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Tariff Issue

Thomas M. Imhoff

MO PSC Staff

Surrebuttal Testimony

GT-2009-0056

September 29, 2009

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SURREBUTTAL TESTIMONY

OF

THOMAS M. IMHOFF

LACLEDE GAS COMPANY

CASE NO. GT-2009-0056

Jefferson City, Missouri

September 2009

GC Exhibit No. 8
Case No(s) GT-2009-0056
Date 10/8/09 Rptr MM

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

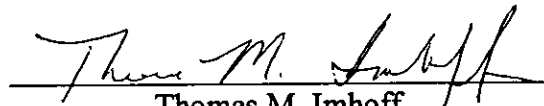
In the Matter of Laclede Gas Company's)
Tariff Revision Designed to Clarify its)
Liability for Damages Occuring on)
Customer Piping and Equipment Beyond)
the Company's Meter)

Case No. GT-2009-0056

AFFIDAVIT OF THOMAS M. IMHOFF

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

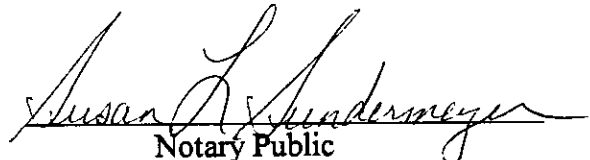
Thomas M. Imhoff, of lawful age, on his oath states: that he has participated in the preparation of the following Surrebuttal Testimony in question and answer form, consisting of 6 pages of Surrebuttal Testimony to be presented in the above case, that the answers in the following Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.


Thomas M. Imhoff

Subscribed and sworn to before me this 29th day of September, 2009.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public

SURREBUTTAL TESTIMONY

OF

THOMAS M. IMHOFF

LACLEDE GAS COMPANY

CASE NO. GT-2009-0056

Q. Please state your name and business address.

A. Thomas M. Imhoff, P.O. Box 360, Jefferson City, Missouri 65102.

Q. Are you the same Thomas M. Imhoff who filed rebuttal testimony in this case?

A. Yes I am.

Q. What is the nature of your surrebuttal testimony as it relates to this case?

A. My surrebuttal testimony will address certain aspects of the Office of Public Counsel (OPC) Barbara A. Meisenheimer's rebuttal testimony.

Q. On page 6, OPC witness Meisenheimer states that the terms of liability limitations are too broad and appear to exempt Laclede Gas Company (Laclede or Company) of all losses and damages including interruptions and that Laclede should be held liable for these types of situations, even when those interruptions are outside Laclede's control. Is it reasonable to expect that Laclede should be liable for all interruptions?

A. No, some, and perhaps most interruptions are beyond Laclede's control. This type of limitation language is reflected in other Missouri utilities' tariffs. These utilities disclaim liability for the same type of conditions Laclede identifies in the paragraph (first paragraph on page 3 of Laclede's proposal) OPC witness Meisenheimer identifies. For instance, Kansas City Power & Light Company's (KCPL) tariff Sheet 1.14 (3.17) claims no liability for negligence or any other claims for loss, expense or damage due to fluctuations,

Surrebuttal Testimony of
Thomas M. Imhoff

1 interruption in, or curtailment of electric service; or for any delivery delay, breakdown; or
2 failure of or damage to facilities; or any electric disturbance originating on or transmitted
3 through electric systems due to an act of God or public enemy, strike, or other labor
4 disturbance involving KCPL or the customer, civil, military or other governmental authority.

5 In fact, the proposed Laclede tariff language specifically identifies what actions would
6 exclude Laclede from liability as it relates to its serving its customers, just as KCPL's tariff
7 language.

8 Q. On page 8 of OPC witness Meisenheimer's rebuttal testimony, she states that
9 the tariff language does not make clear the liability limitations would only apply to regulated
10 services. Do you have a response?

11 A. Laclede books its merchandising costs, which are not included in the cost of
12 service, below the line. These activities would not be subject to Laclede's proposed liability
13 tariff (proposed tariff). However, the costs and associated revenues related to installing and
14 servicing any type of Heating and Ventilating/Air Conditioning (HVAC) are included in
15 Laclede's cost of service rates. These revenues ultimately reduce the rates customers must
16 pay Laclede for its regulated services. Revenues collected from home inspections performed
17 by Laclede also help to reduce the rates customers must pay for Laclede's regulated services.

18 Q. Is Laclede subject to the provisions of Section 386.757.7 and 4 CSR 240-
19 40.017(8), related to providing HVAC services?

