

Exhibit No.:

Issues:

Payroll, Payroll Taxes,
401(k), Health Care
Costs, Pension Plan
Trustee Fees,
Director's Pension
Plan, SERP, Outside
Consulting, Incentive
Compensation and
Advertising.

Witness:

John P. Cassidy

Sponsoring Party:

MoPSC Staff

Type of Exhibit:

Direct Testimony

Case No.:

GR-98-374

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

JOHN P. CASSIDY

LACLEDE GAS COMPANY

CASE NO. GR-98-374

Jefferson City, Missouri
August, 1998

****Denotes Highly Confidential Information****

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Missouri Public
Service Commission

DIRECT TESTIMONY
OF
JOHN P. CASSIDY
LACLEDE GAS COMPANY
CASE NO. GR-98-374

Q. Please state your name and business address.

A. John P. Cassidy, 815 Charter Commons, Suite 100B, Chesterfield, Missouri 63017.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (Commission) as a
Regulatory Auditor.

Q. Please describe your educational background.

A. I graduated from Southeast Missouri State University, receiving a Bachelor of Science
degree in Business Administration, with a double major in Marketing and Accounting in 1989 and
1990, respectively.

Q. What has been the nature of your duties while in the employ of this Commission?

A. Since joining the Commission Staff in October 1990, I have assisted with audits and
examinations of the books and records of utility companies operating within the state of Missouri. I
have also conducted numerous audits of small water and sewer companies in conjunction with the
Commission's informal rate proceedings.

Q. Have you previously filed testimony before this Commission?

A. Yes, I have. Please refer to Schedule I, which is attached to my direct testimony, for
a list of cases in which I have previously filed testimony.

Q. With reference to Case No. GR-98-374, have you made an examination of the books
and records of Laclede Gas Company (Laclede or Company)?

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1 A. Yes, with the assistance of other members of the Commission Staff (Staff).

2 Q. What are your areas of responsibility in this case?

3 A. My areas of responsibility include payroll, payroll-related taxes, 401(k) plan, health
4 care costs, pension plan trustee fees, Director's Pension Plan, Supplemental Employees Retirement
5 Plan (SERP), outside consulting fees, incentive compensation and advertising.

6 Q. What adjustments are you sponsoring?

7 A. I am sponsoring the following adjustments:

8 Payroll S-8.1, S-9.1, S-10.1, S-11.1, S-12.1, S-14.1, S-15.1

9 Payroll Taxes S-18.1

10 401 (k) Plan S-15.10

11 Health Care Costs S-15.13, S-15.14, S-15.15

12 Trustee Fees S-15.2

13 Director's Pension Plan S-15.12

14 SERP S-15.9

15 Outside Consulting Fees S-15.19

16 Incentive Compensation S-15.11, S-15.16

17 Advertising S-13.1, S-13.2, S-14.4, S-15.20, S-15.21, S-15.22

18

19 **PAYROLL**

20 Q. Please explain adjustments S-8.1, S-9.1, S-10.1, S-11.1, S-12.1, S-14.1 and S-15.1.

21 A. These adjustments annualize test year payroll based upon the Company's wage, salary
22 and employee levels at June 30, 1998. The Company categorizes its payroll by the following four
23 operating divisions: Laclede Management, Laclede Contract, Missouri Natural (MoNat) Management
24 and MoNat Contract. Management and clerical salaries for the Laclede and MoNat Divisions were

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1 based upon straight time salary levels at June 30, 1998. Contract wages for the Laclede Division were
2 based upon test year straight time payroll expense updated through June 30, 1998, adjusted to reflect
3 the August 1, 1997 wage rate increase and the June 30, 1998 employee levels. The MoNat Division
4 contract wages were based upon test year straight time expense adjusted to reflect the April 15, 1997
5 and April 15, 1998 wage rate increases and the June 30, 1998 employee levels. The contract wage
6 annualizations for the Laclede and MoNat Divisions restate test year payroll expense as if the
7 August 1997, April 1997 and April 1998 wage rates were in effect during the entire test year.

8 Q. Please describe the Staff's overtime calculation.

9 A. For all four divisions, levels of overtime payroll expense were developed by using
10 a five-year average of overtime hours, ending February 28, 1998 multiplied by an overtime rate. The
11 Staff multiplied this five-year average of overtime hours by the overtime rate per hour at June 30, 1998
12 to calculate overtime payroll. The overtime rates for all four divisions were computed by increasing
13 test year overtime payroll by wage increases and then dividing by test year overtime hours.

14 Q. Please explain the Staff's use of a five-year average for overtime hours.

15 A. Laclede Division Contract and Management employees worked 240,379 and
16 7,137 hours of overtime, respectively, during the test year ending February 28, 1998. For Laclede
17 Contract this represents a 26% increase in overtime from the calendar year ending 1995 (the test
18 period in the last Laclede rate case) in which there were only 190,777 hours of reported overtime.
19 Laclede Management experienced a 108% increase in overtime from the calendar year ending 1995
20 in which there were only 3,415 hours of reported overtime. In fact, the amount of overtime hours
21 reported during the month of November 1997 is one of the highest levels ever experienced by both
22 Laclede Contract and Laclede Management employees. In the response to Staff Data Request
23 No. 180, the Company attributes the increase in overtime hours for both Laclede Divisions to turn-ons
24 performed by its Service and Installation Department along with an increase in appliance service repair

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1 work and periodic inspections. Please refer to Schedule 2 for a summary of overtime hours reported
2 by the four divisions for each of the five years ending February 28, 1994 through February 28, 1998.

3 Instead of annualizing overtime based solely on the significantly high test year levels,
4 the Staff examined overtime hours for each of the twelve month periods ending February 28, 1994
5 through February 28, 1998. Over this period of time both Laclede and MoNat Division overtime
6 hours have varied. Due to the significant levels of overtime reported by the Laclede Divisions and the
7 somewhat lower levels of overtime reported by the MoNat Divisions, the Staff used this five-year
8 average approach in order to normalize overtime. This five-year average produces a more accurate
9 representation of an ongoing level of overtime. The Staff also believes that this five-year average is
10 conservative because it includes the full amount of overtime hours that the Company incurred during
11 the flood of 1993. In essence, by including these hours, the Staff allows for the Company to
12 experience an event such as the flood of 1993 every five years. The Staff's use of an overtime average
13 decreased Laclede Division payroll by \$212,405 and increased MoNat payroll by \$41,828 for an
14 overall decrease of \$170,577 in overtime payroll expense. The Company is proposing no adjustment
15 to test year overtime levels.

16 Q. How did the Staff determine the portion of annualized payroll to be charged to
17 operation and maintenance (O&M) expense?

18 A. The Staff multiplied total annualized payroll by O&M expense factors to derive total
19 annualized O&M payroll. The Staff developed the O&M factors by dividing the actual O&M payroll
20 expenses during the twelve months ending June 30, 1998 by the total payroll for the same period. The
21 Staff's calculations produced O&M expense factors of 76.09% for Laclede Division and 83.33% for
22 MoNat Division. Total annualized O&M payroll was distributed to expense functions based upon the
23 actual distribution of test year payroll.

24 Q. Has the Staff applied the O&M expense factors to other payroll related adjustments?

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1 A. Yes. The Staff applied this O&M expense factor to other payroll related adjustments.
2 such as 401(k), pension plan trustee fees, dental insurance, vision insurance and health care costs
3 which naturally follow payroll expense.

4 Q. Why were the June 30, 1998 salary, wage and employee levels used to calculate the
5 payroll annualization?

6 A. The June 30, 1998 salary, wage and employee levels were used to calculate the
7 payroll annualization because these levels represent the most current indicators of ongoing payroll
8 expense. This is consistent with the Staff's philosophy of maintaining the proper relationship of
9 revenues, expenses and investment.

10 Q. Did the Staff make a payroll adjustment to remove merchandise sales personnel
11 salaries from the cost of service calculation?

12 A. No. The Staff included in its cost of service calculation the salaries and all related
13 expenses of merchandise sales personnel in order to coincide with the Staff's non-utility operations
14 adjustments. If the Commission determines that the financial impact of merchandise sales should not
15 be included in the cost of service calculation, then these salaries and related expenses should be
16 disallowed because then these expenses would pertain to a non-utility service charged below-the-line.
17 The direct testimony of Staff Accounting witness John Boczkiewicz addresses the issue of non-utility
18 operations.

19 **PAYROLL TAXES**

20 Q. What is adjustment S-18.1?

21 A. Adjustment S-18.1 represents the Staff's annualization of Federal Insurance
22 Contributions Act taxes (FICA), Federal Unemployment Tax (FUTA), State Unemployment Tax
23 (SUTA) and the City of St. Louis payroll earnings tax (PET).

24 Q. Please explain the annualization of the FICA portion of Adjustment S-18.1.

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1 A. FICA (Social Security) is comprised of Old-Age, Survivors and Disability Insurance
2 (OASDI) taxes and Medicare taxes. Annualized payroll was multiplied by the test year ratio of
3 OASDI taxable wages to test year wages in order to determine annualized taxable payroll. This
4 annualized dollar amount was increased to recognize the January 1, 1998 taxable OASDI wage base
5 increase from \$65,400 to \$68,400. The Medicare portion of FICA tax is applicable to total annualized
6 wages. The annualized taxable wages were then multiplied by the applicable tax rates.

7 Q. Please explain the annualization of the FUTA payroll tax portion of adjustment
8 S-18.1.

9 A. The increase in the employee level from the test year to June 30, 1998 was multiplied
10 by the FUTA base. The Staff then multiplied these FUTA wages by the FUTA rate to arrive at the
11 total increase in FUTA taxes.

12 Q. Please explain the annualization of the SUTA payroll tax portion of adjustment
13 S-18.1.

14 A. The increase in the employee level from the test year to June 30, 1998 was multiplied
15 by the SUTA base. The Staff then multiplied these SUTA wages by the SUTA rate to arrive at the
16 increase in SUTA taxes attributable to increased employee levels.

17 The Staff also adjusted the SUTA payroll tax annualization to reflect the effects of a higher
18 SUTA base (an increase from \$8,000 in 1997 to \$8,500 in 1998) and a lower SUTA rate (a decrease
19 from .39% in 1997 to .24% in 1998). Overall, the Staff's annualization of SUTA payroll tax expense
20 decreased expenses by approximately \$3,000.

