

Exhibit No.:
Issue: Weather Mitigation and
Rate Design
Witness: Michael T. Cline
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Laclede Gas Company
Case No.: GR-2002-356

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Missouri Public
Service Commission

LACLEDE GAS COMPANY

GR-2002-356

REBUTTAL TESTIMONY

OF

MICHAEL T. CLINE

August 2002

**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

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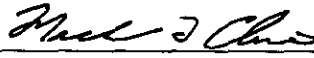
STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

Michael T. Cline, of lawful age, being first duly sworn, deposes and states:

1. My name is Michael T. Cline. My business address is 720 Olive Street, St. Louis, Missouri 63101; and I am Director - Tariff and Rate Administration of Laclede Gas Company.

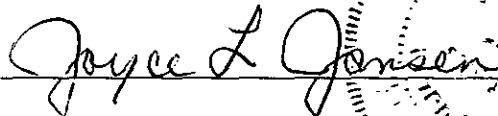
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony, consisting of pages 1 to 10, plus Schedule Nos. 1 to 3, inclusive.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.



Michael T. Cline

Subscribed and sworn to before me this 1st day of August, 2002.



JOYCE L. JANSEN
Notary Public — Notary Seal
STATE OF MISSOURI
ST. CHARLES COUNTY
My Commission Expires: July 2, 2005

REBUTTAL TESTIMONY OF MICHAEL T. CLINE

1 Q. Please state your name and business address for the record.

2 A. My name is Michael T. Cline and my business address is 720 Olive St., St. Louis,
3 Missouri 63101.

4 Q. Are you the same Michael T. Cline who previously submitted direct testimony in
5 this proceeding?

6 A. Yes.

7 Q. What is the purpose of your rebuttal testimony?

8 A. The purpose of my rebuttal testimony is to respond to the direct testimony of Staff
9 witnesses James Russo and Daniel Beck. Specifically, I will describe the rate
10 design alternative that the Company has developed to address the concerns and
11 views expressed by Mr. Russo regarding the Company's proposed Weather
12 Mitigation Clause ("WMC") and the potential rate design solutions that Mr. Beck
13 has identified in connection with the Company's fixed cost recovery problem.

14 Q. Why are you proposing a rate design solution at this stage?

15 A. Staff witness Russo objected to the implementation of the Company's proposed
16 Weather Mitigation Clause ("WMC") that I sponsored in my direct testimony.
17 However, at the same time, Staff witness Beck suggested that the Company may
18 be able to improve the recovery of its fixed costs through a re-design of the
19 Company's rates. Even though, as explained in the rebuttal testimony of
20 Company witness Raab, the Company continues to believe that a WMC is an
21 appropriate tool to facilitate the recovery of its fixed costs, in light of the Staff's

1 response to the WMC, an alternative solution for the Commission's consideration
2 is being proposed at this time.

3 Q. What does your rate design solution entail?

4 A. The Company has developed a revised rate structure for its Residential General
5 ("RG") and Commercial and Industrial General ("CG") rate schedules that, while
6 not as effective as a WMC in mitigating the impact of weather on customer bills,
7 would represent a significant improvement over the existing rate structure with
8 respect to the recovery of the Company's fixed costs. Such revised rate structure
9 is incorporated in Rebuttal Schedule 1 attached to my testimony. The revised rate
10 structure would encompass modifications to the block rate structure of the
11 existing RG and CG rate schedules and modifications to the Company's
12 Purchased Gas Adjustment ("PGA") clause, which are also reflected in Rebuttal
13 Schedule 1.

14 Q. Please explain.

15 A. Presently, under the existing two-block rate structure of the RG and CG rate
16 schedules, approximately 45% of the normalized non-gas commodity revenues
17 associated with such schedules are recovered from customers in the weather-
18 sensitive second block. However, I discussed in my direct testimony and in the
19 attached data request response (See Rebuttal Schedule 2) from which Mr. Russo
20 selectively quotes at page 11 of his direct testimony, the Company's distribution
21 costs are virtually fixed. It therefore follows that the commodity-related portion
22 of such costs should be recovered in a rate block that is not particularly weather
23 sensitive so that the amounts paid by customers to cover the Company's

1 distribution costs are relatively stable from one winter season to the next. As a
2 result, the Company proposes to shift all of the distribution revenues it presently
3 recovers in the second rate block to the first rate block.

4 Q. Does it follow then that under your proposal the bills of low-use customers who
5 use relatively more gas in the first rate block would see their bills increase?

