Exhibit No.:
Issues: *Plant In Service, Depreciation Reserve, Depreciation Expense, Cash Working Capital, Various Rate Base Items*
Witness: *Mark D. Griggs*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *GR-98-374*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

FILED
AUG 14 1998
Missouri Public Service Commission

DIRECT TESTIMONY

OF

MARK D. GRIGGS

LACLEDE GAS COMPANY

CASE NO. GR-98-374

Jefferson City, Missouri
August, 1998

DIRECT TESTIMONY

OF

MARK D. GRIGGS

LACLEDE GAS COMPANY

CASE NO. GR-98-374

Q. Please state your name and business address.

A. Mark D. Griggs, 815 Charter Commons, Suite 100B, St. Louis, Missouri 63017.

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

A. I am a Regulatory Auditor for the Missouri Public Service Commission (Commission).

Q. Please describe your educational background and professional affiliations.

A. I graduated from the University of Kentucky in May 1990, at which time I received a Bachelor of Science degree in Accounting with High Distinction. In May 1993, I received a Juris Doctorate from the Ohio State University College of Law. I am admitted to the Bar in the states of Missouri and Illinois. I began my employment with the Commission in July 1997.

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

A. I have assisted in audits and examinations of the books and records of public utility companies operating within the state of Missouri.

Q. Have you previously filed testimony before this Commission?

A. No, I have not previously filed testimony before this Commission.

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)?

A. Yes, with the assistance of other members of the Staff.

Q. Please describe your areas of responsibility in this case.

A. My areas of responsibility in this case include the following:

- Plant in Service
- Depreciation Expense
- Depreciation Reserve
- Cash Working Capital
- Various Rate Base Components

Q. What Accounting Schedules and Adjustments to the Income Statement are you sponsoring?

A. I am sponsoring the following Accounting Schedules:

Rate Base	Accounting Schedule 2
Plant in Service	Accounting Schedule 3
Depreciation Reserve	Accounting Schedule 5
Depreciation Expense	Accounting Schedule 7
Cash Working Capital	Accounting Schedule 8

I am sponsoring the following Accounting Adjustments:

Customer Deposit Interest	S-12.3
PSC Assessment	S-15.25
Depreciation Expense	S-16.1

ACCOUNTING SCHEDULES

Q. Please explain Accounting Schedule 2, Rate Base.

A. This Schedule illustrates the Company's net capital investment recommended by the Staff to derive the revenue requirement used to set customer rates in this case. Amounts listed on lines 2 and 6 are supported by Accounting Schedules 3 and 5, Plant in Service and Depreciation Reserve, respectively, and are discussed later in this testimony. Lines 2-4 and 6-8 represent June 30, 1998 balances for each of the respective accounts. Line 9 represents the Staff's calculation of Net Plant in Service. Line 11, which is supported by Accounting Schedule 8, Cash Working Capital (CWC), represents the cash working capital requirement, before interest and taxes, and is also discussed later in this testimony. Amounts listed on lines 12 and 13 are 13-month averages for the balances of the materials and supplies, and prepayments.

A 13-month average was used because the balances fluctuated throughout the period examined and did not exhibit a defined upward or downward trend. Thus, use of a 13 -month average provides a normalized level in a calendar year where a significantly high or a particularly low monthly balance is not uncommon. The average for prepayments was adjusted to exclude the 13-month average for the Public Service Commission (PSC) assessment, which is consistent with Staff's inclusion of the assessment as part of the CWC requirement.

Line item 14, Prepaid Pension Asset, is sponsored by Staff Accounting witness Steve M. Traxler. Line item 15 represents the 13-month average balance for propane gas inventory. The balances on lines 16 and 17 are discussed in the testimony of Staff witness Michael J. Wallis of the Commission's Gas Procurement Department. Attached as Schedule 1 to this direct testimony are the 13-month average balances for Natural Gas Stored Underground-Laclede and Natural Gas Stored Underground-MRT, respectively. Staff witness Wallis adjusted these per book volumes to arrive at the amounts contained in Accounting Schedule 2, Rate Base. Line 18 represents the June 30, 1998 unamortized balance for the deferred materials management system costs and is sponsored by Staff Accounting witness Doyle L. Gibbs. Lines 19 and 20, Insulation Financing Program Loans and Energy Wise, respectively, are sponsored by Staff Accounting witness John M. Boczkiewicz. Amounts on lines 23-26 represent the cash working capital requirement for interest expense, Federal taxes, state taxes, and city taxes, and are explained later in my testimony in the Cash Working Capital section. Lines 27 and 28 are the June 30, 1998 account balances for customer advances and customer deposits. Line 29, Deferred Income Taxes, is sponsored by Staff witness Gibbs.

