

FILED

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BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

Missouri Public  
Service Commission

In the Matter of Laclede Gas Company's Tariff       )  
to Revise Natural Gas Rate Schedules.               ) Case No. GR-99-315

**REQUEST FOR EXPEDITED CLARIFICATION**

COMES NOW Laclede Gas Company ("Laclede" or "Company"), and in support of its Request for Expedited Clarification, states as follows:

1. On December 14, 1999, the Commission issued its Report and Order in this proceeding approving the First Amended Partial Stipulation and Agreement which the parties had previously filed, and resolving the contested issues that were presented at the hearing. In its Report and Order, the Commission required Laclede to impute a level of off-system sales revenues (\$900,000) in its revenue requirement. Report and Order, pp. 24-25. In addition, the Report and Order directed Laclede to amend its Purchase Gas Adjustment ("PGA") tariff to include certain language that had previously been proposed by Staff, even though such language had only been recommended by Staff as a separate and mutually exclusive alternative to the imputation of off-system sales revenues in Laclede's revenue requirement. In effect, such language would require the Company to credit its customers with 100% of any profits from off-system sales revenues, notwithstanding the fact that the Commission has already given Laclede's customers the benefit of such profits by reducing the Company's revenue requirement in this case by \$900,000.<sup>1</sup> As explained more fully below, the Commission should issue an order

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<sup>1</sup> For compliance filing purposes only, Laclede has included Staff's proposed language in specimen tariff sheets which the Company has submitted but does not propose to implement or have placed in effect.

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clarifying that Laclede is not required to so amend its PGA tariff, because such an amendment would be:

(a) inconsistent with the Commission's decision in Case No. GT-99-303 that the off-system sales issue should be resolved by imputing a reasonable level of off-system sales revenues in Laclede's revenue requirement in this case;

(b) inconsistent with the Commission's decision in this case to actually impute \$900,000 in off-system sales revenues in Laclede's revenue requirement;

(c) inconsistent with the Staff's proposal for addressing off-system sales, which always contemplated that the proposed PGA tariff language change was an alternative to the imputation of off-system sales revenues in Laclede's base rates, and hence should only be implemented in the event the Commission decided not to impute such revenues; and

(d) patently unfair, because it would require Laclede to credit its customers twice for earnings realized from off-system sales.

2. The resolution of the off-system sales issue in this proceeding is directly related to the Commission's decision regarding Laclede's off-system sales in Case No. GT-99-303, the recent case in which the Commission approved an extension of Laclede's Gas Supply Incentive Plan ("GSIP"). In Case No. GT-99-303, Laclede argued that the Commission should continue to address Laclede's off-system sales revenues as a component of the GSIP, as it had since the inception of the GSIP in 1996. The Office of the Public Counsel, on the other hand, argued that the off-system sales revenue component of the GSIP should be eliminated, and that a reasonable level of off-system sales revenues should instead be imputed in the revenue requirement used to calculate Laclede's base rates. As summarized by the Commission in its GSIP Order, under Public

Counsel's proposal, Laclede would incur a "financial detriment" if it did not achieve the imputed level of off-system sales revenues, and it would receive a "dollar-for-dollar financial benefit" if it exceeded that level. (Case No. GT-99-303, Report and Order issued September 9, 1999, pp. 8-9.)

3. In its Report and Order in the GSIP proceeding, the Commission found that the Public Counsel's proposal to impute a level of off-system sales revenues in Laclede's base rates had merit. Consequently, the Commission removed the off-system sales revenue component from Laclede's GSIP and required the parties to address in this proceeding the issue of the appropriate level of such revenues to be included in Laclede's base rates. (Case No. GT-99-303, Report and Order issued September 9, 1999, pp. 15-16.)

4. In this case, the parties were required to file all of their testimony well in advance of the Commission's issuance of the Report and Order in the GSIP proceeding. Consequently, at the time the testimony in this case was filed, the parties did not know whether the Commission would decide to impute a level of off-system sales revenues in Laclede's base rates (if the Commission chose that method to address off-system sales), leave the off-system sales revenues as part of the GSIP, or develop some other method for addressing off-system sales. Consequently, the Staff filed testimony in this case on the level of off-system sales revenues that it believed should be imputed in Laclede's base rates, as well as proposed language to amend Laclede's PGA tariff to provide for the flow-through of 100% of Laclede's off-system sales revenues, to be used in the event that the Commission decided not to impute any off-system sales revenues in Laclede's base rates. Again, as the Staff's testimony in this case clearly indicates, and as the Commission's Report and Order in this proceeding recognizes, the Staff's two

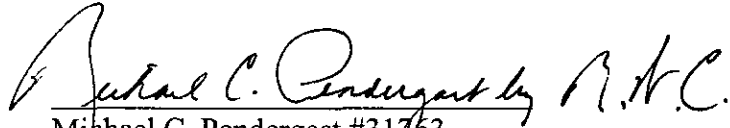
recommendations were separate and mutually exclusive alternative recommendations that cannot both be implemented. (See Report and Order, pp.24-25, in which the Commission states: "Mr. Imhoff testified that Staff's proposed tariff language would ensure that 100% of all off-system sales revenues would go to ratepayers. In the alternative, Staff recommended that the Commission impute the off-system sales revenues in the revenue requirement." (emphasis supplied)).

5. Once the Commission issued its Report and Order in the GSIP proceeding adopting the Public Counsel's proposal to impute a level of off-system sales revenues in Laclede's base rates, the only remaining issue related to off-system sales for resolution in this case was what level of such revenues should be imputed. To facilitate the Commission's decision in determining this amount, the parties jointly filed selected portions of the record from the GSIP proceeding and briefed the issue of the amount of revenues to be imputed.

6. Because the Commission determined in the GSIP proceeding that an appropriate level of off-system sales revenues should be imputed in Laclede's revenue requirement, and because the Commission has determined based on the evidence presented in this case that it is appropriate to impute \$900,000 of such revenues in Laclede's revenue requirement, the Commission clearly must not require Laclede to also adopt tariff language that would require the flow-through of all off-system sales revenues through the PGA tariff. Such a result would be inconsistent with the Commission's decision in the GSIP proceeding, as well as the recommendations of the Staff in this proceeding. Moreover, it would unfairly require Laclede to credit ratepayers for the same off-system sales revenues *twice*.

**WHEREFORE**, for the reasons set forth hereinabove, Laclede respectfully requests that the Commission issue an order clarifying that Laclede is not required to amend its PGA tariff to provide for the flow-through of off-system sales revenues.

Respectfully Submitted,



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Certificate of Service

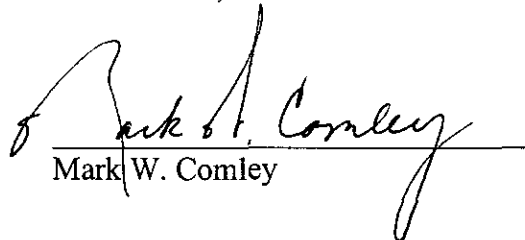
I hereby certify that a true and correct copy of the above and foregoing document was sent via facsimile and by U.S. Mail, postage prepaid, on this 16<sup>th</sup> day of December, 1999, to:

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