6 A. No, under the Company's proposal this would not occur due to the PGA
7 modification I mentioned above.

8 Q. Please explain what PGA modifications you are referring to and how such
9 modifications would prevent low-use customers from experiencing an increase in
10 their gas bills.

11 A. The Company proposes to lower the PGA factor that would apply to consumption
12 in the first rate block so as to offset the increase in the first block non-gas rate that
13 would result from the Company's proposal. The result is that since the total rate
14 paid by the customer in the first rate block remains exactly the same, the total rate
15 paid by each customer, including low use customers, is not increased or
16 decreased.

17 Q. Can you provide an example of these offsetting adjustments to the blocks in the
18 Company's distribution and PGA rates?

19 A. Yes. Presented below is an example of how these blocked rates would work for
20 the RG Class based on existing rate levels.

1

2 RESIDENTIAL GENERAL COMMODITY RATES-per therm

	Block 1	Block 2
Non-Gas (Winter)		
Existing	\$.17590	\$.13970
Proposed	\$.35589	\$.00000
Difference	\$.17999	-\$.13970
Gas (CPGA)		
Existing	\$.44998	\$.44998
Proposed	\$.26999	\$.58968
Difference	-\$.17999	\$.13970
Net Difference	\$.00000	\$.00000

3

4 A. As shown in column two on the table, the increase in the block 1 commodity
5 charge for the Company's non-gas rates would be offset by an identical decrease
6 in the block 1 commodity charge in the Company's PGA rate. Similarly, as
7 shown in column three, the decrease in the block 2 commodity charge for the
8 Company's non-gas rates would be offset by an increase in the block 2
9 commodity charge in the PGA rate. The end result, is an overall rate to the
10 customer that is exactly equal to current rates.

1 Q. What impact does your proposal have on the Company's recovery of gas costs
2 through the PGA?

3 A. In terms of total dollars recovered through the PGA clause, there would be no
4 impact since the Company would recover in the second rate block the balance of
5 the gas cost costs that the Company does not recover in the first rate block. The
6 only change, as is the case with the Company's recovery of non-gas costs, is in the
7 block in which the recovery occurs. Once again, however, from the customer's
8 perspective there is no change in the overall rate and therefore no change in the
9 customer's overall revenue responsibility or bill.

10 Q. Are there any differences in how your proposal works for CG versus RG
11 customers?

12 A. Yes, there is a difference between residential and commercial and industrial
13 ("C&I") customers but the concept of providing for recovery of the Company's
14 fixed costs in the first rate block is the same.

15 Q. Please explain.

16 A. Under the Company's proposal the residential rate schedule remains the same but
17 for the CG customers the Company proposes to split the existing CG rate
18 schedule into three new rate schedules.

19 Q. Why is the Company proposing to split the CG rate schedule?

20 A. Due to the widely divergent consumption characteristics of this group, simply
21 shifting the second block revenue recovery of the entire second block to the first
22 block would result in an extremely large first block rate and necessitate a negative
23 first block PGA factor to ensure that customers' total bills are not affected. The

1 split proposed by the Company avoids this outcome. In addition, it also permits
2 the establishment of customer charges that reflect the higher customer-related
3 costs of serving larger customers.

4 Q. How is the Company proposing to split this group?

5 A. The Company proposes to split this group into three classes based on annual
6 consumption, each with their own two block rate structures. The splits were
7 designed to derive non-gas rates that would not be excessively large and that
8 could still be used in conjunction with a positive first block PGA rate. In
9 addition, the rates were designed so as to produce the same level of winter non-
10 gas revenues as those produced under the existing rate design.

11 Q. What are the new rate classifications that the Company derived?

12 A. CG Class I would be used for customers who use up to 5,000 therms per year and
13 the first rate block in the winter would be for monthly usage up to 100 therms.
14 CG Class II would be used for customers who use between 5,000 and 50,000
15 therms per year and the first rate block in the winter would be for monthly usage
16 up to 1,000 therms. Finally, CG Class III would be used for customers who use
17 over 50,000 therms per year and the first rate block in the winter would be for
18 monthly usage up to 6,000 therms.

19 Q. Earlier you indicated that because of the offsetting PGA blocking adjustment,
20 implementation of the Company's rate design proposal would have no impact on
21 the amounts paid by residential customers compared to the existing rate structure.
22 Is the same true of customers within the three new CG classes?

