BEFORE THE PUBLIC SERVICE COMMISSION STATE OF MISSOURI



In the Matter of Laclede Gas Company's)	Missouri Public Service Commission
Tariff to Revise Natural Gas)	
Rate Schedules)	Case No.GR-2002-356

AFFIDAVIT OF MICHAEL T. CLINE

Michael T. Cline, of lawful age, being first duly sworn on his oath, states that:

- 1. My name is Michael T. Cline. My business address is 720 Olive Street, St. Louis, Missouri 63101; and I am currently employed by Laclede Gas Company ("Laclede" or "Company") as Director-Tariff & Rate Administration.
- 2. As part of my duties as Director-Tariff & Rate Administration, I am responsible for preparing, filing and administering the Company's tariffs that are on file with the Missouri Public Service Commission, including the proposed tariffs sheet that is in dispute in this proceeding. In addition, I perform analyses pertaining to Laclede's purchased gas costs and various federal and state regulatory matters that affect Laclede.
- 3. The purpose of my affidavit is to respond to the VERIFIED STATEMENT OF THE STAFF that was filed on November 1, 2002 in this proceeding.
- 4. In particular, I am concerned about the impression that may have been created by Mr. Beck's statement in his answer D that "[t]he billing units the Company used in their compliance filing for the Residential General Service rate class first and second rate block billing units were 215,508,388 and 263,368,081 therms, respectively, before the November adjustment was applied".

- 5. It is important for the Commission to understand that the Company never applied any such November adjustment in its compliance filing. Instead, the Company used the same first block winter therms of 212,988,388 that it presented to the Staff on two previous occasions, as demonstrated by the circled figures in the compliance tariff worksheet contained in Attachment 1. On September 11, 2002 such therms were included in an e-mail that the Company sent to the Commission Staff to confirm agreement on billing units prior to the derivation of rates. Also, the very same first block therms were included in another e-mail the Company sent to the Staff on September 13, 2002 setting forth the derivation of rates for all rates classes other than the Commercial and Industrial General Service and Seasonal Service rate schedules. Copies of the relevant portions of those documents with the therm amounts circled are also set forth in Attachment 1.
- 6. I also disagree with Mr. Beck's answer C in which he contends that the Company's proposed Residential General Service rate would result in the Company receiving additional revenues of \$932,000. To the contrary, I believe the first block therms used by the Company would produce a first block rate that, assuming normal weather, would produce the \$14 million general rate increase approved by the Commission. If instead the Company used the Staff's first block therms to derive the first block rate, the Company would be deprived of the full amount of such increase, and experience a reduction in the level of weather mitigation protection that the Company bargained for in this proceeding. In my surrebuttal testimony in this proceeding, I indicated that the Company's weather mitigation rate design proposal would eliminate 85% of the Company's weather-related losses. Such quantification was predicated on an

88% reduction for the Residential General Service rate alone. The Staff's proposed first block rate would have the effect of reducing such weather protection from 88% to 80%.

I hereby swear and affirm that my statements contained in this affidavit are true and correct to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NOT.

Michael T. Cline

STATE OF MISSOURI) SS. COUNTY OF COLE)

Subscribed and sworn to before me this 4th day of November 2002.

Notary Public

My Commission Expires:

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LORI RACKERS
Osage County
My Commission Expires

ATTACHMENT 1

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Patricia A Krieger Sent by: Patricia A Krieger To: aross01@mail.state.mo.us, dbeck01@mail.state.mo.us cc: (bcc: Michael T Cline/LACLEDE NOTES)

Subject: Billing Determinants GR-2002-356

09/11/2002 02:35 PM

Attached are billing determinants and a summary of the adjustments that have been added to the determinants prepared by Anne back in July. Please review and call to discuss. Thanks.



