

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's }
Tariff to Revise Natural Gas Rate Schedules. }

Case No. GR-2002-356
Tariff No. 200200602

SUSPENSION ORDER AND NOTICE

On January 25, 2002, Laclede Gas Company submitted to the Commission proposed tariff sheets intended to implement a general rate increase for natural gas service provided to customers in the Missouri service area of the Company. The proposed tariff sheets bear a requested effective date of February 25, 2002. The proposed natural gas service tariff sheets are designed to produce an annual increase of \$36.092 million in the Company's revenues, exclusive of Gross Receipts Taxes, a 6.3 percent increase. Together with its proposed tariff sheets and other minimum filing requirements, the Company also filed prepared direct testimony in support of its requested rate increase.

In order to allow sufficient time to study the effect of the proposed tariffs and to determine if they are just, reasonable and in the public interest, the proposed tariffs shall be suspended for a period of 120 days beyond the requested effective date. Furthermore, because a hearing on the proposed tariffs cannot be concluded within the period of suspension above stated, the proposed tariffs shall be suspended for an additional six months beyond the 120th day following the requested effective date.

Inasmuch as the Commission is required by law to give rate increase cases preference over all other questions pending before it and to decide such cases as quickly

as possible, and since the burden of proof that the proposed rates are just and reasonable is upon the company proposing the rates, the Company shall file both its recommendation concerning the proper test year to be used in these proceedings and any request for a true-up no later than two weeks after the date of this order. Any true-up request must include a proposed date to which the Company's financial data is to be brought forward. The Commission has reserved dates for a true-up hearing. The Company's proposal should also specify a complete list of accounts or items of expense, revenues and rate base designed to prevent any mismatch in those areas. The Commission will not consider a true-up of isolated adjustments, but will examine only a "package" of adjustments designed to maintain the proper revenue-expense-rate base match at a proper point in time. See *In re Kansas City Power & Light Company*, 26 Mo. P.S.C. (N.S.) 104, 110 (1983).

The Commission will schedule the hearing dates in this order. By establishing the hearing dates now, the Commission will ensure that this matter is heard as expeditiously as possible. Additionally, the early establishment of the hearing dates will allow ample time for notice to be sent to customers. Company shall give notice to customers as directed in the ordered paragraphs below. The Commission will also set an early prehearing conference and require the parties to file a proposed procedural schedule with additional filing dates for testimony, a second prehearing conference, local public hearings, the statement of issues and position papers of the parties, and the reconciliation. The Staff of the Missouri Public Service Commission shall have primary responsibility for the proposed procedural schedule. Staff should coordinate the proposed schedule with Company, the Office of the Public Counsel and any Intervenors, where possible.

The Staff, the Public Counsel and all Intervenors shall state their positions regarding the Company's true-up and test year proposals as hereinafter ordered. The test year is the 12-month period used to audit a company's books to determine the proper amounts of rate base, expenses and revenues to use in calculating a revenue requirement for a company. A resolution of the test year issue must be made early in the proceedings so that the parties' testimony can be reconciled to the same period. The test year involves an audit of all books and records of a company so that a total revenue requirement can be calculated.

All test year proposals shall include a specific 12-month period as a test year and should include any additional period for which a party has updated significant items from the test year. The test year with the additional period will be called a "test year as updated," or "updated test year." In addition to a proposed test year or a proposed updated test year, a party may request isolated changes, such as those imposed by governmental bodies, as part of its case and the Commission will consider whether those isolated changes are known and measurable and whether they should be included in Company's revenue requirement. An issue to be considered in this determination is whether the proposed adjustment affects the matching of rate base, expenses and revenue.

The Commission finds that proper persons should be allowed 20 days from the issuance of this order to file a motion for leave to intervene. The Commission's Data Center shall serve a copy of this order upon the county commission of each county in the Company's service area and upon the Mayor of any city not within a county in the Company's service area. In addition, the Commission's Public Information Office shall make notice of this order available to the media serving Company's service area and to the

members of the General Assembly representing the residents of the Company's service area.

The Commission will authorize Staff to file a complaint seeking a reduction in the Company's revenues if its audit reflects that the Company's earnings are excessive.

IT IS THEREFORE ORDERED:

1. That the proposed natural gas service tariff sheets (File No. 200200602) submitted on January 25, 2002, by Laclede Gas Company for the purpose of increasing rates for natural gas service to customers are hereby suspended for a period of 120 days from February 25, 2002, to June 25, 2002. The specific sheets suspended are:

PSC Mo. No. 5 Consolidated

**5th Revised Sheet No. 1-a, Canceling 4th Revised Sheet No. 1-a
14th Revised Sheet No. 2, Canceling 13th Revised Sheet No. 2
Original Sheet No. 2-a, Canceling All Previous Schedules
10th Revised Sheet No. 3, Canceling 9th Revised Sheet No. 3
13th Revised Sheet No. 4, Canceling 12th Revised Sheet No. 4
2nd Revised Sheet No. 4-a, Canceling 1st Revised Sheet No. 4-a
14th Revised Sheet No. 5, Canceling 13th Revised Sheet No. 5
13th Revised Sheet No. 7, Canceling 12th Revised Sheet No. 7
15th Revised Sheet No. 8, Canceling 14th Revised Sheet No. 8
13th Revised Sheet No. 9, Canceling 12th Revised Sheet No. 9
7th Revised Sheet No. 11, Canceling 6th Revised Sheet No. 11
7th Revised Sheet No. 15, Canceling 6th Revised Sheet No. 15
7th Revised Sheet No. 17, Canceling 6th Revised Sheet No. 17
Original Sheet No. 28-h, Canceling All Previous Schedules
9th Revised Sheet No. 34, Canceling 8th Revised Sheet No. 34
2nd Revised Sheet No. 34-a, Canceling 1st Revised Sheet No. 34-a
Original Sheet No. 41, Canceling All Previous Schedules
Original Sheet No. 42, Canceling All Previous Schedules
Original Sheet No. 43, Canceling All Previous Schedules
Original Sheet No. 44, Canceling All Previous Schedules**

2. That the natural gas service tariff sheets suspended in ordered paragraph 1, above, File No. 200200602, are hereby suspended an additional six months beyond June 25, 2002, to December 25, 2002, unless otherwise ordered by the Commission.

3. That any proper person or entity desiring to intervene in this matter shall file an application no later than February 20, 2002, with:

Dale Hardy Roberts, Secretary
Missouri Public Service Commission
Post Office Box 360
Jefferson City, Missouri 65102

and send copies to:

Gerald T. McNeive, Jr., Esq.
Laclede Gas Company
720 Olive Street
St. Louis, Missouri 62101

and:

Office of the Public Counsel
Post Office Box 7800
Jefferson City, Missouri 65102

4. That Laclede Gas Company shall file, on or before February 14, 2002, a pleading stating its recommendation concerning the proper test year for use in this case.

5. That Laclede Gas Company shall file any request for a true-up audit and hearing in a separate pleading concurrent with its test year recommendation.

6. That the Staff of the Missouri Public Service Commission, the Office of the Public Counsel and any persons or entities requesting intervention shall file, on or before February 28, 2002, a pleading either indicating concurrence in Company's recommended test year or recommending alternatives to Company's recommended test year.

7. That the Staff of the Missouri Public Service Commission, the Office of the Public Counsel and any intervenors shall file, on or before February 28, 2002, a pleading stating their recommendation concerning a true-up.

8. That an early prehearing conference is hereby scheduled for this case on March 7, 2002, at 10:00 a.m. The early prehearing conference shall be held in Room 305

of the Governor Office Building, 200 Madison Street, Jefferson City, Missouri. The Governor Office Building meets accessibility standards required by the Americans with Disabilities Act. If any person needs additional accommodations to participate in the prehearing, please call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or 1-800-829-7541 (TDD) prior to the conference.