1 A. Not entirely based on a sample of customers I examined. Because of the
2 customer charge changes incorporated in my proposal, very small C&I customers
3 in Class I would receive a ten percent decrease in the amounts they pay compared
4 to the existing rate structure while the largest customers in Class I would receive
5 nearly a 1% reduction in their bills. Customers in Classes II and III would also
6 experience very small impacts ranging from a .1% to 1.3% increase, based on a
7 comparison to existing rates and the sample of customers I examined.

8 Q. Have you prepared a schedule that illustrates the rates that would be charged for
9 both the residential and commercial general service customer classes under the
10 Company's rate design proposal, before consideration of any rate increase?

11 A. Yes. Schedule MTC Rebuttal 1 contains an illustration of these rates, based on
12 existing rate levels.

13 Q. Would the non-gas rates in Schedule MTC Rebuttal 1 be affected by the level of
14 any rate increase approved in this proceeding?

15 A. Yes. The rates in such Schedule exclude any rate increase and would have to be
16 adjusted accordingly.

17 Q. Have you also prepared a schedule that shows representative customer impacts for
18 the three CG classes.

19 A. Yes. Schedule MTC Rebuttal 3 contains such a customer impact analysis.

20 Q. How would the Company deal with PGA changes under its proposed revisions to
21 the general service rate structure?

22 A. After the establishment of new non-gas base rates in this proceeding, the
23 Company would establish corresponding base PGA rates. Any changes in gas

1 costs from that point forward would simply be added to or subtracted from the
2 base PGA level for the particular general service rate schedule and block.

3 Q. In your opinion, is the Company's proposed rate design superior to the
4 Company's existing rate structure?

5 A. Yes. I believe it is, for a number of reasons.

6 Q. Please explain.

7 A. First, unlike the existing rate structure, implementation of the Company's rate
8 design proposal would substantially reduce, although not eliminate, over- and
9 under-recoveries of non-gas costs due to weather. As a result, it would help both
10 the Company and its customers by ensuring that customers do not over pay or
11 under pay, sometimes by many millions of dollars, for the actual costs that have
12 been incurred to serve them simply because it was colder or warmer than some
13 assumed normal. Second, implementation of the rate design proposal would also
14 serve to reduce over- and under-recoveries of gas costs compared to the existing
15 PGA structure. In short, the rate design proposal represents a more accurate cost
16 recovery mechanism on both the gas and non-gas side. Third, it will accomplish
17 this with little impact on customers compared to the existing rate design other
18 than a ten percent reduction for very small C&I customers.

19 Q. But won't the fact that there is a zero charge in the second block of your proposed
20 non-gas rates discourage conservation?

21 A. No, the price signals sent to customers for usage in the second rate block would
22 remain exactly the same since the total rate paid by the customer in that rate block
23 is the same as before. Therefore, there would be absolutely no change in the price

1 signals received by the customer and therefore no detrimental impact on
2 conservation.

3 Q. You stated earlier that the Company's rate design proposal would not be as
4 effective as the WMC in ensuring the appropriate recovery of the Company's
5 fixed non-gas costs. Please explain.

6 A. The Company's rate design proposal would not be as effective as the WMC to the
7 extent that a customer's weather sensitive usage occurs in the first rate block.
8 Any reduction in sales occurring in that rate block would still cause the Company
9 to under-recover costs, even to a greater degree than under the existing rate
10 design. The WMC, on the other hand, would adjust for all increased or decreased
11 sales in the general service rate schedules attributable to colder or warmer than
12 normal weather. Nevertheless, in the absence of the WMC, the Company's rate
13 design proposal represents an acceptable and far superior alternative to the
14 existing rate design structure.

15 Q. Please summarize your testimony.

16 A. The Company continues to believe its WMC proposal is just and reasonable and
17 superior to the existing rate structure. If the Commission declines to implement
18 the Company's proposed WMC, however, the Company recommends that the
19 Commission approve the Company's proposed revised rate structure for its
20 general service rate customers. Such an approach would resolve most of the
21 Company's fixed cost recovery problem in a manner that would appear to be
22 consistent with the Staff's preference for a rate design solution to such problem,

1 with only negligible impact on individual customers. In addition, the price signals

2 sent to customers would not be affected.

