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AUG 23 2002  
Missouri Public  
Service Commission  
2-356

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## LACLEDE'S STATEMENT OF POSITIONS

**COMES NOW** Laclede Gas Company (“Laclede” or “Company”), and for its  
Statement of Positions on the Revised List of Contested Issues, states as follows:

1. On August 19, 2002, Laclede, Staff and Public counsel filed their Motion for Modification of Procedural Schedule, Request for Expedited Treatment and Revised List of Contested Issues (the “Motion”). The Motion contained the list of issues set forth below. No party objected to the relief requested in the Motion.

2. On August 20, 2002, the Commission issued its Order Modifying Procedural Schedule in which it granted the relief requested in the Motion, including approval of the Revised List of Issues. Set forth below are Laclede's positions with respect to each issue.

**Issue #1: Weather Mitigation:** Should a weather mitigation clause, or some other solution, be adopted to reduce fluctuations in cost recovery due to weather?

**Laclede's Position:** Yes. The Commission should adopt either Laclede's proposed weather mitigation rate design, as sponsored in the rebuttal testimony of Laclede witness Cline, or the weather mitigation clause set forth in the direct testimony of Laclede witness Cline. Both of these alternatives are designed to substantially reduce over and under-recoveries of the Company's distribution costs due to the impact of weather on the Company's revenues and both would benefit the Company and its customers in numerous ways. Specifically, they would: (a) better ensure that customers pay the actual cost incurred by the Company to provide them with utility

service by not requiring customers to pay more or less than the actual cost simply because it is colder or warmer than normal; (b) lighten the financial burden on customers when their bills are likely to be highest because of increased consumption and higher gas prices; (c) prevent a further deterioration in the Company's ability to finance its public utility obligations on reasonable terms; and (d) provide for a recovery of both the Company's gas and distribution costs that is more consistent with the way in which those costs are incurred and change relative to customer usage, weather and other factors. In addition to producing these benefits, the Company's weather mitigation rate design would also: (a) avoid any material customer impacts other than a 10 percent rate decrease for the smallest of the Company's commercial customers; and (b) establish a weather bias in the customer's favor by placing a hard cap on any over-recoveries of distribution costs during colder weather while still permitting a potential, but significantly reduced, under-recovery of costs in warmer weather.

**Issue #2:**                    **Class Cost of Service:** How should Laclede's cost of service be assigned to the customer classes?

**Laclede's Position:**    Laclede believes that the Commission should maintain the status quo for the cost of service allocations in existence prior to this case, and that the Commission should apportion the increased costs approved in this case to the customer classes in the proportion set forth in Schedule MTC-1 to the direct testimony of Mr. Michael Cline.

**Issue #3:**                    **Rate Design:** How should the Commission implement any revenue-related changes it orders in this case?

**Laclede's Position:**    The increased revenues approved in this case should be apportioned to the customer classes in the manner set forth in Schedule MTC-1 to the direct testimony of Mr. Michael Cline.

Respectfully submitted,



Michael C. Pendergast, #31763  
Vice President & Associate General Counsel  
Telephone: (314) 342-0532  
E-mail: mpendergast@lacledegas.com

Rick Zucker, #49211  
Assistant General Counsel-Regulatory  
Telephone: (314) 342-0533  
E-mail: rzucker@lacledegas.com

Laclede Gas Company  
720 Olive Street, Room 1520  
St. Louis, MO 63101  
Facsimile: (314) 421-1979

**Certificate of Service**

The undersigned certifies that a true and correct copy of the foregoing Statement of Positions was served on all counsel of record in this case on this 23rd day of August, 2002 by hand-delivery or by placing a copy of such Statement, postage prepaid, in the United States mail.