20 A. No. Laclede was granted an exemption from Section 386.757.7 and 4 CSR
21 240-40.017(8) in Case No. GE-2000-610. This exemption provided a list of services Laclede
22 could continue to provide as Laclede Gas Company. Schedule 1 is a copy of the Commission
23 Order and the list of associated services the Commission authorized Laclede to continue to

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1 provide under the Laclede Gas Company name. Revenues from these services have been and
2 continue to be booked on Laclede's regulated books with the exception of the revenues from
3 the Company's merchandising operations. With the exception of merchandising revenues, the
4 revenues collected for its HVAC-related services and home inspections go toward lowering
5 customers' cost of gas service. Even though the charges for services offered by Laclede are
6 not set by the Commission, it is Staff's opinion that Laclede's proposed tariff should apply to
7 the services for which the Commission has authorized Laclede an exemption and for the home
8 inspection activities which are included in Laclede's revenues for ratemaking purposes.

9 Q. Laclede's tariff proposes specific time limits on liability for certain work. Do
10 you consider these reasonable?

11 A. Yes, generally. Nothing in the tariff is intended to limit Laclede's liability for
12 its own negligence. In addition, Staff will continue to review the reasonableness of these
13 provisions through the reporting requirements included in the tariff and through any
14 complaints. With regard to the Commission-required inspection prior to initiation of service,
15 Laclede proposes a 48-hour period of time, after which there becomes a presumption that
16 Laclede performed its onsite inspection and testing of customer equipment in a safe and
17 appropriate manner. Laclede's proposed periods of a 60-winter-day non-incident operational
18 period for natural gas fueled appliances used for space heating and a 90-day non-incident
19 period for all non-heating equipment are in line with the warranty time periods that are
20 offered by HVAC contractors. The non-incident operational periods provide customers with a
21 reasonable time period upon which customers may bring a claim against Laclede.

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1 Q. On page 10 of her testimony, OPC witness Meisenhemer states that the
2 proposed tariff should not be used to relieve Laclede's shareholders of liability for
3 unregulated product or service offerings. What is Staff's opinion of this statement?

4 A. As explained by Staff witness Kim Bolin, Laclede is in a unique situation in
5 that the costs of performing unregulated inspections/services or repairs are included in
6 Laclede's base rates. HVAC services and repairs authorized by the Commission are often
7 performed by Laclede in conjunction with a required inspection. These costs and revenues
8 are booked above the line and included in Laclede's rates. OPC's witness seems to assume
9 that tariff language cited on page 11 of her testimony limits the liability of Laclede's
10 unregulated services. The cited tariff language addresses the interruption of service pertaining
11 to its service agreement with the customer. In Staff's opinion, this service agreement pertains
12 to the provision of natural gas service to the customer and identifies interruptions of service
13 similar to that found in other utilities' tariffs. Staff has already addressed this issue in
14 testimony.

15 Q. Why is Staff recommending approval of the proposed limitation of liability
16 tariff filing?

17 A. Staff is recommending approval of this particular tariff filing because it is
18 unlikely to have an immediate impact on rates and can, therefore be addressed in a tariff
19 filing. The proposed tariff contains reporting requirements permitting Staff to evaluate the
20 effect of the tariff on customers and rates so an informed recommendation may be made in a
21 later case. This is why Staff recommended in rebuttal testimony that Laclede's proposed
22 liability tariff be approved on an experimental basis with the provision of a three-year sunset
23 date from the effective date of the tariff. Staff also proposed that with the approval of this

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Thomas M. Imhoff

1 | tariff, Laclede be required to submit an annual report to Staff and OPC indicating the
2 | performance of the proposed tariff and the possible decrease of costs to the general body of
3 | ratepayers.

4 | In its latest proposed tariff filing, Laclede has included provisions keeping the tariff in
5 | effect until the conclusion of the second general rate case proceeding after the initial effective
6 | date of this tariff and setting forth annual reporting requirements to Staff and OPC regarding
7 | the legal, financial liability, and cost impacts associated with this tariff. Staff maintains that
8 | Laclede's proposed tariff should be experimental, to be reviewed in the context of the
9 | Company's second general rate case to determine the effectiveness of the proposed
10 | experimental tariff.

11 | Q. Is Staff concerned that Laclede may not file a rate case should the proposed
12 | tariff drastically reduce Laclede's costs and put them in an over-earning situation?

13 | A. No. Laclede must currently file a rate case within three years of an
14 | Infrastructure Service Line Replacement Surcharge (ISRS) rate change. Laclede has filed
15 | ISRS rate changes consistently since the inception of the statute and rule. Additionally, Staff
16 | recommends the tariff end in three years. The information Laclede will provide to Staff and
17 | OPC as outlined in the proposed tariff will indicate if the proposed tariff has significantly
18 | reduced costs. Additionally, the tariff would be reviewed in Laclede's second general rate
19 | proceeding following the effective date of the proposed tariff so the Commission can make a
20 | determination whether it should be extended or discontinued. The required annual reporting
21 | requirements proposed by Laclede in the tariff should provide the Staff and OPC information
22 | needed to determine the progress and effectiveness of the tariff.

