

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED

MAR 11 1999

Missouri Public  
Service Commission

Case No. GR-99-315

In the Matter of Laclede Gas Company's)  
Tariff to Revise Natural Gas Rate        )  
Schedules.                                        )

A F F I D A V I T

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 Manager of Rate and Financial Planning for Laclede Gas Company.

2. Attached hereto and made a part hereof for all purposes is my direct testimony, consisting of pages 1 to 7, inclusive; and Section C - Schedules 13 and 16.

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 10<sup>th</sup> day of March, 1999.

PATRICIA P. HICKS  
Notary Public — Notary Seal  
STATE OF MISSOURI  
City of St. Louis  
My Commission Expires: June 27, 2002

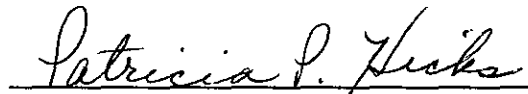




Exhibit No.:  
Issue:  
Witness:  
Type of Exhibit:  
Sponsoring Party:  
Case No.:

Accounting Schedules  
Susan M. Kopp  
Direct Testimony  
Laclede Gas Company  
GR-99-315

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LACLEDE GAS COMPANY

GR-99-315

DIRECT TESTIMONY

OF

SUSAN M. KOPP



Direct Testimony of Susan M. Kopp

Table of Contents

<u>Issue</u>	<u>Page</u>
General Information/Qualifications	1
Purpose of Testimony	2
Postage and Other Mailing Costs	3
Benefit Plan Trustee Fees and 401(k) Expenses	3
Rate Case Expense	4
Dues and Fees	4



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  
3 720 Olive St., St. Louis, Missouri 63101.

4 Q. What is your present position?

5 A. I am Assistant to the Manager of Rate and Financial  
6 Planning for Laclede Gas Company.

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

9 A. I was appointed to my present position in January,  
10 1999. In this position, I assist in the preparation  
11 of various financial analyses and studies pertaining  
12 to rate matters generally. I also assist in the  
13 preparation of various forecasts and monitor regulato-  
14 ry trends and developments.

15 Q. What is your educational background?

16 A. I graduated from the University of Missouri - St.  
17 Louis in 1991, with a Bachelor of Science degree in  
18 Business Administration, majoring in accounting.

19 Q. Have you passed the Uniform CPA exam?

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

21 Q. Will you briefly describe your experience with the  
22 Company prior to becoming Assistant to the Manager of  
23 Rate and Financial Planning?

1 A. I joined Laclede in January, 1992, as a Staff Auditor  
2 in the Internal Audit Department. I was promoted to  
3 Auditor in January, 1994 and appointed Assistant to  
4 the Information Systems Auditor in July, 1994. In  
5 October, 1995, I was transferred to the Financial  
6 Planning Department where I served as an Analyst. In  
7 January, 1997, I was promoted to Senior Analyst, and  
8 acted in that capacity until being promoted to my  
9 present position.

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

11 A. Yes, I am a member of the Missouri Society of Certi-  
12 fied Public Accountants.

13 Q. Have you previously filed testimony before this Com-  
14 mission?

15 A. No, I have not.

16 Purpose of Testimony

17 Q. What is the purpose of your testimony?

18 A. I am sponsoring income statement adjustments related  
19 to several expense categories.

20 Q. Please list the schedules you are sponsoring.

21 A. I am sponsoring the following schedules which were  
22 prepared by me or under my supervision: Section C,  
23 TEST YEAR UTILITY OPERATING INCOME AND ADJUSTMENTS,  
24 Schedules 13 and 16, which provide supporting detail  
25 for certain of my adjustments to test year operating  
26 income.



1 Q. Please summarize the adjustments to utility operating  
2 expenses that you are sponsoring that appear on  
3 Schedule 2 of Section C.

4 A. I am sponsoring adjustments to postage and other  
5 mailing costs, trustee fees and 401(k) expenses, rate  
6 case expense, and elimination of dues and other ex-  
7 penses.

8 Postage and Other Mailing Costs

9 Q. Please explain your adjustment for postage and other  
10 mailing costs.

11 A. Adjustment 3.d., also detailed on Schedule 13, ad-  
12 justs customer accounts expense for increased postage  
13 and card stock expenses directly related to the  
14 growth in customer levels discussed in Company wit-  
15 ness P. A. Krieger's testimony. It also includes an  
16 adjustment to reflect the postage rate increase effec-  
17 tive in January, 1999. This adjustment brings all  
18 test year mailings to these new rate levels.