3 Q. Does this conclude your testimony?

4 A. Yes, it does.

Schedule MTC Rebuttal - 1
Consisting of 8 pages

FOR SPECIMEN PURPOSES ONLY

Sheet No. 1-a

Laclede Gas Company
Name of Issuing Corporation or Municipality

For Refer to Sheet No. 1
Community, Town or City

SCHEDULE OF RATES

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DATE OF ISSUE
Month Day Year

DATE EFFECTIVE
Month Day Year

ISSUED BY K.J. Neises, Executive Vice President, 720 Olive St., St. Louis, MO 63101
Name of Officer Title Address

FOR SPECIMEN PURPOSES ONLY

Sheet No. 2

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

RESIDENTIAL GENERAL SERVICE (RG)

Availability – This rate schedule is available for all gas service rendered by the Company to residential customers, including space heating service.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

Customer Charge – per month	\$12.00		
		Summer - Billing Months of <u>May-October</u>	Winter – Billing Months of <u>November-April</u>
Charge for Gas Used – per therm			
For the first 65 therms used per month	14.716¢		35.589¢
For all therms used in excess of 65 therms	11.096¢		0.00¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

DATE OF ISSUE

Month Day Year

DATE EFFECTIVE

Month Day Year

ISSUED BY

K.J. Neises,

Executive Vice President,

720 Olive St.,

St. Louis, MO 63101

Name of Officer

Title

Address

FOR SPECIMEN PURPOSES ONLY

Sheet No. 3

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

COMMERCIAL & INDUSTRIAL GENERAL SERVICE -CLASS I (CGI)

Availability - This rate schedule is available for all gas service rendered by the Company to commercial or industrial customers, including space heating service, whose annual consumption, as described below, is less than 5,000 therms.

Rate - The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below

Customer Charge – per month \$13.20

Charge for Gas Used – per therm - Summer

Billing Months of May-October:

For the first 100 therms used per month 13.001¢

For all therms used in excess of 100 therms 10.726¢

Charge for Gas Used – per therm - Winter

Billing Months of November-April

For the first 100 therms used per month 44.881¢

For all therms used in excess of 100 therms 0.000¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

Annual Consumption – Annual consumption for purposes of the "Availability" section in Sheet Nos. 3, 3-a and 3-b shall be based on the twelve months ended August 2000, except for new customers not connected to the Company's system during such period, in which case, the Company shall use estimated consumption, if the customer has not been connected to the Company's system for a full twelve months, or consumption for the first twelve month period in which the customer was connected to the Company's system. Unless the customer's annual consumption changes by more than 30% from the amount initially used to establish the appropriate rate schedule, such rate schedule shall be used for billing such customer until annual consumption is re-determined in the Company's subsequent rate case; however, upon the request of any customer whose annual usage has changed enough to make such customer eligible for another general service class, the Company may bill such customer under such class based upon verified changes in equipment or operations, irrespective of the foregoing 30% threshold. If annual consumption changes by more than 30% from the level used to initially determine or subsequently redetermine the appropriate rate schedule for such customer, such annual consumption shall be used beginning with the customer's next bill for purposes of the "Availability" section in Sheet Nos. 3, 3-a and 3-b.

DATE OF ISSUE

Month Day Year

DATE EFFECTIVE

Month Day Year

ISSUED BY

K.J. Neises, Executive Vice President, 720 Olive St., St. Louis, MO 63101

Name of Officer

Title

Address

FOR SPECIMEN PURPOSES ONLY

Sheet No. 3-a

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

COMMERCIAL & INDUSTRIAL GENERAL SERVICE -CLASS II (CGII)

Availability – This rate schedule is available for all gas service rendered by the Company to commercial or industrial customers, including space heating service, whose annual consumption, as described below, is greater than or equal to 5,000 therms and less than 50,000 therms.

Rate - The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below

Customer Charge – per month	\$21.00
Charge for Gas Used – per therm - Summer	
Billing Months of May-October	
For the first 100 therms used per month	13.001¢
For all therms used in excess of 100 therms	10.726¢
Charge for Gas Used – per therm - Winter	
Billing Months of November-April	
For the first 1,000 therms used per month	32.044¢
For all therms used in excess of 1,000 therms	0.000¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

Annual Consumption – Annual consumption for purposes of the "Availability" section in Sheet Nos. 3, 3-a and 3-b shall be based on the twelve months ended August 2000, except for new customers not connected to the Company's system during such period, in which case, the Company shall use estimated consumption, if the customer has not been connected to the Company's system for a full twelve months, or consumption for the first twelve month period in which the customer was connected to the Company's system. Unless the customer's annual consumption changes by more than 30% from the amount initially used to establish the appropriate rate schedule, such rate schedule shall be used for billing such customer until annual consumption is re-determined in the Company's subsequent rate case; however, upon the request of any customer whose annual usage has changed enough to make such customer eligible for another general service class, the Company may bill such customer under such class based upon verified changes in equipment or operations, irrespective of the foregoing 30% threshold. If annual consumption changes by more than 30% from the level used to initially determine or subsequently redetermine the appropriate rate schedule for such customer, such annual consumption shall be used beginning with the customer's next bill for purposes of the "Availability" section in Sheet Nos. 3, 3-a and 3-b.

