

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

In the Matter of the Application of Laclede Gas)
Company to Change its Infrastructure System) File No. GO-2017-0202
Replacement Surcharge in its Laclede Gas)
Service Territory)

In the Matter of the Application of Laclede Gas)
Company to Change its Infrastructure System) File No. GO-2017-0201
Replacement Surcharge in its Missouri Gas)
Energy Service Territory)

UNANIMOUS STIPULATION AND AGREEMENT

This Unanimous Stipulation and Agreement (this “Agreement”) is entered into by and among Laclede Gas Company (“Laclede”), on behalf of its operating units Laclede Gas (“LAC”) and Missouri Gas Energy (“MGE”), the Commission Staff (“Staff”) and the Office of the Public Counsel (“OPC”). The parties are sometimes referred to collectively as the “Signatories.” The Agreement is effective as of the effective date of a Commission Order approving this Agreement.

1. In the ISRS proceedings filed by LAC and MGE immediately prior to these current ISRS proceedings (the “Prior Cases”),¹ OPC raised an issue regarding the ISRS eligibility of the plastic portion of certain main and service line replacements (the “Plastics Issue”). The gist of OPC’s allegation is that part of the plastic being replaced is not worn out or in deteriorated condition, and therefore some portion of the costs of the plastic being installed is not ISRS eligible. Laclede Gas, MGE and Staff opposed OPC’s position and argued, among other things, that the interspersed plastic main and the plastic

¹ For LAC, the Prior Case was Case No. GO-2016-0333; for MGE, the Prior Case was Case No. GO-2016-0332.

services being replaced are all part of the program to remove (or abandon) cast iron main in the most efficient and cost-effective manner possible.

2. The Commission issued its Report and Order in the Prior Cases on January 18, 2017 (the “January 18 Order”), finding that all of the costs of installation were ISRS eligible.

3. OPC has filed a notice of appeal for judicial review of the January 18 Order. The Western District Court of Appeals has docketed that appeal as Case No. WD80544.

4. In connection with the January 18 Order, the Commission requested information on the value of the Plastics Issue for purposes of quantifying the amount at stake in the appeal. The Signatories were unable to agree on an amount and each submitted its view of how such quantification should be done. The Commission made no finding on the quantification, but simply recited the Parties’ positions. The Signatories have continued to discuss the quantification issue, but they continue to disagree on the value of the Plastics Issue, if any.

5. Given the pending nature of its appeal, OPC has again raised the Plastics Issue in its April 4 Objection and Request for a Hearing in the above referenced cases (the “Current Cases”). The Signatories believe that the appellate process that has begun in Case No. WD80544 will conclusively resolve the Plastics Issue. Accordingly, the Signatories do not believe it would be a productive use of the Commission’s or the Signatories’ resources to litigate the Plastics Issue before the Commission again in the Current Cases. Instead, the Signatories recommend that the Commission approve the following protocol for addressing the Plastics Issue, and for specifying how the outcome

of any judicial determination in the appeal of the Prior Cases will be applied to the Current Cases.

(a) If the courts do not reverse the Commission's January 18 Order on the grounds that the Commission's decision on the Plastics Issue is unlawful or unreasonable, then no adjustment shall be made to the plant amounts included in the ISRS charges approved in the Prior Cases or in the Current Cases. However, as provided in Section 393.1015.8 RSMo, such ISRS investments remain subject to review for prudence in the pending LAC and MGE rate cases (Case Nos. GR-2017-0215 and 0216).

(b) If the courts make a final, non-appealable decision reversing the Commission's January 18 Order on the grounds that the Commission's decision on the Plastics Issue is unlawful or unreasonable, then the court's final decision shall be applied to the Current Cases in the same manner as it is applied to the Prior Cases, as applicable. In such event, upon remand, any one or more Signatories may request that the Commission determine the amount of refund, if any, that shall be made in both the Prior Cases and the Current Cases as a result of such reversal. LAC, MGE and Staff agree not to challenge OPC's right to make such request, and LAC and MGE further agree to produce work order or other information in their possession necessary to determine the amount of plastic that was replaced in the Prior Cases and the Current Cases. All Signatories reserve their rights to make any argument they wish regarding the methodology, propriety, and quantification of such refund, if any. Until and unless the courts reverse the January 18 Order on the grounds that the Commission's decision on the Plastics Issue is unlawful or unreasonable, neither LAC nor MGE shall be required to produce further information on the Plastics Issue in the Prior Cases or the Current Cases.

(c) If the courts make a final, non-appealable decision reversing the Commission's January 18 Order on grounds other than the grounds that the Commission's decision on the Plastics Issue is unlawful or unreasonable, and a Signatory requests that the Commission determine the amount of refund, if any, that shall be made as a result of such reversal, LAC, MGE and Staff reserve the right to challenge OPC's right to make such request, and all Signatories reserve the right to advocate any position they deem appropriate in challenging the methodology or amount of such refund, if any.

6. The Signatories request that the Commission approve the rates that Staff recommended in its April 4 Recommendations in the Current Cases, and that the Commission order LAC and MGE to file ISRS rate tariffs as Staff recommended in its April 4 Recommendations in the Current Cases to become effective June 1, 2017.

7. Unless otherwise explicitly provided herein, none of the Signatories to this Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation, depreciation or revenue related method or any service or payment standard, and none of the Signatories shall be prejudiced or bound in any manner by the terms of this Agreement in any other proceeding, except as otherwise provided herein. Nothing in this Agreement shall preclude the Staff or OPC in future proceedings from providing recommendations as requested by the Commission, or limit Staff's or OPC's access to information in any other proceedings except as provided herein. Nothing in this Agreement shall waive any applicable statute or Commission regulation or Company tariff.

8. This Agreement has resulted from negotiations among the Signatories and the terms hereof are interdependent. In the event the Commission approves this

Agreement with modifications or conditions that a Party to this proceeding objects to, then this Agreement shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

9. In the event the Commission accepts the specific terms of this Agreement without modification, and subject to the terms of paragraph 5 herein, the Signatories waive, with respect to the issues resolved herein: any respective rights they may have in this action, pursuant to Section 536.070(2) (RSMo. 2000) to call, examine and cross-examine witnesses; any respective rights they may have in this action, pursuant to Section 536.080.1 (RSMo. 2000) to present oral argument and written briefs; any respective rights they may have in this action to the reading of the transcript by the Commission pursuant to Section 536.080.2 (RSMo. 2000); any respective rights they may have in this action to seek rehearing pursuant to Section 386.500 (RSMo. 2000); and any respective rights they may have in this action to judicial review of the Commission's Report and Order in this case pursuant to Section 386.510 (RSMo. 2000).

10. The Staff shall also have the right to provide, at any agenda meeting at which this Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that Staff shall, to the extent reasonably practicable, provide the other Signatories with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to the Commission's rules on confidential information.

WHEREFORE, for the foregoing reasons, the undersigned Signatories respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Unanimous Stipulation and Agreement.

Respectfully submitted,

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