

At a session of the Public Service Commission held at its office in Jefferson City on the 29th day of October, 1993.

ORDER APPROVING TARIFFS AND
DENYING MOTION TO SUSPEND AND APPLICATION TO INTERVENE

On October 1, 1993, Laclede Gas Company (Laclede) submitted to the Commission certain tariff sheets reflecting revisions to Laclede's Purchased Gas Adjustment (PGA) clause necessitated by a restructuring of interstate natural gas pipelines pursuant to Federal Energy Regulatory Commission (FERC) Order No. 636. Such revised PGA tariffs were designated to become effective on November 1, 1993, concurrently with the availability of restructured services by Mississippi River Transmission Corporation (MRT), Laclede's principal supplier of natural gas. On October 22, 1993, Laclede filed certain substitute tariff sheets for those filed on October 1, 1993, reflecting certain minor modifications. On October 26, 1993, in Case No. GR-93-149, Laclede also submitted to the Commission a tariff sheet P.S.C. Mo. No. 5 Consolidated, One Hundred Eighth Revised Sheet No. 29 ("Sheet No. 29") to reflect gas costs concurrent with the November 1, 1993, effective date of the revised PGA sheets previously filed. On October 25, 1993, Adam's Mark Hotels, American National Can Company, Anheuser-Busch Companies, Inc., Chrysler Motors Corporation, Ford Motor Company, General Motors Corporation, MEMC Electronic Materials, Inc., McDonnell Douglas Corporation, Monsanto Company, Nooter Corporation and Ralston Purina Company (Industrial Gas Users) filed an Application For Intervention herein and a Motion To Suspend Tariff Sheets And Schedule Proceedings. The Industrial Gas Users are large volume transportation

and sales service customers of Laclede purchasing natural gas and/or transportation service pursuant to Laclede's rate schedules. Industrial Gas Users state that this filing differs from a typical PGA filing in that it provides for recovery of MRT's "transition costs" which will be levied as early as November 1, 1993, and which have not previously been part of the Laclede PGA. These transition costs have been estimated by Laclede to be as high as \$17 million. Industrial Gas Users allege that Laclede's proposal for recovery of transition costs creates the danger that transportation customers will be billed twice for the same transition costs: once at the federal level and once by Laclede. Industrial Gas Users also allege that the filing perpetuates an unfair and burdensome allocation of fixed costs to high-load-factor firm transportation customers and should be investigated by the Commission.

Laclede claims that Industrial Gas Users have stated to Laclede that they will seek to avail themselves of discounts from maximum transportation rates charged by gas pipeline transporters and that to the extent they obtain such discounts, they will not be billed twice for transition costs since they will have avoided paying transition costs at the pipeline level and will only be charged once at the local distribution company level. Laclede also charges Industrial Gas Users with undue delay in proposing a remedy for any unfairness because of burdensome allocation of fixed costs on high-load firm transportation customers since the same issue is presently pending in Laclede's 1991-1992 Actual Cost Adjustment (ACA) proceeding. Laclede believes this is a vague and conclusory assertion of unfairness that does not warrant a suspension of its revised PGA tariffs.

The Commission's Staff (Staff) has recommended approval of all of Laclede's proposed tariff filings. Staff states that the current PGA tariff sheets that generate Laclede's rates are tied to MRT's sales rate schedule. After November 1, 1993, MRT sales rate schedules will no longer be available.

MRT has unbundled its various component services, such as storage and transmission service, into separate services and MRT will no longer be a regulated merchant of natural gas. Staff states that without Commission approval of the revised tariff filings, Laclede will be barred from filing for a PGA rate change since the only effective PGA clause it will have is the existing antiquated clause which refers to historical MRT services. The Staff believes that the PGA rates and allocations filed under the proposed revised PGA clause will be subject to review in Laclede's ACA filing.

The Commission has considered the proposed revised PGA tariff filings, the Application To Intervene and Motion To Suspend filed by Industrial Gas Users and Laclede's Response thereto, and determines that the proposed revised PGA tariffs are reasonable and should be approved. The Commission has approved similar PGA tariff revisions for other local distribution companies and is of the opinion that Laclede's proposed revised PGA tariffs will adequately address the restructuring mandated by FERC in Order No. 636 for its principal pipeline supplier, MRT. The Commission agrees with Staff that the ACA process will afford the Industrial Gas Users with an opportunity to present allegations of double charging for transition costs and unfair and burdensome allocation of fixed costs to high-load-factor firm transportation customers. This correctly places the burden on the Industrial Gas Users to prove such allegations within the ACA process without suspending Laclede's proposed revised PGA tariffs. The Commission, therefore, will approve Laclede's proposed revised PGA tariffs and deny Industrial Gas Users' Application To Intervene and Motion To Suspend Tariff Sheets And Schedule Proceedings.

IT IS THEREFORE ORDERED:

1. That Industrial Gas Users' Application To Intervene and Motion To Suspend Tariff Sheets And Schedule Proceedings be hereby denied.


2. That the following proposed tariff sheets filed by Laclede Gas Company on October 1, 1993, and as substituted on October 22, 1993, for gas service rendered on and after November 1, 1993, be hereby approved:

P.S.C. MO. No. 5 Consolidated

Third Revised Sheet No. 15 Cancelling Second Sheet No. 15
Fourth Revised Sheet No. 16 Cancelling Third Sheet No. 16
Third Revised Sheet No. 17 Cancelling Second Sheet No. 17
Fourth Revised Sheet No. 18 Cancelling Third Sheet No. 18
Fifth Revised Sheet No. 19 Cancelling Fourth Sheet No. 19
Fifth Revised Sheet No. 20 Cancelling Fourth Sheet No. 20
Fifth Revised Sheet No. 21 Cancelling Fourth Sheet No. 21
Fifth Revised Sheet No. 22 Cancelling Fourth Sheet No. 22
Third Revised Sheet No. 23 Cancelling Second Sheet No. 23
Third Revised Sheet No. 34 Cancelling Second Sheet No. 34

3. That this order shall become effective on the 1st day of November, 1993.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins,
Kincheloe and Crumpton, CC., concur.