BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Laclede Gas Company to Change its Infrastructure System Replacement Surcharge in its Laclede Gas Service Territory	))))	**Case No. GO-2016-0196**
In The Matter of the Application of Laclede Gas Company to Change its Infrastructure System Replacement Surcharge in its Missouri Gas Energy Service Territory	))))	**Case No. GO-2016-0197**

POST-HEARING BRIEF

OF

LACLEDE GAS COMPANY

AND

MISSOURI GAS ENERGY

May 4, 2016

TABLE OF CONTENTS

Page

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COMES NOW Laclede Gas Company ("Laclede") and on behalf of its two Missouri operating units, Laclede Gas (herein so called) and Missouri Gas Energy ("MGE"), files this Post-Hearing Brief, and in support thereof, states as follows:

I. INTRODUCTION

The General Assembly enacted Sections 393.1009-1015 RSMo. (the "ISRS Statute") back in 2003 in large part to encourage utilities to incur costs to expedite safety replacements by reducing regulatory lag and permitting more timely recovery of those expenditures. In effect, the ISRS statute operates primarily as a carrot in which some regulatory lag is traded for expedited safety.

In this ISRS case, there is only one issue:

> May Laclede Gas and MGE's ISRS filings be updated during the ISRS case to replace two months of budgeted ISRS investments with updated actual investments?

Laclede believes that the answer is yes, for the same host of reasons that led the Commission to arrive at that answer less than six months ago. First, Staff had sufficient

time to perform an effective review of ISRS eligibility of the updated actual expense records. Second, updating two months of proforma estimates is consistent with the purpose of the ISRS Statute -- to allow gas corporations more timely recovery of infrastructure replacement costs. Third, updating two months of ISRS additions is consistent with the corresponding and offsetting practice of updating 3½ months of Laclede Gas and MGE accumulated depreciation and deferred taxes. Fourth, the limited and relatively uncomplicated review in ISRS cases does not bind the Commission on the subject of prudence. In effect, ISRS approval is subject to refund, as prudence issues may still be raised in a Company rate case.

At the hearing, Chairman Hall raised the issue of whether Laclede and MGE have filed in this case every item required by the rule. The Chairman's question addresses the process of updating information during the case. Laclede and MGE are certainly willing to file the updated information in future cases, but from a legal viewpoint, such a filing is optional. There is no requirement to make a formal filing of updated ISRS information. Similar to the updating practice used in rate cases, PGA cases and ACA cases, Laclede submitted the information to the parties in this case, as it has done in ISRS cases for seven years, including the ISRS cases last fall when the Commission approved the updating process. Staff reviewed the updated information, which mirrored the information filed with the Laclede Gas and MGE Applications, and found that it met the ISRS eligibility requirements for both Laclede Gas and MGE. Staff issued Recommendations to that effect, while OPC aggressively ignored the updated information and was careful to avoid auditing anything in this case. As discussed in detail below, the formal filing of the underlying updated information is not essential to Commission approval of the updates.

II. DISCUSSION

A. The Commission Should Adopt its Recent Decision on the Same Issue

The Commission decided this exact issue in an order dated November 12, 2015, in the last Laclede and MGE ISRS cases, Case Nos. GO-2015-0341 and GO-2015-0343. Given that the facts in these ISRS cases are also aligned with the facts in the previous ISRS cases, the Commission should come to the same decision. In its February 10, 2016 Report and Order in GF-2015-0181, the Commission stated that while it is not bound by its previous decisions, "in the interest of regulatory consistency, certainty, and predictability, a departure from previous policy should be reasonable and not arbitrary." Laclede submits that there is no new information presented and, therefore, no reasonable basis for the Commission to depart from its recent decision.

Consistent with the ISRS statute's allowance of two ISRS filings per year, the activities in the current ISRS cases took place almost exactly six months after those in the previous cases. The arguments are, for all intents and purposes, also identical; the only difference is that in the prior cases, OPC argued that it did not have time to audit the updated information, while in the present cases, OPC argues that Staff did not have time to audit the updated information.

The table below compares the prior Laclede and MGE ISRS cases with the current ISRS cases:

Fact	Fall 2015 (GO-2015-0341 and 0343)	Spring 2016 (GO-2016-0196 and 0197)	Citation
1. The Application was filed with 4 months of actual data, in compliance with the ISRS Statute and Rule 3.265	Filed on August 3, 2015	Filed on February 1, 2016	Exh. 1 and 2
2. The Application was filed with 2 months of pro-forma estimates, to be updated with actual data when available.	YES	YES	Exh. 1, p.2-3; Exh. 2, p.2-3
3. Laclede and MGE sent the updated data to both Staff and OPC. The updates were sent shortly after the filing of the application, for the first month, and not long after the close of business for the second month.	Updated July by August 14; Updated August by September 15	Update January by February 9; Updated February by March 9	Exh. 4, p. 5, lines 18-23; Exh. 5, p. 2, lines 17-18; Exh. 7, p. 2, lines 15-18
4. The updates were not filed, consistent with the practice of updating past ISRS and rate case filings.	YES	YES	Tr. 66, line 2 to 67, line 6; Tr.68, lines 18-24; Tr.126, lines 5-21;
5. The Staff reviewed the four months of actuals and two updated months and issued a Recommendation within 60 days after filing of the petition, as required by statute.	Staff Rec. issued on Oct. 2, 2015.	Staff Rec. issued on April 1, 2016.	Exh. 5, App. A; Exh. 7, App. A
6. Staff represented that it had adequate time to audit the updated information.	YES	YES	Exh. 5, p. 2, line 19 to p. 3, line 3; Exh. 7, p. 2, lines 19-23
7. Staff updated accumulated depreciation and deferred income taxes on ISRS plant to a point closer to the operation of law date.	Updated to Oct. 15, 2015	Updated to Apr. 15, 2016	Exh. 5, App. A, Sch. BW-d2, p. 3; Exh. 7, App. A, Sch. JKG-d1, p. 3
8. Neither Staff nor OPC challenged any of the original ISRS plant additions.	YES	YES	
9. Neither Staff nor OPC challenged any of the updated ISRS plant additions.	YES	YES*	
10. OPC made no attempt to audit the updated ISRS plant.	YES	YES	Tr. 165, 174, 175, 180

*No MGE update work orders were questioned. OPC waited until cross-examination on April 26, seven weeks after the update information was provided to OPC, to ask a witness about Laclede work orders. See Exhibit 12. Every one of the six work orders in Exhibit 12 is on its face associated with the Cast Iron Main replacement program, the Bare Steel Main replacement program, or a mandated relocation.

B. Laclede and MGE Have Complied with All Filing and Submission Requirements.

For the past seven years, Laclede, Staff and OPC have conducted ISRS cases by having the petition include budgeted ("proforma") estimates of two months of ISRS investments, and then updating those estimates early in the case with actual expenditures. At the same time, Laclede brought forward offsetting depreciation and accumulated deferred income taxes to a point that is three to four months after the initial filing. Since coming under the ownership of Laclede two years ago, MGE has participated in the same practice. Until recently, this practice has occurred in each Laclede and MGE ISRS case with OPC's participation, and without OPC's objection. As previously noted, the Commission explicitly confirmed the propriety of this process in its Report and Order in the previous Laclede and MGE ISRS cases. (Buck Rebuttal, Exh. 4, p. 6, line 15 to p. 7, line 13)

Section 393.1015.1(1) RSMo directs gas corporations to submit proposed ISRS rate schedules and supporting documentation at the time that it files its ISRS petition. Commission Rule 3.265(20)[1] incorporates that statutory section and provides a laundry list of items that should be submitted at the time the petition is filed. On February 1, 2016, Laclede and MGE filed ISRS petitions and submitted documentation in compliance with this rule, a fact which is not disputed by OPC.

[1] 4 CSR 240-3.265(20)

However, OPC notes that the February 1 petitions also include proforma estimated ISRS costs covering the months of January and February 2016 (the "updated months"). Although some of the information on the updated months was submitted to the parties at the time the petition was filed,[2] neither the petition nor the supporting documentation included the same level of detailed information on the proforma estimated ISRS projects as it did with the September-December 2015 ISRS projects.

The very nature of an update means that information on the updated investments would not be available at the time the original petition was filed. Neither the Commission rules nor the ISRS statute explicitly address the update process. They certainly do not prohibit it. In fact, Section 393.1015.2(2) states that the staff "may examine information of the gas corporation" to confirm ISRS eligibility. It does not limit that examination to only the information filed with the petition. In addition, the ISRS Statute and corresponding Commission rule refer to the filing of a petition, and the submission of supporting documentation. The term "file" indicates a formal recording of a petition, but the obligation to "submit" documentation creates a distinction that indicates delivery to parties as opposed to filing. (393.1015.1 RSMo; 4 CSR 240-3.265(20)) Other than the file-submit distinction, there is no discussion in the ISRS Statute or the Commission rules denoting how updated information should be handled. The parties have handled the updating process in the same manner as it is handled in other cases.