Q. Please explain Accounting Schedule 3, Total Plant in Service and Accounting Schedule 5, Depreciation Reserve.

A. These Accounting Schedules provide the detail for the Staff's rate base components of gas plant in service, stated at original cost, and the related depreciation reserve balances at June 30, 1998, respectively.

Q. Please explain Accounting Schedule 7, Depreciation Expense.

A. This Schedule depicts the calculated annual depreciation expense on the Company's utility plant in service as shown on Accounting Schedule 3. The depreciation rates used in this schedule were provided by Staff witness Paul W. Adam of the Commission's Depreciation Department.

CASH WORKING CAPITAL

Q. What is Cash Working Capital (CWC)?

A. CWC is the amount of cash necessary for a utility to pay the day-to-day expenses incurred in providing service to the ratepayer.

Q. What methodology did the Staff apply in determining the Company's CWC requirement?

A. The Staff's calculation of the Company's CWC requirement is based upon a lead/lag study performed by the Company in 1996 ("1996 Study"), using year end December 1995 data. In reliance upon Company's response to Staff Data Request No. 87 that no material changes, except in the area of gas cost, have occurred since the performance of the study, the Staff adopted the 1996 Study as the starting point for the current case. In some instances, e.g., base payroll, the composite lags have changed, but only because current Staff annualized numbers were applied to the individual lags that make up a composite lag. Except as noted, the individual lags used are those from the 1996 study. The Staff examined the 1996 Study and the various components analyzed by the Company in calculating its CWC requirement. Based upon this examination, the Staff determined that several changes to the 1996 Study were necessary in calculating the CWC requirement. I will discuss these changes later in this testimony.

Q. Is the method the Staff used to calculate the CWC requirement consistent with that used in previous rate cases?

A. Yes. The use of a lead/lag study to calculate a company's CWC requirement by the Staff has been adopted by the Commission in numerous rate cases.

Q. How does a lead/lag study calculate cash working capital?

A. In a lead/lag study, an analysis is performed of the cash flows related to the payments received by the Company from its customers for the provision of service and the disbursements made by the Company to vendors to provide that service. These cash flows are measured in numbers of days. A lead/lag analysis compares the number of days the company is allowed or takes to make payments after receiving service from a vendor with the number of days it takes the Company to receive payment for the service provided to customers. The lead/lag study also determines who provides CWC.

Q. What are the sources of CWC?

A. The ratepayer and the shareholder are the sources of CWC.

Q. How does the ratepayer supply CWC?

A. The ratepayer supplies CWC when payment for service is made before the Company pays for the expenses incurred to provide that service. The ratepayer is compensated for the CWC provided through a reduction to rate base.

Q. How does the shareholder supply CWC?

A. When the Company must pay for an expense incurred to provide service before the ratepayer has paid for the related usage, cash is provided by the shareholder. This cash outlay represents a portion of the shareholder's total investment in the Company. The shareholder is compensated for the CWC provided through an increase in rate base.

Q. How are the results from a lead/lag study interpreted?

A. A negative CWC requirement indicates that the ratepayer provided the working capital in the aggregate during the test year. This means that the ratepayer has provided the necessary cash, on average, before the Company must pay for expenses incurred to provide that service.

A positive CWC requirement indicates that the shareholder provided the working capital in the aggregate during the test year. This means that the Company must pay, on average, for the expenses incurred in providing service before cash is provided by the ratepayer.

Q. Please explain the components of the Staff's calculation of CWC, which appear on Accounting Schedule 8.

A. Column A on Accounting Schedule 8 lists the expenses which the Company pays on a day-to-day basis. Column B lists the Staff's Annualized Expense Amounts. Column C, Revenue Lag, denotes the amount of time, expressed in days, between the midpoint of the period during which the Company provides service and the payment for that service by the ratepayer. Column D, Expense Lag, denotes the amount of time, expressed in days, between the receipt of and payment for the goods and services (i.e., cash expenditures) used by the Company to provide service to the ratepayer. Column E, Net Lag, results from the subtraction of the Expense Lag from the Revenue Lag. Column F, Factor, expresses the Net Lag in days as a fraction of the total days in the year. This result is derived by dividing the Net lags in Column E by 365 days. Finally, Column G, CWC Requirement, is the average amount of cash necessary to provide service to the ratepayer, which is calculated by multiplying the annualized test year expense amounts (Column B) by the CWC factor (Column F).

