Exhibit No.:

Issues: Advertising, Membership Dues,

Miscellaneous Expenses, Incentive compensation, Pension Plan Expense, Injuries and Damages, Consulting Fees, Postage

Witness: John M. Boczkiewicz

Sponsoring Party: MoPSC Staff Type of Exhibit: Direct Testimony

Case No.: GR-99-315

MISSOURI PUBLIC SERVICE COMMISSION **UTILITY SERVICES DIVISION**

DIRECT TESTIMONY

JUN 2 8 1999

OF

JOHN M. BOCZKIEWICZ

Missouri Public Service Commission

LACLEDE GAS COMPANY **CASE NO. GR-99-315**

> Jefferson City, Missouri June, 1999

> > NP

1	DIRECT TESTIMONY			
2		OF		
3		JOHN M. BOCZKIEWICZ		
4		LACLEDE GAS COMPANY		
5		CASE NO. GR-99-315		
6	Q.	Please state your name and business address.		
7	A.	John M. Boczkiewicz, 815 Charter Commons, Suite 100B, Chesterfield,		
8	Mo. 63017.			
9	Q.	By whom are you employed and in what capacity?		
١٥	A.	I am a Regulatory Auditor for the Missouri Public Service Commission		
11	(Commission).			
12	Q.	Please describe your educational and employment background.		
13	A.	I graduated from Northeast Missouri State University in December 1991		
14	with a Bachelors degree in Accounting. In May 1992, I passed the Uniform Certified			
15	Public Accountant (CPA) Examination and upon completion of the two year experience			
16	requirement became licensed as a CPA in the state of Missouri. I commenced			
17	employment	employment with the Commission Staff (Staff) in June 1992.		
18	Q.	What has been the nature of your duties while in the employ of the		
19	Commission	?		
20	A.	I am responsible for assisting in the audits and examinations of the books		
21	and records of utility companies operating within the state of Missouri.			
22	Q.	Have you previously filed testimony before this Commission?		

Direct Testimony of John M. Boczkiewicz

1	A. Yes. Please refer to S	chedule 1, attached to this direct testimony, for a list			
2	of cases in which I have previously filed testimony.				
3	Q. With reference to Cas	se No. GR-99-315, have you made an examination			
4	of the books and records of Laclede (Gas Company (Laclede or Company)?			
5	A. Yes, in conjunction w	vith other members of the Staff.			
6	Q. What are your princip	pal areas of responsibility in this case?			
7	A. My primary areas	of responsibility in this case are advertising,			
8	miscellaneous expense, memberships, incentive compensation, Directors' Pension Pla				
9	injuries and damages, outside consulting fees, and postage.				
0	Q. What adjustments are	you sponsoring?			
1	A. I am sponsoring the fo	ollowing Income Statement adjustments:			
12	Advertising	S-13.1, S-13.2, S-13.3, S-13.4, S-14.4, S-15.15,			
13		S-15.16, S-15.17, and S-15.26			
۱4	Miscellaneous Expense	S-14.3 and S-15.18			
15	Memberships	S-14.5 and S-15.19			
16	Incentive Compensation	S-15.7, S-15.12, and S-15.23			
17	Director's Pension Plan	S-15.8			
18	Injuries and Damages	S-15.13			
19	Outside Consulting Fees	S-15.14			
20	Postage	S-12.4			

ADVERTISING

- Q. Please explain adjustments S-13.1, S-13.2, S-13.3, S-13.4, S-14.4, S-15.15, S-15.16, S-15.17, and S-15.26.
 - A. These adjustments restate the test year advertising levels to reflect allowable advertising expense.
 - Q. Please explain the history of such adjustments before the Commission.
 - A. The Commission, in its Report and Order for Case Nos. EO-85-185 and EO-85-224 involving Kansas City Power and Light Company (KCPL), adopted the following treatment which separates advertisements into five categories and provides separate rate treatment for each category. The five categories of advertisements recognized by the Commission for purposes of this approach are:
 - (1) General advertising that is useful in the provision of adequate service;
 - (2) Safety advertising which conveys the ways to safely use the Company's service and to avoid accidents;
 - (3) Promotional advertising used to encourage or promote the use of the particular commodity the utility is selling;
 - (4) Institutional advertising used to improve or retain the Company's public image;
 - (5) Political advertising which is associated with political issues. The Commission adopted these categories for advertisements because it believed that a utility's revenue requirement should: (1) always include general and safety ads, provided such costs are reasonable; (2) never include the cost of institutional or political ads; and

(3) include the cost of promotional ads only to the extent that the utility can provide cost-justification for the ads. (KCPL, pp. 50-51).

What examination has the Staff performed in relation to the Company's

advertising expenditures?

A. The Staff

Q.

A. The Staff performed an advertisement by advertisement review of all advertisements sponsored in whole or in part by Laclede, which were expensed during the test year. Each advertisement was reclassified by the Staff independent of the classification already performed by the Company. Attached, as Schedule 2 is a schedule of the Staff's classification of all of the Company's advertising. Also included in this schedule is a corresponding copy of each of the advertisements placed by the Company during the test year.

Q. How did the Staff determine each advertisement's classification under the KCPL standard?

A. Each advertisement was reviewed to determine which of the following "primary messages" the advertisement was designed to communicate: (1) the dissemination of information necessary to obtain safe and adequate service (general, safety); (2) the promotion of a particular product or service (promotional); (3) the enhancement of the Company's image (institutional); or (4) the endorsement of a political candidate or message (political).

- Q. Does Laclede classify its advertising in categories?
- A. According to the Company's response to DR#61, Laclede classifies its advertising for accounting purposes only in accordance with the Uniform System of Accounts and interpretations placed upon it by the Missouri Public Service Commission.

Q. Has the Staff used all of the Commission's classifications in the segregation and review of Laclede's advertisements?

A. No. Laclede did not submit, nor is the Staff aware of, any advertisements of a political nature. The Staff also found several advertisements that had been correctly charged "below-the-line." These advertisements related to sales of hot water heaters, gas lights, and gas grills. Additionally, as I will discuss later in my testimony, the Company incurred licensing fees for advertising, which is not directly assignable to any of the other four categories of advertisements.

