

Exhibit No.:	
Issue:	Cost Allocation - Mains
Witness:	John W. Mallinckrodt
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	Missouri Industrial Energy Consumers
Case No.:	GR-99-315

Before the
MISSOURI PUBLIC SERVICE COMMISSION

Case No. GR-99-315

FILED

AUG 19 1999

Missouri Public
Service Commission

LACLEDE GAS COMPANY

Surrebuttal Testimony of
JOHN W. MALLINCKRODT

On Behalf of
Missouri Industrial Energy Consumers

August 1999
Project 7065

Brubaker & Associates, Inc.
St. Louis, MO 63141-2000

1 important point on which we can agree. Mr. Sherwin expressed a concern only about
2 the allocation of the costs of higher pressure mains among the classes. He opines
3 that segments of the higher pressure system might exist which serve only the large
4 volume customers and that this possibility should be evaluated.

5 **Q PLEASE ADDRESS LACLEDE'S COMMENTS ON THE USE OF THE HIGH**
6 **PRESSURE MAINS.**

7 **A** The one concern raised is with the possibility that some of the cost of mains may
8 more appropriately be directly assigned to the large volume customer or customer
9 class. This concern is not unique to the MIEC approach, but rather is relevant to any
10 of the studies, including Laclede's. Mr. Sherwin did not raise the issue in the Laclede
11 study and in response to inquiries from MIEC he is able to provide no concrete
12 examples.

13 *In further response, I would first note that MIEC has been doing work on this*
14 *improved method of allocating the cost of mains in each of the last several cases.*
15 *Consequently, if it is the MIEC work on this approach which somehow stimulates*
16 *Laclede's interest in direct assignments, there has been ample opportunity to develop*
17 *any response it deems appropriate. The fact is, Laclede can offer no concrete*
18 *examples of its purported concern, only conjecture.*

19 *Second, the issue of whether or not any particular mains, whether high,*
20 *medium or low pressure, may properly be assignable to any customer or customer*
21 *class is not unique to the MIEC approach to mains. Such an assignment would be*
22 *appropriate in any event, if it existed. Again, the fact is, no party has identified any*
23 *potential direct assignments to the large volume customers.*

24 *Third, in an oblique way, Mr. Sherwin is suggesting that he has overlooked*
25 *any such possibilities because his choice of allocation methods already allocates too*

John W. Mallinckrodt
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1 much costs to large volume customers. This is, of course, an inappropriate approach
2 to the allocation of costs.

3 In contrast to Mr. Sherwin's approach, in the MIEC CCROSS the factors used
4 to allocate the cost of mains rests on the undisputed fact that the large volume
5 customers are not served by the low pressure mains in Laclede's distribution system
6 and that only a portion of the large volume customers are served by the medium
7 pressure mains.

8 **Q IN YOUR REVIEW OF THE LACLEDE DISTRIBUTION SYSTEM, DID YOU**
9 **UNCOVER ANY INSTANCES WHERE THE COSTS OF FACILITIES SHOULD BE**
10 **DIRECTLY ASSIGNED TO THE LARGE VOLUME CUSTOMERS?**

11 **A** No.

12 **Q IF ANY EXTRAORDINARY COSTS ARE REQUIRED TO PROVIDE SERVICE TO A**
13 **LARGE CUSTOMER, DOES LACLEDE HAVE THE AUTHORITY TO COLLECT**
14 **ANY SUCH COSTS DIRECTLY FROM THE CUSTOMER?**

15 **A** Yes, and it has done so in at least one case of which I have been made aware.
16 Consequently, to the extent any extraordinary facilities are needed for a particular
17 customer, Laclede should have already collected the costs of the extraordinary
18 facilities from the customer. There is no evidence that it has not already done so.
19 Indeed, to do so in one situation, but not in other similar situations would be
20 discriminatory.

1 Q IN YOUR OPINION, HAS MR. SHERWIN RAISED ANY POINT THAT DETRACTS
2 FROM THE USE OF YOUR SEPARATION OF THE COSTS OF MAINS INTO
3 CATEGORIES FOR THE HIGH, MEDIUM AND LOW PRESSURE SYSTEMS?

4 A No.

5 Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY AT THIS TIME?

6 A Yes, it does.

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**LACLEDE GAS COMPANY
Case No. GR-99-315**Missouri Public
Service Commission**AFFIDAVIT OF JOHN W. MALLINCKRODT**

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

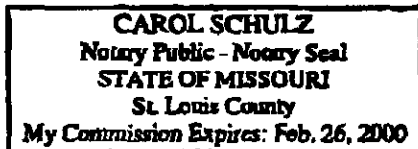
John W. Mallinckrodt, being of lawful age and duly affirmed, states the following:

1. My name is John W. Mallinckrodt. I am a consultant in the field of utility regulation and a member of Brubaker & Associates, Inc.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony filed on behalf of the Missouri Industrial Energy Consumers.
3. I have reviewed the attached surrebuttal testimony and hereby affirm that my testimony is true and correct to the best of my knowledge and belief.



John W. Mallinckrodt

Duly affirmed before this 19th day of August 1999.





Notary Public

My commission expires on February 26, 2000.