

**MISSOURI COURT OF APPEALS
WESTERN DISTRICT**

COMPLETE TITLE OF CASE:

STATE OF MISSOURI, EX REL. LACLEDE GAS COMPANY,

Respondent

v.

PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI.

Appellant

DOCKET NUMBER WD72179

DATE: October 19, 2010

Appeal From:

Circuit Court of Cole County, MO
The Honorable Richard G. Callahan, Judge

Appellate Judges:

Division Four: Lisa White Hardwick, C.J., James Edward Welsh, J., and Charles E. Atwell, Sp. J.

Attorneys:

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**MISSOURI APPELLATE COURT OPINION SUMMARY
MISSOURI COURT OF APPEALS, WESTERN DISTRICT**

**STATE OF MISSOURI, EX REL. LACLEDE GAS COMPANY,
Respondent,
v.
PUBLIC SERVICE COMMISSION OF THE
STATE OF MISSOURI, Appellant**

WD72179

Cole County

Before Division Four Judges: Lisa White Hardwick, C.J., James Edward Welsh, J., and Charles E. Atwell, Sp.J.

This appeal involves a dispute over whether the Public Service Commission unlawfully and unreasonably rejected a tariff filing by Laclede Gas Company to recover the gas cost portion of its bad debts through a mechanism known as a purchased gas adjustment. On appeal, Laclede contends that the Commission's decision rejecting its tariff was unlawful and unreasonable because (1) the gas cost portion of bad debt is a gas cost, (2) the evidence established that Laclede did not exercise substantial influence over bad debt levels, and (3) the inclusion of unpaid gas costs in the purchased gas adjustment mechanism does not constitute unlawful single-issue ratemaking.

AFFIRMED.

Division Four holds:

The Commission's order rejecting Laclede's tariff was lawful and reasonable. The gas cost portion of bad debt is not a gas cost that can be recovered through the purchased gas adjustment mechanism. The purchased gas adjustment mechanism is meant to account for fluctuations in the gas market. Laclede's bad debt expense does not affect the rate that Laclede is charged for gas. Recovering gas costs associated with bad debts are not the type of costs for which the purchased gas adjustment mechanism is meant to be used.

Opinion by: James Edward Welsh, Judge

October 19, 2010

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