- Q. How has the Staff treated general advertising?
- A. The Staff made no adjustment to the Company's test year expense associated with Staff's categorized general advertising. Most of the general advertising that was placed by the Company related to assistance notices and budget billing facts. Examples of advertisements which the Staff considers to be in the general advertising category are found on Schedules 2–3 and 2–39.
 - Q. How has the Staff treated safety advertising?
- A. The Staff proposes to include in the cost of service all Staff categorized safety advertising incurred by Laclede during the test year. Safety advertising conveys to the customer ways to deal with natural gas in a safe manner and also to avoid accidents. Examples of the Company's gas safety advertisements can be found on Schedules 2–7 and 2–12.
 - Q. How has the Staff treated promotional advertising?
- A. As previously defined, advertisements that encourage or promote the use of a particular form of the Company's product or service (i.e., gas over electric and

Direct Testimony of John M. Boczkiewicz

alternate energy products over heat pumps, gas appliances) are termed promotional advertising. Examples of Company advertising the Staff has classified as promotional are found on Schedules 2–22 and 2–48. The expenses for all promotional advertisements recorded above—the—line by the Company are removed from the Staff's cost of service calculation through adjustments S–13.1, S–14.4, and S–15.15.

- Q. Did the Company provide any cost justification for the advertising deemed promotional by the Staff?
- A. As stated earlier, the Company classifies advertising for accounting purposes only and does not attempt to make any further distinctions. The Company does not maintain cost justification for promotional advertising on an advertisement by advertisement basis or even on an advertisement campaign basis.
 - Q. How has the Staff treated institutional advertising?
- A. Institutional advertising is designed to enhance the Company's public image. The Staff asserts that this form of advertising is not necessary for the Company to provide safe and adequate service and therefore should not be included in the cost of service. The Staff believes that this type of image enhancement advertising only serves to benefit the shareholders of the utility. Examples of Company advertisements the Staff has classified as institutional are found on Schedules 2–15 and 2–44. The expenses for the institutional advertisements are removed from the Staff's cost of service in adjustments S–13.2 and S–15.16.
 - O. Has the Staff made any other adjustments to advertising expense?
- A. Yes. During the test year the Company booked the cost of several advertisements related the carbon monoxide detectors above the line. These costs pertain

Direct Testimony of John M. Boczkiewicz 1 to a non-utility product and should have been booked below the line. Adjustments 2 S-13.3 and S-15.17 move these costs below the line. 3 Were there any licensing fees expensed during the test year that are not Q. 4 directly assignable to one of the five categories with respect to the gas operations of the 5 Company? Yes. **______ 6 A. 7 8 9 10 11 12 13 14 15 16 MISCELLANEOUS EXPENSES 17

Q. Please describe adjustments S-14.3 and S-15.18.

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A. These adjustments represent the removal of test year operating expenses which are miscellaneous in nature and have no apparent demonstrable benefit to the ratepayer. These adjustments include costs for items such as athletic tickets, sponsorship of sporting/social events, theater tickets, etc. Also included in these adjustments are expenditures for home shows. The Staff believes these items would be more appropriately assigned below-the-line to merchandising activities.



MEMBERSHIP DUES

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- Q. Please describe adjustments S-14.5 and S-15.19.
- Α. Adjustments S-14.5 and S-15.19 disallow annual membership dues paid to various organizations that are included in the Company's test year expenses.
 - Q. What was the basis used by the Staff to make these adjustments?
- A. The Staff applied judgement in determining whether the services performed by the organizations to which the Company paid the membership dues, provided in response to Staff Data Request No. 105, were (1) necessary for the utility to provide safe and adequate service, and (2) non-duplicative of the services performed by other organizations to which the Company belongs. In addition, the Staff has attempted to derive the adjustment in a consistent manner with the adjustment proposed in the Company's last rate case.

INCENTIVE COMPENSATION

- Q. Please explain adjustments S-15.7, S-15.12, and S-15.23.
- A. These adjustments propose to remove from the test year the cost of Laclede's incentive compensation plan. Adjustment S-15.7 removes from the cost of service the accrual of expense for the deferred portion of dividend equivalents and compensation included in booked pension expense. Adjustment S-15.12 removes from the Company's per book level of payroll, the test year dividend equivalents awarded to current employees. Adjustment S-15.23 removes from the cost of service the Deferred Compensation accrual of expense for active employees included in booked pension expense.

Direct Testimony of John M. Boczkiewicz

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Q. Please explain the incentive compensation plan. A. From time to time, the Board of Directors awards share units, or common stock equivalents, to key executives. Incentive compensation is awarded to participants based on these share units as follows: 1. When the Company pays a cash dividend on its common stock, it shall pay a dividend to each awardee for each share unit held on the date of that payment. These equivalents are paid to each awardee until his or her death. If survived by a spouse, dividend equivalents will be paid to such spouse for life. This cost is expensed as the dividends are declared (quarterly). 2. At fiscal year-end, the difference between Earnings Per Share (EPS) and dividends paid during the fiscal year is treated as a defined contribution to deferred compensation. The awardees receive this amount plus interest during retirement. Upon the awardees death, the remaining payments are made to the designated beneficiaries. Deferred compensation is accrued in September, the end of Laclede's fiscal year when EPS is known. A copy of the incentive compensation plan is attached to this direct testimony as Schedule 3. Q. What criteria exists for awarding share units, or common share equivalents? 24

No specific criteria exists for awarding share units. According to the A. Company's response to Staff Data Request No. 35, "The granting of awards is not based on specific criteria, but rather involves the evaluation of each individual's unique accomplishments and potential." The Board of Directors has the sole authority to award

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equivalents at its discretion. Once an equivalent has been awarded, the only criteria for receiving quarterly payments is a dividend declaration by the Board. Declaring dividends is a standard form of business practice within the utility industry, as it is with Laclede. As stated in the Company's 1998 Annual Report, "Laclede has paid dividends on a continuous basis since 1946."

