

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

In the Matter of the Laclede Gas Company’s)
Request to Increase Its Revenues for Gas Service) **File No. GR-2017-0215**

In the Matter of the Laclede Gas Company d/b/a)
Missouri Gas Energy’s Request to Increase Its)
Revenues for Gas Service) **File No. GR-2017-0216**

STATEMENT OF POSITION OF THE ENVIRONMENTAL DEFENSE FUND

COMES NOW the Environmental Defense Fund (“EDF”) and submits its Statement of Positions on select issues set forth in the *List of Issues, Order of Witnesses, Order of Cross-Examination and Order of Opening Statements* filed on November 29, 2017 in the above-captioned proceedings. For all issues not included below, EDF does not take a position. However, EDF reserves the right to adopt different positions on any issue based upon the evidence presented during the hearing.

LIST OF ISSUES

III. LAC-MGE Common Issues

d. Gas Supply Incentive Plan (GSIP)

- i. Should LAC continue its current GSIP mechanism?

EDF does not take a position on whether LAC should continue to have a GSIP. EDF’s proposed revisions to the Purchased Gas Adjustment (“PGA”)/Actual Cost Adjustment (“ACA”) tariff include a reference to the First of Month Benchmark included in LAC’s current GSIP. In the event the Commission eliminates the GSIP, the Commission should retain the First of Month Benchmark provisions for purposes of implementing the new PGA/ACA tariff revisions but eliminate them as a means of rewarding or incentivizing the Company. In the event the Commission retains the GSIP, the Commission should adopt the proposed edits to the GSIP listed on Schedule EDF-04 to Greg Lander’s Direct Testimony.

- ii. Should a similar GSIP be approved for MGE?

EDF does not take a position on this issue.

- iii. If a GSIP is instituted for MGE and/or continued for LAC, should the gas

pricing tiers that determine company eligibility for retaining a share of savings be updated or eliminated?

EDF does not take a position on this issue.

e. PGA/ACA Tariff Revisions

- i. Should LAC have new PGA/ACA tariff provisions pertaining to costs associated with affiliated pipeline transportation agreements?

Yes, the Commission should adopt the proposed PGA/ACA tariff provisions set forth in the Direct Testimony of Greg Lander to reflect recent trends in the natural gas market and to protect ratepayers from any unreasonable costs associated with affiliated pipeline transportation agreements. These provisions will ensure that ratepayers are kept indifferent to capacity or supply decisions made at the corporate level by shielding ratepayers from any unreasonable costs, particularly those which may result from an agreement with an affiliate such as the precedent agreement between Laclede and Spire STL Pipeline.

f. CAM

- i. Should a working group be created following this rate case to explore ideas for modifying the LAC and MGE CAM?

The Commission should adopt the proposed changes to Laclede's Cost Allocation Manual and Gas Supply and Transportation Standards of Conduct as set forth in the Direct Testimony of Greg Lander at Schedule EDF-05. In the event the Commission declines to adopt these changes, it should open a separate docket at the conclusion of this case to investigate possible revisions to the Cost Allocation Manual and Standards of Conduct.

- ii. Should an independent third-party external audit be conducted of all cost allocations and all affiliate transactions, including those resulting from Spire's acquisitions, to ensure compliance with the Commission's Affiliate Transactions Rule, 4 CSR 240-20.015?

Yes, the Commission should order that an independent third party external audit be conducted of all cost allocations and all affiliate transactions to ensure the Company's compliance with the Commission's Affiliate Transaction Rule. Laclede should not be allowed to seek to recover the costs of its firm transportation agreement with Spire STL Pipeline in a PGA/ACA proceeding until the completion of the audit proceeding accompanied by a Commission finding that this arrangement is in compliance with the Affiliate Transactions Rule.

November 30, 2017

Respectfully Submitted,

/s/ Natalie Karas

Natalie Karas

Senior Regulatory Attorney

Environmental Defense Fund

1875 Connecticut Ave. NW

Washington, DC 20009

(202) 572-3389

nkaras@edf.org

CERTIFICATE OF SERVICE

I hereby certify that the foregoing pleading has been served by electronic means on all parties on the Commission's most recent service list in this proceeding.

/s/ Natalie Karas