

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

In the Matter of Laclede Gas Company's Tariff to  
Increase Its Annual Revenues for Natural Gas Service

) **File No. GR-2010-0171**  
) Tariff No. YG-2010-0376

**CONCURRING OPINION OF CHAIRMAN ROBERT M. CLAYTON III**

This Commissioner concurs in the Commission’s Report and Order addressing a rate increase request of Laclede Gas Company (Laclede). While rate increases are never welcome, Laclede has demonstrated that its costs and infrastructure investments demand slightly higher rates. While the rate increase amounts to roughly \$2.07 per month for a typical residential customer, any rate increase during challenging economic times will have a negative impact on family budgets. However, for the following reasons, this Commissioner believes that the agreement presented to the Commission arguing for a modest increase should be approved.

First, the Commission continues to make a strong stand on funding of Energy Efficiency (EE). As part of the Commission's recent shift of policy on EE, this rate case results in the third time the Commission is pegging its goal of EE funding at .5% of gross operating revenues of the company. The Stipulation requires that Laclede shall ramp up its investment in EE programs to a target level of \$1,700,000, and by the year 2013, Laclede will work towards funding its programs based at .5% of gross revenues. This figure compares with an amount of less than \$1,170,000, which has been spent annually for the last several years. The Laclede Energy Efficiency Collaborative (Collaborative)<sup>1</sup> will continue its efforts at identifying and funding all cost effective ways of empowering customers to reduce their energy usage and, therefore, their energy bills.

<sup>1</sup> The Energy Efficiency Collaborative is a group of stakeholders charged with the task of formulating detailed programs to effectuate the intent of the Commissions Report and Order in regard to planning and implementing cost effective energy efficiency programs within the utility's service area.

Second, the Commission in this case is sending the message that it intends to stay involved as the Collaborative works through implementation of its programs. It is this Commissioner's hope that the Collaborative can continue to operate in a consensus and advisory fashion and, if any dispute or roadblock occurs, that the Commission can address differences in policy determinations. Expenditure levels, program types and funding as well as feedback from rate payer experiences are items that the Commission will have the ability to monitor and will contribute to the dialogue. In the event that the Collaborative reaches an impasse in decision-making or is unable to move forward because of lack of consensus, the parties are welcome to petition the Commission for direction. The goals of increased EE funding will be addressed regularly through on-going Commission involvement should the Collaborative fail to reach agreement or run into policy differences.

Third, Laclede will be addressing refreshed efforts at assisting low income customers who struggle with the affordability of heating homes during the winter months. The Order approves \$950,000 in assistance for low income weatherization. By assisting customers to arrest out of control energy usage by weatherizing their homes, customers are empowered to more effectively take control of their energy costs. These funds will be coordinated with federal and state dollars to find ways of locating and assisting customers in need.

Fourth, this Order requires that Laclede's Low-Income Energy Assistance Program be continued at a funding level of \$600,000 per year. The Low-Income Program Review and Evaluation Team will continue its work in identifying ways of making energy affordable and encourage customers to stay current with bills.

Last, while this Commissioner has not been satisfied with the manner in which Laclede has reduced its compliance with past Commission orders on main replacement work within its system, there is no question that significant sums have been spent to improve the safety and

ensure the quality of service provided by the company. Safety is a top priority of the Commission and safety investments pay more than economic dividends to the customers paying the rates. This Commissioner continues to press Laclede to satisfy its obligations and improve safety in infrastructure where necessary.

In conclusion, this Commissioner is compelled to commend the parties involved in this case who have effectively settled the vast majority of issues relating to rates, rate design and many other issues. While the Commission is prepared to make the challenging decisions on controversial and complicated matters, the public can take solace that each of the stipulating parties have placed their names on the line to responsibly reach a compromise on an appropriate level of rates. Though rate increases are never easy or welcome, the evidence in this case demonstrates that higher rates have been necessitated by prudent infrastructure investments and increases in general operating costs. The Commission has approved this increase unanimously and will engage in future filings to insure that the Commission directives are implemented. The Commission has a responsibility to insure that the utility offers safe and adequate service at “just and reasonable” rates. Following staff audit, settlement and transparent Commissioner deliberations, the Commission finds that these new rates to be just and reasonable.

For the foregoing reasons, this Commission concurs.

Respectfully submitted,

A handwritten signature in black ink, reading "Robert M. Clayton III", is written over a horizontal line.

Robert M. Clayton III  
Chairman

Dated at Jefferson City, Missouri  
on this 20<sup>th</sup> day of August 2010.