Q. Please explain the revenue lag.

A. The revenue lag is defined as the amount of time between the provision of service by the Company and the receipt of the payment for that service from the ratepayers. The revenue lag on Accounting Schedule 8 is a composite of the revenue lags for utility sales and transportation customers, incidental oil operations, and late payment charges. The utility sales and transportation revenue lag is the summation of three subcomponent lags: usage, billing and collection.

Q. Please explain the subcomponent lags for utility sales and transportation customers.

A. The usage, billing and collection lags are defined as follows:

Usage Lag: The midpoint of the average time elapsed from the beginning of the first day of a service period through the last day of that service period.

Billing Lag: The period of time between the end of the last day of a service period and the day the bill is placed in the mail by the Company.

Collection Lag: The period of time between the day the bill is placed in the mail by the Company and the day the Company receives payment from the ratepayer for services rendered.

Q. Please explain Staff's analysis of the Company's revenue lag.

A. The Staff has examined the Company's calculation of the revenue lags for utility sales and transportation customers, incidental oil sales, and late payment charges. For this case, the Staff has accepted the Company's usage lag for transportation customers, the revenue lag for incidental oil sales, and the billing lag for utility sales customers. However, the Staff does not agree with the Company's usage and collection lags for utility sales customers, billing and collection lags for transportation customers, and the revenue lags for late payment charges.

Q. What is the Staff proposing for the billing and collection lags for transportation customers?

A. The Staff is proposing a billing lag of 3.3 days and a collection lag of 15.3 days.

Q. Why was a billing lag of 3.3 days and a billing lag of 15.3 days selected for transportation customers?

A. The Company's current tariff provides that transportation customer bills are due 15 days after the date of the associated invoice. (Tariff sheet 37, subparagraph 3.1, effective December 20, 1989). In its workpapers for Case No. GR-98-374, the Company calculated a collection lag of 19.2 days and a billing lag of 4.5 days for transportation customers. However, in the 1996 Study in Case No. GR-96-193, the Company determined that a collection lag of 15.3 days and a billing lag of 3.3 days were appropriate for transportation customers. Given the tariff language regarding 15 days and the 15.3 day collection lag calculated in the 1996 Study, the Staff believes that 15.3 days is the appropriate collection lag for transportation customers.

The Staff has analyzed the Company's calculation of the billing lag for transportation customers for Case No. GR-98-374. In contrast to the 1996 Study, several of the individual transportation customer accounts used to compute the composite lag in Case No. GR-98-374 contained billing lags in excess of 10 days. The Staff believes that the Company can achieve the billing lag results realized in the 1996 Study. Therefore, the Staff believes that the billing lag of 3.3 days from the 1996 Study is the appropriate transportation customer billing lag.

Q. Why was a collection lag of 21.07 days selected for the utility sales customers?

A. In Case No. GR-96-193, the Staff developed a collection lag based upon a random sample of 300 residential and commercial/small industrial customer accounts. Payments received from customers during the year ended December 1995 were traced back to the bill date to develop lag days for each bill. These lag days were weighted according to the corresponding payment amounts to develop an overall collection lag for residential and commercial/small industrial customers of 20.43 days. This lag was adjusted during prehearing in Case No. GR-96-193 to 21.07 days.

Q. Why does the Staff believe the 21.07 days is an accurate reflection of the Company's collection lag?

A. The Company's residential customers have 21 days to make payment after the rendition of their bill, after which a late payment charge is assessed. The commercial/small industrial customers have only 15 days to make payments. Twenty one days is also prescribed by the Commission's Service and Billing Practices (4 CSR 240-13.020) as the allowable payment period for residential customers. Therefore the Staff believes the 21.07 day collection lag developed from the customer sample is a reasonable and conservative estimate for the population. This lag implies that, on average, residential customers are paying their bills on the delinquent date and the commercial/small industrial customers are paying their bills 6.07 days after the delinquent date.

Q. What methodology did the Staff use to calculate the usage and billing component of the utility sales revenue lag?

A. As previously stated in this direct testimony, the usage lag is the midpoint of the average time elapsed between the beginning of a service period through the last day of that service period. Therefore, based on a 365 day year and twelve service periods, the midpoint of a service period would be 15.21 days. The Staff reviewed and accepts the Company's billing lag of 2.92 days. Therefore the Staff's utility sales revenue lag is 39.20 days (15.21 usage, 2.92 billing, and 21.07 collection). The composite of the revenue lags for utility sales and transportation customers, incidental oil sales, and late payment charges, when weighted by their respective revenues, as adjusted, produces the overall revenue lag of 38.94 days.