DATE OF ISSUE

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DATE EFFECTIVE

Month Day Year

ISSUED BY

K.J. Neises,

Executive Vice President,

720 Olive St., St. Louis, MO 63101

Name of Officer

Title

Address

FOR SPECIMEN PURPOSES ONLY

Sheet No. 3-b

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

COMMERCIAL & INDUSTRIAL GENERAL SERVICE -CLASS III (CGIII)

Availability - This rate schedule is available for all gas service rendered by the Company to commercial or industrial customers, including space heating service, whose annual consumption, as described below, is greater than or equal to 50,000 therms.

Rate - The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below

Customer Charge – per month \$38.00

Charge for Gas Used – per therm - Summer

Billing Months of May-October

For the first 100 therms used per month 13.001¢

For all therms used in excess of 100 therms 10.726¢

Charge for Gas Used – per therm - Winter

Billing Months of November-April

For the first 6,000 therms used per month 33.017¢

For all therms used in excess of 6,000 therms 0.000¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

Annual Consumption – Annual consumption for purposes of the "Availability" section in Sheet Nos. 3, 3-a and 3-b shall be based on the twelve months ended August 2000, except for new customers not connected to the Company's system during such period, in which case, the Company shall use estimated consumption, if the customer has not been connected to the Company's system for a full twelve months, or consumption for the first twelve month period in which the customer was connected to the Company's system. Unless the customer's annual consumption changes by more than 30% from the amount initially used to establish the appropriate rate schedule, such rate schedule shall be used for billing such customer until annual consumption is re-determined in the Company's subsequent rate case; however, upon the request of any customer whose annual usage has changed enough to make such customer eligible for another general service class, the Company may bill such customer under such class based upon verified changes in equipment or operations, irrespective of the foregoing 30% threshold. If annual consumption changes by more than 30% from the level used to initially determine or subsequently redetermine the appropriate rate schedule for such customer, such annual consumption shall be used beginning with the customer's next bill for purposes of the "Availability" section in Sheet Nos. 3, 3-a and 3-b.

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ISSUED BY

K.J. Neises,

Executive Vice President,

720 Olive St., St. Louis, MO 63101

Name of Officer

Title

Address

FOR SPECIMEN PURPOSES ONLY

Sheet No. 4-a

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

COMMERCIAL & INDUSTRIAL SEASONAL SERVICE (CA)

Availability – This rate schedule is available for all gas service to commercial and industrial air conditioning or on-site power generation customers during the six consecutive billing months of May through October, provided that the quantity of gas used during such period for air conditioning or on-site power generation purposes is at least twice the quantity of gas used for all other purposes during such period. All gas used by the customer for the balance of the year shall be billed under the appropriate Commercial and Industrial General Service rate schedule.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

	<u>Class I</u>	<u>Class II</u>	<u>Class III</u>
Customer Charge – per month	\$13.20	\$21.00	\$38.00
Charge For Gas Used – per therm			
For the first 100 therms used per month	13.001¢	13.001¢	13.001¢
For all therms used in excess of 100 therms	10.726¢	10.726¢	10.726¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

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K.J. Neises,

Executive Vice President

720 Olive St.,

St. Louis, MO 63101

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Title

Address

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

C. Deferred Purchased Gas Cost Accounts (Continued)

7. Beginning with the effective date of the Company's non-gas rates approved by the Commission in Case No. GR-2002-356, the following base CPGA rates shall become effective and shall be used for purposes of determining the CPGA factor that shall be used in conjunction with the non-gas general service rates in effect during the winter season:

Firm Other Than LVTSS & VF	\$.44998
Residential General	
Block 1	\$.26999
Block 2	\$.58968
Commercial and Industrial General Class I	
Block 1	\$.15904
Block 2	\$.58558
Commercial and Industrial General Class II	
Block 1	\$.26764
Block 2	\$.58558
Commercial and Industrial General Class III	
Block 1	\$.25580
Block 2	\$.58558

With the computation of each new Firm Other Than LVTSS & VF CPGA factor in accordance with Section A of this clause, the corresponding CPGA factor for the other categories set forth above shall be derived by adding the difference between the above-stated base rate and the new rate for the Firm Other Than LVTSS & VF CPGA factor to the base rates of each of the other above categories.

