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In the Matter of Laclede Gas Company's Tariff )  
 Sheets Designed to Increase Rates for Gas Service ) Case No. GR-98-374  
 Provided to Customers in the Missouri Service Area )  
 of the Company. )

On February 27, 1998, Laclede Gas Company (Company) submitted to the Commission tariffs reflecting increased rates for gas service provided to customers in the Missouri service area of the Company. The proposed tariffs bear a requested effective date of March 30. The proposed tariffs are designed to produce an annual increase of approximately 5.2 percent (\$25.4 Million) in the Company's revenues.

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 should be suspended for a period of 120 days plus an additional six months beyond 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 such rates, the Company should file its prefiled direct testimony in support of its proposed rate increase within thirty days of the issuance of this order. The Company shall include in its prefiled testimony its recommendation concerning the proper test year to be used in these

proceedings. The Company shall submit any request for a true-up in a motion concurrent with its prefiled direct testimony. This request should include a proposed date to which the Company's financial data is to be brought forward as well as a proposed time 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 improper 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. 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 and require Commission Staff (Staff) to file a proposed procedural schedule for the additional filing dates for prefiled testimony, the prehearing conference, the hearing memorandum, and the reconciliation. Staff should coordinate the proposed schedule with Company and the Office of the Public Counsel (Public Counsel), where possible. By establishing the hearing dates the Commission will ensure this matter is heard as expeditiously as possible. Additionally, establishment of the hearing dates will allow for notice to be sent to customers. Company shall give notice to customers as directed in the ordered paragraphs below.

Since the instant case is subject to a statutory time limit, the Commission's general policy provides for the filing of the transcript within two (2) weeks after the conclusion of the hearing. If any party seeks to expedite the filing of the transcript, such a request shall be tendered, in writing, to the Regulatory Law Judge at least five (5) days

prior to the date of hearing. The Regulatory Law Judge will determine whether the transcript can, and should, be expedited.

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 twelve-month period which is used to audit a company's books to determine the proper amounts of rate base, expenses and revenues to be used in calculating a revenue requirement for a company. A resolution of the test year issue must be made early in the proceedings so that 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 twelve-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 test year as updated, 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 Records Department of the Commission shall serve a copy of this order upon the mayor of each city and the county commission of each county in the Company's service area. In addition, the Information Office shall send notice of this order to the publisher of each newspaper located in the counties in which the Company provides service, as listed in the

newspaper directory of the current *Official Manual of the State of Missouri*, and to the members of the General Assembly representing the Missouri area served by the Company.

Any city, county, or other proper entity desiring to intervene in this proceeding shall file its application to intervene on or before the date set in this order as provided by 4 CSR 240-2.075 and shall serve a copy of the application on the Company's attorneys, Gerald T. McNeive and Michael C. Pendergast, Laclede Gas Company, 720 Olive St., Room 1528, St. Louis, Missouri, 63101.

Any testimony or schedule filed without a protective order first being established shall be considered public information. The party which considers information to be proprietary or highly confidential should request a protective order to ensure the information is treated as designated. The Commission has a form protective order which will be used in this proceeding, if requested.

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

**IT IS THEREFORE ORDERED:**

1. That all proposed tariff sheets (File No. 9800709) submitted on February 28, 1998, by Laclede Gas Company for the purpose of increasing rates for gas service are hereby suspended for a period of one hundred twenty (120) days from March 30, 1998, to July 28, 1998.

2. That the tariffs suspended in ordered paragraph 1 are hereby suspended an additional six (6) months beyond July 28, 1998 to January 28, 1999, unless otherwise ordered by the Commission.

3. That any proper person or entity desiring to intervene and participate in this proceeding shall file its application to intervene with the Secretary of the Commission and serve a copy of same upon the Company's attorney on or before April 16, 1998.

4. That Laclede Gas Company shall file fifteen (15) copies of its prepared direct testimony and schedules and minimum filing requirements with the Secretary of the Commission on or before April 6, 1998. Company shall provide eleven (11) additional copies of its testimony to Staff.

5. That Laclede Gas Company shall include with the filing of its prepared testimony and exhibits in this matter its recommendation concerning the proper test year for use in this case.

