BEFORE THE PUBLIC SERVICE
COMMISSION OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's Request to Increase Its Revenue for Gas Service	))	**File No. GR-2017-0215**
In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase Its Revenues for Gas Service	)))	**File No. GR-2017-0216**

STATEMENT OF POSITION
OF LACLEDE GAS COMPANY

COMES NOW Laclede Gas Company ("Laclede"), now known as Spire Missouri Inc. d/b/a Spire (the "Company"), on behalf of itself and its operating units Laclede Gas ("LAC") now known as Spire Missouri East and Missouri Gas Energy ("MGE"), now known as Spire Missouri West, and submits its State of Position on the issues set forth in the Issues List filed in these cases on November 29, 2017.

I. LAC Only Issues

a. Forest Park Property

i. How should any gain resulting from the sale of the Forest Park property be treated for ratemaking purposes?

LAC Position: LAC believes that as a matter of law and Commission practice, it is entitled to retain the gain resulting from the sale of the Forest Park property. The only item of value sold in the transaction was the land, which the customers have never paid for in rates. Permitting the Company to retain the gain is particularly appropriate in this instance given the fact that the sale of the Forest Park property was one element in a very successful restructuring of LAC's facilities, in which the Company was able to (i) vacate two dilapidated, problematic and depressing properties (720 Olive Street and the Forest Park Avenue properties), (ii) restore an historic structure at 700 Market Street while creating an open, collaborative and more pleasant working environment, and consolidating management to more effectively deliver shared services; (iii) conveniently locate a call center at 800 Market and achieve more separation between utility and non-utility gas supply operations; (iv) accomplish an operations reorganization that consolidated regions; (v) create a satellite office that more appropriately served the central area of the

City, (vi) negotiate a move out of one of the above-described dilapidated properties on beneficial terms, and (vii) contribute to the prestige of the St. Louis region by helping attract an IKEA store to mid-town St. Louis.

ii. How should the relocation proceeds from the sale of the Forest Park property, other than proceeds used for relocation purposes or contributed to capital for the benefit of customers, be treated for ratemaking purposes?

LAC Position: All of the relocation proceeds were either spent on relocations, or were contributed to capital that benefitted ratepayers by reducing rate base. Any realized proceeds are the result of prudent decision making regarding the management of the Company's facilities.

II. MGE Only Issues

a. Billing Units

i. Should the billing units for MGE customers be changed from ccf to therms, consistent with LAC?

MGE Position: Yes. Both LAC and MGE utilize the same billing infrastructure and LAC is already billing its customers using therms rather than ccf. This change would bring greater consistency between the two units and would be easily accomplished. The Company has also stated it will commit to customer education related to this change to assist its customer in understanding the change.

b. Kansas Property Tax

i. What is the appropriate amount of Kansas property tax expense to include in MGE's base rates?

MGE Position: Over the past several years, Kansas property taxes have varied by a range of $900,000, and have been handled by a property tax tracker which has permitted customers to pay the actual cost of this item. If the tracker is not continued, ongoing Kansas property taxes of $1.7 million per year should be included in rates.

ii. Should the tracker for Kansas property tax expense be continued?

MGE Position: Yes. Given the uncertainty and history of variability in the amount of this expense item, the current tracker authorized for this expense should be continued.

c. Capitalization of Hydrostatic Testing

i. Should MGE continue to capitalize hydrostatic testing costs or recognize these costs as maintenance expenses?

MGE Position: The Company continues to believe hydrostatic testing costs should be capitalized, since it is a one-time activity necessary to retain the pipeline in service and meet compliance requirements, or face the possibility of replacing that pipeline. That said, in the event the Commission finds otherwise, the Company is willing to accept an expense allowance for hydrostatic testing costs based on average costs over the recent past, a methodology proposed in the surrebuttal testimony of Public Counsel witness Charles Hyneman. MGE requests that any change from capitalization to expense be implemented prospectively.

