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JAN 25 2002

Missouri Public
Service Commission

Exhibit No.:

Issue:

Witness:

Type of Exhibit:

Sponsoring Party:

Case No.:

Accounting Schedules

Susan M. Kopp

Direct Testimony

Laclede Gas Company

GR-2002-356

LACLEDE GAS COMPANY

GR-2002-356

DIRECT TESTIMONY

OF

SUSAN M. KOPP

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

AFFIDAVIT

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

Susan M. Kopp, of lawful age, being first duly sworn, deposes and states:

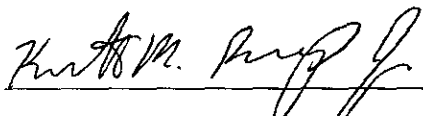
1. My name is Susan M. Kopp. My business address is 720 Olive Street, St. Louis, Missouri 63101; and I am Assistant to the Vice President – Finance for Laclede Gas Company.

2. Attached hereto and made part hereof for all purposes is my direct testimony, consisting of pages 1 to 6, inclusive; and Section C - Schedules 10 and 14.

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


Susan M. Kopp

Subscribed and sworn to before me this 24th day of January, 2002.



KENNETH M. BEERUP, JR.
Notary Public — Notary Seal
STATE OF MISSOURI
City of St. Louis
My Commission Expires: Dec. 19, 2003

Direct Testimony of Susan M. Kopp

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DIRECT TESTIMONY OF SUSAN M. KOPP

1 Q. Please state your name and business address.

2 A. My name is Susan M. Kopp, and my business address is 720 Olive St., St. Louis,
3 Missouri 63101.

4 Q. What is your present position?

5 A. I am Assistant to the Vice President – Finance for Laclede Gas Company
6 (“Laclede” or “Company”).

7 Q. Please state how long you have held your position and briefly describe your
8 responsibilities.

9 A. I was promoted to my present position in January, 2001. In this position, I am
10 actively involved in the day-to-day operation of the Finance Division and other
11 special projects. I also continue to assist in the preparation of various financial
12 analyses and studies pertaining to rate matters generally.

13 Q. What is your educational background?

14 A. I graduated from the University of Missouri – St. Louis in 1991, with a Bachelor
15 of Science degree in Business Administration, majoring in accounting.

16 Q. Have you passed the Uniform CPA exam?

17 A. Yes, I passed the Uniform CPA exam in 1992.

18 Q. Will you briefly describe your experience with the Company prior to becoming
19 Assistant to the Vice President – Finance?

20 A. I joined Laclede in January, 1992, as a Staff Auditor in the Internal Audit
21 Department. I was promoted to Auditor in January, 1994 and appointed Assistant

1 to the Information Systems Auditor in July, 1994. In October, 1995, I was
2 transferred to the Financial Planning Department to serve as an Analyst before
3 being promoted to Senior Analyst in January, 1997, and Assistant to the Manager
4 in January, 1999. I acted in that capacity until being promoted to my present
5 position.

6 Q. Are you a member of any professional societies?

7 A. Yes, I am a member of the American Institute of Certified Public Accountants and
8 the Missouri Society of Certified Public Accountants.

9 Q. Have you previously filed testimony before this Commission?

10 A. Yes, in Case Nos. GR-99-315 and GR-2001-629.

11 **Purpose of Testimony**

12 Q. What is the purpose of your testimony?

13 A. I am sponsoring rate base items and income statement adjustments related to
14 several expense categories.

15 Q. Please list the schedules you are sponsoring.

16 A. I am sponsoring the following schedules, which were prepared by me or under my
17 supervision: Section C, TEST YEAR UTILITY OPERATING INCOME AND
18 ADJUSTMENTS, Schedules 10 and 14, which provide supporting detail for
19 certain of my adjustments to test year operating income. These adjustments are
20 described later in my testimony.

21 **Rate Base Adjustments**

22 Q. What items are you sponsoring for inclusion in the Company's original cost rate
23 base (Schedule 1 of Section A)?

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1 A. I am sponsoring several adjustments to the income statement. These adjustments
2 appear on Schedule 2 of Section C and are discussed below. I am also sponsoring
3 schedules that provide supporting detail to several of these adjustments.

