

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

In the Matter of the Verified Application and                    )  
Petition of Laclede Gas Company to Change its                )  
Infrastructure System Replacement Surcharge in                )  
Its Laclede Gas Service Territory                                    )     Case No. GO-2015-0178

**RESPONSE OF LACLEDE GAS COMPANY  
TO PUBLIC COUNSEL’S MOTION TO REJECT TARIFF  
OR SET THIS MATTER FOR HEARING**

COMES NOW Laclede Gas Company (“Laclede” or "Company") and for its Response to Public Counsel’s Motion to Reject Tariff or Set this Matter for Hearing respectfully states as follows:

1. On March 19, 2015, the Office of the Public Counsel (“OPC”) filed a Motion in which it requested that the Commission reject the tariff filed by Laclede to change its Infrastructure System Replacement Charge (“ISRS”) or, alternatively, set this matter for hearing (“OPC’s Motion”).

2. On March 20, 2015, the Commission issued its Order Setting Evidentiary Hearing and Directing Parties to File Proposed Procedural Schedule. Because the Commission has determined that the claims raised in OPC’s Motion are most appropriately addressed through an evidentiary hearing, Laclede will not attempt to respond to those claims in detail at this stage. Laclede does want to advise the Commission, however, that it strongly disagrees with OPC’s contention that costs to replace telemetering equipment are ineligible for inclusion in the Company’s ISRS filing. Laclede believes that the evidentiary record will demonstrate that such equipment is critical to monitoring and ensuring the safe pressurization of the Company’s distribution system. The record will further demonstrate that the prior telemetering equipment had to

be replaced because it was so old that the manufacturer was no longer servicing it, rendering it effectively unusable for its intended purpose. As a result, such equipment had become “worse or inferior in character, quality, [and] value . . .” – a circumstance that means the equipment was in “deteriorated condition” and thus eligible for ISRS inclusion under the plain language of Section 393.1009(5)(a) RSMo.

3. Laclede also disagrees with OPC’s claim that the two months of budgeted, pro-forma ISRS plant included in the Company’s ISRS filing (as subsequently updated) is ineligible for inclusion in its ISRS charges in this case. Again, the evidentiary record will demonstrate: (a) that the update of ISRS plant to reflect two months of additional ISRS investments is part and parcel of a corresponding practice of also updating ISRS plant to *reduce* ISRS revenues by reflecting an additional *three and a half to four* months of accumulated depreciation expense and deferred tax liability; (b) that the practice of updating such amounts has been consistently employed in prior ISRS filings since at least 2009; (c) that both the Commission Staff and the Company have clearly identified in formal submissions the use of this practice in these prior ISRS filings; (d) that such a process is entirely consistent with the use of budgeted and updated costs in rate cases; (e) that there is nothing in the language of the ISRS statute or rules that precludes such a practice; and (f) that the practice of using budgeted and updated cost information in this and other ISRS cases has in no way prejudiced OPC’s ability to review and make recommendations given the timing of the update and when OPC customarily begins its review.

4. That said, Laclede, Staff and OPC have developed and filed a procedural schedule that, together with the already scheduled hearing, will provide the Commission

with a complete and accurate evidentiary record upon which to decide the issues raised in OPC's Motion.

**WHEREFORE**, for the foregoing reasons, Laclede Gas Company respectfully requests that the Commission take note of this Response.

Respectfully submitted,

**/s/ Rick E. Zucker**  
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ATTORNEY FOR LACLEDE GAS COMPANY

**CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing Application and Petition was served on the General Counsel of the Staff of the Missouri Public Service Commission and the Office of the Public Counsel on this 27th day of March, 2015 by hand-delivery, fax, electronic mail or United States mail, postage prepaid.

**/s/ Rick Zucker**