9. That the parties shall file a proposed procedural schedule as described in this order on or before March 14, 2002. The Commission Staff shall have primary responsibility for preparing and filing the proposed procedural schedule.

10. That the Commission shall conduct local public hearings on the proposed rate increase and shall set the times, dates and locations of these local public hearings in a subsequent order. The parties and intervenors, if any, may file recommendations as to the dates and locations for local public hearings in this case on or before March 14, 2002.

11. That an evidentiary hearing is hereby scheduled for this case as follows: August 12, 2002, through August 16, 2002; August 19, 2002, through August 23, 2002; and August 26, 2002, through August 30, 2002. The hearing shall commence at 9:00 a.m. on August 12, 2002. The evidentiary hearing shall be held in Room 310 of the Governor Office Building, 200 Madison Street, Jefferson City, Missouri. The Governor Office Building meets accessibility standards required by the Americans with Disabilities Act. If any person needs additional accommodations to participate in the hearing, please call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or 1-800-829-7541 (TDD) prior to the hearing.

12. That the week of September 23, 2002, is reserved for a true-up hearing in this case, in the event that such a hearing is requested and the Commission grants the

request. The true-up hearing shall be held in Room 310 of the Governor Office Building, 200 Madison Street, Jefferson City, Missouri. The Governor Office Building meets accessibility standards required by the Americans with Disabilities Act. If any person needs additional accommodations to participate in the hearing, please call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or 1-800-829-7541 (TDD) prior to the hearing.

13. That Laclede Gas Company shall notify each affected customer of the hearings scheduled in this case, either by a notice on or accompanying a bill or by a separate notice, at least ten days, but not more than 45 days, prior to any local public hearings, unless otherwise ordered by the Commission. The notice shall be substantially in the following form, unless otherwise ordered by the Commission:

NOTICE

Laclede Gas Company has filed revised natural gas service tariff sheets with the Missouri Public Service Commission (PSC) which would increase the Company's Missouri jurisdictional annual gross revenues by approximately 6.3 percent. For the average residential customer using natural gas for heating, the proposed increase would be approximately \$4.40 each month.

A local public hearing (or evidentiary hearing) has been set before the PSC at ____ o'clock __.m., _____, at _____ Street, _____, Missouri. If you wish to comment or secure information, you may contact the Office of the Public Counsel, Post Office Box 7800, Jefferson City, Missouri 65102, telephone (573) 751-4857.

This building meets accessibility standards required by the Americans with Disabilities Act. If a customer needs additional accommodations to participate in these hearings, please call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or 1-800-829-7541 (TDD) prior to the hearing.

14. That Laclede Gas Company shall notify each affected customer of the evidentiary hearing and any true-up hearing scheduled in this case, either by a notice on or

accompanying a bill or by a separate notice, at least ten days, but not more than 45 days, prior to the first day of the hearing, unless otherwise ordered by the Commission. The notice shall be substantially in the form stated in ordered paragraph 13, above, unless otherwise ordered by the Commission.

15. That the Data Center of the Missouri Public Service Commission shall serve a copy of this order upon the county commission of each county in the Company's Missouri service area and upon the Mayor of any city not within a county in the Company's Missouri service area.

16. That the Commission's Public Information Office shall make notice of this order available to the members of the General Assembly representing the residents of the Company's Missouri service area and to the news media serving the residents of the Company's Missouri service area.

17. That the Staff of the Missouri Public Service Commission is hereby authorized to file a complaint seeking a reduction in the Company's revenues if its audit reflects that the Company's earnings are excessive. Any such complaint shall be filed in this case.

18. That this order shall become effective on February 10, 2002.

(S E A L)

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

Kevin A. Thompson, Deputy Chief
Regulatory Law Judge, by delegation
of authority pursuant to Section 386.240,
RSMo 2000.

Dated at Jefferson City, Missouri,
on this 31st day of January, 2002.