- Q. If EPS does not exceed dividends, can awardees still receive deferred compensation?
- Yes. Deferred compensation may still be awarded even if EPS does not A. exceed dividends at fiscal year end. As stated in the incentive compensation plan, "The Calculation of Deferred Compensation shall be subject to the power of the Board of Directors from time to time to (i) adjust the amount of Consolidated Retained Earnings to reflect events or transactions which have a significant relation to the efforts and performance of any or all Awardees, or (ii) exclude from the computation of Consolidated Retained Earnings all or any portion of Consolidated Earnings deemed to reflect events or transactions which have no significant relation to the efforts and performance of any or all Awardees." Essentially, the Board may grant compensation even when Laclede experiences poor earnings.
- Q. According to the Company, why was the plan established and what was its purpose?
- Α. The Company stated in its response to Staff Data Request No. 35 that the establishment and purpose of the plan is "... to give officers and managerial employees of the Company an increased incentive to outstanding performance, to reward such

performance, and to attract and retain highly qualified persons as officers and for managerial positions."

- Q. Does this plan provide an incentive for outstanding performance?
- A. No. Once individuals are awarded share units, those persons are practically guaranteed to receive dividend equivalents for the rest of their lives. The Staff does not believe there is any incentive for an officer to achieve higher performance standards for the Company when dividend equivalents (a bonus) is virtually guaranteed. Furthermore, the awarding of share units is not based upon any specific criteria.
- Q. In past cases, has the Commission set minimum standards for an incentive compensation plan to qualify as an acceptable one?
- A. Yes. In its Report and Order in Case Nos. EC-87-114 and EC-87-115, Union Electric Company, the Commission stated:

At a minimum, an acceptable management performance plan should contain goals that improve existing performance, and the benefits of the plan should be ascertainable and reasonably related to the plan.

- Q. Under the Company's plan, can awardees ascertain what they must individually achieve in order to receive incentive compensation?
- A. No. As mentioned earlier, once a share unit has been awarded, incentive compensation relies upon quarterly dividends and EPS at fiscal year—end. The Staff believes that it is difficult, if not impossible to ascertain what the impact of any individual's performance was in relation to the level of EPS for any given year. The

Direct Testimony of	•
John M. Boczkiewic	• •

Staff believes that there is insufficient evidence to connect incentive compensation expense for a given employee with the Company's overall EPS performance.

DIRECTOR'S PENSION PLAN EXPENSE

- Q. Please explain adjustment S-15.8.
- A. Adjustment S-15.8 removes from the cost of service test year expenses associated with the Company's Director's pension plan.
 - Q. Please describe the Director's pension plan.
- A. The Director's pension plan is available to each non-employee member of Laclede's Board of Director's (Board) who either (1) accumulates at least 60 months of service as a Board member, or (2) accumulates less than 60 months of such service, but dies while still a Board member.
- Q. Does the Staff believe the costs associated with this plan should be allowed in the Company's cost of service?
- A. No. The Staff believes that Board members are already sufficiently compensated. The Staff has allowed all \$306,000 expended by the Company for Board of Director fees during the test year. Considering there are only 9 non-employee directors and the Board meets only once a month, the Staff believes the compensation it has allowed for the Board is more than adequate.

INJURIES AND DAMAGES

Q. Please describe adjustment S-15.13.

Direct Testimony of John M. Boczkiewicz

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Q.

1	A. Adjustment S-15.13 adjusts injuries and damage expense to reflect a five-		
2	year average of actual payments. The adjustment amount is the difference between the		
3	actual average payments and the test year accrued provision.		
4	Q. Why has the Staff used a five-year average of actual payments?		
5	A. Actual payments for injuries and damages have been fluctuating in the		
6	past few years. The Staff believes that a five-year average will smooth the effect of these		
7	fluctuations.		
8			
9	CONSULTING FEES		
10	Q. Please describe adjustment S-15.14.		
11	A. Adjustment S-15.14 disallows the test year expenses associated with the		
12	Company's consulting agreements with former Chairman and Chief Executive Officer		
13	(CEO) L. M. Liberman and former Senior Vice President-General Counsel and Secretary		
14	D. L. Godiner.		
15	Q. Why is the Staff recommending a disallowance of these consulting		
16	expenses?		
17	A. Mr. Liberman's consultant agreement concluded July 1998, while		
18	Mr. Godiner's consultant agreement concluded at the end of February 1999. The Staff		
19	believes these are non-recurring expenses and therefore, should not be included in the		
20	Company's cost of service.		
21	POSTAGE		

Please describe adjustment S-12.4.

Direct Testimony of John M. Boczkiewicz

A. Adjustment S-12.4 increases postage expense to account for both the increased number of customers used in the Staff's customer growth annualization and the January 1, 1999 postal rate increase. To account for the increased number of customers, the Staff subtracted the test year number of customers from the annualized level and multiplied the difference by the current postage and card stock costs per residential and commercial customer used in the Company's workpapers. To account for the postal rate increase, the Staff multiplied the test year postage expense by the percentage increase that took effect on January 1, 1999.

- Q. Does this conclude your direct testimony?
- A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

Case No. GR-99-315

)

to Revise Natural Gas Rate Schedules.				
AFFIDAVIT OF JOHN M. BOCZKIEWICZ				
STATE OF MISSOURI)) ss. COUNTY OF COLE)				
John M. Boczkiewicz, of lawful age, on his oath states: that he has particip preparation of the foregoing Direct Testimony in question and answer form, con 14 pages to be presented in the above case; that the answers in the foregoing Testimony were given by him; that he has knowledge of the matters set forth in su	onsisting of oing Direct			

and that such matters are true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me this Aday of June 1999.

