

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office in
Jefferson City on the 27th day of
August, 2002.

In the Matter of the Tariff Filing of Laclede) **Case No. GT-2003-0064**
Gas Company to Implement a Gas Supply) Tariff File No. 200300078
Incentive Plan called Catch-Up-Keep-Up)

ORDER SUSPENDING TARIFFS

On July 29, 2002, Laclede Gas Company filed proposed tariff sheets to implement a program called Catch-Up-Keep-Up for its low-income customers. According to Laclede, the program is designed to offer a low-income customer favorable payment terms if the customer makes timely payments and agrees to implement certain conservation measures. Laclede's stated goal is to provide low-income customers the means as well as the incentive to "break the cycle" of missed payments and service interruptions. While such a goal is laudable, the program appears to be designed to guarantee that Laclede retains ten percent of discounts on transportation and storage charges it receives from pipeline suppliers.

On August 22, the Staff of the Commission filed a motion to "suspend and reject" the tariff filing. In Staff's view, the proposed tariff would allow Laclede to "bill residential customers 30 percent more than the actual cost of transportation, [while] Laclede would keep one-third of the excess billings for itself, and apply the remaining two-thirds of the excess billings to assistance for low-income residential customers." Staff also stated that the program appears similar to one considered by the Commission in Case No. GT-2001-329, in that it charges

residential customers more than the actual cost to provide service, uses some of the excess charges to provide assistance to low-income customers, and the rest of the excess charges flow to Laclede's shareholders. Although Laclede stated that the program would provide it with incentive to obtain more transportation discounts, Staff questioned whether it would actually do so. Staff also suggested that the proposal might violate Section 393.140, RSMo 2000. Staff requested that the Commission suspend the proposed tariff sheets to allow further investigation.

On August 26, Laclede filed a response to the Staff's motion. Laclede stated that the Staff's concerns are overblown or misplaced, and that the proposed program will work as intended. Laclede argued that Section 393.140 does not prohibit the kind of subsidies that the proposed tariffs would implement, and that the Commission has previously approved similar programs. Laclede stated that it:

would not object to a Commission Order approving the Tariff upon the condition that Laclede fulfill its agreement, as stated herein, to abide by any final disposition by the Commission of what portion of the 10 percent share that was to be initially retained by the Company should be directed toward additional funding of the Program.

Because of the impending effective date of the tariffs, the Staff did not have an opportunity to respond to this condition proposed by Laclede.

The Office of the Public Counsel did not file a response to either the tariff filing or the Staff Memorandum.

It is unclear from the pleadings whether Laclede's proposed Catch-Up-Keep-Up program is in the public interest. Furthermore, there is no evidentiary basis on which the

Commission can base a decision. In order to allow sufficient time to study the effect of the proposed tariffs and establish an evidentiary record, the proposed tariffs will be suspended.

The Commission will schedule a prehearing conference to afford the parties the opportunity to discuss, define, and possibly resolve the issues presented. The Commission will also set a date for the filing of a proposed procedural schedule to ensure that this case progresses.

IT IS THEREFORE ORDERED:

1. That the following tariff sheets filed by Laclede Gas Company on July 29, 2002, are suspended for 30 days or until otherwise ordered by this Commission:

P.S.C. MO. No. 5 Consolidated

Original Sheet No. 28-h

Original Sheet No. 28-i

Original Sheet No. 28-j

Original Sheet No. 28-k

2. That a prehearing conference shall be held on September 6, 2002, at 10:00 A.M. in room 305 of the Governor Office Building, 200 Madison Street, Jefferson City, Missouri, a building that meets accessibility standards of the Americans with Disabilities Act. Any person who needs specific accessibility accommodations may call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or 1-800-829-7541 (TDD) prior to the hearing.

3. That the parties shall file a proposed procedural schedule no later than September 13, 2002. The procedural schedule shall include dates for the filing of testimony and for a hearing.

4. That this order shall become effective on August 29, 2002.

BY THE COMMISSION

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Simmons, Ch., Murray, Lumpe, Gaw and Forbis, CC., concur

Mills, Deputy Chief Regulatory Law Judge