Also, effective at the same time, for purposes of Sections B and C of this clause, separate ACA and refund factors shall be established for each of the above residential and commercial and industrial general service categories. Specifically, with respect to Section C.2, the Company shall allocate actual gas costs to the above categories based on the gas cost revenue recoveries of each such category.

DATE OF ISSUE

Month Day Year

DATE EFFECTIVE

Month Day Year

ISSUED BY

K. J. Neises, Executive Vice President, 720 Olive St., St. Louis, MO 63101

Name of Officer

Title

Address

FOR SPECIMEN PURPOSES ONLY
ILLUSTRATION FOR USE WITH WINTER NON-GAS RATES

Sheet No. 29

Laclede Gas Company

For

Refer to Sheet No. 1

Name of Issuing Corporation or Municipality

Community, Town or City

SCHEDULE OF RATES

PURCHASED GAS ADJUSTMENT CLAUSE

Adjustment Statement

In accordance with the Company's Purchased Gas Adjustment Clause contained in Sheet Nos. 15 through 28-g, inclusive and the Company's Purchased L.P. Gas Adjustment Clause contained on Sheet No. 8, the following adjustments per therm or per gallon, where applicable, will become effective on and after the effective date of this tariff.

<u>Sales Classification</u>	<u>Current PGA</u>	<u>ACA</u>	<u>UACA</u>	<u>Refund</u>	<u>Total Adjustment</u>
Residential:					
Block 1	26.999¢	(1.207¢)	0.000¢	(0.000¢)	25.792¢
Block 2	58.968¢	(1.207¢)	0.000¢	(0.000¢)	57.761¢
Commercial & Industrial					
Class I - Block 1	15.904¢	(1.207¢)	0.000¢	(0.000¢)	14.697¢
Class I - Block 2	58.558¢	(1.207¢)	0.000¢	(0.000¢)	57.351¢
Class II - Block 1	26.764¢	(1.207¢)	0.000¢	(0.000¢)	25.557¢
Class II - Block 2	58.558¢	(1.207¢)	0.000¢	(0.000¢)	57.351¢
Class III - Block 1	25.580¢	(1.207¢)	0.000¢	(0.000¢)	24.373¢
Class III - Block 2	58.558¢	(1.207¢)	0.000¢	(0.000¢)	57.351¢
LVTSS and VF	*	(0.000¢)	0.000¢	(0.000¢)	*
Other Firm	44.998¢	(1.207¢)	0.000¢	(0.000¢)	43.791¢
Seasonal & Interruptible	36.777¢	(5.807¢)	0.000¢	(0.000¢)	30.970¢
L.P. Gas	53.693¢	2.393¢	--	--	56.086¢

Residential sales are rendered under Residential General Service (Sheet No. 2)

Commercial & Industrial sales are rendered under Commercial & Industrial General Service (Sheet Nos. 3, 3-a and 3-b)

LVTSS sales are rendered under the Large Volume Transportation and Sales Service Rate (Sheet No. 34).

VF sales are rendered under the Vehicular Fuel Rate (Sheet No. 11).

Other Firm sales are rendered under the Large Volume Service Rate (Sheet No. 5) and the Unmetered Gas Light Service Rate (Sheet No. 9).

Seasonal and Interruptible sales are rendered under the Residential Seasonal Air Conditioning Service Rate (Sheet No. 4), the Commercial & Industrial Seasonal Service Rate (Sheet No. 4-a) and the Interruptible Service Rate (Sheet No. 7).

L.P. Gas sales are rendered under the General L.P. Gas Service Rate (Sheet No. 8).

* Revised each month in accordance with Section A.5 of the PGA clause.

Additional Transportation Charges, ACA Factors and Refunds

<u>Customer Groups</u>	<u>TOP</u>	<u>Capacity Reservation</u>	<u>Other Non-Commodity</u>	<u>ACA</u>	<u>Refund</u>
Firm	-	5.484¢	-	(0.076¢)	0.000¢
Basic - Firm Sales	-	-	-	0.000¢	0.000¢
Prior to 11/15/89					
Basic - Other	-	-	-	0.000¢	(0.000¢)

DATE OF ISSUE

Month Day Year

DATE EFFECTIVE

Month Day Year

ISSUED BY

K.J. Neises, Executive Vice President,

720 Olive St.,

St. Louis, MO 63101

Name of Officer

Title

Address

Data Request # 4152

What portion of the existing commodity charge would Laclede attribute to fixed costs and what portion would be attributable to variable costs and/or general overhead allocations. Please provide the information by block and for each class of customer (residential with space heating, residential without space heating, commercial and industrial).