III. LAC-MGE Common Issues

a. Cost of Capital

i. Return on Common Equity – What is the appropriate return on common equity to be used to determine the rate of return?

LAC/MGE Position: 10.35%.

ii. Capital Structure: What capital structure should be used to determine the rate of return?

LAC/MGE Position: The Commission should utilize the actual capital structure of the utility, Spire Missouri Inc. ("Laclede Gas Company"), as of the true-up date of September 30, 2017, as follows:

LACLEDE GAS COMPANY
Summary of Cost of Capital
September 30, 2017

Line No.	Description	Ratio	Cost Rate	Composite Rate
	(a)	(b)	(c)	(d)
1	Long-Term Debt	45.800%	4.123%	1.888%
2	Short-Term Debt	0.000%	0.000%	0.000%

3	Preferred Stock	0.000%	0.000%	0.000%
4	Common Equity	54.200%	10.350%	5.610%
5	Total	100.000%		7.498%

iii. Cost of Debt – What cost of long-term debt should be used to determine the rate of return?

LAC/MGE Position: 4.123%.

iv. Should short-term debt be included in the capital structure? If so, at what cost?

LAC/MGE Position: Short-term debt should not be included in the capital structure used for ratemaking in this case. The Company's short-term borrowings are fully utilized to finance its short-term assets not included in rate base, so such debt should not be in the Company's permanent capital structure.

b. Rate Case Expense

i. What is the appropriate amount of rate case expense to include?

LAC/MGE Position: The Commission should approve all prudently incurred rate case expense, especially in a case where the Company was required to file a rate case in order to continue collecting revenues under the ISRS Statute.

ii. What is the appropriate normalization period for recovering rate case expense?

LAC/MGE Position: The Company believes three years is an appropriate period to recover rate case expense.

c. Off System Sales (OSS) Margins and Capacity Release (CR) Credits Sharing Mechanism

i. Should the current four-tier sharing mechanism be used or should a flat rate of 25% be instituted?

LAC/MGE Position: Under the four-tier system (15%/20%/25%30%), the Company consistently earns between 22% and 27% of its margins. The Company believes a straight 25%/75% sharing mechanism, which represents an approximate average of the last several years, is fair to all parties and simpler to administer.

ii. If the current sharing mechanism is retained, what is the appropriate LAC and MGE sharing percentage for OSS/CR?

LAC/MGE Position: If the current four-tier sharing mechanism is retained, the Commission should also retain the current sharing percentages and tier levels.

d. Gas Supply Incentive Plan (GSIP)

i. Should LAC continue its current GSIP mechanism?

LAC/MGE Position: Yes. The GSIP is a good regulatory tool to incentivize the Company to pursue savings in gas costs.

ii. Should a similar GSIP be approved for MGE?
LAC/MGE Position: Yes.

iii. If a GSIP is instituted for MGE and/or continued for LAC, should the gas pricing tiers that determine company eligibility for retaining a share of savings be updated or eliminated?
LAC/MGE Position: Yes, the pricing tiers should be eliminated. Currently, the Company has no additional performance incentive to save for customers when gas prices are below $4.00 or above $8.99 per mcf. Since a dollar saved is a dollar saved, there should be no artificial barriers to the Company pursuing those dollars.

e. PGA/ACA Tariff Revisions

i. Should LAC have new PGA/ACA tariff provisions pertaining to costs associated with affiliated pipeline transportation agreements?

LAC/MGE Position: No. The prudence of the Company's gas supply decisions are audited annually by the Staff in ACA cases, and are already subject to affiliate transaction rules. This significant change is being pursued by a national organization that apparently does not believe that the Missouri Commission is capable of protecting customers from imprudent decisions.

f. CAM

i. Should a working group be created following this rate case to explore ideas for modifying the LAC and MGE CAM?
LAC/MGE Position: The Company is one of the few utilities in the state that has an approved Cost Allocation Manual. Nevertheless, the Company would not be opposed to participating in a working group to discuss potential improvements to its CAM**.**

ii. Should an independent third-party external audit be conducted of all cost allocations and all affiliate transactions, including those resulting from Spire's acquisitions, to ensure compliance with the Commission's Affiliate Transactions Rule, 4 CSR 240-20.015?

LAC/MGE Position: No. The Company has already used a prestigious accounting and consulting firm with significant industry experience to develop and implement its allocation procedures. Hiring another expensive consultant to perform an audit would be wasteful, and its benefits would not outweigh its costs. Any issues can be addressed in the CAM working group.

g. Gas Inventory Carrying Charges

i. Should LAC's natural gas and propane inventory carrying costs be recovered through rate base inclusion, as currently is the case with MGE, or recovered through the PGA/ACA process?

LAC/MGE Position: LAC's gas storage costs should be moved to rate base, an action that would bring LAC in line with MGE and every other Gas LDC in Missouri.

ii. Should Line of Credit (LOC) fees be removed from LAC's PGA consistent with inventory inclusion in rate base?

LAC/MGE Position: Yes.

h. Propane Inventory

i. Should LAC and MGE ask the Commission for authorization to change the regulatory treatment of its propane facilities?

LAC/MGE Position: The Company has clearly stated its intent to retire its propane facilities if and when the Spire STL Pipeline is constructed. Certainly such a decision would be subject to review in an ACA case.

i. Credit Card Processing Fees

i. Should an amount be included in LAC's base rates to account for fees incurred when customers pay by credit card, in the same manner fees are currently included in MGE's base rates?

LAC/MGE Position: Yes. The amount should also be consistent with the increase in the use of credit cards experienced by MGE.

ii. If yes, what is an appropriate amount to include in LAC's base rates for credit card fees?

LAC/MGE Position: LAC has calculated that amount as approximately $1 million. If LAC customers were to move immediately to MGE customer's current level of credit card use, such amount would be $1.5 million.

j. Trackers

i. Should LAC and MGE be permitted to implement an environmental tracker?

LAC/MGE Position: Yes. Such a tracker is specifically provided for in Section 386.266 RSMo. The Company would accumulate environmental costs and offset them with any insurance proceeds the Company recovers. The Company has already identified projects related to manufactured gas plant remediation that would qualify for such treatment.

k. Surveillance

i. Should LAC and MGE provide surveillance data to the Commission?

LAC/MGE Position: The Company already provides regular surveillance reports to Staff. However, the Company is willing to modify such reports, and has already begun discussions to do so at Staff's request.

l. Cash Working Capital

i. Should non-cash expenses such as income tax expenses not paid be reflected in a Cash Working Capital Analysis?

LAC/MGE Position: Cash working capital should apply to cash payments and receipts.

m. Severance Expenses

i. Should LAC and MGE's severance expense be included in cost of service?

LAC/MGE Position: The Company is willing to forego severance costs in rates for purposes of this case; however, those severance costs relating to the closing of the MGE Dispatch Center should be included in the transition costs incurred by the Company to integrate LAC and MGE.

IV. Rate Design/Class Cost of Service

a. Rate Design

i. Should a Revenue Stabilization Mechanism or other rate adjustment mechanism be implemented for the Residential and SGS classes for MGE and LAC? If so, how should it be designed and should an adjustment cap be applied to such a mechanism?

   LAC/MGE Position: Yes, the Company should be authorized to implement a Revenue Stabilization Mechanism ("RSM"). It is statutorily authorized as a tool the Commission can use to offset the effects of weather and conservation. The RSM reduces the exposure of both the Company and the customer to the vagaries of weather. Because the RSM mitigates the bill impacts of weather, for both the customer and the Company, and permits the Company to be open to simpler rate designs that are less dependent on a high fixed customer charger neutralizes weather, it permits the Company to be open to different rate designs that would otherwise present heightened exposure to weather. It also allows the Company to be agnostic, and even helpful in promoting energy efficiency and other conservation measures.
   The mechanism should be designed to recover an amount of revenue per customer for the residential and small general service classes using the revenue requirements approved in this case. The Company is willing to be subject to an adjustment cap on upward adjustments, and to no cap on downward adjustments.

ii. Reflective of the answer to part i, what should the Residential customer charge be for LAC and MGE, and what should the transition rates be set at until October 1, 2018?

