

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

In the Matter of the Revised Tariff Sheets for) Case No. GT-2016-0026
the Laclede Gas and Missouri Gas Energy) Tariff Tracking Nos. JG-2016-
Operating Units of Laclede Gas Company) 0018, JG-2016-0019 and JG-2016-0020

**RESPONSE TO STAFF’S REPLY REGARDING
STAFF’S MOTION TO REJECT TARIFF SHEETS**

COMES NOW Laclede Gas Company (“Laclede” or “Company”) and for its Response to Staff’s August 24 Reply (the “Reply”) regarding Staff’s Motion to Reject Tariff Sheets (the “Motion”), states as follows:

1. On July 21, 2015, Laclede submitted revised tariff sheets (the “Revised Tariffs”) on behalf of its two operating units, Missouri Gas Energy (“MGE”) and Laclede Gas (“Laclede Gas”). The primary purpose of the revisions was to make internal process changes that would bring greater consistency to how MGE and Laclede Gas estimate usage, administer budget billing arrangements and extend mains and services to new customers. Such consistency is part and parcel of the Company’s efforts to further integrate the operations of its two operating units following Laclede’s acquisition of MGE, including achievement of the Company’s integration goal of converting MGE to Laclede’s much newer customer information system – the imminent timing of which was well understood by the parties at the time of the acquisition.

2. On August 4, 2015, Staff filed the Motion that, purely on legal grounds, requested the Commission reject the Revised Tariffs because they could not be approved outside of a general rate case. On August 12, Laclede responded to Staff’s motion, stating that the proposed process changes in the Revised Tariffs were supported by and consistent with (i) Missouri statutes, (ii) Missouri case law; (iii) longstanding practices of the Missouri Public Service Commission relating to similar tariff changes, and (iv) the Stipulation and Agreement approved by the Commission in the MGE merger case.

3. On August 24, Staff filed the Reply, finding that no issues existed from a technical perspective. Staff also purported to continue its legal argument that a rate case was necessary to make the proposed tariff changes. Due to the impending conversion deadline, detrimental impact on integration efforts, and limitation on improvements in ongoing operations related to a delay in being able to make these changes, Laclede feels compelled to respond.

4. With respect to the legal issue, Staff first argues that, pursuant to the definition of “rate” under Section 386.020, all tariffs are rates, and therefore the Revised Tariffs represent changes in rates. Laclede has already addressed this mis-reading of the definition of “rate” in its August 12 pleading and won’t repeat it at length here, other than to say that the reference to a tariff refers to tariffs that actually contain rates and charges, and that the Revised Tariffs do not even reference any rates, let alone propose to change any.¹

5. Notwithstanding its argument, the Staff concedes in the Reply that not only can some tariff changes be made outside of rate cases, but also that they don’t even require a hearing. Staff provides examples of both substantive and non-substantive changes that do not require a hearing. In the substantive category, Staff includes changes to the inputs to PGAs and FACs. Among the non-substantive changes, Staff lists changes to internal processes, such as changing tariffs regarding meter reading from a manual reading system to an automatic reading system.

6. Laclede maintains that the changes to its estimated billing, budget billing and main extension tariffs are precisely the kind of non-substantive changes that Staff acknowledges can be made outside of a rate case without requiring a hearing. For example, with respect to estimated bills, Laclede and MGE already have tariffs that prescribe a method for attempting to accurately estimate a customer’s bill when an actual reading is unavailable. The Revised Tariffs

¹As noted below, the Staff’s contention that Laclede is somehow changing a rate by modifying its internal policies relating to budget billing or estimation procedures is flatly inconsistent with the court’s holding in *State ex rel Missouri Gas Energy, et al vs. Public Service Commission*, 210 S.W.3d 330 (Mo. App. W.D. 2007) – a claim that the Staff has not disputed or even addressed in the Reply.

simply change the method by which that internal process is carried out. The goal of this change is to improve customer service through more accurate estimates, because more accurate estimates reduce reconciling bill adjustments, which reduces customer dissatisfaction and complaints. Again, the changes proposed by Laclede do not raise rates or charges, and are not intended to increase revenues in any way. The purpose of the change is purely to improve customer service and to further integrate and more efficiently operate the two large gas utilities managed by Laclede.

7. Finally, the Reply made no effort to refute the key arguments proffered by Laclede in its August 12 Response. First, the Reply failed to address the case law cited by Laclede, specifically *State ex rel Missouri Gas Energy, et al vs. Public Service Commission*, 210 S.W.3d 330 (Mo. App. W.D. 2007), in which the Court found that the Commission could approve changes to the terms and conditions for connecting or disconnecting service to customers, or for providing customers with certain budget billing arrangements without being held to have changed a rate or triggered the requirements of a contested case. Second, the Reply had no answer to the numerous instances cited by Laclede of cases at the Commission in which tariffs similar to the Revised Tariffs were approved by the Commission outside of rate cases, many with the concurrence of Staff. Third, the Reply did not dispute the Company's assertion that the Revised Tariffs were not only permitted, but contemplated, by the Stipulation and Agreement in the MGE merger case, Case No. GM-2013-0254. Given the importance of the Revised Tariffs to the integration of Laclede Gas and MGE, it's unclear why Staff has chosen to throw legal impediments in the way of these efforts, especially in the face of statutory, case law and longstanding Commission practice to the contrary.

8. In summary, Staff found no issues with the Revised Tariffs from a technical standpoint. No other party timely opposed the tariffs. Further, Staff erred in its legal argument that the Commission cannot approve the Revised Tariffs outside of a rate case.

WHEREFORE, for the foregoing reasons, Laclede Gas Company respectfully renews its request that the Commission deny Staff's Motion to Reject and promptly approve the Revised Tariffs with an effective date of September 8, 2015.

Respectfully Submitted,

LACLEDE GAS COMPANY

/s/ Rick Zucker

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing pleading has been duly served upon Counsel for the Staff of the Public Service Commission and the Office of the Public Counsel by hand delivery, email, fax, or United States mail, postage prepaid, on this 25th day of August, 2015.

/s/ Marcia Spangler

Marcia Spangler