21 Q. Please explain the annualization of the PET portion of adjustment S-18.1.

22 A. Laclede Division Management and Contract annualized payroll levels were multiplied
23 by the test year ratio of St. Louis payroll earnings taxable wages to total wages in order to determine

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1 the annualized taxable wages. The annualized taxable wages were then multiplied by the applicable
2 tax rate in order to calculate the annualized level of PET taxes.

3
4 **401(k) PLAN**

5 Q. Please explain adjustment S-15.10.

6 A. Adjustment S-15.10 reflects the increase in expenses for the 401(k) Wage and Salary
7 Deferral Savings Plans which have been adjusted based on the Staff's annualized payroll. Under the
8 401(k) Plan, employees have the option of deferring for receipt in the future a portion of their salaries
9 or wages. The Company matches a percentage of the amount the employee defers. The Staff used
10 the June 1998 ratios of Company contributions to deferred payroll for each plan. These ratios were
11 used to calculate the Company contributions to deferred payroll for each plan based on the Staff's
12 annualized payroll. The Staff used the results from June 1998 to calculate the percentage since this
13 level reflects the most current indicator of the ongoing expense level for the plan.

14
15 **HEALTH CARE EXPENSES**

16 Q. Please explain adjustments S-15.14 and S-15.15.

17 A. Adjustments S-15.14 and S-15.15 annualize dental and vision insurance expense,
18 respectively, based on June 1998 levels. The Staff multiplied the results from June 1998 by twelve
19 months to calculate its annualization. This was done in order to obtain the most current level of
20 ongoing expense for dental and vision insurance. The Staff subtracted test year expense from these
21 levels to complete the adjustment

22 Q. Please explain adjustment S-15.13.

23 A. Adjustment S-15.13 reflects the Staff's annualized health care expense in excess of
24 the Company's test year health care costs.

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1 Q. What are the components of the Company's health care plan?

2 A. The Company offers a Comprehensive plan or the choice of one of three Health
3 Maintenance Organizations (HMOs): United HealthCare HMO, Mercy HMO or Group Health Plan
4 HMO. Under the Comprehensive plan, the Company pays claims out-of-pocket, plus a small
5 administrative fee to the insurance company. Under the three HMOs, the Company simply pays a
6 negotiated rate per employee with the monthly premium to the respective insurance company.

7 Q. How has the Staff annualized health care costs in this case?

8 A. The Staff used the actual test year expense for the Company's Comprehensive
9 medical payments. Administrative fees related to the comprehensive plan were based on February 28,
10 1998 expense levels. For the Company's three HMO premiums, the Staff used the February 28, 1998
11 expense level multiplied by twelve months.

12
13 **PENSION PLAN TRUSTEE FEES**

14 Q. Please explain adjustment S-15.2.

15 A. This adjustment annualizes pension fund trustee fees based on the June 1998 level.
16 The Staff's adjustment reflects the effect of new fee agreements with investment managers to handle
17 the Company's pension, 401 (k) and employee benefit trusts. Overall the Staff's adjustment increases
18 expense by approximately \$158,000.

19
20 **DIRECTORS AND SERP PENSION EXPENSE**

21 Q. Please explain adjustment S-15.12

22 A. Adjustment S-15.12 removes from the cost of service test year expenses associated
23 with the Company's Director's pension plan.

24 Q. Please describe the Director's pension plan.

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1 A. The Director's pension plan is available to each non-employee member of Laclede's
2 Board of Director's (Board) who either (1) accumulates at least 60 months of service as a Board
3 member, or (2) accumulates less than 60 months of such service, but dies while still a Board member.

4 Q. Does the Staff believe the costs associated with this plan should be allowed in the
5 Company's cost of service?

6 A. No. The Staff believes that Board members are already sufficiently compensated.
7 The Staff has allowed all of the \$301,000 expended by the Company for Board of Director fees during
8 the test year. Considering that the Board meets only once a month, the Staff believes the
9 compensation it has allowed for the Board is more than adequate.

10 Q. Please explain adjustment S-15.9.

11 A. Adjustment S-15.9 annualizes expenses associated with the Company's Supplemental
12 Employees' Retirement Plan (SERP) based on June 1998 levels.

13 Q. Please describe the SERP.

14 A. SERP is a supplemental pension plan available to any officer of the Company whose
15 employment with the Company ceases at a time when he or she is entitled to benefits under the
16 Company's regular pension plan. If not for limitations imposed by the Internal Revenue Code, SERP
17 benefits would have otherwise been payable under the Company's regular retirement plan.

18
19 **CONSULTING FEES**

20 Q. Please describe adjustment S-15.19

21 A. Adjustment S-15.19 disallows the test year expenses associated with the Company's
22 consulting agreement with former Chairman and Chief Executive Officer (CEO) L.M. Liberman.

23 Q. Why is the Staff recommending a disallowance of this consulting expense?

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1 A. The Staff has learned that effective July 1, 1998, Mr. Liberman will no longer serve
2 as a consultant to the Company.

3
4 **INCENTIVE COMPENSATION**

5 Q. Please explain adjustments S-15.11 and S-15.16.

6 A. These adjustments propose to remove from the test year the cost of Laclede's
7 incentive compensation plan. Adjustment S-15.11 removes from the cost of service the accrual of
8 expense for the deferred portion of dividend equivalents and compensation included in booked
9 pension expense. Adjustment S-15.16 removes from the Company's per book level of payroll, the test
10 year dividend equivalents of \$169,221 awarded to current employees.

11 Q. Please explain the incentive compensation plan.

12 A. From time to time, the Board of Directors awards share units, or common stock
13 equivalents, to key executives. Incentive compensation is awarded to participants based on these share
14 units as follows:

- 15 1. When the Company pays a cash dividend on its common stock, it shall pay
16 a dividend to each awardee for each share unit held on the date of that
17 payment. These equivalents are paid to each awardee until his or her death.
18 If survived by a spouse, dividend equivalents will be paid *to such spouse for*
19 *life*. This cost is expensed as the dividends are declared (quarterly).
- 20 2. At fiscal year-end, the difference between Earnings Per Share (EPS) and
21 dividends paid during the fiscal year is treated as a defined contribution to
22 deferred compensation. The awardees receive this amount plus interest
23 during retirement. Upon the awardees death, the remaining payments are
24 made to the designated beneficiaries. Deferred compensation is accrued in
25 September, the end of Laclede's fiscal year when EPS is known.
26
27

28 A copy of the incentive compensation plan is attached to this direct testimony as Schedule 3.

29 Q. What criteria exists for awarding share units, or common share equivalents?

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1 A. No specific criteria exists for awarding share units. According to the Company's
2 response to Staff Data Request No. 18, "The granting of awards is not based on specific criteria, but
3 rather involves the evaluation of each individual's unique accomplishments and potential." The Board
4 of Directors has the sole authority to award equivalents at its discretion. Once an equivalent has been
5 awarded, the only criteria for receiving quarterly payments is a dividend declaration by the Board.
6 Declaring dividends is a standard form of business practice within the utility industry, as it is with
7 Laclede. As stated in the Company's 1997 Annual Report, "Laclede has paid dividends on a
8 continuous basis since 1946."

9 Q. If EPS does not exceed dividends, can awardees still receive deferred compensation?

10 A. Yes. Deferred compensation may still be awarded even if EPS does not exceed
11 dividends at fiscal year end. As stated in the incentive compensation plan, "The calculation of
12 Deferred Compensation shall be subject to the power of the Board of Directors from time to time to
13 (i) adjust the amount of Consolidated Retained Earnings to reflect events or transactions which have
14 a significant relation to the efforts and performance of any or all Awardees, or (ii) exclude from the
15 computation of Consolidated Retained Earnings all or any portion of Consolidated Earnings deemed
16 to reflect events or transactions which have no significant relation to the efforts and performance of
17 any or all Awardees." Essentially, the Board may grant compensation even when Laclede experiences
18 poor earnings.

19 Q. According to the Company, why was the plan established and what is its purpose?

20 A. The Company stated in its response to Staff Data Request No. 18 that the
21 establishment and purpose of the plan is "...to give officers and managerial employees of the Company
22 an increased incentive to outstanding performance, to reward such performance, and to attract and
23 retain highly qualified persons as officers and for managerial positions."

24 Q. Does this plan provide an incentive for outstanding performance?

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1 A. No. Once individuals are awarded share units, those persons are practically
2 guaranteed to receive dividend equivalents for the rest of their lives. The Staff does not believe there
3 is any incentive for an officer to achieve higher performance standards for the Company when
4 dividend equivalents (a bonus) is virtually guaranteed. Furthermore, the awarding of share units is
5 not based upon any specific criteria.

6 Q. In past cases, has the Commission set minimum standards for an incentive
7 compensation plan to qualify as an acceptable one?

8 A. Yes. In its Report and Order in Case Nos. EC-87-114 and EC-87-115, Union Electric
9 Company, the Commission stated:

10 At a minimum, an acceptable management performance
11 plan should contain goals that improve existing
12 performance, and the benefits of the plan should be
13 ascertainable and reasonably related to the plan.
14

15 Q. Under the Company's plan, can awardees ascertain what they must individually
16 achieve in order to receive incentive compensation?

17 A. No. As mentioned earlier, once a share unit has been awarded, incentive
18 compensation relies upon quarterly dividends and EPS at fiscal year-end. The Staff believes that it
19 is difficult, if not impossible to ascertain what the impact of any individual's performance was in
20 relation to the level of EPS for any given year. The Staff believes that there is insufficient evidence
21 to connect incentive compensation expense for a given employee with the Company's overall EPS
22 performance.

23 **ADVERTISING**

24 Q. Please explain adjustments S-13.1, S-13.2, S-14.4, S-15.20, S-15.21, S-15.22.

25 A. These adjustments restate the test year advertising levels to reflect allowable
26 advertising expense.

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1 Q. Please explain the history of such adjustments before the Commission.

2 A. The Commission, in its Report and Order for Case Nos. EO-85-185 and EO-85-224
3 involving Kansas City Power and Light Company (KCPL), adopted the following treatment which
4 separates advertisements into five categories and provides separate rate treatment for each category.
5 The five categories of advertisements recognized by the Commission for purposes of this approach
6 are:

7 (1) General - advertising that is useful in the provision of adequate service;

8 (2) Safety - advertising which conveys the ways to safely use the Company's
9 service and to avoid accidents;

10 (3) Promotional - advertising used to encourage or promote the use of the particular
11 commodity the utility is selling;

12 (4) Institutional - advertising used to improve or retain the Company's public image;

13 (5) Political - advertising which is associated with political issues.