   LAC/MGE Position: The Company recommends a customer charge of $23.50 for Laclede Gas Company for the transitional period in between the time in which new rates become effective and October 2018, with the remaining revenues to be recovered volumetrically. At that time, if the RSM is approved, the customer charge will be reduced to $17 per month for Laclede Gas Company. For MGE, the Company recommends a customer charge of $25.50 during the transition period, with the remaining revenues to be recovered through a volumetric charge, as described above, and a customer charge of $20.00 beginning in October 2018 if the RSM is approved.
   If the RSMs are declined, the customer charges would need to be increased for both LAC and MGE, and a weather-mitigated rate design would need to be continued for LAC and instituted for MGE.

iii. Reflective of the answer to part i, should LAC's weather mitigated Residential

Rate Design be modified to collect a customer charge and variable charge for all units of gas sold, or should it be continued in its current form?

LAC/MGE Position: If the proposed RSM is approved, the Company has proposed to modify LAC's rate design to match that of MGE, which includes a customer charge and a single volumetric charge for all gas consumed. If the RSM is denied, then LAC would need to retain its weather mitigated rate design, and MGE would adopt a similar rate design.

b. Class Cost of Service

i. Should the general service classes of each rate division be consolidated or modified? If so, how? What inter-class revenue requirement shifts, if any, should be made in implementing rates resulting from this case?

LAC/MGE Position: The Company recommends consolidating its three tiers of commercial customers to two tiers, referred to as small and large general service classes. The Company has prepared a cost of service study reflecting this consolidation and has applied its revenue increase in equal percentages across classes. The Company has detailed future changes that may address inter-class subsidies that currently exist between the proposed small and large general service classes.

ii. What is the appropriate cost allocation to the customer classes of LAC's and MGE's Underground Storage Costs?

LAC/MGE Position: The Company believes its proposed allocation of such costs is appropriate.

iii. What is the appropriate cost allocation to the customer classes of LAC's Gas Inventory and Propane Inventory Costs?

LAC/MGE Position: The Company believes its proposed allocation of such costs is appropriate.

iv. What is the appropriate cost allocation to classes of LAC's and MGE's Measuring and Regulating Station Costs?

LAC/MGE Position: The Company believes its proposed allocation of such costs is appropriate.

V. Pensions and OPEBs

a. What is the appropriate amount of pension expense to include in base rates?

LAC/MGE Position: $31 million for LAC, and $5 million for MGE.

b. What is the appropriate amount of the LAC and MGE pension assets?

LAC/MGE Position: The asset balance as of September 30, 2017 is approximately $165 million.

c. How should pension regulatory assets be amortized?

LAC/MGE Position: The assets should be in rate base, and should be amortized over a period of years. The Company recommends eight years.

d. What is the appropriate amount of SERP expense to include in base rates?

LAC/MGE Position: $575,000 after transfers to capital, for Laclede only, derived from a three year average.

e. Should SERP payments be capitalized to plant accounts?

LAC/MGE Position: No, we do not capitalize SERP payments.

f. Should the prepaid pension asset be funded through the weighted cost of capital or long-term debt?

LAC/MGE Position: The prepaid pension asset represents a sum that investors have advanced that have not yet been paid by customers. Like other assets, the amount should be included in rate base at the normal weighted average cost of capital. Investors do not pick and choose what assets they invest in. They simply invest capital in the Company and expect to receive the Company's WACC in return.

