Commission must issue an order regarding the application that is effective no later than May 15, 2010.

Pursuant to Section 393.1015.1(2), RSMo Cum. Supp. 2009, the Commission issued notice and set an intervention deadline.<sup>5</sup> After filing a timely and unopposed application to intervene, USW Local 11-6 was granted intervention. The Commission's Staff and the Office of the Public Counsel ("Public Counsel") are automatically parties by operation of Commission regulations, and neither opted out as parties pursuant to Commission Rule 4 CSR 240-2.010(11) during the intervention period. No party requested a hearing.<sup>6</sup>

Staff filed its report on March 12,<sup>7</sup> indicating that its Auditing and Energy Departments have examined Laclede's ISRS application. While Laclede requested an ISRS adjustment to reflect recovery for actual ISRS qualifying plant placed into service during the period covering June 1, 2009 through December 31, 2009, it also requested the inclusion of estimated ISRS related plant for the time period January 1, 2010 through February 28, 2010. Staff was able to verify additional ISRS qualifying plant placed into service as of January 31, 2010, and recommends the ISRS rates reflect the

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<sup>5</sup> In its notice, the Commission also directed Laclede to file sample customer notices as required by Commission Rules 4 CSR 240-3.265(8) and (9). Laclede responded on February 26, and asserted that since its prior notices had been approved when its ISRS was approved on January 15, 2008, the Commission need only to take official notice that those notices satisfy the Commission's rule. No party responded to Laclede's assertion by the deadline set for responses. Consequently, since no party is contesting the issue of Laclede's customer notices, and since the Commission has previously found them to be in compliance with the Commission's rules, the Commission finds that Laclede's customer notices are in compliance with its rules.

<sup>6</sup> Pursuant to Section 393.1015(3) the Commission *may* hold a hearing prior to reaching its decision. Because holding a hearing is totally discretionary, and because no party requested a hearing, this is not a contested case pursuant to Section 536.010(4). The term "hearing" presupposes a proceeding before a competent tribunal for the *trial of issues* between *adversary parties*, the presentation and the consideration of proofs and arguments, and determinative action by the tribunal with respect to the issues ... 'Hearing' involves an *opposite party*; ... it contemplates a listening to facts and evidence for the sake of *adjudication* ... The term has been held synonymous with 'opportunity to be heard'. (Emphasis added.) *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Com'n of State of Mo.* 776 S.W.2d 494, 495 -496 (Mo. App. 1989).

<sup>7</sup> Section 393.1015.2(2) requires the Staff of the Commission to submit a report regarding Laclede's ISRS application no later than 60 days after filing. Thus, Staff's report was due March 16, 2010.

actual ISRS investment placed into service during the period covering June 1, 2009 through January 31, 2010.

Based on its examination, Staff recommends that the Commission approve Laclede's petition to implement ISRS rate schedules and that Laclede's ISRS rates should be designed to recover additional annual ISRS revenue of \$2,818,150. As previously noted, Laclede's currently effective ISRS rates were reset in File No. GO-2009-0389 and generate annual revenues of \$8,093,710. Staff's recommendation will result in a composite ISRS revenue requirement of \$10,911,860, and Staff's recommended ISRS rates by customer class are contained in Attachment B to its recommendation.

On March 12, Laclede filed its response to Staff's recommendation, agreeing to the amount recommended by Staff. Laclede filed a substitute tariff, representing it was in compliance with Staff's recommendation, and filed a motion for expedited treatment requesting that its tariff be allowed to go into effect no later than March 31, 2010.

The Commission set a deadline for replies to Laclede's response and substitute tariff filing. No party other than Laclede filed a response to Staff's recommendation. No party filed a reply to Laclede's response or its substitute tariff filing.

Based on the verified pleadings, the Commission concludes that Laclede's substitute tariff establishing an ISRS sufficient to recover additional annual pre-tax revenues of \$2,818,159 should be approved. Laclede will be authorized to implement an ISRS rate for each customer class as reflected in Attachment B of Staff's recommendation that are projected to produce \$10,911,860 annually and are consistent with the cumulative revenue requirement presented in this file and past ISRS cases.

As noted previously, Laclede also seeks expedited treatment and a tariff effective date of March 31. Laclede asserts that approving its ISRS filing comports with paragraph 22 of the Unanimous Stipulation and Agreement filed on July 9, 2007, and approved by the Commission on July 19, 2007 in File No. GR-2007-0208 (the “Stipulation”), where, in exchange for valuable consideration given by Laclede, the parties agreed to work towards implementation of the Company’s ISRS filings as soon as reasonably possible. Laclede believes that, since its request is based upon the Commission-approved Stipulation, the intent of the parties will be served by the Commission approving the compliance tariff to become effective on March 31, 2010. The Commission agrees and finds Laclede’s position constitutes good cause for expeditious approval and implementation of the tariff.

**THE COMMISSION ORDERS THAT:**

1. Laclede Gas Company’s motion for expedited treatment is granted.
2. Laclede Gas Company is authorized to increase its Infrastructure System Replacement Surcharge in the amount of annual pre-tax revenues of \$2,818,150. This increase shall establish an Infrastructure System Replacement Surcharge sufficient to produce \$10,911,860 annually, consistent with the cumulative revenue requirement presented by the Staff of the Missouri Public Service Commission in this file and past ISRS cases.
3. The tariff sheet filed by Laclede Gas Company on January 15, 2010, and assigned tariff number YG-2010-0455, suspended until May 15, 2010, and substituted on March 12, 2010, is approved to become effective on March 31, 2010. The tariff sheet approved is:

**P.S.C. MO. NO. 5 Consolidated**  
**Fourteenth Revised Sheet No. 12, Canceling Thirteenth Revised Sheet No. 12**

4. This order shall become effective on March 31, 2010.

5. This case will close on April 1, 2010.

**BY THE COMMISSION**



Steven C. Reed  
Secretary

( S E A L )

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

Stearley, Senior Regulatory Law Judge