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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 4th
day of November, 1999.

In the Matter of the Laclede Gas Company's Tariff)
Sheets to Extend and Revise the Company's Gas) Case No. GT-99-303
Supply Incentive Plan.)

ORDER REGARDING APPLICATION FOR REHEARING

The Commission issued a Report and Order on September 9, 1999, which approved a modified version of Laclede Gas Company's (Laclede) proposed Gas Supply Incentive Plan (referred to as the GSIP II) for a period of one year. On September 20, 1999, the Office of the Public Counsel (Public Counsel) filed an Application for Rehearing, alleging that portions of the Commission's September 9, 1999, Report and Order are unlawful, unjust and unreasonable and should therefore be reheard.

Public Counsel contends that the Commission's Report and Order fails to mention Public Counsel's request that Laclede's tariffs contain a "market out chance" for all parties. Public Counsel asserts that the Commission's failure to explain its rationale for rejecting Public Counsel's proposal is arbitrary, capricious, unreasonable and unjust. The Commission disagrees. The Report and Order, on page 14, states as follows:

Failure to specifically address a piece of evidence, position or argument of any party does not indicate that the Commission has failed to consider relevant evidence,

but indicates rather that the omitted material was not dispositive of this decision.

Public Counsel also argues that the Commission's statement at page 16 of the Report and Order that "there is insufficient evidence for the Commission to select a different baseline amount for capacity release only" is in error and should be reheard. Public Counsel alleges that the Report and Order with respect to the issue of capacity release is arbitrary, capricious, unreasonable and unjust because there is competent and substantial evidence to demonstrate that a baseline for inherent capacity release sales should be built into the incentive mechanism. Public Counsel's argument is not persuasive. The Commission reviewed the evidence regarding capacity release and determined that since it was unwilling to include off-system sales in the GSIP II, a baseline composed of combined revenues from off-system sales and capacity release was not appropriate. The Commission also found that there was not sufficient evidence to support selecting a baseline amount, other than the \$2 million proposed by Laclede, for capacity release only. The Commission's determination was supported by competent and substantial evidence.

In addition, Public Counsel contends that the Commission's decision to set the baseline for the pipeline discount component of the incentive plan at \$13 million is arbitrary, capricious, unreasonable and unjust because such decision is not supported by the weight of the competent and substantial evidence in the record. Public Counsel argues that the evidence demonstrates that Laclede historically averages over \$17 million in pipeline discounts, and that the Commission's decision

regarding the appropriate baseline for pipeline discounts is in error and should be reheard. Public Counsel's argument is, again, not persuasive.

The Commission found, and continues to find, that the evidence supporting the establishment of a baseline of \$13 million for the pipeline discount component of the incentive plan is sufficient competent and substantial evidence.

Section 386.500, RSMo 1994, provides that the Commission shall grant an application for rehearing if "in its judgment sufficient reason therefor be made to appear." Public Counsel has, in the judgment of the Commission, failed to establish sufficient reason to grant its application for rehearing. The Application for Rehearing will be denied.

IT IS THEREFORE ORDERED:

1. That the Application for Rehearing filed by the Office of the Public Counsel is denied.

2. That this order shall become effective on November 4, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Drainer, Murray,
and Schemenauer, CC., concur.
Crumpton, C., absent.

Ruth, Regulatory Law Judge

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COMMISSION COORDINATOR
PUBLIC SERVICE COMMISSION