

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

In the Matter of the Application of Laclede)
Gas Company for an Accounting Authority Order)
Authorizing the Company to Defer for Future Recovery) Case No. GU-2007-0138
of the Costs of Complying With the Permanent)
Amendment to the Commission’s Cold Weather Rule)

**ISSUES LIST, STATEMENTS OF POSITION,
LIST OF WITNESSES AND ORDER OF CROSS**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), on behalf of the parties to this case, being Laclede Gas Company (Laclede) and the Office of the Public Counsel (Public Counsel) and, pursuant to the Commission’s March 10, 2008 Order Adopting Procedural Schedule, submits the Issues List, Statements of Position, List of Witnesses and Order of Cross-Examination to be used at the hearing in this case on March 31, 2008. In support thereof, Staff states as follows:

ISSUES LIST

1. The parties have raised the following issue that the resolution of this case requires the Commission to decide:

Pursuant to 4 CSR 240-13.055(14)(F) and (G), what amount should Laclede be authorized to recover in its next rate case for its compliance with the Permanent Amendment to the Cold Weather Rule?

STATEMENTS OF POSITION

2. Laclede and Staff: Staff and Laclede filed a non-unanimous Stipulation and Agreement in this case, indicating agreement that Laclede should be permitted to include \$2,494,311 as well as interest at Laclede’s short-term interest rate and that these

costs would be amortized over up to a five year period beginning with the effective date of a Commission order in Laclede's next general rate case.

Paragraph 14(F) of the Cold Weather Rule (4 CSR 240-13.055) provides specific instructions for the calculation of the cost of compliance with the Permanent Amendment to the Cold Weather Rule. This paragraph states that:

“The costs eligible for recovery shall be the unpaid charges for new service received by the customer subsequent to the time the customer is retained or reconnected by virtue of this section plus the unpaid portion of the difference between the initial payment paid under this section and the initial payment that could have been required from the customer under the previously enacted payment provisions of section (10) of this rule, as measured at the time of a subsequent disconnection for nonpayment or expiration of the customer's payment plan.”

Laclede and Staff have agreed that Laclede reasonably incurred \$2,494,311 to comply with paragraph 14 of the Cold Weather Rule for the period from November 1, 2006 to September 30, 2007 and that, pursuant to paragraphs 14(F) and (G) thereof, Laclede is allowed to recover this amount, which should be carried forward to Laclede's next rate case and should accumulate interest at Laclede's short-term borrowing rate beginning September 30, 2007.

Public Counsel: Public Counsel believes Laclede's cost calculation is unlawful and unreasonable for the reasons summarized below:

- a. Laclede has not met its burden of providing sufficient evidence to support its cost calculation;
- b. Laclede's cost calculation violates the Cold Weather Rule Amendment because it would allow Laclede to recover costs that Laclede would have incurred in the absence of the Cold Weather Rule Amendment;

- c. Laclede's cost calculation violates the Cold Weather Rule Amendment because it would allow Laclede to book to Account 186 more than the incremental expenses incurred and incremental revenues that are caused by the Cold Weather Rule Amendment;
- d. Laclede's cost calculation violates the Cold Weather Rule Amendment because it includes a cash accounting method when the Cold Weather Rule Amendment requires and Laclede has traditionally operated under an accrual accounting method;
- e. Laclede's cost calculation does not include a true-up to adjust for future customer payments that reduce the amount included in Laclede's cost calculation;
- f. Laclede's cost calculation is not offset for the number of customers that Laclede would have reconnected or retained under the old Cold Weather Rule;
- g. Laclede's cost calculation includes account arrearages that were incurred after Laclede could have disconnected the account, and therefore includes arrearages not caused by the Cold Weather Rule Amendment;
- h. Laclede's cost calculation would allow Laclede to recover from ratepayers more than the amount owed for the service provided;
- i. Laclede's cost calculation would constitute retroactive ratemaking; and
- j. Laclede's cost calculation violates the Cold Weather Rule Amendment because it includes bad debts accrued prior to the effective date of the Cold Weather Rule Amendment.

ORDER OF WITNESSES

- 3. The order of witnesses will be:
 - A. Laclede: James Fallert
 - B. Public Counsel: Russell Trippensee

ORDER OF CROSS-EXAMINATION

- 4. The order of cross-examination will be:
 - A. Laclede witness: Staff; Public Counsel.
 - B. Public Counsel witness: Staff; Laclede.

Respectfully submitted,

/s/ Jennifer Heintz

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 26th day of March, 2008.

/s/ Jennifer Heintz