14 The Commission adopted these categories for advertisements because it believed that a
15 utility's revenue requirement should: (1) always include general and safety ads, provided such costs
16 are reasonable; (2) never include the cost of institutional or political ads; and (3) include the cost of
17 promotional ads only to the extent that the utility can provide cost-justification for the ads.
18 (KCPL, pp. 50-51).

19 Q. What examination has the Staff performed in relation to the Company's advertising
20 expenditures?

21 A. The Staff performed an advertisement by advertisement review of all advertisements
22 sponsored in whole or in part by Laclede which were expensed during the test year. Each
23 advertisement was reclassified by the Staff independent of the classification already performed by the
24 Company. Attached as Schedule 4 is a schedule of the Staff's classification of all of the Company's

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1 advertising. Also included in this schedule is a corresponding copy of each of the advertisements
2 placed by the Company during the test year.

3 Q. How did the Staff determine each advertisement's classification under the KCPL
4 standard?

5 A. Each advertisement was reviewed to determine which of the following "primary
6 messages" the advertisement was designed to communicate: (1) the dissemination of information
7 necessary to obtain safe and adequate service (general, safety); (2) the promotion of a particular
8 product or service (promotional); (3) the enhancement of the Company's image (institutional); or
9 (4) the endorsement of a political candidate or message (political).

10 Q. Does Laclede classify its advertising in categories?

11 A. It is the Company's policy to classify its advertising for accounting purposes only in
12 accordance with Uniform System of Accounts and interpretations placed upon them by the
13 Commission.

14 Q. Has the Staff used all of the Commission's classifications in the segregation and
15 review of Laclede's advertisements?

16 A. No. Laclede did not submit, nor is the Staff aware of, any advertisements of a
17 political nature. The Staff also found six advertisements which had been correctly charged
18 "below-the-line." These advertisements related to sales of hot water heaters, gas lights, gas logs and
19 gas grills. Additionally, as I will discuss later in my testimony, the Company incurred licensing fees
20 for advertising which is not directly assignable to any of the other four categories of advertisements.

21 Q. How has the Staff treated general advertising?

22 A. The Staff made no adjustment to the Company's test year expense associated with
23 Staff's categorized general advertising. Most of the general advertising that was placed by the

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1 Company related to assistance notices and budget billing facts. Examples of advertisements which
2 the Staff considers to be in the general advertising category are found on Schedules 4-39 and 4-41.

3 Q. How has the Staff treated safety advertising?

4 A. The Staff proposes to include in the cost of service all Staff categorized safety
5 advertising incurred by Laclede during the test year. Safety advertising conveys to the customer ways
6 to deal with natural gas in a safe manner and to also to avoid accidents. Examples of the Company's
7 gas safety advertisements can be found on Schedules 4-26 and 4-34.

8 Q. How has the Staff treated promotional advertising?

9 A. As previously defined, advertisements that encourage or promote the use of a
10 particular form of the Company's product or service (i.e., gas over electric and alternate energy
11 products over heat pumps, gas appliances) are termed promotional advertising. Examples of Company
12 advertising the Staff has classified as promotional are found on Schedules 4-4 and 4-15. The Staff
13 included in the cost of service calculation the cost of three promotional advertisements related to
14 Nighthawk carbon monoxide detectors in order to coincide with the Staff's non-utility operations
15 adjustment. If the Commission determines that the financial impact of carbon monoxide detectors
16 should be removed from the Staff's cost of service calculation, then these advertisements should be
17 disallowed because then the advertisements would pertain to a non-utility service that should be
18 charged below-the-line. The direct testimony of Staff witness Boczkiewicz addresses the issue of
19 non-utility operations. The expenses for all other promotional advertisements placed by the Company
20 are removed from the Staff's cost of service calculation through adjustments S-13.1, S-14.4 and
21 S-15.20.

22 Q. Did the Company provide any cost justification for the advertising deemed
23 promotional by the Staff?

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1 A. As stated earlier, the Company classifies advertising for accounting purposes only and
2 does not attempt to make any further distinctions. The Company does not maintain cost justification
3 for promotional advertising on an advertisement by advertisement basis or even on an advertisement
4 campaign basis.

5 Q. How has the Staff treated institutional advertising?

6 A. Institutional advertising is designed to enhance the Company's public image. The
7 Staff asserts that this form of advertising is not necessary for the Company to provide safe and
8 adequate service and therefore should not be included in the cost of service. The Staff believes that
9 this type of image enhancement advertising only serves to benefit the shareholders of the utility.
10 Examples of Company advertisements the Staff has classified as institutional are found on
11 Schedules 4-22 and 4-36. The expenses for the institutional advertisements are removed from the
12 Staff's cost of service in adjustment S-15.21.

13 Q. Were there any licensing fees expensed during the test year that are not directly
14 assignable to one of the five categories with respect to the gas operations of the Company?

15 A. Yes. ** _____
16 _____
17 _____
18 _____
19 _____
20 _____
21 _____

22 **

23 Q. Does this conclude your direct testimony?

24 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

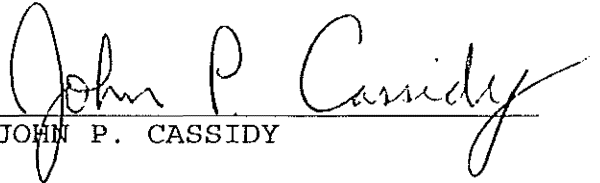
In the Matter of Laclede Gas Company's)
Tariff Sheets Designed to Increase)
Rates for Gas Service Provided to)
Customers in the Missouri Service Area)
of the Company.)

Case No. GR-98-374

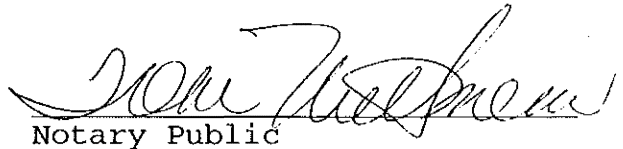
AFFIDAVIT OF JOHN P. CASSIDY

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

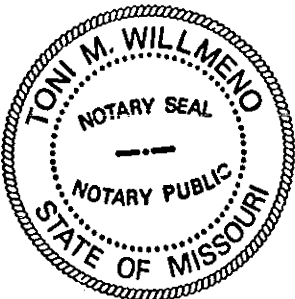
John P. Cassidy, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 16 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.


JOHN P. CASSIDY

Subscribed and sworn to before me this 13th day of August, 1998.


Notary Public
TONI WILLMENO
NOTARY PUBLIC STATE OF MISSOURI
COUNTY OF CALLAWAY
MY COMMISSION EXPIRES JUNE 24 2000

My Commission Expires: _____



RATE CASE PROCEEDING PARTICIPATION

JOHN P. CASSIDY

<u>COMPANY</u>	<u>CASE NO.</u>
Missouri Cities Water Company	WR-91-172
Missouri Cities Water Company	SR-91-174
St. Louis County Water Company	WR-91-361
Southwestern Bell Telephone Company	TC-93-224
Laclede Gas Company	GR-94-220
Empire District Electric Company	ER-95-279
Imperial Utility Corporation	SC-96-247
St. Louis County Water Company	WR-97-382

Laclede Gas Company
GR-98-374
Five Year Average of Overtime Hours
Page 1

Laclede Contract

Month	12 Mos. end 2/28/94	12 Mos. end 2/28/95	12 Mos. end 2/28/96	12 Mos. end 2/28/97	12 Mos. end 2/28/98	Five Year Average
March	12,786.6	14,172.3	11,634.6	16,309.3	19,595.1	14,899.6
April	10,700.5	13,031.6	9,564.2	19,085.6	16,541.3	13,784.6
May	9,572.2	17,099.0	13,501.9	13,286.0	15,198.9	13,731.6
June	16,152.9	11,751.0	10,488.9	12,127.9	19,846.3	14,073.4
July	25,452.3	13,378.8	13,049.6	15,455.2	13,291.6	16,125.5
August	27,986.1	21,276.5	11,438.4	13,938.7	15,084.6	17,944.9
September	26,374.5	16,572.8	15,960.0	23,530.8	20,871.0	20,661.8
October	25,045.7	31,946.6	24,522.5	32,074.3	25,936.3	27,905.1
November	28,417.7	28,626.7	24,873.7	31,272.9	39,929.6	30,624.1
December	30,425.3	22,973.7	19,687.2	27,952.3	24,185.7	25,044.8
January	26,718.3	21,639.8	22,314.7	17,353.2	15,323.3	20,669.9
February	18,493.6	14,416.6	31,688.1	16,395.7	14,575.2	19,113.8
	258,125.7	226,885.4	208,723.8	238,781.9	240,378.9	234,579.1

Laclede Management

Month	12 Mos. end 2/28/94	12 Mos. end 2/28/95	12 Mos. end 2/28/96	12 Mos. end 2/28/97	12 Mos. end 2/28/98	Five Year Average
March	183.5	746.8	252.0	539.7	634.5	471.3
April	302.5	233.4	155.5	296.6	585.7	314.7
May	147.0	145.0	158.9	231.2	481.0	232.6
June	191.5	219.3	320.5	199.4	356.7	257.5
July	286.1	157.3	213.5	304.2	509.1	294.0
August	1,095.9	115.5	272.0	250.2	223.8	391.5
September	222.3	253.1	275.8	382.6	351.3	297.0
October	162.5	302.1	243.0	640.3	439.1	357.4
November	364.3	542.8	445.8	567.7	1,272.7	638.7
December	212.3	363.0	330.5	346.5	1,024.1	455.3
January	538.8	480.0	569.0	671.9	813.5	614.6
February	761.1	267.9	982.3	631.4	445.1	617.6
	4,467.8	3,826.2	4,218.8	5,061.7	7,136.6	4,942.2

Monat Contract

Month	12 Mos. end 2/28/94	12 Mos. end 2/28/95	12 Mos. end 2/28/96	12 Mos. end 2/28/97	12 Mos. end 2/28/98	Five Year Average
March	1,142.1	1,633.8	1,960.6	1,975.0	1,717.6	1,685.8
April	1,031.4	1,351.7	2,029.1	2,349.8	1,597.7	1,671.9
May	1,319.2	1,030.6	2,031.9	2,338.6	2,208.3	1,785.7
June	1,292.2	1,155.7	1,855.8	2,080.0	1,271.4	1,531.0
July	2,712.9	2,260.1	3,110.0	2,752.0	1,357.1	2,438.4
August	1,530.8	2,029.4	1,853.0	1,908.0	1,747.1	1,813.7
September	1,706.7	1,831.1	1,735.5	2,126.5	1,739.2	1,827.8
October	1,844.7	2,387.0	2,154.7	2,568.2	2,608.8	2,312.7
November	2,225.3	2,200.8	1,894.8	2,324.0	2,483.8	2,225.7
December	1,524.6	2,209.8	1,615.6	3,100.0	1,690.2	2,028.0
January	2,389.0	2,396.2	2,491.1	1,426.3	1,548.3	2,050.2
February	1,835.7	1,706.7	2,203.8	1,422.6	1,683.4	1,770.4
	20,554.6	22,192.9	24,935.9	26,371.0	21,652.9	23,141.5