19 Benefit Plan Trustee Fees and 401(k) Expenses

20 Q. Please continue your explanation of the adjustments  
21 you are sponsoring.

22 A. Adjustment 4.d., detailed on Schedule 16 of  
23 Section C, reflects increased trustee fees based on  
24 the increased value of the projected plan assets  
25 managed by the trustee at March 31, 1999.

26 Q. What adjustment have you made to 401(k) expenses?

27 A. Company contributions to 401(k) Wage and Salary Defer-  
28 ral Savings Plans have been normalized to reflect:

1 (1) the adjusted wage and salary levels sponsored by  
2 Company witness J. A. Fallert; and (2) the 1/2  
3 percent increase in the Company matching contribution  
4 levels, effective August 1998 for Laclede Division  
5 Contract employees and April 1999 for Missouri  
6 Natural Division Contract employees.

7 Rate Case Expense

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

10 A. Adjustment 4.j. adjusts test year expense to reflect  
11 anticipated levels of out-of-pocket costs to be in-  
12 curred by Laclede in connection with this proceeding.

13 Dues and Fees

14 Q. Please discuss your adjustment relating to club mem-  
15 berships.

16 A. Adjustment 4.l., transfers to "below-the-line" dues  
17 and fees related to club memberships.

18 Q. Does the Company also sponsor corporate or individual  
19 memberships in business, professional, economic/civic  
20 and other industry organizations?

21 A. Yes. The Company pays for memberships in these types  
22 of organizations.

23 Q. Has the Company included the cost of these types of  
24 memberships in its cost of service in this proceeding?

25 A. Yes. The Company believes these membership costs  
26 have been prudently incurred and represent ordinary  
27 and necessary expenses associated with the operation  
28 of its utility business. Memberships in these organ-

1           izations are common to all business enterprises. As  
2           a public service company, Laclede and its customers  
3           benefit from participation in these types of  
4           organizations. Accordingly, such costs should be  
5           included in cost of service for ratemaking purposes.

6       Q.   How do customers benefit from the Company's participa-  
7           tion in these organizations?

8       A.   Customers benefit from the Company's membership in  
9           these organizations because they provide a forum  
10          through which the Company can: 1) participate in fos-  
11          tering a favorable business and economic climate in  
12          its service area, thereby allowing it to identify and  
13          help attract new customers to its service area or,  
14          conversely, retain customers in its service area,  
15          which in turn allows the Company to spread its fixed  
16          costs over a larger customer group resulting in a  
17          lower cost per customer; 2) aid in the research and  
18          development of new gas technology and more energy  
19          efficient appliances, as well as identification and  
20          development of potential new markets for natural gas;  
21          3) access educational, developmental, and technical  
22          training materials generally at little or no cost; 4)  
23          assist its professional employees (e.g. accountants,  
24          lawyers, engineers, human resource managers, safety  
25          and health professionals) to maintain and expand  
26          their levels of knowledge in their respective fields,  
27          which benefits customers through enhanced employee  
28          service to the Company; and 5) realize cost savings

1 and efficiencies, enhanced productivity, safety im-  
2 provements and technical assistance through the  
3 exchange of ideas with other members.

4 Q. Do any of these organizations share similar agendas?

5 A. Some of these organizations appear to share similar  
6 agendas; however, the difference is in the areas  
7 served and the types of projects undertaken.

8 Q. Is it possible to quantify, in dollars, the amount of  
9 these benefits to customers?

10 A. It is difficult, if not impossible, to quantify in  
11 dollars all of the direct and indirect benefits re-  
12 ceived by customers as a result of the Company's  
13 participation in these organizations. However, just  
14 as customers benefit from the participation of Commis-  
15 sion personnel in various professional and regulatory  
16 associations, it is clear that the customer benefits  
17 from Laclede's membership in these organizations in  
18 that it results in a more efficient operation of the  
19 Company by more knowledgeable and informed employees.

20 Q. Do you have any additional comments you wish to add  
21 regarding Company sponsored corporate or individual  
22 memberships in business, professional, economic/civic  
23 and industry organizations?

24 A. Yes. It is important to note that even during years  
25 of disappointing financial results, the Company has  
26 continued its membership in these organizations. Our  
27 role in these organizations goes beyond the payment  
28 of dues. For example, particularly at the executive

1 level, extensive participation in many of these organ-  
2 izations provides the leadership to foster a  
3 favorable economic climate in the St. Louis area.

4 Q. Does this conclude your testimony?

5 A. Yes, it does.