GR-2002-356 Billing Det. 1 Summary Billing Determinants

 Billing Determinants	GR 2002-356	6			Billing Demand	Unauthorized
	Bills	Blocked Thms	S/T Thms	Total Thms		Overrun Therms
GS - Residential Gen Nov-April: First Block Second Block	7,152,133	212,988,388 265,888,081				
Total May-Oct: First Block Second Block		85,546,786 5,862,226	478,876,469			
Total			91,409,012	570,285,481		
GS - Comm/Indust Nov-April: First Block Second Block Total	482,306	16,959,126 172,191,775	189,150,901	5. 5,255 , 15.		
May-Oct: First Block Second Block		8,200,023 31,127,112				
Total			39,327,135	228,478,036	•	
A/C - Residential Nov-April: First Block Second Block	2,488	91,223 236,237				
Total May-Oct: First Block Second Block		50,993 75,919	327,460			
Total			126,912	45 A 272		
A/C - Comm/Indust Nov-April: First Block Second Block	593	29,208 1,813,544		454,372		
Total May-Oct: First Block Second Block		27,111 1,115,606	1,842,752			
Total			1,142,717	2,985,469		
Propane - Resid Propane - Comm/Ind Vehicular Fuel	2,061 24 47		•	107,825 1,420 50,493		
Unmetered Gas Lights	1,378			127,805		
Large Volume Sales First Block Second Block Total	1,224	19,244,934 2,221,519		21,466,453	2,090,541	
Interruptible Sales First Block	156					
Second Block Total		429,208		3,912,746		
Basic Transportation First Block Second Block Second Block - Auth OR	1,140	35,388,422 84,969,673 301,486		120 650 591		
Total Firm Transportation First Block	696	19,950,314		120,659,581		
Second Block Second Block - Auth OR Total		46,789,423 39,174		66,778,911	11,991,380	93,851
Total	7,644,246		•	1,015,308,592	14,081,921	93,851

GR-2002-356	Billina	Determinant	Summary	,
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	Bills	Therms	Demand Therms
Billing Determinants (Per Anne Ross 7/16/02)	7,647,339	1,020,389,395	14,869,367
Adjustments:		<u>,</u>	
Correct double count on air conditioning bills: Residential Commercial & Industrial	(2,488) (593)	0	0 0
Add Load Change Adjustments thru 7/31/02	(12)	(880,805)	(162,446)
Adjust transportation demand therms by \$300,000 *	0	0	(625,000)
Adjust normal degree days to 4,718**	0	(4,200,000)	0
Final Billing Determinants	7,644,246	1,015,308,590	14,081,921

^{*}Adjustment to reduce billing demand for transportation service customers by \$300.000 divided by \$.48 per therm equals 625,000 demand therms.

^{**}Reduction of 35 degree days based on Staff's weather calculated value of 120,000 therms per degree day variation.

Billing Determinants	Dull-	Blocked Therm	Subtotal Therm	Total Therm	Billing Demand	Unauthorized Overrun
GS - Residential Nov-April: First Block Second Block Total Nov-Apr May-Oct: First Block Second Block Total May-Oct Total	<u>Bills</u> 7,157,109	Volumes 215,599,611 266,460,318 85,597,779 5,938,145	<u>Volumes</u> 482,059,929 <u>91,535,924</u>	<u>Volumes</u> 573,595,853	Therms	<u>Therms</u>
GS - Commercial and Industrial Nov-April: First Block Second Block Total Nov-Apr May-Oct: First Block Second Block Total May-Oct Total	483,420	18,329,014 173,709,528 8,224,392 32,111,413	192,038,542 40,335,805	232,374,347		
Propane - Residential	2,061			107,825		
Propane - Commercial and Industrial	24			1,420		
Vehicular Fuel	47			50,493		
Unmetered Gas Lights	1,378			127,805	•	•
Large Volume Sales First Block Second Block Total	1,320	20,758,352 2,412,869		23,171,221	2,239,787	
Interruptible Sales First Block Second Block Total	156	3,483,538 429,208		3,912,746		1
Basic Transport First Block Second Block Second Block - Authorized Overrun Total	1,116	35,043,544 84,784,164 <u>301,486</u>		120,129,193	7,450,952	should it be? Should it be? Should it be? Will Fix
Firm Transport First Block Second Block Second Block - Authorized Overrun Total	<u>708</u>	20,086,032 46,793,286 39,174		66,918,492	5,178,628	
Total	7,647,339	1		1,020,389,395	14, 869	1,367

Changes made: Added A/C Cust #s and Vols Heimos Federal Mogul Uanuth O/R decreased \$375,000

Anne Ross

7/16/2002 13:14

Michael T Cline Sent by: Michael T Cline

09/13/2002 12:39 PM

To: dbeck01@mail.state.mo.us, aross02@mail.state.mo.us, hhu@ded.state.mo.us, jbusch@DED.state.mo.us, jmallinckrodt@consultbai.com, MMD@drazen.com

cc: Mike Pendergast/LACLEDE NOTES@LACLEDE GAS,

dmicheel@ded.state.mo.us

Subject: Laclede Rates

Attached is a preliminary worksheet (Lotus and Excel versions) that derives the revenue increases and rate component increases by rate schedule pursuant to the S&A with the exception of the three new C&I General Service classes. Such is based on billing determinants that have been agreed to by both the Company and the Staff. Rates for Residential General and LVTSS should be final. The Company may use some of the impacts and rates included in the worksheet at the presentation of the S&A to the Commission on Monday. Please call me at 314-342-0524 if you have any questions. In the meantime, I will continue to review the attached as well.

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BBADON' SMEGHFURERN' & ENGLAND

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