

**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 Replacement) Case No. GO-2016-0332
Surcharge in its Missouri Gas Energy)
Service Territory)

In the Matter of the Application of)
Laclede Gas Company to Change its)
Infrastructure System Replacement) Case No. GO-2016-0333
Surcharge in its Laclede Gas Service)
Territory)

**OPC’S REPLY TO LACLEDE’S
RESPONSE ON RECONCILIATION**

COMES NOW the Office of the Public Counsel (“OPC”) and for its Reply to Laclede’s Response on Reconciliation, states:

1. The purpose of this reply is to provide clarification on OPC’s suggestions on reconciliation. Laclede’s reply dated February 28, 2017 indicated a significant misunderstanding of OPC’s proposal and that a clarification was warranted.

2. OPC’s first proposal is to value the plastic issue at the *total cost of replacements*. Under this proposal, *all replacement projects* are recognized to include plastic replacements due to Laclede’s new “replace it all” strategy where projects now replace entire neighborhoods rather than just the corroded portion of cast iron pipe. This proposal recognizes that eligibility under the Infrastructure System Replacement Surcharge (“ISRS”) statutes is determined by project. This is consistent with Section 393.1009(3) RSMo which defines “eligible infrastructure system replacements” as “plant utility plant projects.” The value of these projects are easily identified in Laclede’s direct

testimony, as stated in OPC's Suggestions, which value the replacements at \$40,679,361.58 for Laclede Gas, and \$35,997,222.77 for Missouri Gas Energy. This is a simple approach that narrows the costs to only those types of projects (replacement projects) that OPC challenges, and is easily supported by the record.¹

3. OPC's first suggestion does not rely upon Laclede to perform any additional calculations. OPC only raised that point to show that Laclede *could* make more detailed calculations to narrow down the costs even further if it chose to do so. Unfortunately, Laclede chose not to assist the Commission.

4. Laclede's response casts many derogatory remarks towards OPC, including statements that OPC's suggestions are "shortsighted," "absurd", "anti-ISRS", "partisan", "a convoluted and confusing stream of consciousness", and that "customers deserve better from their consumer advocate." To the contrary, OPC's suggestions provide the Commission with two reasonable approaches to reconcile the value of the plastic issue, based upon calculations included in the record, whereas Laclede has provided the Commission with no assistance despite having a statutory obligation to do so. Instead, Laclede is critical of the suggestions of both OPC and the Staff in an attempt to make it difficult for the Commission to fulfill its statutory obligation to approve the reconciliation. OPC asks the Commission to disregard Laclede's attacks and instead focus on the merit of the three reconciliation proposals before it.

WHEREFORE, the Office of the Public Counsel respectfully offers this reply to Laclede's response regarding reconciliation.

¹ Under this proposal, all enhancements under Section 393.1009(5)(b) and relocations under Section 393.1009(5)(c) would be still considered eligible.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 28th day of February 2017.

/s/ Marc Poston
