

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of the Verified Application)	
and Petition of Laclede Gas Company for)	<u>Case No. GO-2006-0377</u>
Establishment of an Infrastructure)	Tariff No. YG-2006-0899
System Replacement Surcharge.)	

STAFF MEMORANDUM

COMES NOW the Staff of the Commission and respectfully submits its Memorandum concerning the Tariffs filed by Laclede to implement the Infrastructure System Replacement Surcharge (ISRS) filed by Laclede Gas Company (Laclede). Staff states that:

1. On March 31, 2006, Laclede filed its Verified Application and Petition For Establishment of an ISRS with the Missouri Public Service Commission.

2. Laclede submitted its Application based upon Missouri statutory sections in Chapter 393 RSMo, authorizing (ISRS).

3. On April 6, 2006, the Commission suspended Laclede's tariff for 120 days, until July 29, 2006, in accord with statutory provisions: §§ 393.1009, 393.1012 and 393.1015 RSMo (2003).

4. On April 27, 2006, the Commission issued its Order Directing Filing. This Order directed Staff to file a Staff Report by May 30, 2006.

5. On May 19, 2006 Staff filed Staff's Memorandum in this case. Staff's review showed that while Laclede's cost support does not support the proposed rates, but does justify a revised revenue requirement of \$1,820,481. Staff also recommended that

future ISRS filings utilize an average level of customers since an average level of customers is more reflective of the billing units in the period in which the ISRS charge will be in effect rather than the customer count for a single month as reported in Laclede's Annual Report. Staff's calculation method results in rates more likely to produce revenues consistent with the appropriate ISRS revenue requirement. Staff also recommended that pending tariff sheets be rejected and replaced with ISRS rates consistent with Staff's Recommendation.

6. On May 23, 2006, the Commission issued its Order establishing May 31, 2006, as the deadline for any Party wishing to respond to Staff's Memorandum.

7. On May 31, 2006, Laclede, in Laclede's Response to Staff Recommendation, stated Laclede's agreement with Staff's Memorandum.

8. On June 1, 2006, Laclede filed its Motion for Approval of Tariff and Motion for Expedited Treatment.

9. On June 2, 2006, the Commission ordered Staff to file a Response by June 5, 2006. Attached hereto, as Appendix A, is Staff's Recommendation that the proposed tariff sheets filed by Laclede on June 1, 2006 be approved effective June 15, 2006. Staff further states that it has no objection to the Notice proposed by Laclede.

WHEREFORE, for the foregoing reasons, Staff respectfully requests that the Commission accept Staff's recommendations in this case, and issue its Order consistent with Staff's recommendations.

Respectfully submitted,

/s/ Robert V. Franson

Robert V. Franson

Senior Counsel

Missouri Bar No. 34643

Attorney for the Staff of the
Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-6651 (Telephone)

(573) 751-9285 (Fax)

robert.franson@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 5th day of June, 2006.

/s/ Robert V. Franson

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GO-2006-0377, File No. YG-2006-0899
Laclede Gas Company

FROM: Michael J. Ensrud, Energy – Tariffs/Rate Design

/s/Thomas Imhoff / 06-05-06

Energy Department/Date

/s/Robert Franson / 06-05-06

General Counsel's Office/Date

SUBJECT: Staff Recommendation on the Revised Tariff Sheet filed to Effectuate the First
Reiteration of Laclede's ISRS Rates - YG-2006-0899 / Address the Notice
Submitted / Provide a Recommendation, as Directed

DATE: June 5, 2006

On June 1, 2006, Laclede Gas Company (Laclede or Company) of St. Louis, Missouri, filed MOTION FOR APPROVAL OF THE TARIFF AND MOTION FOR EXPEDITED TREATMENT. Attached to the motion is a tariff sheet. In the motion, Laclede "*respectfully requests that the Commission approve the Revised Tariff and the customer notices, effective June 15, 2006.*"

The ISRS rates on the proposed tariff page correspond to the rates that staff calculated and recommended be implemented in its May 19, 2006 its Memorandum. The rates comply with staff's attachment to the Memorandum that reflects all appropriate adjustments to Laclede's initial submission.

The notice is in substantial compliance with the rules and consistent with Laclede's past practices concerning notice.

Given the condition of the filing and the notice, staff has no objection to granting Laclede an expedited effective date for this filing.

On June 2, 2006, the Commission issued ORDER DIRECTING FILING. In that document, the Commission stated the following:

Before proceeding to consider Laclede's motions or tariff, the Commission would like to have a recommendation from its Staff. Therefore, the Commission will direct Staff to file a recommendation regarding Laclede's revised ISRS tariff and proposed notices by June 5, 2006, or file a pleading indicating when it will be able to file a recommendation.

This memo addressing the validity of the proposed rates and the content of the notice constitutes

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OFFICIAL CASE FILE MEMORANDUM
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Staff's recommendation that Laclede's submission be implemented on the June 15 date that is being sought by Laclede.

Staff's review of Laclede's cost support does not justify the rates initially proposed, but does justify a revised revenue requirement of \$1,820,481 to be recaptured in ISRS rates. The revised schedule accomplishes this goal.

The revised ISRS tariff sheet should be designated:

P.S.C. MO. No. 5

Sixth Revised SHEET No. 12, Cancelling Fifth SHEET No. 12