DATA INFORMATION REQUEST
Laclede Gas Company
CASE NO. GR-2002-356

Requested From: Glenn Buck
Date Requested: 2/21/2002

Information Requested:

Please answer each of the questions listed on the attached sheets.

Requested By: James M. Russo

Information Provided:

SEE ATTACHED

Section 386.560 provides "Any person ... who shall falsely make any statement required to be made to the public service commission, in which a penalty has not heretofore been provided for, shall be deemed guilty of a felony, and upon conviction shall be punished by a fine of not less than one thousand dollars nor more than five thousand dollars, or by imprisonment for not less than two years nor more than five years, or by both such fine and imprisonment; ..."

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the Laclede Gas Company office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies of data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control within your knowledge. The pronoun "you" or "your" refers to Laclede Gas Company and its employees, contractors, agents or others employed by or acting in its behalf.

Signed By: *Mark J. Chene*

Date Response Received: _____

Prepared By: _____

Laclede Gas Company
Case No. GR-2002-356
Staff Data Request No. 4152

- Q. What portion of the existing commodity charge would Laclede attribute to fixed costs and what portion would be attributable to variable costs and/or general overhead allocations. Please provide the information by block and for each class of customer (residential with space heating, residential without space heating, commercial and industrial).
- A. The average commodity charge for all customers served under the Company's existing Residential General Service and Commercial & Industrial General Service rate schedules is approximately \$.148 per therm. The latest class cost of service study conducted by the Company in 1999 indicated that the average General Service commodity (variable) cost per therm was \$.033. Even if we assume that the \$.033 per therm in 1999 has grown by \$.005 per therm to \$.038 per therm today, only 25% of the commodity charge in the Company's existing rate structure would represent recovery of the Company's variable costs according to the Company's classification of costs in its latest class cost of service study, meaning that approximately 75% of the Company's commodity charge represents the recovery of non-variable or fixed costs. Furthermore, it should be noted that the Company's classification of costs in the 1999 study reflected how costs would be affected by increases or decreases in volumes in the long run, whereas, as described in the direct testimony of Company witness M.T. Cline, in the short run, virtually all of the Company's non-gas costs are fixed.

**COMMERCIAL AND INDUSTRIAL GENERAL SERVICE
SAMPLE OF CUSTOMER IMPACTS
PROPOSED CLASS I (0-5,000 THERMS ANNUAL USAGE)**

Customer	Existing Rate Design	Proposed Rate Design	Increase/ (Decrease) From Existing Rate Design	
Upper range				
1	\$3,092	\$3,068	(\$23)	-0.8%
2	\$3,118	\$3,094	(\$23)	-0.7%
3	\$3,100	\$3,078	(\$21)	-0.7%
4	\$3,119	\$3,097	(\$22)	-0.7%
5	\$3,117	\$3,094	(\$23)	-0.7%
6	\$3,069	\$3,046	(\$23)	-0.7%
7	\$3,094	\$3,071	(\$23)	-0.7%
8	\$3,082	\$3,057	(\$24)	-0.8%
9	\$3,110	\$3,087	(\$22)	-0.7%
10	\$3,112	\$3,088	(\$23)	-0.8%
Mid Range				
11	\$771	\$749	(\$22)	-2.8%
12	\$777	\$754	(\$23)	-2.9%
13	\$774	\$751	(\$23)	-2.9%
14	\$776	\$753	(\$22)	-2.9%
15	\$777	\$755	(\$21)	-2.8%
16	\$776	\$752	(\$23)	-3.0%
17	\$778	\$755	(\$22)	-2.9%
18	\$775	\$753	(\$21)	-2.8%
19	\$778	\$755	(\$22)	-2.9%
20	\$779	\$755	(\$23)	-3.0%
Lower Range				
21	\$237	\$217	(\$19)	-8.2%
22	\$240	\$218	(\$21)	-8.9%
23	\$239	\$219	(\$19)	-8.1%
24	\$239	\$217	(\$21)	-8.9%
25	\$239	\$217	(\$21)	-8.9%
26	\$238	\$218	(\$19)	-8.1%
27	\$238	\$219	(\$18)	-7.7%
28	\$240	\$216	(\$23)	-9.7%
29	\$238	\$216	(\$22)	-9.2%
30	\$238	\$216	(\$22)	-9.2%