In the Matter of

Laclede Gas Company's Tariff

Toni M. Willmeno

Notary Public, State of Missouri

County of Callaway

My Commission Expires June 24, 2000



SUMMARY OF RATE CASE INVOLVEMENT

JOHN M. BOCZKIEWICZ

COMPANY	CASE NO.
Southwestern Bell Telephone Company	TC-93-224
Laclede Gas Company	GR-94-220
St. Louis County Water Company	WR-95-145
St. Louis County Water Company	WR-96-263
Missouri-American Water Company	WR-97-237
St. Louis County Water Company	WR-97-382
Laclede Gas Company	GR-98-374

LACLEDE GAS COMPANY CASE NO. GR-99-315 STAFF'S CLASSIFICATION OF ADVERTISEMENTS

Schedule No.	Туре	Description	Staff Classification
2-2	Print	Budget Billing	General
2-3	Print	Elderly & Handicapped	General
2-4	Print	C.O. Home Safety Kit	Below-the-Line
2-5	Print	Holiday Appliance Sale	Below-the-Line
2-6	Print	Sign of an All-Gas Home	Promotional
2-7	Print	"Ernest" Safety Tips	Safety
2-8	Print	Gas Lights/Gas Grill Sale	Below-the-Line
2-9	Print	State Water Heater	Below-the-Line
2-10	Print	Serving This Public (People)	Institutional
2-11	Print	Grill Parts	Below-the-Line
2-12	Print	"Ernest" Job Safety	Safety
2-13	Print	Public Service is our Daily Business	Institutional
2-14	Print	Weber Grills	Below-the-Line
2-15	Print	Serving this Public is our Daily Business (pic)	Institutional
2-16	Print	Gas Grills on sale now	Below-the-Line
2-17	Print	Dr. Martin Luther King, Jr. Tribute	Institutional
2-18	Print	Ruud Water Heater	Below-the-Line
2-10	Print	Black History Month	Institutional
2-19	Print	Follow Your Nose (Safety)	
2-20	Print	Log Sale	Safety Below-the-Line
2-22	Print	St. Louis Builds with Natural Gas	Promotional
2-23	Print	St. Louis Cooks with Natural Gas	Promotional
2-23	Print	Vent-Free Gas Logs & Space Heaters	Below-the-Line
2-24	Print	A.O. Smith Water Heater	Below-the-Line
2-25			
	Print Print	Gas Furnace Check-Up	Promotional
2-27	Print	"Emest" Furnace Inspection	Promotional
2-28 2-29	Print	"Ernest"-ServiceOne Tool	Promotional
	Print	Gas Range Repair	Promotional
2-30	Print	Gas Dryer Repair	Promotional
2-31	Print	Gas Light Repair	Promotional
2-32	Print	Gas Grill Repair	Promotional
2-33	Print	Water Heater Special with CO Detector	Below-the-Line
2-34	Print	Water Heater Repair	Promotional
2-35	Print	Night Hawk CO Detector	Below-the-Line
2-36	Print	C.O. Detector	Below-the-Line
2-37	Print	Appliances for All-Gas Home	Promotional
2-38	Talastalas	The Course	A
2-39	Television	The Squeeze	General
2-40	Television	Yo-Yo	General
2-41	Television	Teddy Bear	General
2-42	Television	Standing on Head	General
2-43	Television	911	General
2-44	Television	Bringing you Energy	Institutional
2-45	Television	Our Daily Business	Institutional
2-46	Radio	Shooort (Rev.)	Promotional
2-47	Radio	Classroom (Rev.)	Promotional
2-48	Radio	Radio Station (Rev.)	Promotional
2-49	Radio	Service (Football)	Promotional
2-50	Radio	Dream Team	Promotional
2-51	Radio	Football-Game Plan	Promotional
2-52	Radio	Expert I	Promotional
2-53	Radio	Expert II	Promotional



Budget Billing Levels Your Monthly Gas Bill.

Since usage patterns and wholesale gas costs vary, why not avoid fluctuations in your gas bill with Budget Billing?

From December through March, the four months which are normally the coldest, you usually spend more for gas than you do for the other eight months combined. And this makes it hard to plan your budget.

With Budget Billing, Laclede estimates your total annual gas usage and divides that into 12 monthly payments. We still read your meter every month and check your account, so if your actual bills run higher or lower than expected over time, your budget payments can be adjusted accordingly.

Mark the X on your bill this month to take advantage of Budget Billing!

Also, with our Easy-Pay plan, your Budget Billing payment can be automatically deducted from your bank account. Call Laclede at 621-6960 for an Easy-Pay enrollment brochure.

Budget Billing and Easy-Pay – what a bright idea!

KnoWhutImean?



Laclede Gas

Schedule 2-2



Laclede's Commitment To The Elderly And Handicapped

Laclede Gas Company is committed to helping its elderly or handicapped customers through a special registration program aimed at preventing interruption of gas service. Before interruption becomes necessary, Laclede will help by:

- 1. reaching the customer twice by mail, by telephone also if possible, and, when the weather is cold, by making personal contact on the premises with the customer, or any member of the family who is more than 15 years old; and
- 2. by notifying a family member, social service agency, charitable organization or another individual selected by the customer so that outside help can be provided.

A big advantage of the Laclede Notification Plan for the elderly and handicapped is that customers who register for the service, and designate a third party contact, can have the reassurance of knowing that someone will be notified in their behalf who will work to avoid gas service interruption. If you or a member of your household are age 60 or older, or are disabled and cannot leave your home without assistance, you are encouraged to register with Laclede for this service. For further information on the Laclede Notification Plan or to receive a registration form, write to:

Laclede Gas Company Customer Relations Department Drawer 9 St. Louis, Missouri 63166

...Or call 621-6960. The registration form may also be picked up from Laclede offices at 720 Olive in Downtown St. Louis.





The gas experts at Laclede believe in complete home protection. Our exclusive Kidde Home Safety Kit includes only top-of-the-line products and features what we believe is the best residential carbon monoxide detector on the market!

Buy the Kidde Home Safety Kit and/or the carbon monoxide detector separately.

for the Kidde Home Safety Kit with:

- ★ Nighthawk " Utility Deluxe Carbon Monoxide Detector
- **★ Kidde Full Home Fire** Extinguisher
- ★ Kidde Smoke and Fire Alarm

for the Nighthawk" Utility Deluxe Carbon Monoxide Detector

This top-of-the-line model is UL-approved and meets the higher standard of accuracy recommended by the American Gas Association.

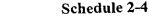
The latest, most improved technology meets the highest standard of accuracy!

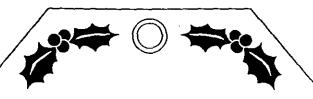
Not available in stores.

Pay on your monthly gas bill! Up to six installments, interest-free!

aclede Gas Call 621-6960 and we'll ship directly to you!





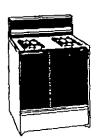


Holiday Sale

\$20-\$70 off

selected Ranges, Washers, Dryers

Pay on your monthly gas bill.
Sale prices good through December 31. 1998



Call 342-0709





The sign of an all-gas home.



inety-eight percent of all single-family homes built last year in the St. Louis area served by Laclede were equipped with natural gas furnaces and water heaters. And for good reason: both cost less to operate than their electric counterparts.