Monat Management

Month	12 Mos. end 2/28/94	12 Mos. end 2/28/95	12 Mos. end 2/28/96	12 Mos. end 2/28/97	12 Mos. end 2/28/98	Five Year Average
March	97.5	137.0	254.4	264.0	116.0	173.8
April	114.4	60.4	305.0	164.0	146.8	158.1
May	144.0	0.0	254.0	208.0	120.0	145.2
June	144.0	0.0	199.5	140.0	32.0	103.1
July	217.5	36.0	335.8	104.0	40.0	146.7
August	387.7	198.5	280.0	132.0	208.0	241.2
September	256.6	82.4	164.0	116.0	138.0	151.4
October	266.0	328.8	274.0	144.0	266.5	255.9
November	338.2	229.0	192.0	167.0	151.0	215.4
December	200.0	207.0	68.0	183.0	124.0	156.4
January	89.2	119.6	52.0	40.0	162.0	92.6
February	128.0	185.1	144.0	56.0	145.5	131.7
	2,383.1	1,583.8	2,522.7	1,718.0	1,649.8	1,971.5

SCHEDULES 3-1 THROUGH 3-8

HAVE BEEN DEEMED

HIGHLY CONFIDENTIAL

IN ITS ENTIRETY

Laclede Gas Company
Case No. GR-98-374
Staff's Classification of Laclede's Advertisements

Television Advertising

Schedule No.	Description	Staff Classification
4-2	The Newshour - Our Daily Business	Institutional
4-3	The Newshour - Bringing You Energy	Institutional
4-4	Coach's Signals Natural Gas vs. Heat Pump	Promotional
4-5	Catcher Roll Back Natural Gas vs. Heat Pump	Promotional
4-6	Testimonial - Warm Throughout NG vs. HP	Promotional
4-7	Testimonial - Getting Comfortable NG vs. HP	Promotional
4-8	Testimonial - Control Cooking w/Gas vs. Elect	Promotional
4-9	Yo Yo - Budget Billing	General
4-10	Standing on Head - Budget Billing	General
4-11	Testimonial - Hot Water Gas Water Heaters	Promotional

Radio Advertising

Schedule No.	Description	Staff Classification
4-12	Laclede Gas Ask the Expert #1 Tony LaRussa	Promotional
4-13	Laclede Gas Ask the Expert #2 Furnace Inspct.	Promotional
4-14	Manager - Ernest Natural Gas vs. Heat Pump	Promotional
4-15	Classroom - Ernest Promoting Natural Gas	Promotional
4-16	Shooort - Ernest Natural Gas Vs. Electric Heat	Promotional
4-17	Service Football - Ernest Natural Gas Appliances	Promotional
4-18	Dream Team - Ernest Natural Gas Vs. Heat Pump	Promotional
4-19	Game Plan - Ernest All Gas Home	Promotional
4-20	All Purpose Tool - Ernest Natural Gas Appliances	Promotional

Print Advertising

Schedule No.	Description	Staff Classification
4-21	Nighthawk Co. Detector	Promotional #
4-22	Public Service	Institutional
4-23	Nighthawk Co. Detector	Promotional #
4-24	Co. Detector	Promotional #
4-25	Gas Dryer Repair	Promotional
4-26	Safety Tips	Safety
4-27	Black History Month	Institutional
4-28	Gas Light Repair	Promotional
4-29	The Sign of an All-Gas Home	Promotional
4-30	St. Louis Cooks With Natural Gas	Promotional
4-31	St. Louis Builds With Natural Gas	Promotional
4-32	Job Safety (Ernest)	Safety
4-33	Gas Lights/Gas Grills	Below the line
4-34	Master Of Mishaps	Safety
4-35	Gas Furnace Check-Up	Promotional
4-36	Serving this Public	Institutional
4-37	Hargrove Log Sale	Below the line
4-38	Gas Grill Parts	Below the line
4-39	Elderly and Handicapped	General
4-40	Furnace Inspection (Ernest)	Promotional
4-41	Budget Billing	General
4-42	Follow Your Nose	Safety
4-43	Dr. Martin Luther King Tribute	Institutional
4-44	Natural Gas Worked for Us	Promotional
4-45	New 1997 Log Sale	Below the line
4-46	A.O. Smith Water Heater	Below the line
4-47	Ruud Water Heater	Below the line
4-48	Gas Grill Repair	Promotional
4-49	Gas Range Repair	Promotional
4-50	Testimonial - St. Louis Cooks with Natural Gas	Promotional
4-51	Gas Water Heater Repair	Promotional

Note: # Denotes that the advertisement relates to a service that the Staff has included in its Cost of Service. To the extent this service is removed from Staff's Cost of Service, these ads should be disallowed.

Schedule 4-1

The Newshour

"Our Daily Business"

ANNOUNCER: "Channel 9's broadcast of The NewsHour has been locally supported for more than 10 years by Laclede Gas, where public service is our daily business.

"Laclede Gas, bringing you energy that is comfortable, efficient and virtually pollution free. Bringing you prompt and professional service and bringing you The Newshour on Channel 9."

The Newshour

"Bringing You Energy"

Channel 9's broadcast of The NewsHour has been locally supported for more than 10 years by Laclede Gas, 2,000 people taking care of more than a million customer inquiries, making more than 400,000 service calls, adding to 12,000 miles of pipe. Laclede Gas, bringing you energy that is comfortable, efficient and virtually pollution free.

CARDEN & CHERRY, INC. • 1220 MCGAVOCK STREET • NASHVILLE, TN 37203 • TELEPHONE (615) 255-6694 • FAX (615) 255-9302

February 1996
Laclede Gas
Generic Gas
Coach's Signals
TV30
#22088

Exterior if a good site exists or Interior. Medium close up of Ernest.

ERNEST

OK, Vern, say I'm the third base coach and you're the hitter. Here's your signal...What do you do??

Ernest does a bizarre sequence of hand licks, belt checks, Italian gestures, etc.

ERNEST

No Vern, play it smart! Dump that 'ol electric heat pump and start heating your home with natural gas. 'Cause natural gas is comfortable, efficient and virtually pollution free. Don't strike out. Stick with the winner...natural gas. KnowWhutImean?

Ernest starts his hand gestures again and accidentally hits his head. Ernest is now dazed as he slowly drops down out of frame.

SUPER: Laclede Gas (logo)

© 1996 by Carden & Cherry, Inc.
Transcribed as produced 3/5/96

24,480.00
H

CARDEN & CHERRY, INC. • 1220 MCGAVOCK STREET • NASHVILLE

TN 37203 • TELEPHONE (615) 255-8694 • FAX (615) 255-9302

February 1996
Laclede Gas
Catcher Roll Back
TV:30
222 91

Exterior. Ernest is squatting in a catcher's position. He has a catcher's glove and is wearing a chest protector.

ERNEST

OK, Vern, here's the game plan. If you want the best way to heat your home you gotta first pitch that 'ol electric heat pump out the door and go with natural gas. Here's the signs...

Ernest displays one finger pointing down like a catcher's sign to a pitcher.

ERNEST

Natural gas is comfortable, (one finger)
efficient (two fingers)
and virtually pollution free. (three fingers)
OK, Vern. Now hum one in here...

Ernest does a little chatter as he readys for the pitch. The pitch comes, hits the glove and through sped-up film we see Ernest tumble backwards about 10 to 15 yards. (SFX: Ball hitting glove followed by tumbling sounds) Ernest shakes his hand in pain as he yells back to Vern.

ERNEST

Yeah, Vern...But can you throw a curve ball?

SUPER: Laclede Gas (logo)

© 1996 by Carden & Cherry, Inc.
Approved 4/4/96

11-30-94 _____ DATE	TGS ENTERPRISES TELEVISION COPY														
LIVE <input type="checkbox"/> RECORDED <input type="checkbox"/>	<table style="width: 100%;"> <tr> <td style="width: 50%;">LACLEDE GAS</td> <td style="width: 50%; text-align: right;">TESTIMONIALS</td> </tr> <tr> <td>CLIENT</td> <td style="text-align: right;">DIVISION/PRODUCT</td> </tr> <tr> <td colspan="2" style="text-align: right; padding-top: 10px;">T0005</td> </tr> <tr> <td>JOB NO.</td> <td style="text-align: right;">COMMERCIAL CODE NO.</td> </tr> <tr> <td colspan="2" style="text-align: right; padding-top: 10px;">WARM THROUGHOUT</td> </tr> <tr> <td>TITLE</td> <td style="text-align: right;">LENGTH</td> </tr> <tr> <td></td> <td style="text-align: right;">:30</td> </tr> </table>	LACLEDE GAS	TESTIMONIALS	CLIENT	DIVISION/PRODUCT	T0005		JOB NO.	COMMERCIAL CODE NO.	WARM THROUGHOUT		TITLE	LENGTH		:30
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APPROVED COPY: DATE: _____															

<u>SCENE</u>	<u>COPY</u>
<u>SUPER:</u>	ST. CHARLES RESIDENTS MARVIN & DONNA EISENBATH OUR ELECTRIC HEAT PUMPED, BUT IT DIDN'T HEAT
<u>EISENBATHS:</u>	WE FIRST DISCUSSED THE POSSIBILITY OF SWITCHING FROM A HEAT PUMP TO A GAS FURNACE THE FIRST YEAR WE WERE IN THE HOUSE. BEFORE WE HAD COLDER SPOTS IN THE...SOME ROOMS WERE COLDER THAN THE OTHER ROOMS. THE BEDROOMS UPSTAIRS WE'RE VERY COLD AT NIGHT TIME. (14.5)
<u>MRS:</u>	BUT NOW THAT WE HAVE GAS HEAT IT FEELS WARM THROUGHOUT THE ENTIRE HOUSE. (:04)
<u>SUPER:</u>	NATURAL GAS SOLVED OUR HEATING PROBLEMS.
<u>MR.:</u>	AND IT'S A MUCH MORE EVEN HEAT THROUGHOUT THE HOUSE. THE HOUSE IS MUCH WARMER. EVERY ROOM IS WARMER. YOU SET THE TEMPERATURE AT 72°, IT'S 72° THROUGHOUT THE WHOLE HOUSE
<u>MRS:</u>	I WOULD DEFINITELY RECOMMEND GAS HEAT. (9.5)

TQS ENTERPRISES

TELEVISION COPY

11-28-94

DATE

LIVE ☐

RECORDED ☐

LACLEDE GAS

CLIENT

TESTIMONIALS

DIVISION/PRODUCT

APPROVED COPY:

DATE: _____

JOB NO.

