

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 21st day
of July, 2010.

In the Matter of Laclede Gas Company's Tariff Revision)
Designed to Clarify Its Liability for Damages Occurring) **File No. GT-2009-0056**
on Customer Piping and Equipment.)

ORDER DENYING APPLICATION FOR REHEARING

Issue Date: July 21, 2010

Effective Date: July 21, 2010

The Commission issued a Report and Order regarding Laclede Gas Company's tariff revision in which Laclede revised its tariffs to set limitations for its liability in certain situations. That Report and Order became effective on January 23, 2010, and Laclede filed a timely application for rehearing. No responses to the application for rehearing were received.

Laclede's application requested that the Commission rehear or clarify several points. The portions of Laclede's motion which request that the Commission rehear the case or determine it differently, present nothing new for the Commission's determination.

Section 386.500.1, RSMo (2000), indicates the Commission shall grant an application for rehearing if "in its judgment sufficient reason therefor be made to appear." The application for rehearing merely restates positions the Commission has previously rejected in its Report and Order. In the judgment of the Commission, Laclede has not shown sufficient reason to rehear the Report and Order. The Commission will deny the application for rehearing.

With regard to the requests for clarification, Laclede requests that the Commission direct four issues be considered in Laclede's pending rate case, GR-2010-0171.

First Laclede requests that the Commission clarify its Report and Order by directing the inclusion in Laclede's pending rate case of how the costs and revenues, including litigation expenses, associated with liability from Laclede's unregulated activities should be treated. In the Report and Order the Commission expressed concerns with the method of attributing liability expenses. The Commission stated that "a closer examination may be necessary in Laclede's next rate case." The Commission, however, does not have enough information in this case to determine whether these litigation expenses should be an issue in the pending rate case. For instance, the Commission has no evidence before it in this case of the actual amount of the litigation expenses; much less what percentage of revenues those expenses equal. The Commission trusts that the various parties to Laclede's rate case will bring such expenses to the Commission's attention and submit evidence for the Commission's consideration if it is warranted. Therefore, the Commission need not clarify its order any further on this point.

The remaining three issues which Laclede asks the Commission direct be included in the current rate case regard: The proposed presumption created 48 hours after the successful operation of equipment after the completion of unregulated work by Laclede; whether to limit liability for incidents arising from the transmission, distribution, and odorization of gas if the company has complied with the applicable federal and state safety standards; and liability limitation for the interruption of service. The Commission found that Laclede had not shown in this case that these limitations were just and reasonable. In

addition, the Commission was not convinced of the need to make such sweeping liability changes as were proposed by Laclede. The evidence presented also did not convince the Commission that there is an overwhelming or immediate need to direct that these issues be included in the current rate case. That being said, the Commission through its Report and Order did not preclude the parties to the rate case from exploring these tariff liability issues further if warranted. The Commission, however, declines to direct that these issues shall be included.

Therefore, the Commission denies the requests for further clarification of the Report and Order.

THE COMMISSION ORDERS THAT:

1. Laclede Gas Company's Application for Rehearing and Alternative Request for Clarification is denied.
2. This order shall become effective immediately upon issuance.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

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

Dippell, Deputy Chief Regulatory Law Judge