

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

**FILED**  
MAR 11 1999  
Missouri Public  
Service Commission

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

Case No. GR-99-315

AFFIDAVIT

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

Shirley M. Peskie, of lawful age, being first duly sworn, deposes and states:

1. My name is Shirley M. Peskie. My business address is 720 Olive Street, St. Louis, Missouri 63101; and I am Director of Customer Accounting of Laclede Gas Company.

2. Attached hereto and made a part hereof for all purposes is my direct testimony, consisting of pages 1 to 5, inclusive; and Section C - Schedule 12.

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.

*Shirley M. Peskie*

Shirley M. Peskie

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

*Patricia P. Hicks*



Exhibit No.:

Issue:

Witness:

Type of Exhibit:

Sponsoring Party:

Case No.:

Accounting Schedules

Shirley M. Peskie

Direct Testimony

Laclede Gas Company

GR-99-315

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LACLEDE GAS COMPANY

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DIRECT TESTIMONY

OF

SHIRLEY M. PESKIE



Direct Testimony of Shirley M. Peskie

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## **DIRECT TESTIMONY OF SHIRLEY M. PESKIE**

1 Q. Please state your name and business address.

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

4 Q. What is your present position?

5 A. I am Director of Customer Accounting for Laclede Gas Company.

6 Q. Please state how long you have held this position and describe your responsibilities.

7 A. I was appointed Director of Customer Accounting in January 1997. In this position, I  
8 am responsible for managing five departments: Cashiers & Mailing, Collection &  
9 Credit, Customer Accounting, Meter Reading and Methods & Procedures.

10 Q. What is your educational background?

11 A. I graduated from Southeast Missouri State University in 1976 with the degree of  
12 Bachelor of Science in Business Administration, majoring in accounting.

13 Q. Will you briefly describe your experience with Laclede prior to becoming Director of  
14 Customer Accounting?

15 A. I joined Laclede in June 1976 as an Accountant in the Corporate Accounting  
16 Department. I have held several positions in the Corporate Accounting Department,  
17 including Assistant Manager and Manager. I was promoted to Manager of Accounting  
18 in April 1988. I served as Manager of Accounting until I was appointed to my present  
19 position.

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

21 A. Yes, I have.

22 Q. What is the purpose of your testimony in this case?

1 A. I am sponsoring income statement adjustments to Customer Accounts Expense relating  
2 to uncollectible accounts and lock box expenses. I am also sponsoring an adjustment  
3 to reconnection charge revenue.

4 Q. Are you sponsoring any schedules?

5 A. Yes, I am. Schedule 12 of Section C, Test Year Utility Operating Income Statements  
6 and Adjustments, was prepared under my supervision.

7 Uncollectible Accounts Expense

8 Q. Please describe your adjustment to uncollectible accounts expense.

9 A. I am sponsoring Adjustment 3.a. to Customer Accounts Expense, relating to  
10 Uncollectible Accounts Expense in the test period.

11 Q. Why is this adjustment necessary?

12 A. This adjustment reflects a normalized level of expense. Calculation of this amount is  
13 determined by multiplying the "percentage loss factor" times applicable normalized  
14 Company revenues. These calculations are shown on Schedule 12 to Section C.

15 Q. How was the percentage loss factor derived?

16 A. Uncollectible account write-offs for the three years ending December 31, 1998 were  
17 divided by net revenues for the three years ending on May 31, 1998. "Net revenues"  
18 are customer revenues less Transportation, Large Volume and Interruptible rate  
19 revenues, and less gross receipts tax expensed. This calculation results in the  
20 percentage loss factor shown on Schedule 12.

21 Q. Why are different time periods used for purposes of determining the uncollectible  
22 account and revenue amounts used in the calculation?



1 A. There is generally a seven-month lag between the revenue period when the customer is  
2 rendered service and the period when the customer's account will be written off.  
3 Uncollectible accounts written off for the year ending December are, therefore,  
4 compared with revenues for the year ending the prior May because such a seven-month  
5 lag period allows us to better compare write-offs with the revenue period that actually  
6 generated the write-off amount.

7 Q. Does this pro forma level of Uncollectible Accounts Expense include the effect  
8 resulting from higher revenues associated with this rate request?

9 A. Yes. The Company is entitled to recognition of the increased bad debt expense from  
10 higher revenues associated with this rate request.

11 Q. Are you aware of any other factors that could significantly affect Laclede's  
12 uncollectible accounts in the future?

13 A. In general, the economy in the service area, the collection policies of the Company, the  
14 Commission's rules regarding service disconnection, and the level of energy assistance  
15 (heat grant) payments have the largest potential effect on our bad debts. Today, the  
16 primary impact on uncollectible expense stems from bankruptcies and those customers  
17 who have left their service locations and have not paid their final bills. Unfortunately,  
18 while the economy remains generally good, bankruptcies for Laclede customers are at  
19 an all time high. Moreover, significant numbers of customers continue to leave the  
20 Company with unpaid bills.

21 I know of no changes planned for the Commission's service disconnection rules  
22 or Laclede's collection policies. The Company has revised its deposit requirements

1 applicable to new customers who rent residential service premises, in accordance with  
2 the Stipulation and Agreement approved by the Commission in Case No. GR 98-374.  
3 Since the number of new customers is relatively small, it is not anticipated that such a  
4 change will have a significant impact on bad debts in the short term. Over time,  
5 however, we are hopeful that such a change will have a measurable impact on bad debt  
6 expenses to the benefit of all of our customers.

7 Energy assistance payments also affect utility bad debts by enabling recipients  
8 to maintain or restore service despite an inability to pay heating bills in full. The  
9 primary heat grant program available to Laclede's customers is the Low Income Home  
10 Energy Assistance Program ("LIHEAP"), funded by the federal government, and  
11 administered in Missouri by the Division of Family Services.

12 Q. How much have Laclede's customers received from LIHEAP recently?

13 A. In the most recently completed program year (1997-1998), a total of \$2,881,024 was  
14 received for gas bills for our customers.

15 Q. How would uncollectible accounts be affected by a drastic cut in LIHEAP grants to  
16 your customers?

17 A. The precise effect is impossible to predict, but a major cut in grants would have a  
18 significant adverse impact on Laclede's uncollectible accounts.

19 Lock Box Expenses

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

21 A. Adjustment 3.b., detailed on Schedule 12 of Section C, increases the December 31,  
22 1998 test year lock box expense to reflect the impact of higher lock box fee levels that

1 will take effect on May 1, 1999. On February 12, 1999, Laclede signed a letter of  
2 intent and will shortly enter into an agreement with Mercantile Bank National  
3 Association, pursuant to which Mercantile will provide the future processing of  
4 Laclede's lock box receipts.

5 Reconnection Charge Revenue

6 Q. Please explain your adjustment to reconnection charge revenues.

7 A. Adjustment 3.c. reflects increased reconnection charge revenues based on the new  
8 reconnection charge on Fourth Revised Sheet No. 30, which is attached to the  
9 Company's tariff filing in this case.

10 Q. Does this complete your testimony?

11 A. Yes.

