

BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF MISSOURI

FILED<sup>3</sup>  
OCT 11 2002  
Missouri Public  
Service Commission

In the Matter of the Tariff Filing  
of Laclede Gas Company

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)

Case No. GT-2003-0032

**UNANIMOUS STIPULATION AND AGREEMENT**

COME NOW Laclede Gas Company (Laclede), the Staff of the Missouri Public Service Commission (Staff), the Office of the Public Counsel (OPC), and the Missouri School Boards' Association (MSBA) and the Board of Education of the City of St. Louis (BECSL) (collectively referred to as the parties) and submit this Unanimous Stipulation and Agreement (Stipulation and Agreement) for approval by the Commission.

**BACKGROUND**

1. On August 1, 2002, Laclede submitted proposed tariff sheets dealing with natural gas aggregation for schools pursuant to § 393.310 RSMo Supp. 2002. The sheets bore a proposed effective date of November 1, 2002.

2. On August 13, 2002, a procedural conference was held, and the date of August 26, 2002, was set for the submission of a proposed procedural schedule. On August 22, 2002, the Commission granted intervention to MSBA. On August 23, 2002, a technical conference involving all of the parties was held. On August 26, 2002, the Staff filed a proposed procedural schedule. Also on August 26, 2002, Laclede filed a response to the proposed procedural schedule. On August 29, 2002, the Commission issued its Order Adopting Procedural Schedule and Expediting Transcripts. On August 30, 2002, BECSL filed its application to intervene which was granted on September 23, 2002. On September 18, 2002, the Staff of the Missouri Public Service Commission filed a Motion to Revise Procedural Schedule and Motion for Expedited Treatment. Also on September 18, 2002, the MSBA filed a Motion to Amend Procedural

Schedule, requesting that the hearing be moved from October 3, 2002, to October 7, 2002. On September 19, 2002, the Commission issued its Order Regarding Motions to Amend Procedural Schedule which adopted a modified procedural schedule. On September 26, 2002, the Associations filed a Renewed Motion to Amend Procedural Schedule. On September 30, 2002, the Commission issued its Order Rescheduling Hearing Date And Amending Procedural Schedule.

3. The parties have held several discussions concerning the content of the proposed tariff, the intentions of the General Assembly in passing the new legislation, and the most practical means to accomplish the intention of the legislation. As a result of those discussions, the parties have agreed to the following Stipulation and Agreement, which resolves all issues in this proceeding in the manner set out herein.

#### **RESOLUTION OF ISSUES**

4. **Tariff Sheets.** The parties agree that the Commission should approve the illustrative tariff sheets shown in **Appendix A**, attached hereto, to be effective on November 1, 2002. For the Commission's convenience, substitute tariff sheets identical in form and content to the tariff sheets set forth in **Appendix A** have also been filed on this date. Accordingly, if the Commission decides to approve this Stipulation and Agreement, the parties request that it also approve in the same order the substitute tariff sheets filed by Laclede on this date.

5. **Reporting Requirements.** Laclede shall, no later than March 1<sup>st</sup> and June 1<sup>st</sup> of the first year of the experimental program, and June 1 of each year thereafter provide to Staff and OPC and, as requested, MSBA and BECSL, certain information regarding the impact of the experimental program. Such information shall be categorized in sufficient detail to show the revenues generated and expenses incurred as a result of this experimental program so as to permit a determination of whether an adjustment to the charges under the experimental program is necessary to prevent any harm to the groups identified in section 393.310 RSMo Supp. 2002. It shall also include information supporting the 2002-2003 winter capacity for this experimental program, the Company algorithm for nominations for this experimental program and

documentation supporting the development of the algorithm, school actual monthly usage data, actual monthly heating degree day data, information relating to calculation of the pipeline capacity costs and rates, documentation of the schools' monthly capacity payments, documentation showing the total actual monthly nominations for this experimental program, and other data that the parties may mutually agree are useful and necessary to determining the appropriate treatment of capacity costs subsequent to May 31, 2003. The statute provides that the Commission may, no later than November 1<sup>st</sup> of each year of the experimental program, implement any adjustments in aggregation or balancing fees necessary to comply with section 393.310 RSMo Supp. 2002.

6. **Subsequent Filing.** The parties agree that, within 60 days of the effective date of the tariff establishing the experimental program, the Company, Staff, Office of the Public Counsel and the association representing the schools shall meet to determine if they can reach a mutually acceptable recommendation for revising the treatment of capacity costs or other program provisions subsequent to May 31, 2003. Such parties shall file either their joint recommendation or, if an agreement is not reached, their individual recommendations regarding such matters, by March 17, 2003 together with testimony explaining why such revisions are appropriate and consistent with the requirements of §393.310. The parties will request that the Commission issue its decision to be effective June 1, 2003. The parties agree that ESEs participating in the first year of the program will continue to participate through, at a minimum, the end of the first Aggregation Year, which is October 31, 2003, as set forth in Section C of the tariff. The parties further agree that any true-up of capacity revenues and costs will be consistent with the Commission's decision on the treatment of capacity as set forth in this paragraph.

7. **Legislative Requirements.**

A. The new legislation provides that the Commission "shall approve such tariffs upon finding that implementation of the aggregation program set forth in such tariffs will not have any negative financial impact on the gas corporation, its other customers or local taxing authorities, and that the aggregation charge is sufficient to generate revenue at least equal to all

incremental costs caused by the experimental aggregation program.” § 393.310.5 RSMo Supp. 2002.

B. The parties have discussed the intentions of the sponsors and drafters of this legislation and have also discussed latent internal inconsistencies in the legislation, including, but not limited to, the conflict between the “hold harmless” provisions in subsection 5 and the specific price cap provision for an “aggregation and balancing fee” in subdivision (2) of subsection 4. The parties have also discussed practical alternatives that are consistent with the overall intention of the legislation to launch an experimental program to afford a means of natural gas aggregation for school districts and individual schools in the state.

C. The parties have also discussed the findings the Commission is required by § 393.310.5 RSMo Supp. 2002 to make in order to approve the proposed tariffs, and to aid the Commission in making such findings, respectfully state as follows:

(1) The parties agree that the illustrative tariff sheets in **Appendix A** have been designed to preclude negative financial impacts on local taxing authorities by ensuring local taxes or similar fees will continue to be collected and paid in a manner similar to the way such taxes are collected and levied on sales customers.

(2) The parties agree that the illustrative tariff sheets in **Appendix A** have been designed to preclude negative financial impacts on Laclede by including new aggregation and balancing fees and by making provision for future adjustments to program charges to collect potential under-recoveries of incremental costs caused by the program.

(3) The parties agree that the illustrative tariff sheets in **Appendix A** have been designed to preclude negative financial impacts on the other customers of Laclede, since no changes to the tariffs of other Laclede customer classes are being proposed at this time and provision has been made for future adjustments to program charges to collect potential under-recoveries of incremental costs caused by the program.

(4) The parties agree that the illustrative tariff sheets in **Appendix A** have been designed with an aggregation charge. The parties cannot, at this time, assert without

limitation that the specific charge is "sufficient to generate revenue at least equal to all incremental costs caused by the experimental aggregation program." Given that this is a new provision, and there are no facts or experience as to what the costs will be, how many customers may be served by the provision, or what volumes will be transported, there is simply no way at this time to make an unqualified representation on this particular point. The parties, however, do assert that given the overall structure of the new tariff provisions, they have attempted to minimize the costs covered by the charge.

8. **Reservations Due to Nature of Experiment.** The parties acknowledge that Laclede's actual experience under this experimental program may be considerably different from the estimates, which were, of necessity, used in the development of the provisions. The parties also acknowledge that, as with any new piece of legislation, there may be unforeseen complications or circumstances which no party has yet discovered or fully appreciated. As a result, and giving due consideration to the legislative directive that this experiment "not have any negative financial impact on the gas corporation, its other customers or local taxing authorities," the parties agree that they will not seek to unreasonably delay the implementation of changes which Laclede or any other party to this Stipulation and Agreement may propose to the provisions shown in Appendix A if the actual implementation of the program varies significantly from what was originally contemplated and Laclede or such other party is experiencing negative financial impacts as a result of implementing or offering this program. No party shall oppose any reasonable request by Laclede or such other party for expedited treatment of such changes.

#### **GENERAL PROVISIONS**

9. **Reservations.**

A. This Stipulation and Agreement has resulted from extensive negotiations among the parties and the terms hereof are interdependent. In the event the Commission does not adopt this Stipulation and Agreement in total, then this Stipulation and Agreement shall be void and no party shall be bound, prejudiced, or in any way affected by any of the agreements or

provisions hereof. The stipulations herein are specific to the resolution of this proceeding, and all stipulations are made without prejudice to the rights of the parties to take other positions in other proceedings, or in this proceeding should the Commission decide either not to approve this Stipulation and Agreement or to in any way condition its approval of same.

B. It is specifically understood and agreed that this Stipulation and Agreement represents a negotiated settlement of the issues in this proceeding settled in a manner that is in the public interest. Neither Laclede, MSBA, BECSL, the Association, the Commission, its Staff, nor the OPC, shall be deemed to have approved, accepted, agreed, or consented to any accounting principle, ratemaking principle or cost of service determination underlying, or supposed to underlie any of the issues provided for herein.

C. All parties further understand and agree that the provisions of this Stipulation and Agreement relate only to the specific matters referred to herein, and no party or person waives any claim or right which it otherwise may have with respect to any matters not expressly provided for in this Stipulation and Agreement.

10. **Contingent Waiver of Rights.** In the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive with respect to the issues resolved herein: their respective rights pursuant to Section 536.070(2), RSMo 2000 to call, examine and cross-examine witnesses; their respective rights to present oral argument or written briefs pursuant to Section 536.080.1, RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2000; their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510, RSMo 2000. If this Stipulation and Agreement is not approved by the Commission, the parties request that a procedural schedule be established which provides for the filing of testimony and a hearing, to include the opportunity for cross-examination.

11. **Staff's Rights.**

A. The Staff shall file suggestions or a memorandum in support of this Stipulation and Agreement and the other parties shall have the right to file responses within five

(5) days of receipt of Staff's supporting pleading. The parties agree that any and all discussions related to this Stipulation and Agreement shall be privileged and shall not be subject to discovery, admissible in evidence, or in any way used, described or discussed in any proceeding, except as expressly specified herein. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

B. The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, promptly provide other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

12. **Provision of Additional Information.** To assist the Commission in its review of this Stipulation and Agreement, the parties also request that the Commission advise them of any additional information that the Commission may desire from the parties relating to the matters addressed in this Stipulation and Agreement, including any procedures for furnishing such information to the Commission.

13. **Suspension of Procedural Schedule; Admission of Pre-filed Testimony.** The parties ask that, in view of this Stipulation and Agreement, that the Commission suspend the balance of the procedural schedule and admit the pre-filed testimony submitted by Staff, Laclede, and MSBA into the record without further formality.

WHEREFORE, the undersigned parties respectfully request that the Commission issue its Order:

- a) Approving all of the specific terms and conditions of this Stipulation and Agreement and approving the substitute tariff sheets filed on this date;
- b) Suspending the procedural schedule,
- c) Admitting the pre-filed testimony into the record, and
- d) Granting such further relief as the Commission should find reasonable and just.

Respectfully submitted,



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Attorneys for the Board of Education of  
the City of St. Louis

Laclede Gas Company For Refer to Sheet No. 1  
Name of Issuing Corporation or Municipality Community, Town or City

DATE OF ISSUE	<u>August 1, 2002</u>			DATE EFFECTIVE	<u>November 1, 2002</u>		
	Month	Day	Year		Month	Day	Year
ISSUED BY	R.L. Sherwin, Assistant Vice President,			720 Olive St., St. Louis, MO 63101			
	Name of Officer			Title		Address	

**P.S.C. MO. No. 5 Consolidated, Original Sheet No. 43  
CANCELLING All Previous Schedules**

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

**SCHEDULE OF RATES**

**E. Transportation Capacity (Continued):**

any imbalance, as set forth in Section H. The amount of capacity released through May 31, 2003 shall equal 150% of the average daily consumption of participating ESEs in the peak usage month for each such ESE that occurred during the 24 months ending September 30, 2002. Within 60 days of the effective date of this tariff, the Company, Staff, Association and Office of the Public Counsel shall meet to determine if they can reach a mutually acceptable recommendation for revising the treatment of capacity costs or other program provisions subsequent to May 31, 2003. Such parties shall file either their joint recommendation or, if an agreement is not reached, their individual recommendations regarding such matters, by March 17, 2003 together with testimony explaining why such revisions are appropriate and consistent with the requirements of §393.310. The parties will request that the Commission issue its decision to be effective June 1, 2003.

**F. Payments By The Customer And The Company:**

Each month the Company shall bill each eligible entity for gas metered at each entity's premise at the rates in effect for the sales service rate schedule under which the customer would otherwise receive gas if it were not participating in the program. After the end of each calendar month the participating ESEs or their agent shall invoice the Company for the natural gas purchased and received by the Company from the ESEs or their agent in such calendar month. Such invoice shall be based on the schools' cost of gas including transportation charges and for any other applicable charges necessary to effect delivery of such gas to the Company's city gate. The Company shall remit the amount due to the schools in immediately available funds on or before 10 business days after receipt of the invoice by the Company. At the end of each billing month the Company shall also credit or charge the Association an amount equal to the difference between the total Purchased Gas Adjustment recovery from all of the ESEs (except for the first year of the program during which only Current Purchased Gas Adjustment recovery shall be used) and the sum of the gas cost paid by the Company to the Association for gas delivered to the entities. The gas costs paid shall include the effect of any imbalance volumes and corresponding costs from the previous month, along with a credit for a pro-rata share of the system-wide discount the Company receives from MRT. In addition, the amount credited or charged to the Association shall be adjusted to reflect the Company's retention of a \$.004 per therm aggregation and balancing fee on every therm sold plus any additional charges and Incremental Costs as described in Sections H and J below. The Company's periodic remittance of gross receipts taxes to each municipality for the most recent applicable billing period shall be based on billings made to each customer under the applicable sales service rate schedule as adjusted, as soon thereafter in the Company's next such remittance, for the other credits or charges made pursuant to this paragraph.

DATE OF ISSUE

August 1, 2002

Month Day Year

DATE EFFECTIVE

November 1, 2002

Month Day Year

ISSUED BY

R.L. Sherwin,

Name of Officer

Assistant Vice President,

Title

720 Olive St.,

Address

St. Louis, MO 63101

**P.S.C. MO. No. 5 Consolidated, Original Sheet No. 44**  
**CANCELLING All Previous Schedules**

Laclede Gas Company  
Name of Issuing Corporation or Municipality

For Refer to Sheet No. 1  
Community, Town or City

**SCHEDULE OF RATES**

**G. Accounting For Costs On The Company's Books:**

The costs of gas supply and transportation services purchased by the Company from the participating ESEs or their agent shall be debited to a separate School District Aggregation account and shall not affect the costs borne by other sales customers. Such account shall also be credited for the PGA recovery from participating customers plus the aforementioned credits or charges to the Association.