T0007
COMMERCIAL CODE NO.

GETTING COMFORTABLE

TITLE

:30

LENGTH

SCENE

SUPER:

ETHYL:

MARVIN:

ETHYL:

MARVIN:

SUPER:

COPY

NORTH COUNTY RESIDENTS MARVIN & ETHYL
ROBINSON ON GETTING COMFORTABLE

WHEN WE HAD ELECTRIC HET, I HAD TO
CONSTANTLY ADJUST THE THERMOSTAT. I FELT
COLDER. I JUST WASN'T REAL COMFORTABLE
ALL THE TIME. BUT WITH OUR GAS HEAT I FIND
THAT I CAN PUT THE THERMOSTAT ON ONE
SETTING AND I'M COMFORTABLE. I DON'T HAVE
TO CONSTANTLY ADJUST IT BACK & FORTH. (:16)

THE TEMPERATURE STAYS EVEN...

EVEN YEA. THE HOUSE STAYS EVENLY...

AND WE CAN LEAVE THE THERMOSTAT ON ONE
SETTING NOW. WHEN SHE'S COMFORTABLE, I'M
COMFORTABLE (:11)

LACLEDE GAS

TGS ENTERPRISES

TELEVISION COPY

12-1-94

DATE

LIVE ☐RECORDED ☐

APPROVED COPY:

DATE: _____

LACLEDE GAS

CLIENT

TESTIMONIALS

DIVISION/PRODUCT

T0016

JOB NO.

COMMERCIAL CODE NO.

CONTROL

TITLE

:30

LENGTH

SCENESUPER:C. BEBERDORF:SUPER:CAROL:SUPER:COPY

NORTH COUNTY RESIDENT CAROL BEBERDORF
ON BEING IN CONTROL

THE MAIN REASON I ENJOY COOKING WITH GAS
IS THAT I LIKE TO BE IN CONTROL. AND WITH
GAS I FEEL LIKE I AM IN CONTROL. I CAN
REGULATE AND I CAN SEE HOW MUCH FLAME I'M
GETTING AND HOW MUCH I'M NOT GETTING.
(:13)

ON BEING OUT OF CONTROL

WHERE WITH ELECTRIC, WHEN I TURN THAT
DOWN OR I WANT TO TURN IT UP, I HAVE TO
WAIT X AMOUNT OF MINUTES FOR THAT TO GO
DOWN TO A SIMMER OR GO TO A BOIL. AND I
DON'T WANT TO DO THAT, I WANNA BE IN
CONTROL. SO I'M SOLD ON GAS. I...I'D
RECOMMEND IT TO ANYBODY. (15.5)

LACLEDE GAS

YO-YO

Ernest with a yo-yo going up and down.

ERNEST

Vern, without budget billing your monthly heating bills can go like this...

Ernest makes the yo-yo go up and down.

ERNEST

up and down ... up and down ... But if you call and get budget billing from the gas experts at Laclede, you can level those ups and downs because each month's gas bill stays the same. So with budget billing you can have worry-free comfort all winter long. And that's the truth around the world.

Ernest whirls the yo-yo around and around. It appears to hit Vern in the chin. Camera falls back. Ernest examines Vern's teeth.

ERNEST

Sorry Vern. Ah ... you're gonna lose that one ...

SUPER: Laclede Gas (logo)

STANDING ON HEAD

Interior. Camera is upside down as if Vern is standing on his head. Ernest in on his knees as he addresses Vern.

ERNEST

OK Vern, there's a point here by makin' you stand on your head. It's budget billing from the gas experts at Laclede. Usually takes just a few bucks a day for all the comfort you need. Steady ...

Ernest appears to shake Vern a little and coins fall to the floor. Ernest picks them up.

ERNEST

See Vern, you've got more than enough in your pockets right now to cover it. With budget billing, you know what your heating bill will be, so you can relax in worry-free comfort all winter long. No surprises!

Ernest gives Vern a little push and he falls back. We see the ceiling as Ernest checks on Vern.

ERNEST

You OK Vern? Well, we'll just try this tomorrow ... when your back stops hurting. KnowWhutImean?

SUPER: Laclede Gas (logo)

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<u>SCENE</u>	<u>COPY</u>
<u>SUPER:</u> <u>CAROL B.:</u> <u>ETHYL R.:</u> <u>SUPER:</u>	<p>THESE PEOPLE ARE IN PLENTY OF HOT WATER</p> <p>I HAVE FOUR CHILDREN, THREE OF THEM WERE IN DIAPERS ALL AT THE SAME TIME SO THAT MEANT LOTS OF DIAPERS, LOTS OF LAUNDRY. THANK GOODNESS I HAD A GAS WATER HEATER TO GET ME THROUGH THAT PERIOD OF TIME. (:11)</p> <p>WE HAVE TWO AH, WELL NOT REALLY TEENAGERS, TWO YOUNG LADIES AND THEY'RE TAKING BATHS & SHOWERS PRETTY FREQUENTLY. AND AH, I FIND THAT WITH THE GAS HEATER I CAN RUN MY WASHER OR THE DISHWASHER AND THERE'S STILL HOT WATER AVAILABLE FOR OTHER USE. I LIKE MY GAS HOT WATER A LOT. (:17.5)</p> <p>LACLEDE GAS</p>

LACLEDE GAS "ASK THE EXPERT" #1

It's time for the Laclede Gas "Ask the Expert" Baseball question. Coming up next today's question for Tony LaRussa.

If you're in need of gas appliance repair, ask the experts at Laclede Gas. They service all natural gas appliances, whether it's a gas grill, gas light, water heater, range, dryer or furnace. Laclede Gas has the people, the parts and the know how to do the job right. And you can pay on your monthly gas bill. So, now the only tool you'll need to service your gas appliances is a telephone. Call 621-6960 to call the experts at Laclede Gas. They've got the bases covered when it comes to gas appliance repair.

NEW COPY FOR LACLEDE GAS "ASK THE EXPERTS" SHOW - #2

NOW IS THE TIME TO CALL THE GAS EXPERTS AT LACLEDE TO HAVE YOUR FURNACE INSPECTED BEFORE IT GETS COLD. LET LACLEDE CHECK AND CLEAN YOUR NATURAL GAS HEATING SYSTEM TO MAKE SURE IT IS OPERATING SAFELY AND EFFICIENTLY. LACLEDE GAS HAS THE PEOPLE, THE PARTS AND THE KNOW-HOW TO DO THE JOB RIGHT. AND, YOU CAN PAY ON YOUR MONTHLY GAS BILL. THE ONLY TOOL YOU NEED TO SERVICE GAS APPLIANCES IS A TELEPHONE. DIAL 621-6960 TO CALL THE EXPERTS AT LACLEDE GAS. THEY'VE GOT THE BASES COVERED WHEN IT COMES TO FURNACE INSPECTIONS AND GAS APPLIANCE REPAIR.

MANAGER -- (RADIO :60) Revised

ERNEST:

Vern, I did it. I got my own personal baseball hero to autograph my favorite bubblegum card.

And while he was signing it, Vern, he thanked me! Said I had gotten him out of an energy slump. Seems he'd been strikin' out with a minor-league imitation when what he needed was big-league heat. Then he heard me and you talking about how people could conserve so much energy and save so much money by switchin' to natural gas heat ... so he did.

And he said I was right. Said ~~he finally felt safe at home~~ he'd saved a bunch of bucks and wasn't wasting any energy worrying about his heating bills. And that heating with natural gas was like having the bases loaded with nobody out and you're the clean-up hitter.

Then he gave me these two box seat tickets to the big game. Vern, do you know a cool guy I could take to the game?

KnoWhutImean?

May 1993
Laclede Gas
Classroom (Revised)
Radio :30
(Update of #12105)

Ernest singing.

ERNEST

"School days, school days, dear old golden rule days..."

ERNEST

That's right, Vern, your ol' buddy Ernest took an energy class down at the community college. And my professor was a regular energy knowitall. He taught us how people can conserve energy and protect the environment by using natural gas to heat their homes. Said, natural gas is comfortable, efficient and virtually pollution-free.

And then I said, "'Cause gas heat can't be beat!" Pretty smart, huh, Vern?... Well, my professor sure thought so. He graduated me Magna Cum Loud. KnowWhutI mean?

May 1993
Laclede Gas.
Anti Heat Pump
Shooort (Revised)
Radio :30
(Update of #02430)

ERNEST

Hey, Vern! Workin' on that old electric heater again, I see. Vern, Vern, Vern, when will you learn? When are you going to wise up and start heatin' with gas? Natural gas is comfortable, natural gas is efficient, natural gas is virtually pollution-free. It's the smart move, KnowWhutImean?

Here, let your ol' buddy Ernest have a look at that electric heater... Well, there's your problem right there, Vern... See that little wire right there? Looks like it's got a shooooooooorrrrt in it... My daddy used to work on them.

August 1995
Laclede Gas
Service (Football)
Radio :30
#21622

ERNEST

Hey Vern!® If you need any of your natural gas appliances serviced...gas furnace, gas water heater, gas range, gas dryer, gas grill, gas lights or gas logs...you'll need a good game plan. Like calling Laclede Gas at SIX-TWO-ONE-SIX-NINE-SIX-Oh. 'Cause the pros at Laclede can tackle any problem you might have. OK Vern, here we go. Pick up the phone. Get set...

Phone number to be delivered like a quarterback's snap count.

ERNEST

SIX-TWO-ONE-SIX-NINE-SIX-Oh! HUT-HUT-HUT! (SFX: Crowd roar) Vern, good service is a *snap* with Laclede. KnowWhutImean?®

*PHONE NUMBER MUST BE DELIVERED AS WRITTEN.