Q. What methodology did Staff use to calculate the late payment charges component of the overall revenue lag?

A. The late payment charges lag is calculated by weighting the collection lags for utility sales and transportation customers by their respective late payment charges revenue. The collection lags of 21.07 days and 15.3 days for utility sales and transportation customers, respectively, when weighted by the associated late payment charges revenues, yields a weighted lag of 21.01 days.

Q. Why is the revenue lag for sales and gross receipts taxes set at 21.07 days?

A. The amount of Sales and Gross Receipts Tax are not known until the customer's bill is prepared. The Company acts solely as an agent of the taxing authority in collecting gross receipts tax and sales tax from the ratepayer and paying the proper institution. The Company has not provided any service to the ratepayer associated with the gross receipts and sales taxes. Since the taxes are not known until the bill is prepared, the only portion recognized in the revenue lag is the collection lag.

Q. How were the expense lags on Accounting Schedule 8 determined?

A. In general, the expense lags were calculated by measuring the elapsed time between the midpoint of the period during which goods and services were provided to the Company and the date that payment was made for those services.

The Staff has examined calculations of the various expense lags from the 1996 Study. Where appropriate, this data has been used in the determination of the expense lags in the Staff's CWC analysis.

Q. Please explain the base payroll expense lag on Accounting Schedule 8.

A. The expense lag for base payroll reflects the time lapse between the average date the Company's employees earn compensation and the date payment is made by the Company.

Q. How was the base payroll expense lag calculated?

A. The base payroll expense lag was calculated through use of the lag days developed in the 1996 Study with application of the Staff's annualized payroll amounts, less taxes withheld. The expense lags for Laclede management, Laclede contract, and Missouri Natural employees were weighted by the corresponding base payroll portion of the Staff's annalized payroll to derive the composite base payroll lag.

Q. Please explain the tax withholding expense lag.

A. The tax withholding expense lag is an extension of the base payroll lag. The lag days for employee taxes withheld from the 1996 Study were added to the base payroll lag of Laclede management, Laclede contract and Missouri Natural to derive total lag days for Federal, state, city earnings and FICA (Social Security) taxes.

Q. How was the tax withholding expense lag calculated?

A. The tax withholding expense lag was computed by using the lag days developed in the 1996 Study and applying the Staff's annualized amount for tax withheld. The expense lags for Laclede management, Laclede contract and Missouri Natural employees were weighted by the corresponding tax withholding portion of the Staff's annualized payroll to derive an overall tax withholding expense lag.

Q. Please explain the expense lag for pension fees and 401(k) contributions.

A. The expense lag for this line item is a weighted lag that combines the expense lags for pension fees and 401(k) contributions. The component for pension fees is the number of days from the midpoint of the period being billed by the trustee to the date the Company paid for the service provided. Payments for 401(k) deposits are made concurrently with payment of payroll and thus are given the same lag as base payroll.

Q. Please explain the expense lag for pension expense (FAS 87 & 88).

A. The Staff's annualization of pension expense is based on an accrual accounting calculation. Therefore, this amount does not represent actual cash payments. As a result, the expense lag has been set equal to the revenue lag for this item so that a zero cash working capital effect is produced.

Q. Please explain the expense lag for OPEBs (FAS 106).

A. In response to Staff Data Request No. 302, the Company provided the amounts of the monthly contributions for OPEB funding. The payments for each month were weighted by their respective lag days based on the payment dates and amounts provided in Staff Data Request No. 302.

Q. How was the expense lag for group insurance derived?

A. The calculation of the expense lag for group insurance is based on Staff's annualized components of group insurance and the lead lag days developed in the 1996 Study. The annualized amounts were applied to the individual lags to produce the overall group insurance lag.

Q. Please explain the expense lag for uncollectible accounts.

A. Uncollectible accounts is an expense in name only. It is actually a lack of revenue collection and, therefore, does not represent a cash flow for payment of an expense. An expense lag equal to the revenue lag has been assigned to this item so that a zero CWC effect is produced.