The updating process is very well established in Missouri regulation, and has been used for many years in rate cases, in PGA/ACA cases, and for the past seven years, in ISRS cases. (Exh. 4, p. 5, lines 1-13; Tr. 75, lines 7-21) The ISRS update process

[2] Tr. 49, lines 7-16

consists of Laclede and MGE promptly providing the parties, i.e., Staff and OPC, the same information for the updated months that was filed with the petition. This is the way updates were handled in the current ISRS cases, the previous ISRS cases, and all Laclede ISRS cases over the past seven years. (Tr. 65, line 18, to 67, line 6; Tr. 69, line 18 to 70, line 17)

The updated information was not filed in these cases, just like it is not filed in rate cases, but submitted to the parties for their review and response, and especially for Staff to use in rate case or ISRS recommendations. (Tr. 75, line 22 to 76, line 13) Moreover, the Commission approves PGA filings even though the supporting documentation is provided to Staff and not included in the tariff filing. As discussed below, because of the rate case prudence review, ISRS cases are effectively interim subject to refund, just like PGA cases. In addition, the Commission approves ACA balances, usually based on Staff recommendations that arise from information not filed in the case, but provided by the Company to Staff during the ACA review.

The facts above regarding updates were presented by Laclede witness Buck and confirmed by Staff witness Oligschlaeger. (Tr. 126, line 5 to 127, line 16) They are the same facts that existed at the time the previous ISRS orders approved the update process in November 2015. The issue of whether the information for the updated months was filed with the Commission was clearly raised by OPC and argued in its brief:

> "Notably, no actual details associated with the July and August costs were ever filed with the Commission, and no actual cost documentation or calculations regarding those costs are included in the case record. Even if the Commission were inclined to allow this practice despite the petition requirements in the statute, there is not sufficient evidence in the record to support the combined $27,614,189 in July and August costs."
> (OPC Brief, Case Nos. GO-2015-0341, 0343, October 26, 2015, p. 22)

The Commission's November 12 Order in these cases considered and rejected OPC's position. The order effectively confirmed the update process that has been used for many years in various contexts and signaled to gas corporations that the update method was acceptable.

The Commission's November 12 Order reflects the fact that there *is* sufficient evidence in the record to support the updated costs. As indicated by witnesses Buck and Oligschlaeger, the updated information is used by the Staff in filing its recommendation. In the current ISRS cases, Staff witnesses Wells and Grisham sponsored testimony supporting the Staff Recommendation, which clearly demonstrated that Staff received Laclede and MGE information for the updated months, evaluated it, and included it in the Recommendation.

At the same time Laclede and MGE sent that information to OPC, who carefully avoided questioning, auditing, or even reviewing it. (Exh. 4, p. 5, lines 18-23; Tr. 164, line 19 to 165, line 5; Tr. 167, line 21 to 168, line 21; Tr. 173, line 22 to 174, line 10; Tr. 175, lines 10-15; tr. 183, lines 10-20) OPC is playing the role of a party who made no attempt to look at information attempting to discredit the party (Staff) who did.

OPC argues that Laclede and MGE carry the burden to prove their ISRS request, and that they failed to meet that burden. OPC is wrong, because Laclede and MGE did meet their burden. The burden of proof issue was visited in a recent decision by the Western District involving a sewer company rate case. ***Public Serv. Comm'n v. Office of Public Counsel***, 438 S.W.3d 482 (W.D. App. 2014) In that case, the Court noted that the burden of proof consists of two parts: the burden of production and the burden of persuasion. The burden of production requires the

burdened party to make a prima facie case. At that point, the burden of production shifts to the opposing party to rebut that evidence. While the burden of production may shift back and forth, the burden of persuasion remains with the party that bears the burden of proof. (*Id.*, at 490) In this case, Laclede and MGE bear the initial burden of production on the updated information. Having provided such information to Staff and OPC, the burden was met when Staff submitted into the record sworn testimony verifying the accuracy of the April 1 Staff Recommendations, signed by all three Staff audit witnesses: Wells, Grisham and Oligschlaeger. These testimonies represented that Staff had received the information for the updated months, had adequate time to review it, found the projects listed therein to meet ISRS rule qualifications, and asserted that Staff's review and calculations justified additional ISRS revenues of $5,389,900 for Laclede and $3,570,050 for MGE, inclusive of such updates. This evidence was bolstered by Laclede and MGE's support of Staff's Recommendations and conclusions. (Exh. 3, p. 3, line 18 to p. 4, line 16) It was also supplemented with testimony that included Work Order Authorization Sheets from 22 work orders included with the January and February Laclede updates. (Exh. 4, p. 10, lines 4-9; Rebuttal Schedule GWB-1) This represents more than one-fourth of the 85 work orders from the updated months.