VI. Income Taxes

a. What is the appropriate amount of income tax expense to include in base rates for LAC and MGE?

LAC/MGE Position: The actual amount of income tax expense will be a function of the earnings granted to the Company in this case.

b. What is the appropriate amount of accumulated deferred income tax to include for LAC and MGE?

LAC/MGE Position: The Company has determined that the updated total for LAC and MGE is $344 million.

VII. Incentive Compensation for Employees

a. What is the appropriate amount of employee incentive compensation to include in base rates?

LAC/MGE Position: Offering employees the opportunity to earn a portion of their compensation through market-based incentives is a common, prudent and wise way to operate a business and attract qualified applicants. The Company has made its operations more efficient, lowered its historical inclining cost profile, as evidenced by the modest rate increases requested in these cases, and improved its service, all successes achieved through the efforts of employees, who have been compensated at a market-based rate through base salary and incentives. It is only reasonable for customers who are reaping these benefits to pay the market value compensation of the employees who produced them. This should include all of the hard-working employees of the Company, from the entry level clerks to the executives.

b. What criteria should be applied to determine appropriate levels of employee incentive compensation?

LAC/MGE Position: A compensation package, including base salary and incentives, should be market based, reasonable and appropriate for the employee's job function.

c. Earnings Based Incentive Compensation – Should LAC and MGE be permitted to include earnings based and/or equity based employee incentive compensation amounts in base rates?

LAC/MGE Position: The Company is not requesting equity based compensation in rates. However, "earnings" based compensation should absolutely be included. Spire Missouri's revenues are based on its cost of service. If employees can increase the Company's earnings by controlling those costs, customers will benefit, as they are in these rate cases, through rates that are lower than they would otherwise be. The same goes for employees whose efforts increase revenues, because more revenues for the Company means less the customer has to pay in increased rates.

d. Should LAC and MGE be permitted to capitalize earnings based and equity-based employee incentive compensation amounts in base rates?

LAC/MGE Position: The Company has agreed in these cases not to include equity-based compensation in rates, even though it is also a part of a market-based compensation package. Employee compensation is a mix of capital and expense, based on the employee's function. All permitted compensation should follow the same capital-expense, including base wages and salaries, performance based compensation and earnings based compensation. If the Commission decides to make an adjustment to these amounts, such adjustment should be applied only back as far as the previous rate case.

e. To the extent the Commission declines to include employee incentive compensation in rates, what adjustment should be made to base salaries paid to employees?

LAC/MGE Position: If the Company did not offer an incentive opportunity to qualified employees, it would have to offer additional base salary in order to attract those employees. Given the fact that 75% of target incentive is the mid-point between no incentive (0%) and the maximum incentive (150%), and is also the mid-point between the threshold incentive amount (50%) and the target itself (100%), 75% of the target incentive serves as a reasonable proxy for the increased base salary needed to attract employees in the absence of an incentive opportunity. LAC/MGE prefers to manage through incentives which are designed to align employees and customers and enhance performance levels.

VIII. Commercial Deposits

a. Should LAC be required to deduct commercial deposits held in trust funds pursuant to 4 CSR 240-10.040(4) from rate base, and should there be corresponding adjustments made to MGE's rate base and expense?

LAC/MGE Position: No. The Commission allows the Company to reduce interest expense paid on commercial deposits if it segregates the depositor's funds instead of using them for general business purposes. Since these funds are not available to the Company they cannot be used as an offset against rate base.

b. Should any deposits held by LAC or MGE for the purpose of assuring payment of customer balances and defraying bad debt be deducted from rate base?

LAC/MGE Position: No. The Company pays interest to customers on their deposits at a rate that is currently above both the Company's short and long-term debt rate. These deposits are not investments that should earn a weighted average cost of capital; rather they are advances the Company requires to offset the risk that customers will not pay for the gas that the Company advances to them.

IX. Uncollectibles

a. What is the appropriate amount of bad debt to include in base rates?