Note: Differences are not adjusted for rounding

**COMMERCIAL AND INDUSTRIAL GENERAL SERVICE
SAMPLE OF CUSTOMER IMPACTS
PROPOSED CLASS II (5,000-50,000 THERMS ANNUAL USAGE)**

Customer	Existing Rate Design	Proposed Rate Design	Increase/ (Decrease) From Existing Rate Design	
Upper range				
31	\$28,832	\$28,901	\$69	0.2%
32	\$29,343	\$29,413	\$70	0.2%
33	\$28,843	\$28,913	\$70	0.2%
34	\$28,990	\$29,061	\$71	0.2%
35	\$28,871	\$28,941	\$70	0.2%
36	\$29,240	\$29,309	\$69	0.2%
37	\$29,300	\$29,370	\$70	0.2%
38	\$28,758	\$28,827	\$69	0.2%
39	\$29,240	\$29,309	\$69	0.2%
40	\$29,222	\$29,293	\$71	0.2%
Mid Range				
41	\$16,175	\$16,246	\$71	0.4%
42	\$16,146	\$16,215	\$69	0.4%
43	\$15,933	\$16,004	\$71	0.4%
44	\$15,408	\$15,480	\$72	0.5%
45	\$15,847	\$15,918	\$71	0.4%
46	\$15,853	\$15,923	\$70	0.4%
47	\$16,126	\$16,194	\$68	0.4%
48	\$16,138	\$16,208	\$70	0.4%
49	\$15,800	\$15,871	\$71	0.4%
50	\$16,086	\$16,155	\$69	0.4%
Lower Range				
51	\$3,094	\$3,159	\$65	2.1%
52	\$3,085	\$3,149	\$64	2.1%
53	\$3,109	\$3,173	\$64	2.1%
54	\$3,126	\$3,188	\$62	2.0%
55	\$3,126	\$3,192	\$66	2.1%
56	\$3,110	\$3,182	\$72	2.3%
57	\$3,120	\$3,186	\$66	2.1%
58	\$3,101	\$3,167	\$66	2.1%
59	\$3,024	\$3,094	\$70	2.3%
60	\$3,071	\$3,133	\$62	2.0%

Note: Differences are not adjusted for rounding

**COMMERCIAL AND INDUSTRIAL GENERAL SERVICE
SAMPLE OF CUSTOMER IMPACTS
PROPOSED CLASS III (OVER 50,000 THERMS ANNUAL USAGE)**

Customer	Existing Rate Design	Proposed Rate Design	Increase/ (Decrease) From Existing Rate Design	
Upper range				
61	\$210,621	\$210,896	\$275	0.1%
62	\$195,322	\$195,598	\$276	0.1%
63	\$190,155	\$190,430	\$275	0.1%
64	\$188,661	\$188,937	\$276	0.1%
65	\$184,331	\$184,607	\$276	0.1%
66	\$154,666	\$154,941	\$275	0.2%
67	\$146,015	\$146,291	\$276	0.2%
68	\$143,541	\$143,816	\$275	0.2%
69	\$133,012	\$133,288	\$276	0.2%
70	\$125,074	\$125,350	\$276	0.2%
Mid Range				
71	\$44,466	\$44,742	\$276	0.6%
72	\$45,063	\$45,339	\$276	0.6%
73	\$44,241	\$44,516	\$275	0.6%
74	\$44,606	\$44,880	\$274	0.6%
75	\$44,745	\$45,020	\$275	0.6%
76	\$44,136	\$44,412	\$276	0.6%
77	\$44,197	\$44,472	\$275	0.6%
78	\$44,331	\$44,602	\$271	0.6%
79	\$43,804	\$44,078	\$274	0.6%
80	\$43,427	\$43,702	\$275	0.6%
Lower Range				
81	\$29,637	\$29,912	\$275	0.9%
82	\$29,766	\$30,037	\$271	0.9%
83	\$29,549	\$29,824	\$275	0.9%
84	\$29,659	\$29,933	\$274	0.9%
85	\$29,254	\$29,527	\$273	0.9%
86	\$29,534	\$29,807	\$273	0.9%
87	\$29,276	\$29,552	\$276	0.9%
88	\$29,500	\$29,773	\$273	0.9%
89	\$29,129	\$29,401	\$272	0.9%
90	\$29,103	\$29,376	\$273	0.9%

Note: Differences are not adjusted for rounding