

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

In the Matter of a Working Case to Consider the)	
Establishment of a Low-Income Customer)	Case No. GW-2013-0046
Class or Other Means to Help Make Natural Gas)	
Utility Services Affordable)	

COMMENTS OF LACLEDE GAS COMPANY

COMES NOW Laclede Gas Company (“Laclede” or the “Company”) and submits the following comments in response to the Commission’s August 8, 2012 Order Opening an Investigation into the Establishment of a Low-Income Customer Class or Other Means to Help Make Natural Gas Utility Services Affordable.

BACKGROUND

Laclede is a public utility incorporated under the laws of the State of Missouri, with its principal office located at 720 Olive Street, St. Louis, Missouri 63101. The Company is primarily engaged in the business of distributing and transporting natural gas to customers in the City of St. Louis and the Counties of St. Louis, St. Charles, Crawford, Jefferson, Franklin, Iron, Ste. Genevieve, St. Francois, Madison, and Butler in Eastern Missouri, as a gas corporation subject to the jurisdiction of the Missouri Public Service Commission (the “Commission”). With over 630,000 residential, commercial and industrial customers, Laclede is the largest natural gas distribution company in the state of Missouri.

Laclede takes very seriously the concerns raised by the Commission in its August 8, 2012 Order regarding the struggles of low-income utility customers to maintain access to utility services in a very challenging economic environment. Although Laclede’s

overall utility rates have declined substantially over the past several years due, in large part, to the favorable price impact of massive increases in domestic gas supplies,¹ the Company recognizes that many customers continue to battle economic hardship everyday.² From Laclede's perspective, this unfortunate reality is only underscored by the fact that nearly a third of the customers in the largest city served by the Company – St. Louis – reside in households with incomes below the federal poverty level.

Over the years, Laclede has played a constructive role in pursuing measures aimed at mitigating this persistent problem. It has partnered with the Commission Staff and Office of the Public Counsel (OPC) to implement energy affordability and weatherization programs for low-income customers, advocated for increases in federal and state utility assistance funding, and developed and promoted private charitable assistance alternatives, most notably Dollar-Help. More recently, Laclede has stepped up its outreach efforts in working with the Family Support Division of the Missouri Department of Social Services, State Representatives, the Urban League and other community organizations in an effort to connect more directly with customers in need at their schools and churches; all with the objective of making sure that they are aware of the financial assistance that is currently available to help them with their energy bills.

¹ A report compiled by economist Roger D. Colton in 2004 contains a wide-ranging analysis of the issues and challenges faced by low-income utility customers in Missouri, both in terms of the affordability of energy services and the demands imposed by housing, medical, food and other costs. While Laclede does not necessarily agree with all of the findings, conclusions and recommendations set forth in the report, it is a good starting point for gaining a better understanding of these challenges. *See Paid But Unaffordable: The Consequence of Energy Poverty in Missouri – and Elsewhere.* A Study commissioned by the National Low Income Energy Consortium and conducted by economist Roger D. Colton.

² The magnitude of the price changes in the wholesale gas market as a result of the revolution in shale gas production can be readily gleaned from the Natural Gas Report for 2012 that is currently posted on the Commission's website.

COMMENTS

It is with this background in mind that Laclede welcomes the Commission's most recent initiative to focus on developing other potential approaches for addressing this important concern. In terms of the legal and policy considerations that should govern the development of a special rate class or other measures for helping low-income customers, Laclede generally concurs with the comments submitted by the Missouri Energy Development Association on this same date. At the same time, Laclede wishes to emphasize that it is committed to working with the Commission and other stakeholders in a joint effort to explore new approaches at the regulatory level that can effectively and fairly address this concern. That includes a corresponding commitment to work on enabling legislation that might be necessary to authorize a particular approach. To be effective and fair, however, Laclede believes that any new approach should:

- Be developed using the considerable work that has previously been done in prior Commission workshops, investigations and proceedings that have been devoted to this issue. Many of the issues raised by the Commission in its August 8 Order have been considered and discussed by various stakeholders in these prior proceedings and a variety of recommendations have been made to address them. Rather than “reinvent the wheel”, a conscientious effort should be made to review and use this informational resource in developing potential approaches for the future.
- Focus on measures that seek to benefit both the customers who require additional assistance as well as the customers who must shoulder the cost of any explicit or indirect subsidies. Among other things, this means: (a) pursuing measures that

provide participating customers with both the means as well as an appropriate incentive to pay their bills; and (b) *realistically* evaluating how various measures aimed at helping customers to maintain utility service can potentially serve to reduce or avoid costs that would otherwise be borne by other customers (i.e. disconnection costs, collection costs, possibly some level of uncollectible expense).

- Consider the potential use of non-traditional revenue sources as a means of expanding the number of customers who can be served by such programs. Two potential examples would include a portion of those revenues generated from sales made to non-utility customers outside of the utility's service territory and a portion of those revenues received from customers who fail to pay their bills on time.
- Be structured to ensure that utilities continue to receive a full share of any federal or state energy assistance that might otherwise be available. It would be counterproductive and unfair to Missouri utility customers to design a program in a way that resulted in Missouri utilities receiving less than their allocated share of government funded energy assistance because utility generated funding was being used as a substitute for such funding.
- Be structured in a way that allows social service agencies and utilities to do what they do best. When it comes to qualifying customers by income, any program approved by the Commission should recognize that social service or community action agencies are in a far better position to do this sensitive work than public utilities given the former institutions' experience, infrastructure and historical

mission of identifying the income and other social needs of Missouri citizens. Accordingly, while additional funds might be necessary to support the work of such agencies in helping to administer any expanded program, Laclede believes it makes far more sense for them to continue to play that role.

These are only some of Laclede's preliminary thoughts on the subject. They may, of course, evolve as additional information and the views of other stakeholders are presented. What will not change, however, is Laclede's commitment to working with the Commission and other stakeholders in a constructive and hopefully creative way to seek additional solutions to this issue that are workable and fair.

Respectfully submitted,

/s/ Michael C. Pendergast

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CERTIFICATE OF SERVICE

Gerry Lynch hereby certifies that the foregoing pleading has been duly served upon the General Counsel of the Staff and the Office of the Public Counsel by email or United States mail, postage prepaid, on this 7th day of September, 2012.

/s/ Gerry Lynch

Gerry Lynch