6. That Laclede Gas Company shall file any request for a true-up audit and hearing in a separate pleading concurrent with its prepared direct testimony and exhibits.

7. That Commission Staff, the Office of the Public Counsel and parties requesting intervention shall file, on or before April 16, 1998, a pleading indicating concurrence in Company's recommended test year, or shall recommend alternatives to Company's recommended test year.

8. That Commission Staff, the Office of the Public Counsel and intervenors shall file, concurrent with their prefiled direct testimony, a pleading stating their recommendation concerning a true-up.

9. That Commission Staff shall file a proposed procedural schedule as described in this order on or before April 6, 1998.

10. That an evidentiary hearing is hereby scheduled for this case beginning October 19, 1998, to continue through October 23, 1998, if needed. The hearing will commence at 9:00 a.m. on October 19, 1998, and be held in the Commission's hearing room, Room 520 B, Harry S Truman State

Office Building, 301 West High Street, Jefferson City, Missouri. Any person(s) with special needs as addressed by the Americans With Disabilities Act should contact the Missouri Public Service Commission at least ten (10) days prior to the hearing at one of the following numbers: Consumer Services Hotline -- 1-800-392-4211, or TDD Hotline -- 1-800-829-7541.

11. That Laclede Gas Company shall notify each affected customer of the hearings scheduled in this case by either a notice on or accompanying a bill, or in a separate notice, at least ten (10) days but not more than forty-five (45) days prior to the first day of the hearings, unless otherwise ordered by the Commission. The notice shall be in the following form:

#### NOTICE

Laclede Gas Company has filed revised tariffs with the Missouri Public Service Commission (PSC) which would increase Company's Missouri jurisdictional annual gross revenues by approximately 5.2 percent. For the average residential customer, the proposed increase would be approximately \$3.39 a month.

An evidentiary hearing has been set before the PSC at 10:00 a.m., October 19, 1998, in the PSC's hearing room on the fifth floor of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, 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.

If any person has special needs as addressed by the Americans With Disabilities Act, please contact the Missouri Public Service Commission at least ten (10) days prior to the hearing at one of the following numbers: Consumer Services Hotline -- 1-800-392-4211, or TDD Hotline -- 1-800-829-7541.

12. That testimony and any attachments to a witness's testimony shall be marked and filed only in the manner prescribed by 4 CSR 240-2.130.

13. That all counsel and parties to this proceeding shall review 4 CSR 240-4.020, comply with its terms and communicate the meaning and importance of that rule to all personnel whom counsel believes or reasonably should believe ought to be made aware of that rule.

14. That all counsel shall immediately report to the Commission all future possible violations of any Commission rule by any party, including the party they represent.

15. That the Records Department and Information Office of the Commission shall serve a copy of this order and provide notice as described in this order.

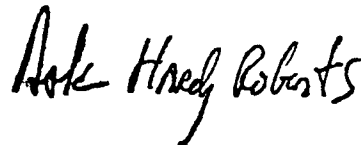
16. That requests for expedited transcript shall be filed as described in this order.

17. That prefiled testimony shall only be filed under seal pursuant to a protective order approved by the Commission.

18. That Commission Staff is authorized to file a complaint seeking a reduction in Company's revenues if its audit reflects that Company's earnings are excessive.

19. That this order shall become effective on March 17, 1998.

**BY THE COMMISSION**



**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

( S E A L )

Lumpe, Ch., Crumpton, Drainer  
and Murray, CC., concur.

Randles, Regulatory Law Judge

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
JEFFERSON CITY  
March 17, 1998

CASE NO: GR-98-374

Office of the Public Counsel  
P.O. Box 7800  
Jefferson City, MO 65102

General Counsel  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

Gerald T. McNeive, Jr.  
Laclede Gas Company  
720 Olive Street  
St. Louis, MO 63101

Enclosed find certified copy of ORDER in the above-numbered case(s).

Sincerely,



Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge

Uncertified Copy:

To the mayor of each city and the county commission of each county in the Company's service area

RECEIVED

MAR 18 1998

COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION