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April 2, 2001

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Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. GO-2000-394

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Thomas R. Schwarz, Jr.
Deputy General Counsel
(573) 751-5239
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TRS:sw
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

APR 2 2001

Missouri Public
Service Commission

In the Matter of Laclede Gas Company's)
Experimental Price Stabilization Fund.)
)

Case No. GO-2000-394

STAFF RECOMMENDATION

COMES NOW the Staff ("Staff") of the Public Service Commission of Missouri ("Commission") and for its recommendation in this case states:

1. The Commission issued its order on February 13, 2001, directing Laclede Gas Company ("Laclede") to file tariffs to modify its experimental gas Price Stabilization Program. On February 23, Laclede filed a proposed tariff to comply with the Commission's order. The Commission rejected that tariff for including language purporting to limit future Commission consideration of Laclede's rates. On March 27, Laclede filed a tariff sheet to comply with the Commission's February 13 order. Staff reviewed that filing, and had reservations about its compliance with the February 13 order.
2. Staff, Laclede, and the Office of the Public Counsel discussed possible tariff language to comply with the Commission's order, and Laclede filed a substitute tariff sheet on April 2, 2001. Staff has reviewed the tariff and recommends, per the attached Staff memorandum, that the Commission approve the substitute tariff.

67

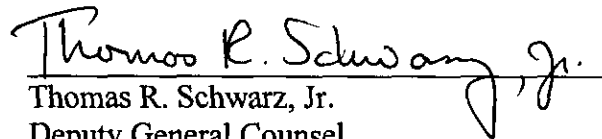
3. Laclede also filed on March 27, a Motion for Expedited Treatment of its tariff filing.

Staff believes that the Laclede's motion states good cause pursuant to Section 393.140(11) RSMo 2000 for permitting the proposed substitute tariff to become effective on less than thirty days notice.

WHEREFORE Staff recommends that the Commission approve Laclede's proposed substitute tariffsheet, to become effective for service on and after April 6, 2001.

Respectfully submitted,

DANA K. JOYCE
General Counsel


Thomas R. Schwarz, Jr.
Deputy General Counsel
Missouri Bar No. 29645

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 2nd day of April, 2001.

Thomas R Schwanz, Jr.

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GO-2000-394, File No. 200100987, Laclede Gas Company

FROM: *WU for TI WU*
Thomas Imhoff, Gas Department – Tariffs/Rate Design
Dave Sommerer, ⁸⁸Procurement Analysis Department

Wes Headman 4-2-01
Utility Operations Division / Date

Thomas R. Schwany Jr. 4/2/01
General Counsel's Office / Date

SUBJECT: Staff Recommendations on Laclede's Motion for Expedited Treatment and Tariff Sheet Filed to Comply with Commission's Order Rejecting Tariff

DATE: April 2, 2001

The Staff recommends approval of Laclede's substitute tariff sheet filed on April 2, 2001 in compliance with the Commission's Order of February 13, 2001.

On March 22, 2001 the Commission rejected a Laclede tariff filed pursuant to a February 13, 2001 Commission Order. The Commission stated that it, "Is unwilling to approve a tariff provision that purports to preclude the Commission from ever reviewing this matter in a future Actual Cost Adjustment proceeding." The Commission also noted that, "Should Laclede refile its proposed tariff without the additional language in the last sentence of paragraph G, Sheet No. 28-e, the Commission would be inclined to approve the tariff on an expedited basis to become effective in less than 30 days."

The last two sentences of the version of the tariff that the Commission rejected read as follows:

"In lieu of being recovered through the Price Stabilization Charge described below, this increase in the MRA shall be funded by the Company through implementation of its February 2, 2001 offer in Case No. GO-2000-394 to contribute \$4 million of the amount that the Company is entitled to retain, and would otherwise retain, as part of its share of the savings achieved during the second year of the Program under the Overall Cost Reduction Incentive. Use of this \$4 million contribution to fund the increase in the MRA shall constitute a final disposition of this amount for ratemaking purposes and no other adjustment shall be made to the Company's rates, either directly or indirectly, to flow through or otherwise credit this amount to Laclede's customers."

On March 27, 2001, Laclede Gas Company (Laclede or Company) of St. Louis, Missouri filed a tariff sheet proposed to become effective April 26, 2001 that reflected changes by Laclede to comply with the Commission's March 22, 2001 Order Rejecting Tariff. On March 27, 2001, Laclede also filed a Motion for Expedited Treatment to have the noted tariff sheet become effective April 6, 2001. Laclede's March 27, 2001 tariff sheet filing proposed to replace the above language with the following:

"The first \$4 million of the MRA shall be recovered through the Price Stabilization Charge described below. The \$4 million increase in the MRA shall be funded through the cash received as a result of the gains realized from the Company's purchase and sale of financial instruments during

the second year of the Program, provided that a corresponding reduction shall be made in and up to any amount that, after review, the Company is entitled to retain, and would otherwise retain, as part of its share of such gains.”

The Staff studied Laclede’s revised language and believed that it should be rejected. Staff and Laclede discussed options for revising Laclede’s proposed language and agreed to the following:

“The \$8 million amount shall be recovered through an increase in the Price Stabilization Charge described below, provided that during the period of such recovery the Company shall flow through to its customers, and relinquish any claim on, \$ 4 million of that portion of the gains which were realized from the Company’s purchase and sale of financial instruments during the second year of the Program and which the Company claims it would otherwise be allowed to retain under the Program.”

Laclede filed its substitute tariff sheet containing this language on April 2, 2001. Staff is of the opinion that good cause for approval of the tariff sheet that Laclede provided on April 2, 2001 to substitute the tariff sheet filed on March 27, 2001 on an expedited basis of less than thirty days has been demonstrated. Therefore, Staff recommends the Commission grant the Motion for Expedited Treatment by the Company on March 27, 2001, and approve the following substitute tariff sheet to become effective April 6, 2001:

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

Fourth Revised Sheet No. 28-e Canceling

Third Revised Sheet No. 28-e

COPIES: Director - Utility Operations Division
Director - Research and Public Affairs Division
Director - Utility Services Division
General Counsel
Manager - Financial Analysis Department
Manager - Procurement Analysis Department
Manager - Gas Department
Office of the Public Counsel
Mike Cline, Director – Tariff and Rate Administration (Laclede)
Mike Pendergast, Attorney (Laclede)

Service List for
Case No. GO-2000-394
Revised: April 2, 2001 (SW)

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