OK
JAK

CARDEN & CHERRY, INC. • 1220 MCGAYOCK STREET • NASHVILLE

TN 37203 • TELEPHONE (615) 255-6694 • FAX (615) 255-9302

August 1995
Laclede Gas
Anti Heat Pump
Dream Team
Radio :30
#21623

(SFX: Charge!! -Ball Park music)

ERNEST

Hey Vern. In your house, you're the head coach. And if you've got an electric heat pump on your team, it's time to make a trade to a natural gas furnace. 'Cause a gas furnace gives you hotter air and is warranted to last twice as long as a heat pump. And you'll score big with the environment too because gas is virtually pollution free. A high efficiency furnace and natural gas...the Dream Team. KnowWhutImean?©

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OK
JAK

CARDEN & CHERRY, INC. • 1220 MCGAVOCK STREET • NASHVILLE

TN 37203 • TELEPHONE (615) 255-6694 • FAX (615) 255-9302

August 1995
Laclede Gas
All Gas Home
Football—Game Plan
Radio :30
#21624

ERNEST

Hey Vern!® What do you say we play a little touch football? OK, now go out long...cut over...button hook. Better watch out Vern, I know all moves, like my smart move to an all gas home. Forget electricity for heatin', Vern, cause an all gas home scores big on comfort and efficiency. Plus natural gas burns clean--virtually pollution free. So huddle-up with some common sense and get a game plan that includes an all-gas home. You'll be a winner everyday. (SFX crowd roar) KnowWhutI mean?®

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OK
JAK

August 1995
Laclede Gas
All Purpose Tool
Radio :30
#21625

ERNEST

Hey Vern!® Did you know you could service a whole bunch of natural gas appliances with just one tool? Gas furnaces, gas water heaters, gas ranges, gas dryers, gas grills, gas lights, gas logs...and all you need is one tool...a telephone! You just call Laclede Gas at SIX-TWO-ONE-SIX-NINE-SIX-Oh for service of any gas appliance. Why, they'll even spread the payments out on your monthly gas bill. And all you need is one tool...the telephone...and, of course...(SFX: Breath spray) a suave and sophisticated voice like mine. KnowWhutI mean?®

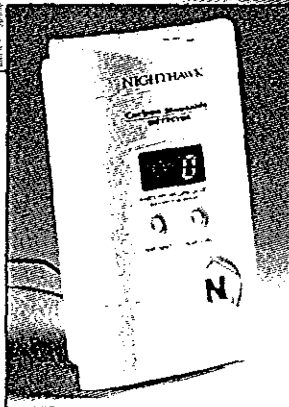
*PHONE NUMBER MUST BE DELIVERED AS WRITTEN.

© 1995 by Carden & Cherry, Inc.

OK
JAK



When it comes to
protecting
your home and
loved ones,
only the best
is good enough.



\$60 per unit

Pay on your monthly gas bill!
Up to 6 installments, interest-free!

**Special
premium model
not available
in stores.**



Laclede Gas

Nighthawk carbon monoxide detector *Premium Plus*

The gas experts at Laclede believe
the Nighthawk Premium Plus is the best residential
carbon monoxide detector on the market!

- ★ Carries the prestigious Blue Star label
– not only is it UL-approved, but it
also meets the higher standard of
accuracy recommended by the
American Gas Association
- ★ Full 7-year factory warranty
- ★ Continuous digital readout
- ★ Loud 85-decibel alarm alerts you even if you're sleeping
- ★ Plug it in, mount it to the wall or set it on a table top
- ★ 9V battery backup



*The latest, most-improved technology meets
the highest standard of accuracy!*

Call 621-6960 and we'll ship the
Nighthawk Premium Plus directly to your home!

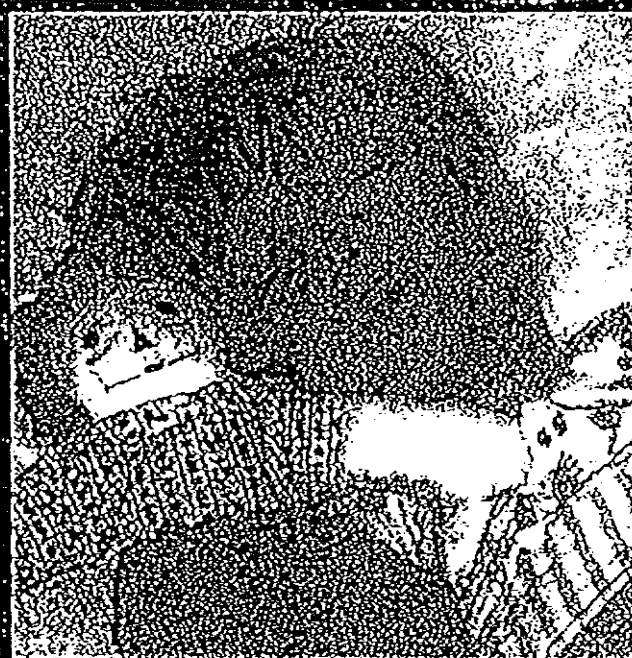


Public Service Is Our Daily Business



Laclede Gas

Schedule 4-22



When it comes to
**protecting
your home
and
loved ones,**
only the best is
good enough.

The gas experts at Laclede believe the Nighthawk Premium Plus is the best residential carbon monoxide detector on the market today! Here's why:



Nighthawk carbon monoxide detector

premium plus



- * Carries the prestigious Blue Star Label - not only is it UL approved but it also meets the higher standard of accuracy recommended by the American Gas Association
- * Full 7-year factory warranty

- * Continuous Digital readout
- * Plug it in, mount it to the wall or set it on a table top
- * 9V battery backup
- * Loud 85 decibel alarm alerts you even if you're sleeping.

only **\$60.00**

**The Latest, Most-improved Technology
Meets the Highest Standard of Accuracy
Not Available In Stores**



Laclede Gas

Call 621-6960

and we'll ship the Nighthawk Premium Plus directly to your home!

CARBON MONOXIDE
DETECTOR

Laclede Gas
621-6960



Pay on your
monthly bill!



Laclede Gas

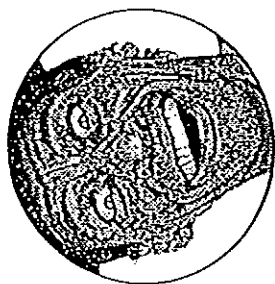
**GAS DRYER
REPAIR**
Laclede Gas
621-6960



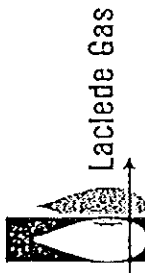
Pay on your
monthly bill!



Laclede Gas



Safety Tips



from the Natural Gas Experts

"Listen up, Vern! I've been in a few accidents in my time. Now I'm here to tell you how to avoid 'em."

1. Let us follow your nose.

If you detect the odor of natural gas, let Laclede track it down. Don't turn on or off any electrical appliances, even light switches. If the odor is strong, leave the building. Immediately. Then, from another location, call Laclede at 621-6960. Or, if that number is busy, call 342-0800. Also, if your pilot or burner flame is substantially higher than normal, this may be an indication of excessive pressure. Call Laclede immediately.

2. Call before you dig.

Don't accidentally break a gas line while digging in your yard. Before digging, call 1-800-DIG-RITE to have the location of underground utilities marked. Also, know where any privately owned gas lines run underground, such as to your grill or gas light. Always be careful until you verify whether any type of buried gas lines are present. If a break occurs, call Laclede immediately at 621-6960 or 342-0800.

3. Let gas pipes be gas pipes.

Gas pipes have a job of their own to do and shouldn't be used for anything else—certainly not clotheslines, free-form closets or grounds for electrical appliances. Also, if a gas appliance is disconnected, be sure the gas pipe is capped.

4. Check your furnace and flue.

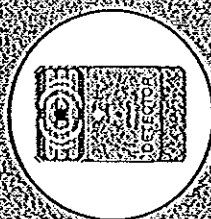
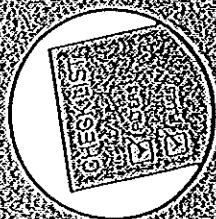
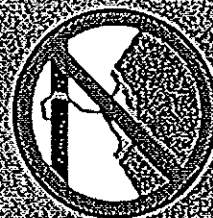
See that your heating equipment is clean and in good working order. Properly adjusted pilots and burners and clean filters pay off in both safety and savings. Also, clear chimneys, vents and flues. Leaves, birds' nests, fallen bricks or mortar can mean problems, including exposure to carbon monoxide (CO). If you find something that you can't handle, call Laclede or your heating contractor. If you like, we also can check to see that your other gas appliances have appropriate connectors.

5. Guard against carbon monoxide.

Properly working gas appliances are very safe, so your first line of defense against carbon monoxide (CO) is to have your furnace inspected annually, either by Laclede or your heating contractor. If you use a CO detector, make sure it is a U.L.-approved, alarm-sounding device. If your CO detector alarm sounds, call your local fire department.

6. Watch your hot water setting.

A child's skin burns more easily than an adult's. So, if you turn up the thermostat on your water heater for any reason, remember to turn it down when you're finished to avoid small children accidentally scalding themselves when they turn on the hot water faucet.

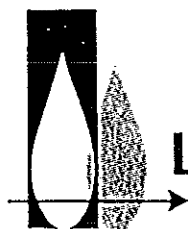


Laclede Gas Proudly Salutes Black History Month

Alexandre Dumas
(1802 - 1870)



Born into poverty in Villers-Cotterets, France, and with only a smattering of education, Alexandre Dumas became one of the world's most widely read authors. He wrote more than 200 volumes of plays and historical romances, but he is best remembered for *The Count of Monte Cristo* and his tales of the exploits of Porthos, Athos and Aramis in *The Three Musketeers*.




Laclede Gas

PUBLIC SERVICE IS OUR DAILY BUSINESS

Schedule 4-27

**GAS LIGHT
REPAIR**
Laclede Gas
621-6960

 Pay on your
monthly bill!

 Laclede Gas

The sign of an all-gas home.



Ninety-eight percent of all single-family homes built last year in the St. Louis area served by Laclede were equipped with natural gas furnaces and water heaters. And for good reason: both cost less to operate than their electric counterparts.

Not only is gas the most economical way to heat your home, but gas also heats water faster, cooks food with greater control and dries more loads of clothes for less cost. And, gas is virtually pollution-free.

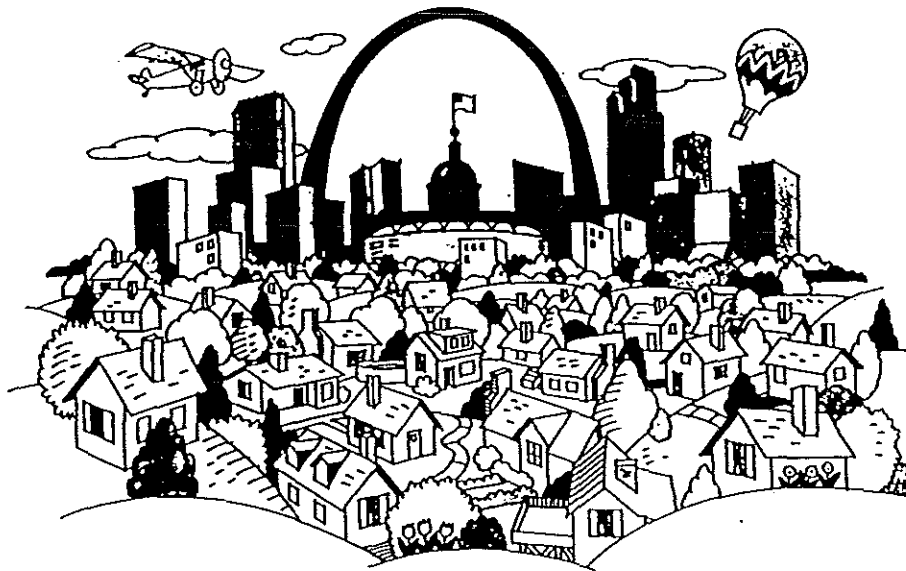
If you want to increase your new home sales, give your customers what they want — natural gas appliances throughout the house. For more information, call 314/342-0683.



St. Louis cooks with natural gas.



St. Louis builds with natural gas.



Ninety-eight percent of all single-family homes built last year in the St. Louis area served by Laclede were equipped with natural gas furnaces and water heaters. And for good reason: both cost less to operate than their electric counterparts.

Not only is gas the most economical way to heat your home, but gas also heats water faster, cooks food with greater control and dries more loads of clothes for less cost. Natural gas heat is comfortable, efficient and virtually pollution-free.

Laclede is proud to deliver the St. Louis area's energy of choice. At Laclede Gas, public service is our daily business.



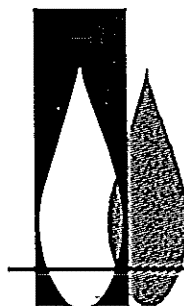
Laclede Gas



HEY VERN!

Take it from your
ol' buddy Ernest.
Be careful and
follow your job
safety rules.
***Being safe is
no accident.***

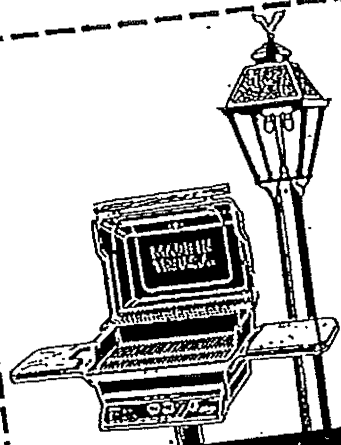
Know What I mean?



Laclede Gas

Schedule 4-32

GAS LIGHTS GAS GRILLS



SALE!
\$30 - \$100 off

Pay on Your Monthly Gas Bill
Sale Prices Good Thru Aug. 30, 1997



Laclede Gas

720 Olive Street
Gas Appliance Sales

CALL

342-0709

Vernon, let's face it. I'm the master of mishaps.

I've been in a few accidents in my time. And I'm here to tell you how to avoid 'em by passing along these safety tips.

1. Check furnace and flue.

See that your heating equipment is clean and in good working order. Properly adjusted pilots and burners and clean filters pay off in both safety and savings.

Also clear chimneys and flues. Leaves, birds' nests, fallen bricks or mortar can mean trouble and danger. If you find something you can't handle, call your heating contractor or Laclede.

2. Let us follow your nose.

If you detect the odor of natural gas, let Laclede track it down. Don't turn on or off any electrical appliances, even light switches. If the odor is strong, leave the building immediately. Then, from another location, call Laclede at 621-6960, or, if that number is busy, call 342-0800. Also, if your pilot or burner flame is substantially higher than normal, this may be an indication of excessive pressure. Call Laclede immediately.

3. Let gas pipes be gas pipes.

Gas pipes have a job of their own to do and shouldn't be used for anything else—certainly not clotheslines or free-form closets, or grounds for electrical appliances. Also, if a gas appliance is disconnected, be sure the abandoned fuel run is capped.

4. Shovel carefully.

Don't let your shovel be the cause of broken piping to gas lights or grills. And if you're doing some real digging, be careful. Know where your gas service line runs, and call before you dig (1-800-DIG-RITE).

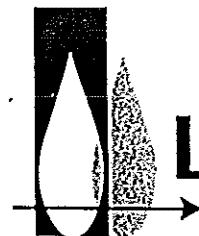
5. Watch your hot water setting.

A child's skin burns more easily than an adult's. So, when you turn up the thermostat on your water heater for washing clothes, remember to turn it down when you're finished to avoid small children accidentally scalding themselves by turning on the hot water tap.

**Take it from your ole buddy Ernest.
Being safe is no accident.**

KnoWhutI mean?

Schedule 4-34



Laclede Gas

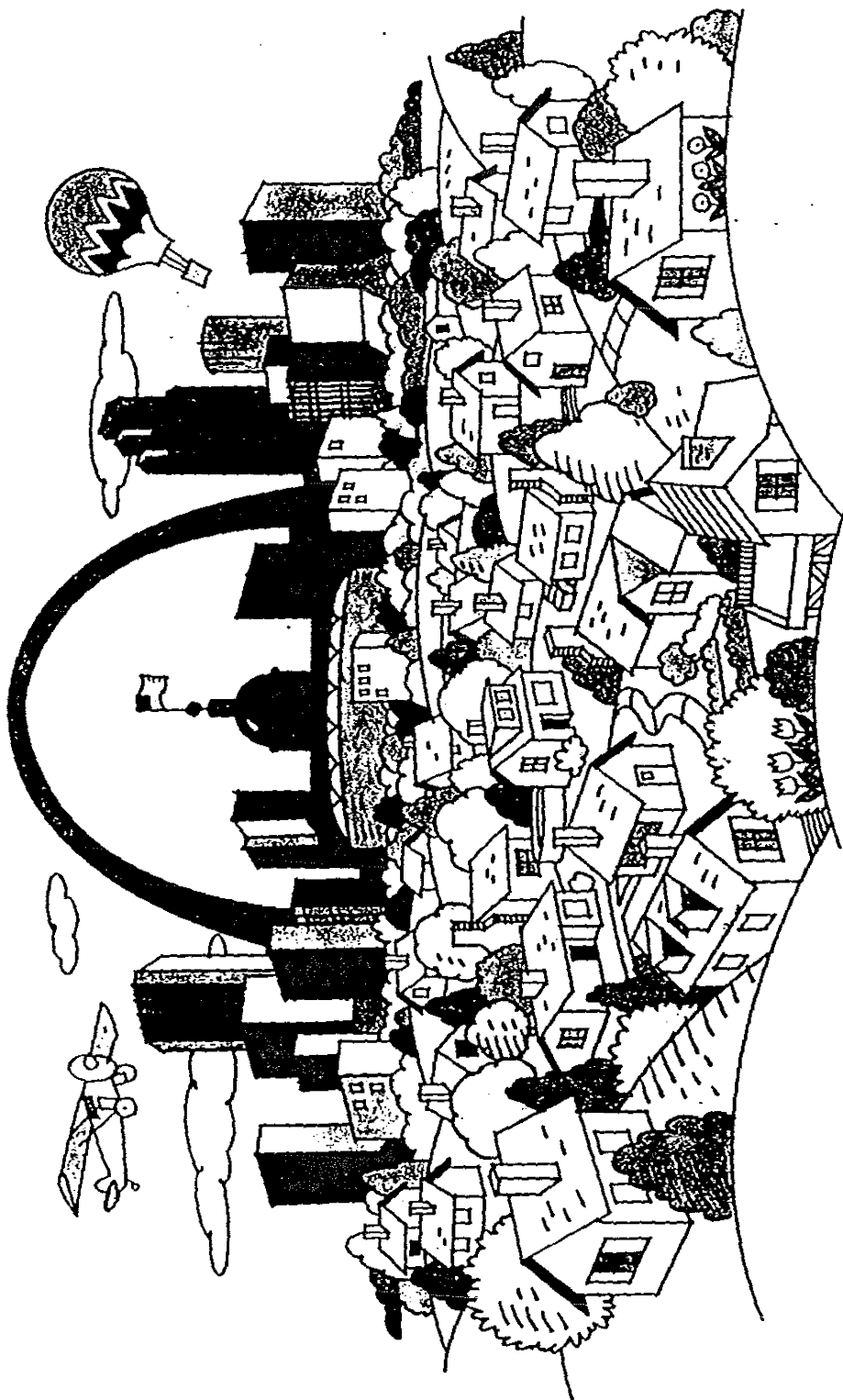
GAS FURNACE
CHECK-UP
Laclede Gas
621-6960



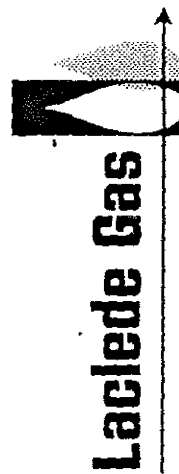
Pay on your
monthly bill!



Laclede Gas



Serving this public is our daily business.



Pre-Season Gas Log Sale



AGA-Certified Logs

**Save \$100 off regular
prices, starting at \$485
Installed (normal installation).**

Sale ends Sept. 15, 1997.
Installation must be completed
within 30 days of purchase.



Pay on
your
monthly
gas bill

Laclede Gas

Appliance Sales

Call 342-0709



Laclede's Commitment To The Elderly And Handicapped

Laclede Gas Company is committed to helping its elderly or handicapped customers through a special registration program aimed at preventing interruption of gas service. Before interruption becomes necessary, Laclede will help by:

1. reaching the customer twice by mail, by telephone also if possible, and, when the weather is cold, by making personal contact on the premises with the customer, or any member of the family who is more than 15 years old; and
2. by notifying a family member, social service agency, charitable organization or another individual selected by the customer so that outside help can be provided.