LAC/MGE Position: The Staff historically includes in rates a three year average of uncollectible expense. For the past three years, LAC and MGE have a combined average of $14 million per year in uncollectible expense. That is the appropriate amount to include in base rates.

X. Software

a. How should the costs of the NewBlue software be allocated?

LAC/MGE Position: The Company has no objection to the Staff's proposal for allocating such costs between MGE and LAC. There is no basis, however, for allocating such costs to affiliated utilities in other states since they do not use or benefit from the NewBlue information management system.

XI. Performance Metrics

a. Should a proceeding be implemented to evaluate and potentially implement a performance metrics mechanism? If yes, how should this be designed?

LAC/MGE Position: Yes. Performance metrics is merely a tool for the Commission to use to drive achievements that the Commission values similar to how companies in the marketplace are driven by accountabilities and incentives for their performance levels. The Commission should open a separate proceeding for any interested parties to discuss and consider the potential implementation of such a mechanism on or before October 1, 2018.

An initial Performance Metrics mechanism should be designed to be modest (financial adjustments should not exceed $2 million annually, after tax), contain three to five metrics, each with a range of acceptable performance that is reasonably achievable based on historical experience. Each metric should be equivalent in value, and an award or deduction should only be triggered for performance that exceeds or falls below the range established for the metric. Any financial adjustments should be returned or recovered from customers over a 4-year period in LAC or MGE's next rate case proceeding. Disputes over metrics should be submitted to the Commission for its resolution after the opportunity for an evidentiary hearing.

XII. Transition Costs

a. What amount of one-time capital costs incurred to integrate MGE and LAC should LAC or MGE be permitted to recover?

LAC/MGE Position: LAC and MGE should be permitted to recover $10,013,604 million in one-time capital costs, amortized over 5 years. Therefore. The annual amount in rates would be about $2,002,000.

b. Should LAC be permitted to recover legacy MGE software costs as a transition cost?

LAC/MGE Position: Yes. These legacy MGE software costs are precisely the kind of transition costs that the Company is entitled to recover under the terms of the Stipulation and Agreement approved in the MGE acquisition case.

c. Should LAC or MGE be permitted to recover leasehold improvements associated with 720 Olive as a transition cost?

LAC/MGE Position: Yes. The costs associated with the 720 Olive leasehold improvements are precisely the kind of transition costs that the Company is entitled to recover under the terms of the Stipulation and Agreement approved in the MGE acquisition case.

d. Should LAC be permitted to recover one-time costs associated with the name change to Spire as a transition cost?

LAC/MGE Position: Yes. Such costs are a necessary and appropriate expenditure. They ensure customers will be aware of the entity that is serving them which is important for operational, safety, billing and other reasons. They are also expenditures required to establish the kind of customer-centric, corporate identity and culture which has and will continue to drive additional efficiencies and service improvements for customers as part of the integration of MGE and occurred during the five year transition period after the acquisition.

e. Should LAC or MGE be permitted to recover costs associated with the Southern Union Continuing Services agreement as a transition cost?

LAC/MGE Position: Yes. Cost associated with the Southern Union Continuing Services agreement was specifically identified a recoverable transition cost in the Stipulation and Agreement, which was approved by the Commission in the MGE Acquisition proceeding.

f. Should the deferred transition costs be included in rate base?

LAC/MGE Position: Yes. Such treatment is appropriate given the substantial investment that shareholders have made to create the far larger synergies and savings that are have been used to reduce the cost of service for LAC and MGE. Given the fact that shareholders have previously earned no carrying costs on these investments and are already absorbing half of them, providing rate base treatment for such costs while they are being amortized is an equitable and reasonable outcome.

g. Should the transition costs be allocated between LAC and MGE? If yes, how?

LAC/MGE Position: The Company does not object to Staff's proposed allocation of these transition costs.

h. Should LAC's and MGE's cost of service be adjusted to reflect the recognition of merger synergies through the test year?

LAC/MGE Position: Yes The cost of service of LAC and MGE has already been adjusted downward to reflect approximately $19 million in allocations, representing spreading of costs and savings associated with the Company's acquisition and integration of the Alagasco and EnergySouth utilities, acquisitions which were financed entirely by the parent of LAC and MGE. The Company's synergy sharing proposals would appropriately permit it to retain a modest share of these substantial savings until the next rate case as an equitable way to recognize and encourage future initiatives that produce such customer benefits.

XIII. Corporate Identity (Rebranding) Costs

a. If the corporate identity/rebranding costs are determined to not be a transition cost, should they be included in base rates?

LAC/MGE Position: The Company believes that such costs are critical to establishing a customer-centric corporate identity and culture, and as part of the related Commission-approved name change, needs to ensure that customers are aware of the entity serving them, which is important for operational, safety, billing and other reasons, and should be included in base rates as an appropriate transition cost.

b. Should rebranding litigation costs be included in base rates?

LAC/MGE Position: The Company agrees not to include such litigation costs in its base rates.

XIV. Tariff Issues

a. Economic Development Rider

i. Should MGE's current Economic Development Rider be modified and extended to LAC? If so, how should it be modified?

LAC/MGE Position: The Company's proposed Economic Development Rider for LAC and MGE should be approved by the Commission with the modifications it has made to address the concerns raised by other parties.

b. Special Contract Rider

i. Should a generic Special Contract Tariff be included in MGE's and LAC's tariff book? If so, how should it be designed?

LAC/MGE Position: The Company's proposed Special Contract tariff provisions for LAC and MGE should be approved by the Commission with the modifications it has made to address the concerns raised by other parties.

c. Facilities Extension Tariff

i. Should MGE and LAC be authorized to allow financing of line extensions beyond the free allowance? If so, how should such tariff be designed?

LAC/MGE Positon: The Company's proposed facilities extension financing tariff should be approved by the Commission for LAC and MGE with modifications it has made to address the concerns raised by other parties.

d. Excess Flow Valve ("EFV")

i. Should MGE's and LAC's Excess Flow Valve ("EFV") tariff be modified? If so, how should such tariff be designed?

LAC/MGE Position: The Company agrees with Staff's proposed tariff language on this issue.

XV. Customer Programs

a. Energy Efficiency

i. Should LAC and MGE suspend funding of their energy efficiency programs pending the results of cost efficiency studies?

LAC/MGE Position: No. Such a suspension would be counterproductive and is neither a necessary nor warranted action given the successful efforts of multiple stakeholders to develop and implement well designed and effective energy efficiency programs over the years.

ii. Should LAC's and MGE's energy efficiency targets or program funding levels be modified? If so, how?

LAC/MGE Position: The Company believes that the Commission should, at a minimum, approve the energy efficiency funding levels and target levels it has recommended in its testimony and is open to proposals made by other parties for increasing such levels.

iii. What, if any, Commission approval should be required to change targets or program funding levels. If any, when should such approval be required?

LAC/MGE Position:

iv. In addition to the amortization of the deferred balance, should a level of energy efficiency costs be included in base rates?

LAC/MGE Position: Yes. The Commission should approve an allowance in rates of approximately $2 million for LAC and $1.8 million for MGE for such purpose.

v. Shall measures installed pursuant to the Low-Income Multifamily programs receive a bonus incentive? If so, at what levels?

LAC/MGE Position: The Company is open to considering such a proposal and believes it should be evaluated by the Energy Efficiency Collaborate.

vi. Should LAC and MGE meet the Commission's promotional practices rules regarding tariff filings for energy efficiency programs?

LAC/MGE Position: Such filings should be made in a manner that takes into account the terms of the tariffs of LAC and MGE as well as the Commission's promotional practices rules.

vii. Should the LAC and MGE EECs become advisory?

