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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 23rd
day of July, 1998.

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

ORDER ESTABLISHING TEST YEAR AND SETTING LOCAL PUBLIC HEARINGS

Laclede Gas Company (Laclede) filed proposed tariff sheets on February 27, 1998, reflecting increased rates for gas service to its Missouri customers. The Commission suspended the proposed tariff on March 17 and, on March 20, directed Laclede to file its recommendation regarding a test year for use in determining the proper amounts of rate base, expenses, and revenues to use in calculating the company's revenue requirement. On May 5, the Commission issued its Order Granting Intervention and Establishing Procedural Schedule, which established a deadline of May 12 for parties other than Laclede to file their test year recommendations and a deadline of June 4 for the parties to propose dates, times and locations for local public hearings.

Laclede filed its direct testimony on April 16 and, in its testimony, proposed a test year of the twelve months ended February 28, 1998, adjusted for known and measurable changes through June 30, 1998. Laclede also proposed amendments to the test year for certain unspecified, isolated changes to arise after June 30, 1998. Laclede did not recommend a true-up audit. On April 27, the Office of the Public Counsel (OPC) and Union Electric Company d/b/a AmerenUE (AmerenUE) filed

pleadings indicating that they concurred in Laclede's recommendation. The Staff of the Commission (Staff) filed a test year recommendation on April 27 that supported Laclede's proposal except with respect to Laclede's proposed amendments to the test year for certain unspecified, isolated changes to arise after June 30, 1998. Staff reserved its right to file a true-up recommendation at the time it files its direct testimony.

On June 9, Laclede, OPC and Staff jointly filed recommendations for local public hearings. These parties recommend that the Commission hold two public hearings during either the week of August 10 or the week of August 17; one to be scheduled for 1:30 p.m. in downtown St. Louis, preferably at the Wainwright State Office Building, and another to be scheduled for 6:30 p.m. in the County Council Chambers located at 41 South Central Avenue in Clayton, Missouri. No party filed suggestions in opposition to these proposed times and locations.

However, on July 22, Laclede filed a Request to Permit Notice by Publication in which it requested permission to publish notice of the public hearings in specific newspapers of general circulation in the St. Louis area in lieu of sending notice directly to its customers. Laclede indicated that it would publish notices on at least two occasions in these newspapers. Laclede stated that, because of the lead time required for including a customer notice with its regular bills, it would have to mail a separate notice to customers if the Commission ordered hearings to be held prior to August 24, and this would cost well over \$100,000. Laclede suggested that the degree of notice afforded by newspaper advertisements would in some respects exceed that afforded under the notices traditionally mailed with customers' bills.

The Commission, having reviewed the parties' pleadings, finds that the proposed test year of the twelve months ending on February 28, 1998, updated for known and measurable changes through June 30, 1998, is reasonable and appropriate. The Commission further finds that adjustments should not be made for isolated changes following June 30. However, the Commission will determine whether a true-up audit and hearing should be conducted after the remaining parties have filed their true-up recommendations.

The Commission agrees with the parties' proposed locations for local public hearings. However, the Commission will not schedule these hearings for the week of August 10 or the week of August 17 because of scheduling conflicts, and the Commission will hold the downtown hearing at noon so that citizens can attend the hearing during their lunch hour. The Commission will hold both of the local public hearings on September 8. For this reason, the Commission will also deny Laclede's request for permission to notify its customers by publication. The September 8 hearing dates should afford Laclede adequate opportunity to incorporate a notice in its regular billing cycle. The Commission finds that, if this is not the case, Laclede should file a pleading within five business days that explains to the Commission the circumstances that would make a separate customer notice necessary, so that the Commission can reconsider Laclede's request.

The Commission's Information Officer should send notice of the hearings to the publisher of each newspaper located in Laclede's service territory, and to members of the Missouri General Assembly representing Laclede's customers. In addition, the Information Officer should provide similar notice to any radio and television stations located within

Laclede's service territory. The Commission's Records Department should serve a copy of this order on the County Commission of each county and the mayor of each municipality within Laclede's service territory.

THEREFORE, IT IS ORDERED:

1. That the Recommendations for Public Hearings filed on June 9, 1998 are granted, except that the times and locations for such hearings shall be as follows:

TUESDAY, SEPTEMBER 8, 1998

12:00 p.m. - 2:00 p.m. Wainwright State Office Building
Room 116
111 North 7th Street
St. Louis, Missouri

6:00 p.m. - 8:00 p.m. County Council Chambers
41 South Central Avenue
Clayton, Missouri

2. That the Records Department and the Information Office of the Commission shall serve copies of this order and provide notice as described in this order.

3. That anyone with special needs as addressed by the Americans With Disabilities Act should contact the Missouri Public Service Commission as soon as possible at one of the following numbers: Consumer Services Hotline - 1-800-392-4211 or TDD Hotline - 1-800-829-7541.

4. That Laclede Gas Company's Request to Permit Notice by Publication is denied.


5. That Laclede Gas Company shall notify the Commission no later than July 30, 1998 if it will not be able to incorporate notice of the public hearings with its regular billing cycle.

6. That the test year to be used in this case is the twelve month period ending February 28, 1998.

7. That the test year data shall be updated through June 30, 1998.

8. That this order shall become effective on August 3, 1998.

BY THE COMMISSION

A handwritten signature in black ink, reading "Dale Hardy Roberts". The signature is written in a cursive style with a large, stylized 'D' and 'R'.

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Drainer, Murray
and Schemenauer, CC., concur.
Crumpton, C., absent.

Randles, Regulatory Law Judge