

Exhibit No.:  
Issue: Class C-O-S Allocators  
and Rate Design  
Witness: Daniel I. Beck  
Sponsoring Party: MoPSC Staff  
Type of Exhibit: Direct Testimony  
Case No.: GR-2001-629  
Date Testimony Prepared: October 16, 2001

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**DIRECT TESTIMONY**

**OF**

**DANIEL I. BECK**

**FILED<sup>3</sup>**

**OCT 16 2001**

Missouri Public  
Service Commission

**LACLEDE GAS COMPANY**

**CASE NO. GR-2001-629**

Jefferson City, Missouri  
October 2001

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1 Q. In your previous answer, you excluded the results of classes that contribute less  
2 than one-fourth of one percent (0.25%) of the Company's total revenue. Could you explain  
3 your reasons for excluding these classes and discuss the results of the Class C-O-S study  
4 regarding these Classes?

5 A. I excluded the results for these classes because their small size, when compared to  
6 the total Company, make the allocation of costs difficult at best. The results of this study  
7 with regard to the small classes show large deviations from C-O-S of 25%, -33% and -64%  
8 for the Liquid Propane, Interruptible and Unmetered Gas Light Classes, respectively. A good  
9 example of the difficulties involved in allocating costs to these small Classes can be seen  
10 when the results of this Class C-O-S study are compared to the results from the previous case  
11 for the Liquid Propane Class. In the previous case, a decrease of 4% was indicated while a  
12 25% increase is indicated in this case. That is significant movement in C-O-S results  
13 especially when the current study is simply an update of the previous study. In this case, I do  
14 not recommend a shift in C-O-S revenues for these Classes because of the difficulties  
15 associated with allocating costs to these small Classes.

16 Q. What recommendations do you have regarding the customer charges?

17 A. Staff's Class C-O-S study indicates that most classes currently have customer  
18 charges that are above the calculated customer charge, that is the current customer charge is  
19 higher than the study would indicate is needed. However, the current customer charge for  
20 the Small General Service (SGS) Class is significantly below the level indicated by the study.  
21 This charge was increased from \$13.30 to \$15.00 in the last case, which was approximately a  
22 12% increase in the SGS Customer charge in the last case. If an increase is granted in this

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1 case, I recommend that the SGS Classes' customer charge be increased by the same amount  
2 as the SGS Class revenues are increased. If the customer charge and class revenues are  
3 increased by the same percentage, there will be no revenue shifts within the SGS class. For  
4 all other Classes, I recommend no change in the customer charge.

5 Q. Did Staff use the same billing units as the Company?

6 A. No. Staff developed normalized billing units that correspond to Staff's Revenues  
7 while the Company developed normalized billing units corresponding to its case. I propose  
8 that all parties work toward developing a single set of billing units for the test year so that  
9 any Commission ordered change in revenue can be implemented.

10 Q. Does this conclude your testimony?

11 A. Yes.