With Laclede and MGE having met their initial burden of production of evidence, the burden shifted to OPC to rebut this evidence. In response, OPC testified that it did not audit, request supporting information on, review, or even know if it received, the updated information. By the Staff Recommendation date of April 1, 2016, OPC filed nothing on the January 2016 information, which it had received 51 days earlier (February 9), and nothing on the February 2016 information, which it had

received 22 days earlier (March 9). Nor did OPC produce any information by April 11, when it asked for a hearing solely to challenge the lawfulness of the update process and not the updated information itself. Nor by April 18 in its direct testimony that provided legal interpretations alleging that the ISRS statute did not allow for "true-ups." Nor by April 21, when it filed rebuttal testimony, which offered information on such items as Laclede's increased ISRS work and historical supporting documentation. In summary, in the face of Laclede/MGE and Staff evidence supporting the updated information, OPC offered nothing.

But that does not end the inquiry, because Laclede and MGE still bear the burden of persuasion. So even if the opposing party produces nothing, the trier of fact must decide if it believes or disbelieves the uncontroverted evidence. (***White v. Director of Revenue,*** 321 S.W.3d 298, 305 (Mo. 2010) In the current ISRS cases, the Commission must determine whether it believes the evidence presented by Laclede and MGE, and by the Staff, indicating that Staff received the information for the updated months, had adequate time to review it, and found the projects listed therein to meet ISRS rule qualifications. Laclede believes that such testimony is persuasive.

While OPC produced no evidence on the updated information, and questioned no MGE work orders at the April 26 hearing, OPC did question six of the 22 Laclede Gas work orders attached to Exhibit 4. (See Exh. 12; Tr. 89-100) The Commission must decide whether Laclede carried its burden of persuasion on these six work orders in light of OPC's questioning. In responding to OPC questions, Staff witness Wells exhibited a basic knowledge of these work orders, and while he may not have known every aspect, he was clear that his auditing function focused on the ISRS

eligibility of the work orders, as provided by Section 393.1015.2(2) of the ISRS Statute. (Tr. 102-03)

Laclede witness Buck opined that a reasonable auditor could readily glean the ISRS eligibility of these work orders in a relatively short amount of time. (Exh. 4, p. 10, lines 6-9) A brief review of the six work orders in Exhibit 12 clearly demonstrate the ISRS eligibility Staff witness Wells was looking for, and the straightforward way in which he was able to confirm it. Four of the work orders (Nos. 1-3 and 5) explicitly arose out of the cast iron main replacement program, a program covered under Section 40.030(15) of the Commission's gas safety rules as a safety replacement program and well known to all parties as ISRS eligible.[3] Work Order No. 4 investments were also made pursuant to a Section 15 main replacement program, but apply to replacement of bare steel rather than cast iron. Finally, Work Order No. 6 is clearly ISRS eligible as a main relocation mandated by the City of St. Peters.

In summary, Laclede and MGE have met their burdens of proof on the updated information by meeting both the burden of production, with or without the admission of Exhibits 13 or 14 into evidence, and the burden of persuasion. While the admission of Exhibits 13 and 14 into evidence would put the filing issue to rest, in reality Exhibits 13 and 14 might benefit OPC more than Laclede. While Staff, the party charged with performing eligibility audits, has testified that it had adequate time to, and did, audit the updated information, OPC seeks to rebut that testimony by alleging that there is not adequate time to audit updated information within the 60 day

[3] As can be seen in the February 1 applications and all those that precede them, advancing the cast iron main program is the main focus of ISRS investments in Laclede territory, while the bare steel main replacement program is the focus of MGE ISRS investments.

timeframe. OPC might have offered the updated information in Exhibits 13 and 14 into evidence themselves in an attempt to show the amount of information that allegedly could not be audited. OPC chose instead to claim it never saw the information in Exhibit 14[4] and resisted requests to authenticate it,[5] thus undermining its own argument.