23 | Q. Please summarize your testimony?

Surrebuttal Testimony of
Thomas M. Imhoff

1 A. In Staff's opinion, it is reasonable to implement Laclede's proposed tariff on a
2 short-term basis to evaluate whether it serves its intended purpose and ultimately reduces
3 costs to all of Laclede's customers. Staff views this proposed tariff as an acceptable
4 compromise that balances the interests of Laclede's general body of ratepayers, Laclede, and
5 the party who might make a claim against the Company.

6 Q. Does this conclude your surrebuttal testimony?

7 A. Yes it does.

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 6th
day of July, 2000.

In the Matter of Laclede Gas Company's)
Filing Pursuant to 4 CSR 240-40.017(8))
Case No. GE-2000-610

ORDER GRANTING EXEMPTION

On March 30, 2000, Laclede Gas Company (Laclede) filed an application for an exemption pursuant to Section 386.756(7), Cumm. Supp. 1998, and 4 CSR 240-40.017(8). Laclede states that it is engaged in activities that qualify as heating, ventilation, and air conditioning (HVAC) services. Laclede states that it has been providing these services for a period that includes and predates the five-year period ending August 28, 1998.

Section 386.756.7, Cumm. Supp. 1999, states:

A utility engaging in HVAC services in this state for five years prior to August 28, 1998, may continue providing, to existing as well as new customers, the same type of services as those provided by the utility five years prior to August 28, 1998.

4 CSR 240-40.017(8) states:

A regulated gas corporation engaging in HVAC services in this state for five years prior to August 28, 1998, may continue providing, to existing as well as new customers, the same type of services as those provided by the regulated gas corporation five years prior to August 28, 1998.

(A) To qualify for this exemption, the regulated gas corporation shall file a pleading before the commission for approval.

On June 15, 2000, the Staff of the Commission (Staff) filed a pleading recommending that the Commission issue an order acknowledging the Laclede qualifies for an exemption for certain specific services (attached to this order as Attachment A). Staff states that its review indicates that Laclede has been performing these services in excess of the five-year statutory requirement.

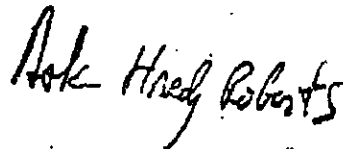
Laclede did not file a response to Staff's Recommendation.

The Commission has reviewed Laclede's application and the Staff Recommendation, and determines that Laclede has met the requirements of Section 386.756(7), Cumm. Supp. 1998, and 4 CSR 240-40.017(8).

IT IS THEREFORE ORDERED:

1. That Laclede Gas Company is granted an exemption pursuant to Section 386.756(7), Cumm. Supp. 1998, and 4 CSR 240-40.017(8).
2. That this order shall become effective on July 18, 2000.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Drainer, Murray, Schemenauer,
and Simmons, CC., concur

Mills, Deputy Chief Regulatory Law Judge

**LACLEDE GAS COMPANY
CASE NO. GE-2000-610
ATTACHMENT A**

Laclede sells the following appliances:

- Gas Water Heaters
- Gas Space Heaters
- Gas Logs
- Gas Ranges
- Gas Dryers & Washers
- Gas Lights
- Gas Grills
- Grill Parts & Accessories

Laclede offers the following services & repairs:

- Delivery & Installation of Gas Ranges with warranty
- Delivery & Installation of Gas Water Heaters with warranty
- Delivery & Installation of Gas Dryers with warranty
- Delivery & Installation of Gas Washers with warranty
- Delivery & Installation of Gas Logs with warranty
- Delivery & Installation of L. P. Gas Grills with warranty
- Delivery & Installation of Gas Space Heaters with warranty
- Delivery & Installation of Gas Lights & Grills with warranty
- Delivery & Installation of Miscellaneous Gas Appliances with warranty
- Customer Installation Air Conditioning
- Gas Air Conditioning Services (Recharging freon, checking gas leaks, replacing parts)
- Connecting Gas Ranges
- Connecting Gas Water Heaters
- Connecting Gas Grill Parts & Accessories
- Connecting Gas Dryers
- Connecting Gas Washers
- Connecting Gas Space Heaters
- Connecting Gas Lights & Grills
- Connecting L. P. Gas Lights & Grills
- Connecting Gas Logs
- Gas Air Conditioning Connects & Warranties
- Appliance Services Residential
- Appliance/Fuel Running Inspections
- Part Warranties
- Appliance Services Commercial & Industrial (C&I)
- Repair Gas Leaks Residential, C&I

Service List for
Case No. GE-2000-610
June 15, 2000

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Michael C. Pendergast
Laclede Gas Company
720 Olive Street, Room 1520
St. Louis, MO 63101