Not only is gas the most economical way to heat your home, but gas also heats water faster, cooks food with greater control and dries more loads of clothes for less cost. And, gas is virtually pollution-free.

If you want to increase your new home sales, give your customers what they want -- natural gas appliances throughout the house. For more information, call 314/342-0683.





Safety Tips

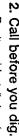


from the Natural Gas Experts

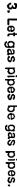
"Listen up, Vern! I've been in a few accidents in my time. Now I'm here to tell you how to avoid 'em."



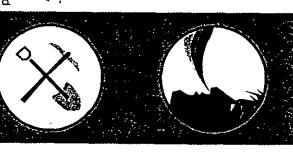
excessive pressure. Call Laclede immediately normal, this may be an indication of burner flame is substantially higher than is busy, call 342-0800. Also, if your pilot or immediately. Then, from another location, call Laclede at 621-6960, or, if that number If the odor is strong, leave the building any electrical appliances, even light switches If you detect the odor of natural gas, let Laclede track it down. Don't turn on or off



such as to your grill or gas light. Always be gas lines are present. If a break occurs, call ground utilities marked. Also, know where any careful until you verify whether any type of buried privately owned gas lines run underground, Don't accidentally break a gas line while Laclede immediately at 621-6960 or 342-0800 digging in your yard. Before digging, cal 1-800-DIG-RITE to have the location of under-



appliance is disconnected, be sure the Gas pipes have a job of their own to do and gas pipe is capped. for electrical appliances. Also, if a gas not clotheslines, free-form closets or grounds shouldn't be used for anything else-certainly



Check your furnace and flue.

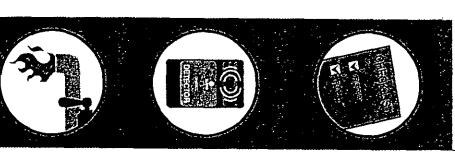
check to see that your other gas appliances have work is not subject to PSC regulation. appropriate connectors. Gas appliance service or your heating contractor. If you like, we also can and in good working order. Properly adjusted something that you can't handle, call Laclede exposure to carbon monoxide (CO). If you find bricks or mortar can mean problems, including both safety and savings. Also clear chimneys, pilots and burners and clean filters pay off in See that your heating equipment is clean vents and flues. Leaves, birds' nests, fallen

5. Guard against carbon monoxide

sounding device. If your CO detector alarm make sure it is a U.L.-approved, alarmheating contractor. If you use a CO detector, inspected annually, either by Laclede or your carbon monoxide (CO) is to have your furnace safe, so your first line of defense against sounds, call your local fire department. Properly working gas appliances are very

Watch your hot water setting

adult's. So, if you turn up the thermostat A child's skin burns more easily than an they turn on the hot water faucet. children accidentally scalding themselves when turn it down when you're finished to avoid small on your water heater for any reason, remember to





Laclede Gas Company Is Proud To Introduce





BORN IN THE

Every State Water Heater is Made in Ashland City, Tennessee!

That's not so with some other brands. You should also know, State makes better water heaters!



Laclede Gas

Appliance Sales

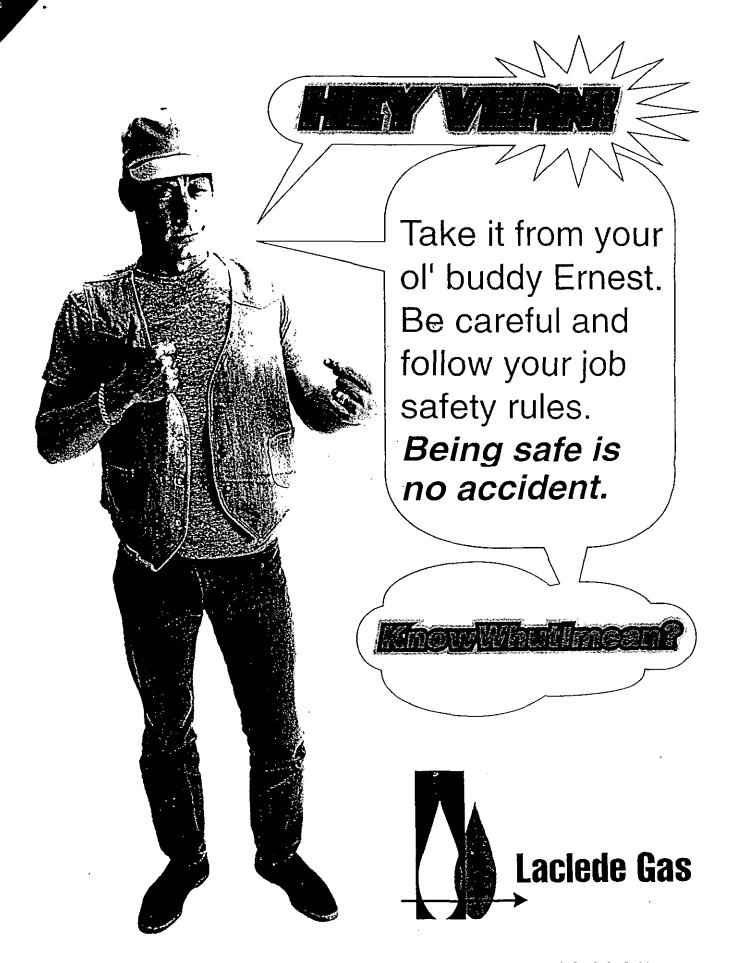
Call 342-0709

Public Service Is Our Daily Business









AT LACLEDE GAS, PUBLIC SERVICE IS OUR DAILY BUSINESS

Smell gas? Experiencing a disruption in your gas service? Call Laclede Gas at 621-6960 day or night for emergency repair service. If our regular number is busy and the situation is an emergency, call 342-0800. During regular business hours, call 621-6960.

