

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY**

June 7, 2001

CASE NO: GR-2001-629

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 an ORDER AND NOTICE in the above-numbered case(s).

Sincerely,



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

Uncertified copies:

To the county commission of each county in the Company's Missouri service area and on the Board of Aldermen of St. Louis, Missouri.

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 7th day of June, 2001.

In the Matter of Laclede Gas Company's Tariff to Revise) **Case No. GR-2001-629**
Natural Gas Rate Schedules.) **Tariff No. 200101125**

SUSPENSION ORDER AND NOTICE

On May 18, 2001, Laclede Gas Company (Company) submitted to the Commission tariffs reflecting increased rates for natural gas service provided to customers in the Missouri service area of the Company. The proposed tariffs were assigned tariff number 200101125 and bear a requested effective date of June 18, 2001. According to the cover letter the proposed tariffs are designed to produce an annual increase of approximately five percent (\$39.8 million) in the Company's revenues. 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.

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 Commission will suspend the proposed tariffs for a period of 120 days plus an additional six months beyond the requested effective date, unless otherwise ordered by the Commission.

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 either separately or jointly proposed procedural schedules 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 (Staff), the Office of the Public Counsel (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 that is 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 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 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 Records Department of the Commission shall serve a copy of this order upon the county commission of each county in the Company's service area and upon the Board of Aldermen of the City of St. Louis, Missouri. In addition, the Commission's Public 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*, to the members of the General Assembly representing the residents of

the Company's Missouri service area, and to other media serving the Company's Missouri service area.

The parties are advised that any testimony or schedule filed without a protective order first being established shall be considered public information. Any party that considers information to be proprietary or highly confidential must request a protective order to ensure the information is treated as designated. Any such request for a protective order must state sufficient grounds to support the issuance of such an order.

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. 200101125) submitted on May 18, 2000, by Laclede Gas Company for the purpose of increasing rates for natural gas service to retail customers are hereby suspended for a period of 120 days from May 18, 2001, to September 15, 2001. The specific sheets suspended are:

P.S.C. MO. No. 5 Consolidated

**Fifth Revised Sheet No. 1-a, Cancelling 4th Revised Sheet No. 1-a
Fourteenth Revised Sheet No. 2, Cancelling Thirteenth Revised Sheet No. 2
Tenth Revised Sheet No. 3, Cancelling Ninth Revised Sheet No. 3
Twelfth Revised Sheet No. 4, Cancelling Eleventh Revised Sheet No. 4
First Revised Sheet No. 4-a, Cancelling Original Sheet No. 4-a
Thirteenth Revised Sheet No. 5, Cancelling Twelfth Revised Sheet No. 5
Twelfth Revised Sheet No. 7, Cancelling Eleventh Revised Sheet No. 7
Fourteenth Revised Sheet No. 8, Cancelling Thirteenth Revised Sheet No. 8
Twelfth Revised Sheet No. 9, Cancelling Eleventh Revised Sheet No. 9
Sixth Revised Sheet No. 11, Cancelling Fifth Revised Sheet No. 11
Seventh Revised Sheet No. 15, Cancelling Sixth Revised Sheet No. 15
Seventh Revised Sheet No. 17, Cancelling Sixth Revised Sheet No. 17
Original Sheet No. 28-h, Cancelling All Previous Schedules
Second Revised Sheet No. 31-a, Canceling First Revised Sheet No. 31-a
Eighth Revised Sheet No. 34, Cancelling Seventh Revised Sheet No. 34
Second Revised Sheet No. 34-a, Cancelling First Revised Sheet No. 34-a
Ninth Revised Sheet No. R-2, Cancelling Eighth Revised Sheet No. R-2
Fourth Revised Sheet No. R-11, Cancelling Third Revised Sheet No. R-11
First Revised Sheet No. R-41, Cancelling Original Sheet No. R-41**

2. That the gas service tariff sheets suspended in ordered paragraph 1, above, File No. 200101125, are hereby suspended an additional six months beyond September 15, 2001 to March 15, 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 June 27, 2001, 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.
Senior Vice President – Finance
and General Counsel
Laclede Gas Company
720 Olive Street
St. Louis, Missouri 63101

and:

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

4. That Laclede Gas Company shall file, on or before June 21, 2001, 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 Commission Staff, the Office of the Public Counsel and persons or entities requesting intervention shall file, on or before July 9, 2001, a pleading either indicating concurrence in Company's recommended test year or recommending alternatives to Company's recommended test year.

7. That Commission Staff, the Office of the Public Counsel and intervenors shall file, on or before July 9, 2001, a pleading stating their recommendation concerning a true-up.

8. That an early prehearing conference is hereby scheduled for this case on July 16, 2001, beginning 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 hearing, please call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or 1-800-829-7541 (TDD) prior to the prehearing.

9. That the parties shall file a proposed procedural schedule as described in this order on or before July 26, 2001.

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 July 26, 2001.

11. That an evidentiary hearing is hereby scheduled for this case beginning October 29, 2001, at 8:30 a.m. and continuing through November 2, 2001, if needed. 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 January 14-15, 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.

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 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 gas service tariff sheets with the Missouri Public Service Commission (PSC) which would increase the Company's Missouri jurisdictional annual gross revenues by approximately 19.3 percent. For the average residential customer, the proposed increase would be approximately \$_____ each month.

An evidentiary hearing has been set before the PSC at 8:30 a.m., October 29, 2001, in the PSC's hearing room on the third floor of the Governor Office Building, 200 Madison 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.

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.

14. That the Records Department 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 on the Board of Aldermen of St. Louis, Missouri.

15. That the Commission's Public 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*, to the members of the General Assembly representing the residents of the Company's Missouri service area, and to the other media serving the residents of the Company's Missouri service area.

16. That prefiled testimony and other pleadings or papers shall only be filed under seal pursuant to a protective order approved by the Commission.

17. That this order shall become effective on June 17, 2001.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read "Dale Hardy Roberts". The signature is written in a cursive, somewhat stylized script.

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Murray, Simmons,
and Gaw, CC., concur.

Dippell, Senior Regulatory Law Judge

ALJ/Secretary: Dyrell L. Lee

Date Circulated 6-5 GR-2001-629
CASE NO.

Lumpke, Chair 12 p 3, 8

Draimer, Vice Chair

Murray, Commissioner

Simmons, Commissioner

Gaw, Commissioner

Agenda Date 6-7

Action taken: 4-0 AS

Must Vote Not Later Than

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and

I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,

Missouri, this 7th day of June 2001.

Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