C. Staff had sufficient time to perform an effective review of ISRS eligibility of the actual updated expense records.

In both testimonies of Staff auditors of Laclede and MGE updates, the witnesses testified that Staff had adequate time to audit the updated information. (Exh. 5, p. 2, line 19 to p. 3, line 3; Exh. 7, p. 2, lines 19-23) The only witness who said such an audit can't be done was OPC witness Hyneman, who not only did it twice, but did both of those audits at the same time. (Tr. 163, lines 11-23)

Mr. Hyneman's testimony weakened his credibility and veracity. He was evasive and consistently refused to answer questions asked of him. In opening statements, Laclede counsel noted that Mr. Hyneman had participated in and recommended approval of two ISRS cases, both in 2014, one for Laclede and one for MGE, that included two month updates. Laclede witness Buck testified to this fact. (Tr. 45, lines 6-17) Staff witness Oligschlaeger testified to that fact. (Tr. 125, lines 6-17) When asked about it, Mr. Hyneman first claimed he did not recall if there were updates in those cases, and only admitted it after the Staff recommendations with his name on them were presented to him. He then claimed that he did not believe that

[4] The veracity of OPC's witness is questionable, since Staff received the same information in the same email, and OPC claims to have seen other information, i.e. "face sheets" from that same email. (Tr. 167, line 21 to 168, line 21)

[5] OPC Counsel argued that his commitment at p. 176 of the Transcript to follow up in authenticating the update documents in the March 9 email did not apply to MGE updates, despite the fact that the document in question was identified as an MGE document on pages 167, 168, 169, 170, 173 and 175.

there was adequate time to do an ISRS audit in those cases, even though he had sworn on his oath that the Staff Recommendations were true and correct to the best of his knowledge and belief. (Tr. 159, line 7 to 162, line 2)

Mr. Hyneman also brought his own veracity into question when he gave different answers to the same question. When asked how many work orders he had reviewed in previous MGE ISRS audits, he said that he reviewed all of them. (Tr. 169, lines 4-8; Tr. 187, line 25 to 188, line 7) Later, he reduced that to substantially all of the work orders, and then to about 80%. (Tr. 193, line 19 to 194, line 7) Mr. Hyneman also claimed that the Staff should review a majority of work orders, but that the 75% covered by Staff in the current cases wasn't enough. (Tr. 187, lines 1-13)

Mr. Hyneman's testimony further made it evident that his belief that 60 days was an insufficient time to conduct an audit that included updated information arose out of his impractical view that ISRS audits should be much more in-depth than just confirming ISRS eligibility and accurate calculations, as provided by statute. (393.1015.2(2)) Mr. Hyneman carried professional skepticism past the practical point of being able to effectively complete an audit. For example, Mr. Hyneman would not concede that plant listed in the Company's records as becoming used and useful in January 2016 was in service as of February 1, 2016. (Tr. 164, lines 4-8) As noted above, he suggested auditing 100% of the work orders, despite the fact that sample testing is a staple of the audit function. (Exh. 10, p. 7, lines 19-20; Tr. 187, lines 9-13; Tr. 124, lines 18-22) Mr. Hyneman further claimed that the audit should include such minutiae as whether AFUDC (construction carrying costs) was being applied appropriately to each project. (Tr. 195, lines 18-20) These views fly in the face of the targeted review mandated by the ISRS Statute, along with generally accepted auditing

standards ("GAAS"). And yet it was Mr. Hyneman's belief that his views on auditing are correct and everyone else on the Staff is wrong, that Staff is not following GAAS, including other Staff auditors who performed ISRS audits with updates: John Cassidy, Lisa Hanneken, Erin Carle, Matthew Young, Brian Wells, Jennifer Grisham, and Mr. Hyneman himself, who swore to an audit he didn't agree with. (Tr. 185, line 25 to 186, line 5; Tr. 61, line 19 to 62, line 5)

Finally, Mr. Hyneman is the only Staff auditor who had trouble completing an ISRS audit with an update. (Exh. 4, p. 3, line 21 to p. 4, line 8; Tr. 44, line 3 to 45, line 5) It became apparent during the hearing that this was caused by Mr. Hyneman's disagreement with Staff's policy and agreement to update both additions and expenses, and Mr. Hyneman's unwillingness to follow the Staff policy. (Tr. 149, line 23 to 150, line 14)

D. Updating Two Months of Proforma Estimates is Consistent with the Purpose of the ISRS Statute.

As stated above, the purpose of the ISRS Statute is to allow gas corporations more timely recovery of infrastructure replacement costs. The Missouri General Assembly, along with the legislatures of most other states, has passed statutes that encourage enhanced safety investment in exchange for reduced regulatory lag on new investments. While the legislature sought to elevate safety over lag even prior to the San Bruno and other incidents in the 2010 time frame, Mr. Hyneman clearly seeks to alter that deal by elevating the importance of delaying cost recovery over safety.

E. Updating Two Months of ISRS Additions is Consistent with the Corresponding and Offsetting Practice of Updating 3½ Months of Laclede Gas and MGE Accumulated Depreciation and Deferred Taxes.

Laclede has filed pro-forma estimates followed by reconciliations in ISRS cases going back to at least 2009. In fact, the update of ISRS plant to reflect two months of additional ISRS investments is part and parcel of a corresponding practice of also updating ISRS plant to reflect an additional three to four months of accumulated depreciation expense and deferred tax liability, which results in reductions in ISRS revenues. The inclusion of estimates, updated by actual expenditures, was first approved in a Laclede ISRS proceeding in in Case No. GO-2009-0221. Such practice has been approved by the Commission in every Laclede Report and Order issued since that time including Case Nos: GO-2009-0389, GO-2010-0212, GO-2011-0058, GO-2011-0361, GO-2012-0145, GO-2012-0356, GO-2013-0352, GO-2014-0212, and GR-2015-0026. And OPC has participated in each of these cases. Further, both the Commission Staff in its Recommendations in each of these cases, and the Company, in its application and supporting schedules, have clearly identified this practice in formal submissions to the Commission. Until recently, OPC never suggested that there was anything unlawful or improper about this practice. (Exh. 4, p. 6, line 18 to p. 7, line 13)

Mr. Hyneman took credit for the Staff's practice, beginning in the 2008-09 time frame of updating accumulated depreciation and deferred tax expense approximately 3½ months from the petition date, so as to be nearer to the "operation of law date," which is 120 days after the petition is filed. (Tr. 172, lines 3-12; Tr. 74, line 11 to 75, line 3; Tr. 155, line 20 to 156, line 5) No one disputed his claim. Mr. Hyneman admitted, and others agreed, that nowhere in the ISRS statute or rules does it provide that depreciation and deferred taxes be updated to or near the operation of law date. (Tr. 172, lines 13-22; Tr. 75, lines 4-8; 76, lines 14-19) This was purely an invention by Mr. Hyneman that had the effect of decreasing ISRS revenues.

Although he stands behind this unstated practice, he opposes the more established practice of updating plant by two months on the grounds that such an update would somehow violate the ISRS Statute. (Exh. 10, p. 8, lines 1-3) Mr. Hyneman denied the hypocrisy of his position by asserting the red herring that there is no "matching principle" in ISRS cases. (Tr. 156, lines 11-21)

For the past several years, the parties to Laclede ISRS cases agreed to update both investments and offsets in those cases. The Commission has approved these updates in numerous cases. Now OPC wants to end the investment part of the practice on the grounds that it is not explicitly provided for in the statute, but retain the offset part of the practice even though it is also not addressed in the statute. The Commission should not entertain this one-sided and self-serving argument.

F. <u>The Limited and Relatively Uncomplicated Review in ISRS Cases Does Not Bind the Commission on the Subject of Prudence</u>.

The ISRS Statute does not bind the Commission in a rate case from determining ratemaking treatment for, or the prudence of, ISRS investments. In effect, ISRS approval is subject to refund, as prudence issues may still be raised in a Company rate case. The Company must offset any ISRS costs disallowed in a rate case against future ISRS collections. (393.1015.8 RSMo) This makes an ISRS case similar to a PGA case, which is also approved as interim subject to refund. This in turn both explains and justifies the fact that ISRS reviews are limited to ISRS eligibility and calculations. (Id. at 1015.2(2))

III. CONCLUSION

In conclusion, Laclede and MGE respectfully request that the Commission confirm its decision of November 12, 2015 permitting them to update estimated ISRS investments, along with depreciation and deferred taxes, pursuant to their long standing practice, and authorizing them to continue that practice.

WHEREFORE, Laclede Gas Company and MGE respectfully request that the Commission accept this Brief, and approve their ISRS filings as requested herein, effective May 23, or as soon thereafter as reasonably possible, consistent with the Stipulation and Agreement approved by the Commission in Case No. GR-2013-0171.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing pleading was served on the General Counsel of the Staff of the Missouri Public Service Commission, and the Office of the Public Counsel, on this 4th day of May, 2016 by hand-delivery, fax, electronic mail or by regular mail, postage prepaid.

/s/ Rick Zucker