

## **MEMORANDUM**

TO: Missouri Public Service Commission Official Case File,  
Case No. GE-2016-0142 Laclede Gas Company

FROM: Kory Boustead, Tariff/Rate Design Unit

/s/ Michael Scheperle 1/14/16      /s/ Hampton Williams 1/14/16  
Tariff /Rate Design Manager/Date      Staff Counsel's Office/Date

SUBJECT: Staff Recommendation Regarding Laclede Gas Company's Application for  
Variance from an EEC Tariff Provision

DATE: January 14, 2016

On December 9, 2015, Laclede Gas Company, ("Laclede") filed with the Missouri Public Service Commission ("Commission") an application for Variance from its tariff.

Staff recommends that the following application for variance, filed on December 9, 2015 be approved.

### **BACKGROUND**

The Energy Efficiency Collaborative ("EEC") was formed pursuant to the Commission Order Approving Unanimous Stipulation and Agreement and Authorizing Tariff filing, was issued on July 19, 2007. As stated in paragraph 20 of the Stipulation and Agreement in Case No. GR-2007-0208, Laclede was to develop a portfolio of cost effective energy efficiency programs for Laclede's customers and as modified by the Stipulation and Agreement in Case No. GR-2013-0171 and the Second Stipulation and Agreement in Case No. GR-2010-0171.

Laclede's Commission ordered revenue requirement includes an allowance of One Hundred and Fifty Thousand Dollars (\$150,000) annually which may be used to pay for program development, implementation and evaluations, including any consulting services employed in the process for energy efficiency. In addition to those funds, the Company further agreed to fund up to a target level of One Million Seven Hundred Thousand Dollars (\$1,700,000) annually for the first year after the rates became effective in Case No. GR-2010-0173 to fund cost-effective conservation and energy efficiency programs that have been developed or are developed as a result of the EEC process.

Laclede works with the EEC to take reasonable actions toward a goal of increasing the funding level for cost-effective conservation and energy efficiency programs up to 0.5% of the annual average of the Company's Missouri jurisdictional gas distribution operating revenues including cost of gas for Residential, Commercial and Industrial, and Interruptible Customers based on Laclede's 10-K filings with the Securities and Exchange Commission. The Commission Ordered Stipulation and Agreement in Case No. GR-2013-0171 detailed the funding level goals and referenced in the Second Stipulation and Agreement in Case No. GR-2010-0171 were updated to \$4,235,000 which is 0.5% of the annual average of the Company's Missouri Jurisdictional gas distribution operating revenues for the Laclede Gas division service territory, including cost of gas for Residential, Commercial and Industrial, and Interruptible Customers.

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Such target levels shall remain in effect until the effective date of a Commission order mandating otherwise in a subsequent rate case or until the parties unanimously agree to request and the Commission approves a different target level amount. Any portion of the \$150,000 annual funding amount included in rates that is not expended in a given year shall be transferred as a credit to the regulatory asset account for energy efficiency costs.

### **PROGRAM BACKGROUND**

Effective September 27, 2013, the Commission Order approved the Company's tariff filing creating Original Sheet R-45-c, which authorized Laclede to co-deliver a Residential Direct-Install Low Income Program with Ameren Missouri Electric ("Ameren Missouri"). Since December 1, 2013, the Company has co-delivered such a program (the "Program") with Ameren Missouri. The Program completed its second year on December 1, 2015. Ameren Missouri decided not to further extend its part of the Program, so it concluded on December 31, 2015.

The specific purpose, terms and conditions of program in the last paragraph of the Company's Tariff Sheet R-45-c states:

"A detailed post-implementation evaluation by an independent evaluation contractor selected by the EEC shall be completed with six (6) months following the conclusion of the Program's second year. If feasible, this detailed evaluation will include both a process evaluation and at a minimum, a preliminary cost-effectiveness (impact) evaluation."

Laclede requests it be granted a variance from the provisions of Tariff Sheet R-45-c that:

- require the EEC to select an evaluator; and
- require the evaluation to be performed.

### **STAFF RECOMMENDATION**

The Commission's Tariff/Rate Design Unit Staff ("Staff") has reviewed the application for variance, as filed by Laclede Gas Company on December 9, 2015, and is of the opinion that this application should be granted from Laclede's tariff provision.

Laclede has a Certificate of Good Standing evidencing Laclede's standing to do business in Missouri was submitted in Case No. GF-2013-0085 and information in such Certificate is current and correct.

Staff concurs with Laclede and the EEC's justification that good cause exists for the variance given it is:

- The evaluation, measurement and verification ("EM&V") will not assist or inform the operation of the Program or help to determine the ongoing value of the Program since the Program is terminating;

- Ratepayers would be exposed to an unnecessary expense for a report on an expired Program;
- On December 14, 2015, Staff sent Laclede a Data Request (DR) 0001 requesting Laclede provide updated monthly information (budget and actual) for the two years of the program. Laclede detailed this information in its DR information reply;
- Laclede provided a detailed description of the struggles/successes and lessons learned in this shared program with Ameren Missouri and Honeywell (contractor). Laclede's response is attached as Attachment A;
- Since Ameren Missouri had already established the *CommunitySavers* program, Laclede was able to share Ameren Missouri's existing *CommunitySavers* marketing assets. Marketing and educational materials were successfully co-branded using the existing *CommunitySavers* materials to simplify the process to property owners, lend value and avoid customer confusion. The Program also succeeded in providing gas energy saving measure and benefits to more multifamily dwelling units than originally forecasted.

The Staff has verified that Laclede has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Attachment A

Is Deemed

Highly Confidential

In Its Entirety

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

In the Matter of the Application of )  
Laclede Gas Company for a Variance )  
from an EEC Tariff Provision in its )  
Laclede Service Territory )

File No. GE-2016-0142

**AFFIDAVIT OF KORY BOUSTEAD**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )


**COMES NOW** Kory Boustead and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Recommendation in Memorandum Form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
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Kory Boustead

Subscribed and sworn to before me this 14<sup>th</sup> day of January, 2016.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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Notary Public