4 **Customer Financing Programs**

5 Q. Please discuss your operating expense adjustment regarding the IFP and
6 EnergyWise Program.

7 A. Adjustment 1.n. increases revenues to reflect interest income from the IFP and
8 EnergyWise Program. This adjustment is consistent with the inclusion of loan
9 balances in rate base as I previously mentioned.

10 **Postage and Other Mailing Costs**

11 Q. Please explain your next adjustment for postage and other mailing costs.

12 A. Adjustment 3.b., detailed on Schedule 10 of Section C, adjusts customer accounts
13 expense for decreased postage and card stock expenses directly related to changes
14 in customer levels discussed in Company witness P. A. Krieger's testimony. It
15 also includes an adjustment to reflect bi-monthly envelope mailings and the
16 inclusion of return envelopes in such billings. The postage component of this
17 adjustment should be updated as necessary if the anticipated postage rate increase
18 (June/July 2002) materializes prior to true-up.

19 **Lock Box/Sub-Agent Fees**

20 Q. Please discuss your adjustments to lock box expenses.

21 A. Adjustment 3.c. also detailed on Schedule 10 of Section C, increases the
22 November 30, 2001 test year lock box expense to reflect the full year impact of

1 new lock box fee levels which took effect throughout the test year to improve
2 customer service and communication.

3 **Customer Deposit Interest Expense**

4 Q. Please discuss your adjustment to customer deposit expense.

5 A. Adjustment 3.e. increases customer accounts expense to reflect interest expense
6 related to customer deposits. This adjustment is consistent with the inclusion of
7 customer deposit balances in rate base as I previously mentioned.

8 **Health Care Costs**

9 Q. Please discuss your adjustment to health care costs.

10 A. Adjustment 4.g., detailed on Schedule 14 of Section C, reflects increases in the
11 cost of providing health care to current employees. This adjustment reflects
12 medical costs paid for the twelve months ended November 30, 2001, increased to
13 reflect current cost levels. This adjustment should be updated as necessary for the
14 actual employee levels at July 31, 2002, new rates and plan participation as of
15 August 1, 2002, and for the most recent claims experience for the self-insured
16 plans.

17 **Dental and Vision Insurance Costs**

18 Q. Please discuss the adjustment made to dental and vision insurance costs.

19 A. Adjustment 4.h., detailed on Schedule 14 of Section C, reflects an increase in the
20 cost of dental insurance to reflect current cost levels. Adjustment 4.i., on
21 Schedule 14, also reflects an increase in the cost of vision insurance to reflect
22 current cost levels. These adjustments should be updated for the actual employee
23 levels at July 31, 2002 and new rates and plan participation as of August 1, 2002.

1 **MPSC Assessment**

2 Q. Please discuss your adjustment to Regulatory Commission Expense.

3 A. Adjustment 4.j., detailed on Schedule 14 of Section C, increases Regulatory
4 Commission expense to the annual level of assessment as of July 1, 2001. The
5 2002 assessment will be known in late June and should be used in the final
6 determination of rates.

7 **Rent Expense**

8 Q. Please discuss your adjustment to rent expense.

9 A. Adjustment 4.k., detailed on Schedule 14 of Section C, increases rent expense to
10 the annualized January 2002 level based on the Company's lease agreement for its
11 main office.

12 **Rate Case Expense**

13 Q. Please explain your next adjustment relating to rate case expense.

14 A. Adjustment 4.n. adjusts test year expense to reflect anticipated levels of out-of-
15 pocket costs to be incurred by the Company in connection with this proceeding,
16 amortized over two years.

17 **Dues, Fees and Miscellaneous Expenses**

18 Q. Please discuss your adjustment relating to club memberships and miscellaneous
19 expenses.

20 A. Adjustment 4.o., transfers to "below-the-line" dues and fees related to certain
21 organizational memberships, as well as other miscellaneous expenses.

22 Q. Does this conclude your direct testimony?

23 A. Yes, it does.