- Establishing and Discontinuing Service
- Gas Appliance Service
- Customer Account Information
- Budget Billing Information
- Collection and Credit Information

For Gas Appliance Sales, call 342-0709

- Clothes Dryers
- · Water Heaters
- Ranges
- Kanges
 Space Heaters
- Grills Gas Lights

And don't forget the special Elderly and Handicapped Registration Program - If you're 60 years or

older or handicapped you can register with the Gas Company by giving the name of a friend, relative, social service agency or charitable organization to contact if there is a billing

problem with your account.

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Laclede Gas

Premium Weber N A T U R A L Gas Grills



ALSO ON SALE:

+

- Traditional MHP favorites\$30 \$100 off
- Charming natural gas lights \$30 off

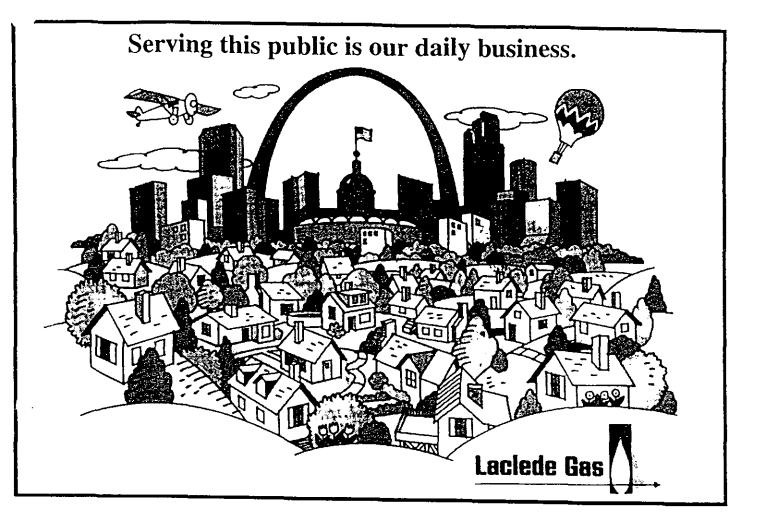
Pay on Your Monthly Gas Bill

Sale Prices Good Thru August 31, 1998

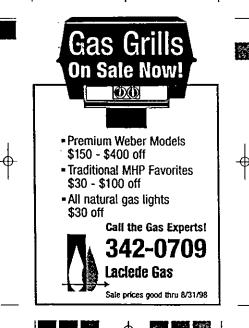


Laclede Gas

342-0709



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"It is one thing to **AGTEE** that the goal of **integration** is morally and legally right; it is another to

commit oneself
positively and actively
to the ideal of integration."

- Dr. Martin Luther King, Jr. 1929-1968



Public Service Is Our Daily Business.



Water Heaters for all your gas water heating needs.



Laclede Gas Appliance Sales

Call 342-0709

Laclede Gas Proudly

Salutes
Black
History
Month

Alexandre Dumas (1802 - 1870)



3orn into poverty in Villers-Cotterets, France, and with only a smattering of education, Alexandre Dumas became one of the world's most widely read authors. He wrote nore than 200 volumes of plays and historical romances, but he is best remembered for *The Count of Monte Cristo* and his tales of the exploits of Porthos, Athos and Aramis n *The Three Musketeers*.





We'll follow your nose anywhere.

If you detect the odor of gas inside or out, let Laclede track it down. If the odor is strong indoors, don't turn on any electrical appliances, even light switches. Leave the building immediately. Then follow your nose to a phone.

Call 621-6960 if you smell gas.

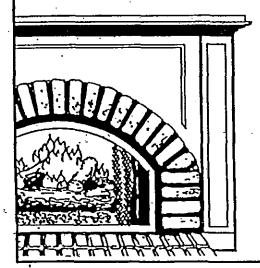


Gas Logs Now on Sale!



Give your home fireplace the look of wood and the convenience of gas.

Prices include normal installation. Pay on your monthly gas bill.



AGA-certilied logs with embers. Variety of sizes and models, including see-through logs. Regular prices will be from \$565. Sale prices good



from Sept. 15 to Jan. 31, 1998, while quantities

Laclede Gas Appliance Sales

342-0709

$OK \star ROP$

HARRIS: Kaelin ADVERTISER: LACLEDE GAS CO. (SALESMAN) Philabaun ĂD #:8SD602901 **DATE: WED., 09-17** SIZE: 5 X 2 **FIRST PROOF**

8SD602901

St. Louis builds with natural gas.





St. Louis cooks with natural gas.



oday's smart homeowners are choosing natural gas for cooking because gas offers greater cooking control, lower fuel costs and easy cleanup.

Natural gas ranges provide instant on-off with precise temperature control. Cooking with natural gas costs one-third as much as with electricity. Cleanup is easy with today's modern ranges.

Laclede is proud to deliver the St Louis area's energy of choice. Ask your display home sales agent for more information on how you can enjoy the benefits of natural gas appliances in your new home or call Laclede Gas at 342-0683.



Get ready for winter with Natural Gas Logs and Space Heaters.

Introducing our new line of vent-free logs and heaters.



Laclede Gas also offers a complete line of vented logs and space heaters.



Space Heaters starting at \$285 installed.

Logs starting at \$450 installed.

Now Through
January 31,
1999



Laclede Gas

342-0709

Pay on Your Monthly Gas Bill

NEXT DAY WATER HEATER REPLACEMENTS



Loads of hot water economically with A.O. Smith Natural Gas water healers.

Few things are more inconvenient than being without hot water. So if your water heater is starting to go, call us. We offer a wide selection of A.O. Smith energy-savers, and we can install one in your home quickly and professionally. Play it safe, Jot our phone number down. At the first sign of water heater trouble, give us a call:

342-0709
Pay on your monthly gas bill.

Pay on your monthly gas h



Laclede Gas



Now is the time to inspect your natural gas furnace!

Call the gas service experts at 621-6960.

For approximately \$70.00*, Laclede will conduct a maintenance check of your furnace before the heating season begins to make certain it is operating safely and efficiently.

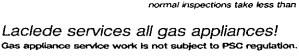
In addition to checking and cleaning your heating system, we also will examine the blower and vent systems, filters and



cold air returns, operation of the thermostat, proper ignition and safe burner operation. And, you can pay on your monthly gas bill!

*Actual rates are \$77.10 for the first hour; normal inspections take less than one hour

Gas appliance service work is not subject to PSC regulation.





All you need to service natural gas appliances is one tool – a telephone!

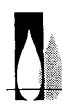
Just call the gas service experts at **946-8937** for prompt, dependable service of any natural gas appliance.
St. Charles Gas has the people, the parts and the know-how to do the job right.

For service of:

- Gas Furnaces
- Gas Water Heaters
- Gas Grills
- Gas Lights
- Gas Air Conditioners
- Gas Dryers
- Gas Ranges
- Gas Logs
- Gas Pool Heaters

946-8937

Pay on your monthly gas bill



St. Charles Gas



GAS RANGE
REPAIR
Laclede Gas
621-6960
Pay on your
monthly bill!
Lackedo Gas







Natural Gas Water Heater Special



Deluxe, Utility Nighthawk

Carbon Monoxide Detector

FREE!

with the purchase of a water heater from the Gas Experts!

Prices start as low as \$39999 installed.

Next-Day

Installation Service

Available



Pay on Your Monthly Gas Bill.



call 342-0709

open Monday-Friday 8 a.m.-4:30 p.m.

Offer good through Aug. 31, 1998.







when it comes to

protecting

your home and
loved ones,

only the best is good enough.

Nighthawk carbon monoxide detector ·

Premium Plus

The gas experts at St. Charles Gas believe the Nighthawk Premium Plus is the best residential carbon monoxide detector on the market!

- ★ Carries the prestigious Blue Star label – not only is it UL-approved, but it also meets the higher standard of accuracy recommended by the American Gas Association
- ★ Full 7-year factory warranty
- ★ Continuous digital readout

·;- - ·

- ★ Loud 85-decibel alarm alerts you even if you're sleeping
- * Plug it in, mount it to the wall or set it on a table top

The latest, most-improved technology meets the highest standard of accuracy!

Call 946-8937 and we'll ship the Nighthawk Premium Plus directly to your home!



Pay on your monthly gas bill! Up to 6 installments, interest-free!

Special premium model not available in stores.



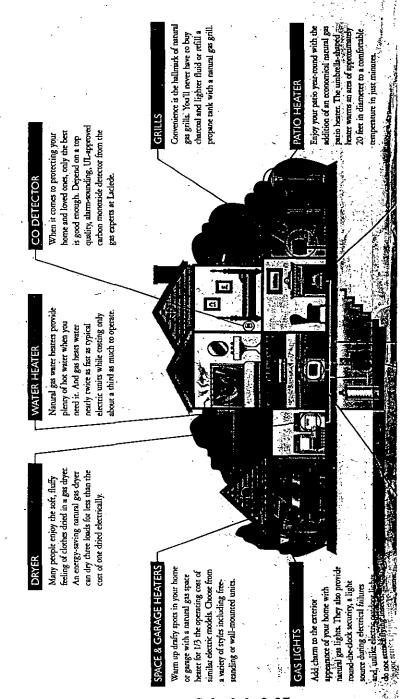
St. Charles Gas



CARBON MONOXIDE
DETECTOR
Laclede Gas
621-6960
Pay on your
monthly bill!

natural gas appliances Build your home around

gas experts at Laclede Rely on quality service from the



Ĭ

Cooking with natural gas puts you in control. Most professional chefs choose natural gas narges because it gives them immediate and accurate control of the burner flame. And cooking with gas costs 1/3 as much as cooking with electricity.

FLIRNIACE

Clean-burning natural gas furnaces; provide a comfortable and efficient way to warm your home. Gas hear is comfortable because it delivers hear at a higher temperature than the electric hear pump. And natural gas semains the most cost-effective way to hear your home.

PING

Modern homes the flexible piping to supply matural gas to appliance. Because this corrugated stainless steel tubing its so easily installed, it makes using gas appliances in a new or existing home convenient and affordable.

GAS LOGS

Enjoy the beauty of a fireplace without the hastles of firewood, sakes and chinney cleaning with clean-buning neatural gas logs. Gas logs also payovide a realistic alternative to wood burning fireplaces without pollution concerns.

Natural Gas is the Natural Choice.

Natural gas appliances provide the comfort and savings you can enjoy year after year. You can depend on the gas experts at Laclede.

Laciede Gas

Schedule 2-38



June 1997 Laclede Gas Budget Billing The Squeeze TV :30 #22846

Interior. Ernest seated at the kitchen table. In front of him is Vern's breakfast, a plate with donuts and a glass of milk.

ERNEST

Hey Vern! You need to call the gas experts at Laclede and sign up for budget billing. When you look at how little it costs each day, I found more than enough to cover it in your sock drawer.

Ernest displays a handful of coins. He drops them on the table then helps himself to one of Vern's donuts.

ERNEST

And with budget billing, Vern, your monthly gas bills stay the same so you'll have worry-free comfort and old man winter won't be squeezin' the life out of you!

In his excitement, Ernest squeezes the donut and its filling pulls out between his fingers. Ernest reacts to his blunder.

ERNEST

Eeeeeeeeewwwwwwwwwww......

SUPER: Laclede Gas (logo)

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Schedule 2-39

June 1997 Laclede Gas Budget Billing Yo-Yo TV :30 #22847

Ernest with a yo-yo going up and down.

ERNEST

Vern, without budget billing your monthly bills can go...

Ernest makes the yo-yo go up and down

ERNEST

up and down... up and down... But if you call and get budget billing from the gas experts at Laclede, you can level those ups and downs because each month's gas bill stays the same. Yeah, Vern, with budget billing you can have worry-free comfort all winter long. And that's the truth around the world.

Ernest whirls the yo-yo around and around. It appears to hit Vern in the chin. Camera falls back. Ernest examines Vern's teeth.

ERNEST

Sorry Vern. Ah... you're gonna lose that one...

SUPER: Laclede Gas (logo)

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June 1997 Laclede Gas Budget Billing Teddy Bear TV :30 #22844

Interior. Ernest enters Vern's bedroom carrying an afghan and puts on Vern's bed.

ERNEST

Oh sorry to wake you, Vern, but it's cold in here. You need to call the gas experts at Laclede and sign up for budget billing. Your bill stays the same each month and takes only a few dollars a day for worry-free comfort all winter long.

Ernest picks up the loose change from Vern's bedside table. He gestures to the coins and then puts them in his pocket.