Q. Please explain the lag for rent expense.

A. Rent expense is based on the actual amounts and dates of payments for the Company's leased space at its headquarters at 720 Olive in St. Louis, Missouri. The Staff has reviewed the Company's workpapers and accepts the resulting lag for rent expense.

Q. Please explain the expense lag for materials and supplies.

A. A return is being provided to the Company for materials and supplies by the inclusion of materials and supplies as a separate line item in rate base. To avoid double-recovery, an expense lag equal to the revenue lag has been assigned to this item so that a zero cash working capital effect is produced.

Q. Please explain the PSC assessment expense lag.

A. The expense lag for the PSC assessment is based on quarterly payments for fiscal year ending June 30, 1998. The lag days for each payment are weighted based on actual payment amounts to derive an overall PSC assessment lag.

Q. Please explain the cash voucher lag.

A. The Company calculated individual expense lags for several miscellaneous items of expense, including transportation, utilities, postage, customer accounts, advertising, fees and miscellaneous expense. The Staff's cash voucher lag is a composite of these lags. The normalized expenses from the Company's workpapers from Case No. GR-98-374 and lag days from the 1996 Study were adopted, with the exception of an adjustment to the Company's amount for fees. The Staff included trustees fees in a separate line item in the CWC calculation, and thus excluded them from the cash voucher lag.

Q. How was the expense lag for FICA-employer portion calculated?

A. The lag for FICA-employer portion is the same as the FICA component used in the calculation of the tax withholding expense lag. The FICA amounts for Laclede management, Laclede contract and Missouri Natural were weighted by the corresponding expense lags to derive an overall FICA-employer portion expense lag.

Q. Please explain the unemployment tax expense lag.

A. The composite lag for federal and state unemployment taxes was calculated based on the requirement that deposits are made by the Company, on the last day of the month following the end of the quarter for which the taxes are due, for Federal and state unemployment. The unemployment expense lag is a composite of the Federal unemployment tax and state unemployment tax. The Staff's annualized amounts for federal and state unemployment expenses were weighted by the lag days developed in the 1996 Study to develop an overall unemployment expense lag.

Q. How were the property tax and corporate franchise tax expense lags computed?

A. The property tax expense lag was computed based on the requirement that the tax is paid annually on December 31 for the entire year. Therefore, the expense lag equals one-half the annual days in a per year.

The corporate franchise tax expense lag was computed based on the requirement that the tax is prepaid on January 15 for the fiscal year ending September 30. The expense lag equals the period from January 15 to the midpoint of the fiscal year ending September 30, which is approximately April 1. Since corporate franchise taxes are paid in advance, the expense lag is negative.

Q. Please explain the gross receipts tax expense lag.

A. The gross receipts tax expense lag was calculated by summing the days from the average bill mail date and the required payment date for each municipality. The average bill mail date was computed by calculating the midpoint of the actual beginning and ending bill mail dates for each calendar month of 1997. The lags for each municipality were then weighted together based on annual tax payments to derive an overall gross receipts tax expense lag. Gross receipts taxes and sales taxes are not known until the customer is billed, therefore, these expense lags do not include billing and usage lags. In order for the gross receipts tax and sales tax expense lags to be consistent with the revenue lag, the revenue lag has been set equal to the utility sales collection lag of 21.07 days.

Q. Please explain the line item entry for the St. Louis City payroll earnings tax.

A. To determine the CWC requirement for PET, the Staff's annualized amount for the St. Louis City payroll earnings tax was applied to the lag days determined in the 1996 Study.

Q. How were the expense lags for incidental oil expenses and exploration and development (E&D) expenses computed?

A. The Staff agrees with the expense lags computed by the Company for incidental oil expenses. For E&D expense, the Staff has adopted the lag calculated by the Staff in Case No. GR-96-193, in which the E&D expense categories for E&D operations, income taxes, production taxes and other taxes were weighted to produce a one line entry on the Staff's Cash Working Capital Accounting Schedule.

Q. How was the sales tax expense lag calculated?

A. The Company makes five payments each month for sales tax, four quarter-monthly payments and a reconciling or "true-up" payment for the preceding month. The sales tax expense lag is a composite of state sales tax and local sales tax. Lags were calculated for the quarter-month payments and the reconciling payments by summing the midpoint of the service period and the required deposit date for each payment. The composite of the quarter-monthly and reconciling payments were then weighted by the applicable percentages for state and local sales tax to derive an overall sales tax expense lag.

