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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 27th
day of August, 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 GRANTING REQUEST FOR CLARIFICATION, OR IN THE ALTERNATIVE,
APPLICATION FOR REHEARING, OF ORDER ESTABLISHING TEST YEAR**

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 established a deadline of May 12 for parties other than Laclede to file their test year recommendations.

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 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 with its direct testimony.

On July 23, the Commission established the twelve months ending on February 28, 1998, as the test year. The Commission ordered that the test year should be updated for known and measurable changes through June 30, 1998.

On July 31, Laclede filed a Request for Clarification, or in the Alternative, Application for Rehearing, of the Commission's July 23 order. Laclede argued that it should have the opportunity to present evidence concerning isolated adjustments following the test year, as updated, that are known and measurable. Laclede stated that it is requesting isolated adjustments for a contracted labor wage increase that is scheduled to take effect following June 30, for an increase in the Commission's assessment, and for other unnamed isolated adjustments. Laclede argued that the Commission has permitted such isolated adjustments in the past. No party filed a response to Laclede's request.

Staff, OPC and the intervenors filed direct testimony on August 14 and August 21. In its direct, Staff recommended against a true-up. With respect to the isolated adjustments, the Staff stated that it would address them in its rebuttal testimony.

The Commission convened the parties in a prehearing conference on August 24. At the prehearing, the parties were asked to clarify, on the record, their positions regarding isolated adjustments outside of the test year as updated and regarding a true-up. Staff and OPC clarified that they will oppose some or all of the isolated adjustments requested

by Laclede, but did not oppose Laclede's request for permission to present evidence in support of its proposed adjustments. No party objected to permitting Laclede to present such evidence. Similarly, no party requested a true-up in the event that the Commission entertains arguments in favor of and opposing isolated adjustments. Laclede stated that it would request a true-up only in the event that the Commission will not permit it to present evidence of isolated adjustments. Laclede stated that its direct testimony may not address all of the isolated adjustments that it intends to propose.

The Commission finds that the parties should be permitted to present evidence in support of and in opposition to Laclede's proposed isolated adjustments for events occurring after June 30, 1998. The Commission further finds that Laclede should file supplemental direct testimony addressing the remainder of its proposed isolated adjustments, to the extent that not all of the adjustments were addressed in its direct testimony. This will permit the remaining parties to respond to all of Laclede's proposed isolated adjustments in rebuttal testimony. Any isolated adjustments that Laclede fails to address, either in its direct testimony or its supplemental direct testimony, will not be considered by the Commission in rendering a decision concerning Laclede's proposed revenue increase.

IT IS THEREFORE ORDERED:

1. That the parties shall be permitted to file testimony addressing the isolated adjustments falling outside of the updated test year proposed by Laclede Gas Company.

2. That Laclede Gas Company shall complete its case-in-chief concerning all of its proposed isolated adjustments falling outside of

the test year as updated in supplemental direct testimony to be filed no later than September 8, 1998.

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

BY THE COMMISSION

A handwritten signature in black ink, reading "Dale Hardy Roberts". The signature is written in a cursive, slightly slanted style.

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

Randles, Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION