BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Proposed Amendment To Commission Rule 4 CSR 240-13.055

) Case No. GX-2006-0434

RESPONSE TO PUBLIC COUNSEL'S APPLICATION FOR REHEARING

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COMES NOW Laclede Gas Company ("Laclede"), and files this Response to Public Counsel's Application for Rehearing and in support thereof, states as follows:

1. On August 11, 2006, the Commission issued its Final Order of Rulemaking in the above referenced case, in which it amended the Cold Weather Rule (4 CSR 240-13.055 by adding a new section 14. On August 21, 2006, the Office of the Public Counsel filed its Application for Rehearing of the Commission's Order.

2. Public Counsel's application is based on a fundamental misconception of how the amended rule operates. Public Counsel believes that the amended rule could somehow result in the utility recovering more than the customer actually owes. This is simply false.

3. In paragraph 4 of its rehearing application, Public Counsel provides the following example:

"As an example of how a gas company could recover in excess of the costs of compliance is as follows, assume a customer has been previously disconnected with \$500 in arrearages. Under the rule amendment the customer reconnects with a \$250 payment, rather than the \$400 payment that would have been required under Section (10). Through a payment agreement, the customer pays off \$200 in arrearages but becomes delinquent and is disconnected still owing \$50 to the company. Under the rule amendment, the utility would be permitted to claim as costs of compliance any additional arrearages from the date of reconnection, plus the difference between \$400 (80% of \$500) and \$250 (50% of \$500). Under this example the company would recover \$450 from the consumer, \$150 as a cost of compliance, and \$50 recovered through the utility company's bad debt expense. The result will allow the company to recover \$650 for a \$500 gas bill."

In other words, Public Counsel believes that the amended rule would allow a utility to

recover \$150 when the customer only owes \$50.

4. The amended rule does not operate to provides such a ludicrous result.

Section 14(F)(4) of the amended rule provides that:

The costs eligible for recovery shall be the *unpaid* charges for new service received by the customer subsequent to the time the customer is retained or reconnected by virtue of this section plus the *unpaid* portion of the difference between the initial payment paid under this section and the initial payment that could have been required from the customer under the previously enacted payment provisions of Section (10) of this rule, as measured at the time of a subsequent disconnection for non-payment or expiration of the customer's payment plan.

As the language of the amended rule clearly indicates, the amended rule only provides for

the utility to recover <u>unpaid</u> portions of new service or initial payments, as measured at

the time of a subsequent disconnection for non-payment. Therefore, it is impossible for a

utility to recover under the amended rule <u>any</u> of these amounts that have been paid by the

customer. Since Public Counsel's example shows an unpaid amount of \$50 at the time of

a subsequent disconnection for non-payment, it would be impossible for a utility to

recover more than \$50 under the clear language of the amended rule.

WHEREFORE, Laclede requests that the Commission deny Public Counsel's

Application for Rehearing.

Respectfully Submitted,

LACLEDE GAS COMPANY

/s/ Michael C. Pendergast

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Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing pleading was served on the parties to this case on this 28th day of August, 2006 by United States mail, hand-delivery, email, or facsimile.

/s/ Rick Zucker