

**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-2005-0284

PROPOSED PROCEDURAL SCHEDULE

COMES NOW the Staff of the Missouri Public Service Commission and respectfully states as follows:

On March 31, 2005, the Commission held a prehearing conference in this matter, and, as directed by the Commission in its March 22, 2005 *Order Granting Intervention and Setting Prehearing Conference*, the Staff has prepared and hereby files with the Commission as a Proposed Procedural Schedule, the schedule outlined below. In addition, the Staff asks the Commission to reschedule the hearing set in the Commission's *Suspension Order and Notice* by moving it one week later, to the first two weeks in October, to accommodate Laclede Gas Company's witness schedules. The Staff expects that Laclede will file its own pleading further outlining the need for this modification.

Staff has prepared this schedule in consultation with the other parties to this case.¹ All of the parties except Laclede have indicated they support the following schedule, and Laclede has indicated that it does not intend to object to it if the Commission concludes its current practice for filing testimony should continue to be observed in this case. The parties other than Laclede

¹ The Commission has granted the Motions to Intervene of the Missouri Energy Group, the Paper, Allied-Industrial, Chemical and Energy Workers Local No. 5-6, AFL-CIO, and the Missouri Industrial Energy Consumers. The Office of Public Counsel is a party to the case by statute. The Department of Natural Resources has moved to intervene in this matter but has not yet been granted intervention. DNR participated in the development of this proposal as well.

may file additional pleadings to respond to another proposal put forward by Laclede, but have authorized Staff to indicate to the Commission that they support Staff's proposal outlined immediately below.

Initially, the Staff notes that this proposal incorporates several concepts explored and agreed to through the Case Efficiency Roundtable of the Formal Rate Case Work Group. First, it establishes a technical conference to take place before any party, other than Laclede, files its direct testimony. Second, it redesignates what has formerly been called a "prehearing" as a settlement conference, to indicate more clearly that settlement is the focus of that proceeding. Third, it incorporates a "road map" for each party to file with the Commission prior to the hearing that identifies the issues that remain for Commission decision, position statements, and citations to witness testimony for the Commission's reference.

Accordingly, the Staff's proposed procedural schedule follows:

June 20-June 22, 2005	Technical Conference
July 22, 2005	Direct Case Filing (Revenue Requirement)
July 29, 2005	Direct Case Filing (Rate Design)
August 8-August 12, 2005	Settlement Conference
September 2, 2005	Rebuttal Testimony (all parties)
September 23, 2005	Surrebuttal Testimony (all parties)
September 26, 2005	Hearing Roadmap
October 3-October 7, 2005	First week of hearing
October 11-October 14, 2005	Second week of hearing
January 19, 2006	Operation of Law date

As noted above, all parties agree or do not object to the preceding proposal. However, Staff is also aware that Laclede intends to propose an alternative schedule. To address that, Staff provides the following response.

During the course of discussions among the parties Laclede suggested adopting in this case some of the proposals suggested in the Commission's Case Efficiency Roundtable process. Staff agrees that many of those proposals have merit, but cannot recommend that they be adopted, unvetted, at this time, in this rate case. Staff respectfully suggests that the parties and all participants in the Case Efficiency Roundtable will have the opportunity in the Roundtable to properly explore the details necessary to move to a more efficient rate case process, and to develop the means to provide the Commission the information that it needs, in a timely fashion and in a suitable format.

As the Commission is aware, the Case Efficiency Roundtable has not yet developed a finished product. The participants in that Roundtable, in fact, have not reached consensus on a number of significant points and have further meetings scheduled over the next few months. Certainly, the Commission's Staff has serious reservations regarding implementing a new, untested procedure in Laclede's case even as the Case Efficiency Roundtable progresses, and especially in light of the fact that Staff has not had adequate time to fully consider the implications of substantial changes in the rate increase process.

Specifically, Staff is concerned that removing rounds of testimony and replacing them with recommendations circulated among the parties with supporting numbers and reasons supporting those recommendations, at this stage, remains a nebulous process. As an example, the parties are to exchange workpapers under some of the proposed new procedures. One party may expect to provide one thing, but the recipient may be expecting something quite different.

Although these expectations ultimately may be clarified, engaging in trial and error in the middle of a proposed \$39 million permanent rate increase is not an effective way to develop a functional procedure. Such technical details should be thoroughly considered and vetted through the Roundtable procedure, and that has simply not yet concluded.

Further, the parties before the Commission in this case cannot easily discuss with the Commission and its advisors the best methods to assist the Commission in implementing a new rate case procedure in light of the contested nature of this case. To implement untested and incompletely developed procedures in this proceeding entails significant risk. The parties should have the opportunity to consider potentially hidden pitfalls in a new, untested case process and that consideration should take place by involving all stakeholders in a well-reasoned, deliberate approach. Moreover, by implementing new procedures outside the Roundtable process, the Commission may undermine the participants' commitment to the success of that process.

However, should the Commission desire to immediately implement some new Roundtable concepts in Laclede's rate increase request, Staff suggests consideration of the following alternative to the company's proposal:

June 3, 2005	Company Supplies Updated Case Workpapers and Explanations to Staff, OPC and Interested Parties
June 15-June 17, 2005	Technical Conference
July 6, 2005	Exchange of Revenue Requirement Recommendations, Quantifications and Reasons Therefore
July 13, 2005	Exchange of Rate Design Recommendations, Quantifications and Reasons Therefore
July 18-July 22, 2005	Settlement Conference
August 12, 2005	Initial Testimony of any party that wishes to do so
September 2, 2005	Responsive Testimony of any party that wishes to do so

September 20, 2005	Reply Testimony of any party that wishes to do so
September 26, 2005	Hearing Roadmap
October 3-October 7, 2005	First week of hearing
October 11-October 14, 2005	Second week of hearing
January 16, 2006	Operation of Law date

To clarify, Staff anticipates that under this procedure that all parties will file Initial Testimony on all items that have not been settled by that party and remain at issue for hearing. The Responsive Testimony may be filed by all parties and may be the first time a party may voice an opinion on the subject. The Reply Testimony provides the final illumination of the issue and offers an opportunity for parties to respond to points made for the first time in the Responsive Testimony (especially by parties that did not file Initial Testimony on that issue).

Additionally, if the Commission implements this schedule, all parties should be directed to respond to data requests in ten days or less, rather than the usual twenty days under the Commission's rule at 4 CSR 240-2.090(2), following the filing of initial testimony on August 12, 2005.

Finally, Staff notes that the foregoing alternative schedule is put forth by Staff for the sole purpose of responding to Laclede's alternative schedule. The Office of Public Counsel and the Missouri Industrial Energy Consumers have indicated they oppose it.

WHEREFORE, the Staff submits its recommendation for a procedural schedule and requests the Commission to order the procedural schedule set forth on page 2 of this pleading.

Respectfully submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 7th day of April 2005.

/s/ David A. Meyer