Q. Please explain the expense lag for natural gas costs.

A. In its responses to Staff Data Requests Nos. 87 and 238, the Company stated that it currently purchases gas from multiple suppliers and pays transportation charges related to the purchase of natural gas and provided an updated calculation of the natural gas cost expense lag for the test year. Total payments to each of the four vendors for purchases, storage, and/or transportation were weighted according to their respective lags. Upon examination of the Company's analysis of natural gas costs in Staff Data Request No. 238, the Staff accepted the Company's updated expense lag calculation.

Q. Please explain the expense lag for pension fund contributions.

A. The expense lag for pension fund contributions is based on the actual amounts and dates of contributions made during the 1997 plan year for Laclede and Missouri Natural Gas divisions. The expense lag reflects the elapsed time between the midpoint of the plan year and the date of the contribution, which is then weighted by the amount of the contribution.

Q. Please explain the expense lags for income taxes and interest.

A. The expense lags for income taxes were developed for Federal, state and city income taxes. Lag days developed in the 1996 Study were used to derive the income tax expense lags. The interest expense lag was developed by weighting the long and short term debt expense lags by their respective interest rates and weighted costs.

The income taxes and interest amounts used in the calculation of CWC are computer generated and tied to the revenue requirement calculation. Accordingly, offsets for income taxes and interest have been separated from the CWC Schedule and included on Accounting Schedule 2, Rate Base.

Q. Why is a rate base offset for interest expense appropriate?

A. Interest expense is a cost of doing business like any other expense and is recoverable from the ratepayers through the Company's tariffs. This interest is prepaid by the ratepayer and the Company has the use of the funds until payment is made to the bondholder, creating a negative CWC requirement.

INCOME STATEMENT ADJUSTMENTS

Q. Please explain adjustment S-12.3.

A. Adjustment S-12.3 includes interest expense associated with the customer deposits balance included in rate base calculated using a 9.5 % interest rate. The interest rate was based on the Stipulation and Agreement from Case No. GR-94-220, which stated that the interest rate paid by the Company on customer deposits should be equal to the prime bank lending rate plus one percentage point as published in The Wall Street Journal for the last business day of the preceding calendar year. The prime bank lending rate as of December 31, 1997 was 8.5%. Therefore, the interest rate for customer deposits is 9.5% for calendar year 1998.

Q. Please explain adjustment S-15.25.

A. Adjustment S-15.25 reflects the difference between the Company's annual PSC Assessment during the test year and the actual PSC assessment as of July 1, 1998.

Q. Please explain Adjustment S-16.1.

A. Adjustment S-16.1 annualizes depreciation expense. The annaulized depreciation calculated on Accounting Schedule 7, less the depreciation capitalized in Adjustment S-16.2, equals the Staff's annualized depreciation expense.

Q. Does this conclude your direct testimony?

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 MARK D. GRIGGS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Mark D. Griggs, 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 ______ 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.

Mark D. Griggs
MARK D. GRIGGS

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

Toni Willmeno
Notary Public

My Commission Expires: ____________________

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

TONI M. WILLMENO
NOTARY SEAL
NOTARY PUBLIC
STATE OF MISSOURI

Laclede Gas Co.
Natural Gas Stored Underground-Current
Test Year Ended 2-28-98, Updated through 6-30-98
GR-98-374

	Laclede Acct 164.10	MRT Acct. 164.11
Feb 97	$11,221,490	$15,177,996
March 97	$8,439,249	$8,874,791
April	$8,329,625	$2,418,537
May	$10,876,735	$3,582,776
June	$11,137,280	$12,868,658
July	$12,079,550	$20,023,004
Aug	$12,923,747	$32,591,700
Sept.	$13,546,914	$43,319,856
Oct	$14,252,537	$55,114,832
Nov	$14,939,898	$51,245,579
Dec	$14,183,968	$40,582,329
Jan 98	$12,870,167	$28,255,957
Feb 98	$12,847,684	$15,889,682
Total	**$157,648,846**	**$329,945,697**
13-Month Avg.	**$12,126,834**	**$25,380,438**
March	$11,910,036	$9,433,035
April	$11,806,482	$5,956,901
May	$12,851,860	$9,518,224
June	$12,527,031	$15,953,466
Total, 3-98 to 6-98	$49,095,409	$40,861,627
Add: Total, 6/97 to 2/98	$118,781,746	$299,891,598
Total, 6/97 to 6/98	**$167,877,154**	**$340,753,224**
13-Month Avg, 6/97 to 6/98	**$12,913,627**	**$26,211,786**

Source: General Ledger