**H. Failure To Deliver Supplies:**

As described above, the Association, on behalf of the ESEs, is obligated to deliver supplies into the Company's distribution system in accordance with the Delivery Schedule, adjusted for any imbalance. In the event such supplies are not so delivered, the Company shall be entitled to convert the ESEs to regular sales service from the Company until the Association is able to resume the delivery of such supplies, and the aggregation service shall be temporarily suspended. The Company may terminate the aggregation service if the Association is unable to resume the delivery of such supplies within five business days, or if the Association has failed to make deliveries in accordance with the Delivery Schedule for a third time within the same Aggregation Year. Except in a period when the Company's Basic Transportation customers are limited to their Daily Scheduled Quantities as described in Section C of the Company's Large Volume Transportation and Sales Service rate schedule, the ESEs shall have the option of paying the Unauthorized Use Charge for any volumes not delivered in accordance with the Delivery Schedule. In the event the ESEs exercise this option, then such event will not be counted as a failure to deliver for purposes of this section. To the extent that the delivery failure occurs during a period when the Company's Basic Transportation customers are limited to their Daily Scheduled Quantities as described in Section C of the Company's Large Volume Transportation and Sales Service rate schedule, the Company shall bill the Association, on behalf of the ESEs, the Unauthorized Use Charge set forth in such section for each therm not delivered in accordance with the Delivery Schedule.

**I. Availability Of Individual Customer Billing Data:**

The Company shall cooperate fully with the Association in sharing individual customer billing data in order for the Association to make adjustments to the amounts initially paid by each customer to the Company.

**J. Incremental Costs:**

So as to ensure that this aggregation program will not have any negative impact on the Company or its other customers, and that the charges for the service produce revenues sufficient to recover all incremental costs of the service, charges for this service shall be adjusted, as necessary, to fully

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ISSUED BY	<u>R.L. Sherwin,    Assistant Vice President,</u>	<u>720 Olive St.,    St. Louis, MO 63101</u>	
	Name of Officer	Title	Address

**P.S.C. MO. No. 5 Consolidated, Original Sheet No. 45**  
**CANCELLING All Previous Schedules**

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

**SCHEDULE OF RATES**

**J. Incremental Costs (Continued):**

recover the incremental cost of providing the service, to the extent such costs are not otherwise recovered through other provisions of this tariff. Any undercollection shall be recovered over a period of twelve months. Payments for capacity made available by the Company under this program shall not be considered capacity release revenues, and shall be credited to the Deferred Purchase Gas Cost Account, provided that the Company may seek to recover, through an ACA adjustment, any losses in such revenues that the Company experiences as a result of making such capacity available. By March 1 and June 1 of 2003 and by June 1 of 2004, the Company shall submit to the Commission Staff and the Office of Public Counsel information documenting and categorizing the revenues and costs of the program, in sufficient detail to allow Staff and Public Counsel to audit the program and shall provide a final report with the same detail by August 1, 2005.

**K. Normalization Adjustment Factors:**

The Normalization Adjustment Factors for each month to be used in the derivation of the Delivery Schedule described in Section C above are as follows:

October	1.2
November	1.3
December	1.6
January	1.8
February	1.7
March	1.6
April	1.3
May	1.2
June	1.1
July	1.0
August	1.0
September	1.1

**L. Term of Experiment:**

Consistent with Section 393.310 of the RSMo, this service will expire June 30, 2005. At the end of the twelve months ended June 30, 2006 period, any customer who participated in the aggregation program during its final year, shall be subject to a one-time separate charge or credit that is intended to offset the flow-through of any ACA or refund credits or charges that were billed to such customer for sales service rendered by the Company during the twelve months ended June 30, 2006 period.

DATE OF ISSUE

August 1, 2002

Month Day Year

DATE EFFECTIVE

November 1, 2002

Month Day Year

ISSUED BY

R.L. Sherwin, Assistant Vice President, 720 Olive St., St. Louis, MO 63101

Name of Officer

Title

Address