

Exhibit No.:
Issues: Emergency Cold Weather Rule AAO
Line of Credit Fees
Witness: JOHN P. CASSIDY
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: GR-2010-0171
Date Testimony Prepared: July 20, 2010

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

JOHN P. CASSIDY

LACLEDE GAS COMPANY

CASE NO. GR-2010-0171

Jefferson City, Missouri
July 2010

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1 accumulated subsequent to September 30, 2007 associated with the cold weather rule as
2 described in the Commission Order in Case No. GU-2007-0138.

3 A. Since the time of Staff's filing of the Revenue Requirement Cost of Service
4 Report the Company has provided additional information to the Staff regarding the interest
5 that has accumulated from September 30, 2007 through March 31, 2010. Based on this
6 information, I have updated the accumulated deferred balance associated with the
7 Cold Weather Rule Amendment from Case No. GU-2007-0138. As a result the Staff has
8 increased the amortization of the deferred cost by \$26,205 in the cost of service calculation.
9 The Staff believes that this inclusion of interest associated with the cold weather rule resolves
10 this matter with the Company.

11 **LINE OF CREDIT FEES**

12 Q. Has the Staff corrected its direct filed case to address line of credit fees that
13 were incurred during the test year?

14 A. Yes. Staff witness Zephania Marevangepo has recommended that short-term
15 debt costs, including reasonable line of credit fees, should be included with the recovery of
16 short-term debt. To be consistent with this recommendation, the Staff has updated its cost of
17 service calculation to remove line of credit fees that were incurred during the test year. At the
18 time of its direct filing the Staff had omitted this adjustment and has since had discussions
19 with Company witness Buck in order to explain the need for this adjustment.

20 Q. How would the Staff recommend that reasonable line of credit fees be
21 recovered?

22 A. Since these line of credit fees are a cost of securing short term debt, these fees
23 should be treated as additional interest in the calculation of the short term debt rate. Short

1 term debt is primarily incurred as funding for purchased gas, but can also fund construction
2 work in progress (CWIP). As a result, a portion of the line of credit fees will be included in
3 CWIP as applicable and the remainder would be included as part of the short term carrying
4 costs that are already included in the PGA process. The Staff also recommends that the
5 Company provide a copy of all contracts that support all line of credit fees that they will be
6 seeking to recover through the PGA process.

7 Q. Does this conclude your surrebuttal testimony?

8 A. Yes, it does.

