

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's)	
Tariffs to Revise Natural Gas Rate)	Case No. GR-2010-0171
Schedules.)	

STAFF’S MOTION TO ADD PARTIES

COMES NOW the Staff of the Missouri Public Service Commission (Staff), and for its Motion to Add Parties, states that it is necessary for the Commission to add Laclede Gas Company’s (Laclede) parent company, The Laclede Group, Inc. (LGI), and Laclede’s affiliates, as parties to this case because these entities are not kept substantially separate and apart. The Commission has a statutory duty to set just and reasonable rates by considering all relevant factors including the proper allocation of capitalization, earnings, debts and expenses is being fairly awarded to the regulated utility, to assure utility is not subsidizing its affiliated entities.

§ 393.140(12). In support of its Motion Staff states:

1. On December 4, 2009, Laclede Gas Company filed proposed tariff sheets designed to implement a general rate increase for retail gas service.
2. Section 393.140(12) authorizes a regulated utility company to have unregulated affiliates as long as the businesses of the unregulated affiliates are kept substantially separate and apart from the business of the regulated entity.
3. Staff is investigating whether or not the related and affiliated entities are kept substantially separate and apart.
4. In order to set just and reasonable rates, the Commission has statutory power to inquire into that relationship.

In case any . . . gas corporation, . . . [is] engaged in carrying on any other business than owning, operating or managing a gas plant, electric plant, water system or sewer system which other business is not otherwise subject to the jurisdiction of the commission, **and is so conducted that its operations are to be substantially kept separate and apart** from the owning, operating, managing or controlling of such gas plant, . . . said corporation in respect to such other business shall not be subject to any of the provisions of this chapter and shall not be required to procure the consent or authorization of the commission to any act in such other business or to make any report in respect thereof.

(emphasis added.)

5. To protect captive customers from subsidizing the unregulated affiliates, the Commission has the statutory power to determine the correct allocation of capitalization, earnings, debts and expenses to each entity.

But this subdivision shall **not restrict or limit the powers of the commission** in respect to the owning, operating, managing or controlling by such corporation of such gas plant, . . . and **said powers shall include also the right to inquire as to, and prescribe the apportionment of capitalization, earnings, debts and expenses fairly and justly to be awarded to or borne by the ownership, operation, management or control of such gas plant, . . . as distinguished from such other business.**

(emphasis added)

6. The Supreme Court confirmed the Staff's view that the Commission has the authority to investigate this matter. The Court held in pertinent part:

Section 393.140(12) precludes regulation of a utility's affiliate where the affiliate is "substantially kept separate and apart" from the business of the utility. However, that section also states that the PSC shall have the "right to inquire as to, and prescribe the apportionment of, capitalization, debts and expenses fairly and justly to be awarded to or borne by the ownership, operation, management or control of such gas plant, electric plant, [or heating plant]...."

Atmos Energy Corp. et al., v. Missouri Public Service Com'n, 103 S.W.3d 753, 764 (emphasis added).

7. Adding all affiliated entities as parties to the general rate case will assist the Staff in discovering whether the capitalization, revenues, costs and expenses are properly apportioned.

8. The Commission has both the authority and the duty to set just and reasonable rates by reasonably allocating capitalization, earnings debts and expenses between the regulated entity, its parent and affiliates.

WHEREFORE Staff recommends the Commission add Laclede Group, Inc. and wholly-owned subsidiaries, including Laclede Energy Resources Inc, Laclede Investment LLC, Laclede Development Company, Laclede Venture Corp., Laclede Pipeline Co., and Laclede Gas Family Services, Inc. as parties to this case so the Commission may adequately perform its statutory duties.

Respectfully submitted,

/s/ Lera L. Shemwell

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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 4th day of May, 2010.

/s/ Lera L. Shemwell