A big advantage of the Laclede Notification Plan for the elderly and handicapped is that customers who register for the service, and designate a third party contact, can have the reassurance of knowing that someone will be notified in their behalf who will work to avoid gas service interruption. If you or a member of your household are age 60 or older, or are disabled and cannot leave your home without assistance, you are encouraged to register with Laclede for this service. For further information on the Laclede Notification Plan or to receive a registration form, write to:

Laclede Gas Company
Customer Relations Department
Drawer 9
St. Louis, Missouri 63166

Schedule 4-39

...Or call 621-6960. The registration form may also be picked up from Laclede offices at 720 Olive in Downtown St. Louis.



Laclede Gas

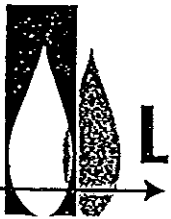
Now is the time to inspect your natural gas furnace!

*Call the gas service experts
at 621-6960.*

For approximately \$70.00*, Laclede will conduct a maintenance check of your furnace before the heating season begins to make certain it is operating safely and efficiently.

In addition to checking and cleaning your heating system, we also will examine the blower and venting systems, filters and cold air returns, operation of the thermostat, proper ignition and safe burner operation.

And, you can pay on your
monthly gas bill!

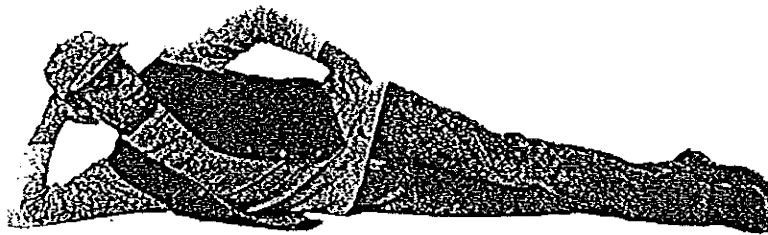


Laclede Gas

*Actual rates are \$77.10 for the first hour;
normal inspections take less than
one hour.

Laclede services all gas appliances!





Budget Billing Levels Your Monthly Gas Bill.

Since usage patterns and wholesale gas costs vary, why not avoid fluctuations in your gas bill with Budget Billing?

From December through March, the four months which are normally the coldest, you usually spend more for gas than you do for the other eight months combined. And this makes it hard to plan your budget.

Laclede estimates your total annual gas usage and divides that into 12 monthly payments. We still read your meter every month and check your account, so if your actual bills run higher or lower than expected over time, your budget payments can be adjusted accordingly.

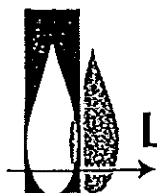
Mark the X on your bill this month to take advantage of Budget Billing!

***Budget Billing –
what a bright idea!***

KnoWhutI mean?



Schedule 4-41



Laclede Gas



**We'll follow
your nose
anywhere.**

If you detect the odor of gas inside or out, let Laclede track it down. If the odor is strong indoors, don't turn on any electrical appliances, even light switches. Leave the building immediately. Then follow your nose to a phone.

**Call 621-6960
if you smell gas.**



Laclede Gas

Schedule 4-42

*"It is one thing to agree that the
goal of integration is morally and legally
right; it is another to*

*commit oneself
positively and actively
to the ideal of integration."*

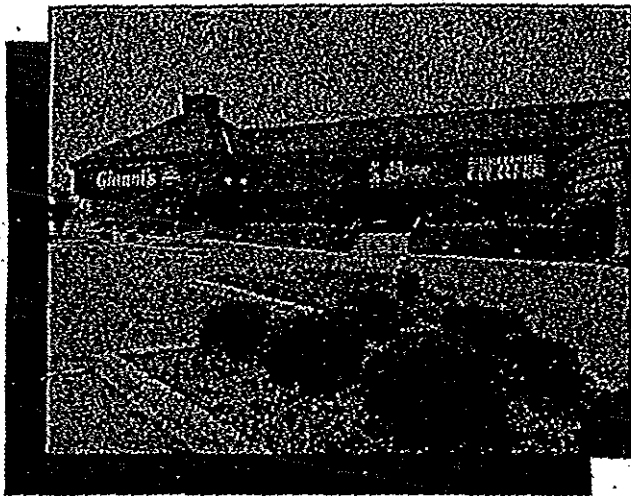
- Dr. Martin Luther King, Jr.
1929-1968



Laclede Gas

Public Service Is Our Daily Business.

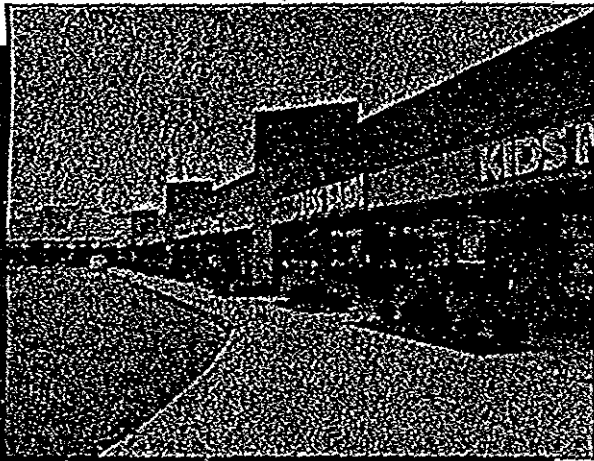
Natural Gas Worked For Us



at Kenrick Plaza in Shrewsbury

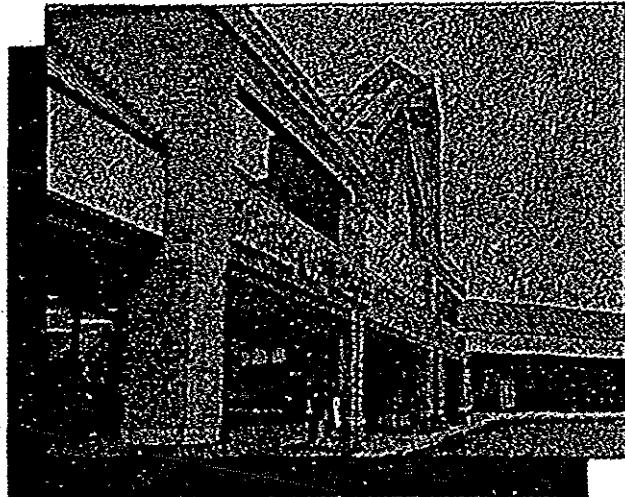
"Our tenants provide a variety of services and have a variety of needs. Natural gas gives us the flexibility to satisfy all those needs."

Joseph Kelley, President
Kelley Properties, Inc.



at Dierberg's Clocktower Place in
North County *"Our tenants prefer gas from
an economics standpoint; it saves them money."*

Timothy G. Sansone, Director of Construction
The Sansone Group



at Cypress Village Shopping Center
in St. Ann *"Most of our tenants use gas at
home, so it's only natural they want gas at work."*

Michael Staenberg, Vice President
Leo Eisenberg & Company

Natural Gas Will Work For You, Too!

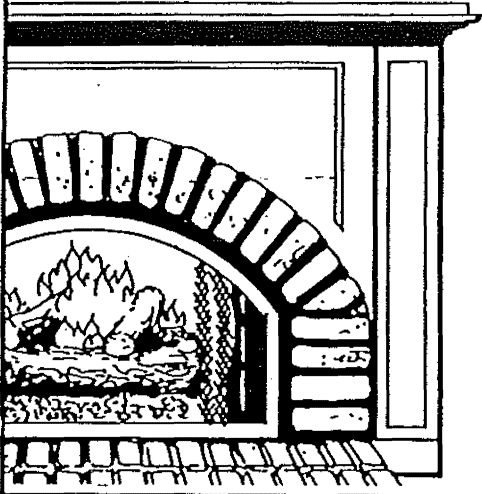
Call Laclede at 342-0676 to discuss
money-saving ways natural gas will
help you beat high electric costs.

Schedule 4-44

Laclede Gas 
Commercial Sales


Gas Logs Now on Sale!

*Give your home fireplace the look
of wood and the convenience of gas.*
Prices include normal installation. Pay on your monthly gas bill.



UNTIL JAN. 31, 1998
**\$75
OFF**
UNTIL JAN. 31, 1998

AGA-certified logs with
embers. Variety of sizes and
models, including see-through
logs. Regular prices will be
from \$565. Sale prices good
from Sept. 15 to
Jan. 31, 1998,
while quantities
last



Laclede Gas
Appliance Sales
342-0709

OK ★ ROP

HARRIS: Kaelin
ADVERTISER: LACLEDE GAS CO.
(SALESMAN) Philabaun
AD #:8SD602901
DATE: WED., 09-17
SIZE: 5 X 2
FIRST PROOF



8SD602901

NEXT DAY WATER HEATER REPLACEMENTS



*Loads of hot water economically
with A.O. Smith
Natural Gas water heaters.*

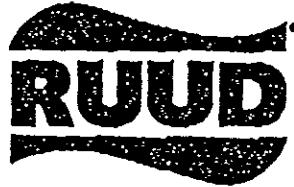
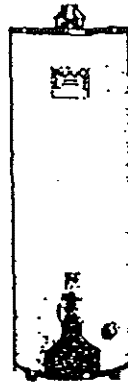
Few things are more inconvenient than being without hot water. So if your water heater is starting to go, call us. We offer a wide selection of A.O. Smith energy-savers, and we can install one in your home quickly and professionally. Play it safe. Jot our phone number down. At the first sign of water heater trouble, give us a call:

342-0709

Pay on your monthly gas bill.



Laclede Gas



Water Heaters
for all your
gas water
heating needs.



Laclede Gas

Appliance Sales

Call 342-0709

**GAS GRILL
REPAIR**
Laclede Gas
621-6960



Pay on your
monthly bill!



Laclede Gas

**GAS RANGE
REPAIR**
Laclede Gas
621-6960



Pay on your
monthly bill!



Laclede Gas

St. Louis cooks with natural gas.



Today's smart homeowners are choosing natural gas for cooking because gas offers greater cooking control, lower fuel costs and easy cleanup.

Natural gas ranges provide instant on-off with precise temperature control. Cooking with natural gas costs one-third as much as with electricity. Cleanup is easy with today's modern ranges.

Laclede is proud to deliver the St Louis area's energy of choice. Ask your display home sales agent for more information on how you can enjoy the benefits of natural gas appliances in your new home or call Laclede Gas at 342-0683.



Laclede Gas

Schedule 4-50

GAS WATER HEATER
REPAIR
Laclede Gas
621-6960



Pay on your
monthly bill!

