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Missouri Public
Service Commission

Exhibit No.: 140
Issues: Depreciation
Cost of Removal
Witness: Rosella L. Schad, PE
Sponsoring Party: MoPSC Staff
Type of Exhibit: Supplemental Direct
Testimony
Case No.: GR-99-315
Date Testimony Prepared: August 20, 2004

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SUPPLEMENTAL DIRECT TESTIMONY

OF

ROSELLA L. SCHAD, PE

LACLEDE GAS COMPANY

CASE NO. GR-99-315

*Jefferson City, Missouri
August 2004*

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Date 9-22-04 Rptr TS

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Supplemental Direct Testimony
Rosella L. Schad

1 Q. Please describe your duties while employed by the Commission.

2 A. I am responsible for engineering analyses and depreciation rate determinations
3 of companies regulated by the Commission.

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

5 A. Yes. As shown in Schedule 1, attached to my testimony, is a list in which I
6 have previously filed testimony and the issues that I addressed.

7 **DEPRECIATION**

8 Q. Please state the purpose of your testimony in this case.

9 A. The purpose of my testimony in this case is to adopt the direct testimony,
10 rebuttal testimony, and surrebuttal testimony of Staff witness, Paul Adam, in Case
11 No. GR-99-315. These testimonies presented Staff's position on Laclede Gas
12 Company's (Company's) depreciation rates.

13 Q. Can you explain why it is necessary to adopt Mr. Adam's testimonies in the
14 GR-99-315 case?

15 A. Yes. Mr. Adam retired from state employment in April 2004.

16 **COST OF REMOVAL**

17 Q. Please describe Staff's position in GR-99-315?

18 A. The depreciation rates established in GR-99-315 were based on Laclede's cost
19 of providing service to its customers. The issue that remains in this case is the appropriate
20 cost to remove retired property, one that is known and measurable to a sufficient degree to be
21 included in the rates charged to Laclede's customers. Staff's position is that cost of removal
22 dollars included in rates should be reasonably certain to be expended to remove retired plant.

Supplemental Direct Testimony
Rosella L. Schad

1 Q Is this the first time that Staff has proposed using a current level of cost of
2 removal?

3 A. No. In a Missouri Public Service Company ("MPS", now Aquila) Case No.
4 ER-90-101, Staff's position for determining depreciation expense was that the magnitude of
5 the accrual for net salvage (represented as either negative net salvage or positive cost of
6 removal) be reduced to match the experience of the past and that a factor for terminal net
7 salvage (again, represented as either negative net salvage or positive cost of removal) be
8 excluded. The Commission used Staff's approach in deciding the case.

9 Q. Does that conclude your Supplemental Direct Testimony?

10 A. Yes.

CASE PROCEEDING PARTICIPATION

ROSELLA L. SCHAD

COMPANY	CASE NO./ FILING	ISSUES
AQUILA, INC. d/b/a AQUILA NETWORKS-MPS (Electric) AND AQUILA NETWORKS - L&P (Electric and Steam)	ER-2004-0034 and HR-2004-0024 (Consolidated) Surrebuttal	Production Plant Retirement Dates; Accumulated Depreciation; Cost of Removal and Depreciation
AQUILA, INC. d/b/a AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P	GR-2004-0072 Rebuttal	Depreciation; Accumulated Depreciation; Cost of Removal and Production Plant Retirement Dates
AQUILA, INC. d/b/a AQUILA NETWORKS-MPS (Electric) AND AQUILA NETWORKS - L&P (Electric and Steam)	ER-2004-0034 and HR-2004-0024 (Consolidated) Rebuttal	Production Plant Retirement Dates; Accumulated Depreciation Reserve Balances; Cost of Removal and Depreciation
AQUILA, INC. d/b/a AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P	GR-2004-0072 Direct	Depreciation and Accumulated Depreciation Reserve
AQUILA, INC. d/b/a AQUILA NETWORKS-MPS (Electric) AND AQUILA NETWORKS - L&P (Electric and Steam)	ER-2004-0034 and HR-2004-0024 (Consolidated) Direct	Depreciation and Accumulated Depreciation Reserve
Laclede Gas Company	GR-2002-356 Rebuttal	Decommissioning
Laclede Gas Company	GR-2002-356 Direct	Depreciation
Union Electric Company d/b/a AmerenUE	EC-2002-1 Surrebuttal	Depreciation; Steam Production Plant Retirement Dates; Decommissioning Costs; Callaway Interim Additions
Laclede Gas Company	GR-2001-629 Direct	Depreciation
Ozark Telephone Company	TC-2001-402 Direct	Depreciation Rates
Northeast Missouri Rural Telephone Company	TR-2001-344 Direct, Surrebuttal	Depreciation Rates
Oregon Farmers Mutual Telephone Company	TT-2001-328 Rebuttal	Depreciation Rates
KLM Telephone Company	TT-2001-120 Rebuttal	Depreciation Rates
Holway Telephone Company	TT-2001-119	Depreciation Rates

COMPANY	CASE NO./ FILING	ISSUES
	Rebuttal	
Peace Valley Telephone Company	TT-2001-118 Rebuttal	Depreciation Rates
Iamo Telephone Company	TT-2001-116 Rebuttal	Depreciation Rates
Osage Water Company	WR-2000-557 Direct	Depreciation
Osage Water Company	SR-2000-556 Direct	Depreciation

