

CALL CENTER INSTRUCTIONS ON ISRS
Revised July 2014

TO: All Customer Relations Employees

RE: Infrastructure System Replacement Surcharge (“ISRS”)

WHAT IS AN ISRS?

The ISRS is a charge that covers a portion of the expenses that the Company must incur to maintain and upgrade its system and to relocate facilities in connection with local, state, and federal public improvement projects and safety requirements.

The ISRS covers the costs for:

- Moving or upgrading facilities in connection with mandated safety projects.
- Certain public improvement projects such as a street or highway widening.
 - An example would be the Page Avenue extension in West St. Louis that connected I-270 with Highway 94 in St. Charles.

The ISRS does NOT apply to:

- Costs for privately funded projects where Laclede receives reimbursement for its expenses. An example is Busch Stadium III, where Laclede was reimbursed by the Cardinals for work done.
- Costs incurred to build infrastructure that directly connects to new customers who will be billed for service.

HOW HAS THE ISRS BEEN CHARGED?

ISRS rates always start at -0- when Laclede finishes a rate case. So upon resolution of the Company’s 2013 rate case in July, the monthly ISRS was reset to \$-0- and costs for the facilities that were part of the previous ISRS were incorporated into the Company’s overall rates. This included costs for plant in service as of January 31, 2013.

Between July 2013 and April 2014, there were no ISRS charges on customer bills. **However, effective April 12, 2014, the Missouri Public Service Commission approved an ISRS for Laclede Gas** for ISRS costs incurred from February 1, 2013 through February 28, 2014. Under the new ISRS, Residential customers pay 86 cents per month. Commercial customers pay more per month than Residential Customers.

After Laclede re-establishes an ISRS rate, the Company may change the ISRS, again with MoPSC approval, up to two times per year.

HOW IS THE ISRS BILLED?

When a new ISRS is established, the first ISRS bill for each customer will contain a bill message on the front of the bill known as the initial notice. Such a bill message does not appear when the ISRS amount merely changes. However, please note that an abbreviated version of this message is also permanently on the back of the bill under Definitions. Once each year, bills will also contain a different ISRS notice, referred to as the annual ISRS notice. (Please see Attachment 1 for initial bill message and annual ISRS Notice).

Customers who call with ISRS questions during the first month that ISRS bills are rendered may be directed to the bill message on the front of the bill. After the first month, the ISRS is still defined on the back of the bill.

SUMMARY

If customers seek to discuss the ISRS charge in greater detail, please emphasize the following:

- The ISRS covers a portion of the expenses that the Company must incur to maintain and upgrade its system and to relocate facilities in connection with local, state, and federal public improvement projects and safety requirements.
- ISRS is authorized by Missouri law, which allows gas utilities like Laclede to adjust their rates up to two times per year to recover these mandated costs.
- None of the mandated costs and projects covered by ISRS produce any new revenue for the Company. Any projects for which Laclede is separately reimbursed are not included in the ISRS.
- The financial impact of the ISRS is very modest. It is less for residential customers than for larger commercial and industrial customers. Since Laclede first established an ISRS in 2004, the residential ISRS has always been less than \$3 per month.

ATTACHMENT IINITIAL NOTICE**ISRS**

Each year, Laclede spends tens of millions of dollars on its more than 16,000 miles of pipeline facilities used to deliver gas to its customers. The infrastructure system replacement surcharge (ISRS) covers only a part of the expenses that the Company must incur to maintain and upgrade its system and to relocate facilities in connection with local, state and federal public improvement projects and safety requirements. In general, the ISRS charge to cover these costs is smaller for residential customers, while larger users in other customer classes are charged a greater amount. The amount of the charge may be adjusted periodically, and is being implemented in accordance with Sections 393.1009, 393.1012 and 393.1015 of the Revised Statutes of Missouri.

ANNUAL NOTICE**ISRS**

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- » COMMUNITY SERVICE
- » RATES & REGULATIONS
- » CAREERS

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Effective April 12, 2014, the ISRS was reinstated as part of the charge for gas service on each monthly natural gas billing statement. The residential ISRS amount is \$0.86/month. To view the tariff sheet detailing the order and schedule of rates click [here](#).