

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

In the Matter of Laclede Gas Company's Application)	
to Establish Depreciation Rates for Enterprise)	<u>Case No. GO-2012-0363</u>
Computer Software Systems)	

**STAFF'S STATEMENT
OF POSITION ON THE ISSUES**

1. **Should the Commission grant Laclede's request for authority to establish a new depreciation rate for its Enterprise Information Management System ("EIMS")?**

Staff Response: *Yes. The Commission should grant Laclede's request for authority to establish a new depreciation rate for EIMS as the current depreciation rate of twenty percent (20%) based on a five year service life is inappropriate for this asset.*

Staff Witness: John Robinett

2. **If the answer to 1 is yes, what depreciation rate should the Commission order for EIMS?**

Staff Response: *The Commission should order a depreciation rate at seven percent (7%) for Laclede's EIMS to reflect a fifteen (15) year average service life and a five percent (5%) cost of removal unless and until otherwise decided in Laclede's next general rate case proceeding.*

Staff Witness: John Robinett

Staff Response: *There are also legal questions, which Staff counsel will address about whether the Commission may permit Laclede to create a new sub-account to record certain assets and whether the Commission may order Laclede to change the depreciation rate for a new sub-account outside a rate case. Staff does not consider this issue to be single issue ratemaking. No rates will change as a result of a commission order. A Commission order will, however, have an effect on the amount Laclede books to its depreciation reserve, which will have an effect on the rates customers pay in the future. This issue is closely tied to the question of whether the Commission may or should issue such an order without consideration of a complete depreciation study. Staff can make a determination of what it considers to be a reasonable rate for this type of asset outside a rate case. Balancing depreciation rates is typically done in a rate case to assure customers pay just and reasonable rates. Another ancillary, and closely related question is when Laclede should or could create a sub-account and begin booking at a rate different from the rate in its currently available accounts. Staff*

recognizes that what customers pay for these assets depends on when the Commission grants Laclede's application.

Respectfully submitted,

/s/ Lera L. Shemwell

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been electronically mailed to all counsel of record this 8th day of August 2012.

/s/ Lera L. Shemwell

Lera L. Shemwell