LAC/MGE Position: Yes, with appropriate tariff modifications to ensure that there is a process to obtain Commission approval for energy efficiency programs and the expenditures made in connection with such programs.

b. Low Income Energy Assistance Program

i. Should LAC's current Low Income Affordability Program continue, or should the Commission approve LAC's proposed Low Income Affordability Program?

LAC/MGE Position: The Commission should approve LAC's proposed Low-Income Affordability program as modified based on the input of other parties.

ii. Should LAC's Low Income Affordability Program be extended to MGE and be made available to MGE's customers?

LAC/MGE Position: Yes. There is no policy justification for having the Program only available to the customers of LAC, but not MGE.

iii. Should the Commission order a collaborative of interested parties be formed to work with the Company to develop and provide to the Commission a new low-income assistance program, covering both the LAC and MGE service areas and incorporating elements of successful low-income energy assistance programs in Missouri?

LAC/MGE Position: The Commission should authorize an advisory collaborative of interested parties to evaluate and work on such issues but should not attempt to predetermine the results of those efforts.

iv. What is the appropriate funding level for each division?

LAC/MGE Position: The Company has proposed a funding level of $600,000 for LAC and $500,000 for MGE, but is open to a moderately higher level of funding should the Commission deem that to be appropriate.

v. How should credits be applied to customer bills?

LAC/MGE Position: The Company recommends that credits be applied monthly in an amount equal to the then effective customer charges for LAC and MGE.

c. Red Tag Program

i. Should the company modify the budget of its red tag program?

LAC/MGE Position: The Company's proposal to have an equivalent level of funding of $100,000 authorized for both the LAC and MGE Red Tag Programs should be approved.

ii. Should the company be required to file effectiveness reports on its red tag program?

LAC/MGE Position: The Company does not object to providing periodic reports regarding the expenditures made under its Red Tag programs but does not believe that it would be appropriate to require formal cost effectiveness analyses given the size and nature of the programs.

iii. Should the company modify its red tag program to replace appliances with high-efficiency appliances where applicable?

LAC/MGE Position: Whether and to what extent the Red Tag program should have such an efficiency requirement should be studied by the Energy Efficiency Collaborative

iv. Should the unamortized balance be included in rate base?

LAC/MGE Position: Yes.

d. CHP

i. Should LAC and MGE implement a CHP pilot program as proposed by Division of Energy?

LAC/MGE Position: The Company has and will continue to cooperate with the Division of Energy on pursuing CHP opportunities in Missouri.

e. Weatherization Administration

i. How should future administration of the Companies' low income weatherization program be conducted?

LAC/MGE Position: The Company would prefer to have the same arrangement with the Division of Energy for administering the distribution of low-income weatherization funds to community action agencies in MGE's service area that it has in LAC's service area and believes a reasonable administrative fee would be appropriate if it provides such services.

f. Check-off box on bill for L-I Weatherization

i. Should customers be provided, on the customer bill, an option to opt-in to a program to contribute $1 dollar to Low-Income Weatherization?

LAC/MGE Position: The Company believes that such an option would compete with its own longstanding Dollar-Help energy assistance program.

Respectfully submitted,

/s/ Rick E. Zucker
Rick E. Zucker #49211
Associate General Counsel
Laclede Gas Company
700 Market Street, 6th Floor
St. Louis, MO 63101
(314) 342-0533 (telephone)
(314) 421-1979 (fax)
E-mail:rick.zucker@spireenergy.com

/s/ Michael C. Pendergast
Michael C. Pendergast #31763
Of Counsel
Fischer & Dority, P.C.
423 Main Street
St. Charles, MO 63301
(314) 288-8723 (telephone)
E-mail:mcp2015law@icloud.com

ATTORNEYS FOR LACLEDE GAS COMPANY AND MGE

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing was served electronically, or hand-delivered, or via First Class United States Mail, postage prepaid, on all parties of record herein on this 30th day of November, 2017.

/s/ Marcia Spangler