ERNEST

Why, you've got enough right here to cover it. Well cover up, Vern. You still have a couple hours to dream about budget billing.

Ernest adjusted the afghan up over Vern's face (the camera). He quickly removes it and then points to Vern's unseen teddy bear.

ERNEST

And Vern, I like your little bear!

Ernest laughs and covers him up again.

SUPER: Laclede Gas (logo)

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June 1997
Laclede Gas
Budget Billing
Standing on Head
TV :30
#22849

Interior. Camera is upside down as if Vern is standing on his head. Ernest is on his knees as he addresses Vern.

ERNEST

OK Vern, there's a point here by making you stand on your head. It's budget billing from the gas experts at Laclede. Usually takes just a few bucks a day for all the comfort you need. Steady...

Ernest appears to shake Vern a little and coins fall to the floor. Ernest picks them up.

ERNEST

See Vern, you've got more than enough in your pockets right now to cover it. With budget billing, you know what your heating bill will be, so you can relax in worry-free comfort all winter long. No surprises!

Ernest gives Vern a little push and he falls back. We see the ceiling as Ernest checks on Vern.

ERNEST

You OK Vern? Well we'll just try this tomorrow...when your back stops hurting. KnoWhutImean?

SUPER: Laclede Gas (logo)

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TN 37203 . PHONE 615/25.6694 . FAX 615/255.9302

June 1997 Laclede Gas Budget Billing 911 TV :30 #22848

Interior. Living room. Vern is bundled in blankets shivering. Ernest starts using a staple gun to put up insulation, stapling it over lamps and pictures and things.

Vern, when you're cold in the winter all this insulation will help, but what you really need to do is get budget billing from the gas experts at Laclede.

Ernest talks to Vern, pointing the staple gun to emphasize his points.

ERNEST

Vern, with budget billing, your heating bill stays the same each month. Usually just a few dollars a day for worry-free comfort all winter long. No surprises!

The staple gun goes off and hits Vern. Ernest panics.

ERNEST

Oh, gosh Vern, that looks painful. I'll go get some pliers...or maybe I'd better call 911... or is it 411... I'll call information, they usually know.

SUPER: Laclede Gas (logo)

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The Newshour

"Bringing You Energy"

Channel 9's broadcast of The NewsHour has been locally supported for more than 10 years by Laclede Gas, 2,000 people taking care of more than a million customer inquiries, making more than 400,000 service calls, adding to 12,000 miles of pipe. Laclede Gas, bringing you energy that is comfortable, efficient and virtually pollution free.

The Newshour

"Our Daily Business"

ANNOUNCER: "Channel 9's broadcast of The NewsHour has been locally supported for more than 10 years by Laclede Gas, where public service is our daily business.

"Laclede Gas, bringing you energy that is comfortable, efficient and virtually pollution free. Bringing you prompt and professional service and bringing you The Newshour on Channel 9."

May 1993 Laclede Gas Anti Heat Pump Shooort (Revised) Radio :30 (Update of #02430)

ERNEST

Hey, Vern! Workin' on that old electric heater again, I see. Vern, Vern, Vern, when will you learn? When are you going to wise up and start heatin' with gas? Natural gas is comfortable, natural gas is efficient, natural gas is virtually pollution-free. It's the smart move, KnoWhutImean?

Here, let your ol' buddy Ernest have a look at that electric heater... Well, there's your problem right there, Vern... See that little wire right there? Looks like it's got a shoooooorrrrt in it... My daddy used to work on them.

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[N 37293 + TELEPHONE (615) 255-4694 + FAX (615) 255-9302

May 1993 Laclede Gas Classroom (Revised) Radio :30 (Update of #12105)

Ernest singing.

ERNEST

"School days, school days, dear old golden rule days..."

ERNEST

That's right, Vern, your ol' buddy Ernest took an energy class down at the community college. And my professor was a regular energy knowitall. He taught us how people can conserve energy and protect the environment by using natural gas to heat their homes. Said, natural gas is comfortable, efficient and virtually pollution-free.

And then I said, "Cause gas heat can't be beat!" Pretty smart, huh, Vern?... Well, my professor sure thought so. He graduated me Magna Cum Loud. KnoWhutImean?

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May 1993 Laclede Gas Radio Station (Revised) Radio :30 (Update of #06052)

ERNEST

Testing... am I on?... am I on? Hey, uh... hey, Vernon! This is your ol' buddy Ernest! And these folks at the radio station have let me read this important announcement. Here it goes!

ERNEST

If you are within the sound of my voice, you will be amazed to know that heating your home with natural gas from Laclede is comfortable, efficient and, most of all, virtually pollution-free.

ERNEST

And now, Vernon, here's a blast from the past from our classic stacks of wax...

(SFX: A needle being dragged across a record)

ANNOUNCER

Get that guy outa here!

ERNEST

Uh, I'm sorry... uh... were these impôrtant?

© 1993 Copyright Carden & Cherry, Inc. 05-14-93

August 1995 Laclede Gas Service (Football) Radio :30 #21622

ERNEST

Hey Vern!® If you need any of your natural gas appliances serviced...gas furnace, gas water heater, gas range, gas dryer, gas grill, gas lights or gas logs...you'll need a good game plan. Like calling Laclede Gas at SIX-TWO-ONE-SIX-NINE-SIX-Oh. 'Cause the pros at Laclede can tackle any problem you might have. OK Vern, here we go. Pick up the phone. Get set...

Phone number to be delivered like a quarterback's snap count.

ERNEST

SIX-TWO-ONE-SIX-NINE-SIX-Oh! HUT-HUT! (SFX: Crowd roar) Vern, good service is a *snap* with Laclede. KnoWhutImean?®

*PHONE NUMBER MUST BE DELIVERED AS WRITTEN.

© 1995 by Carden & Cherry, Inc.

August 1995 Laclede Gas Anti Heat Pump Dream Team Radio :30 #21623

(SFX: Charge!! -Ball Park music)

ERNEST

Hey Vern. In your house, you're the head coach. And if you've got an electric heat pump on your team, it's time to make a trade to a natural gas furnace. 'Cause a gas furnace gives you hotter air and is warranted to last twice as long as a heat pump. And you'll score big with the environment too because gas is virtually pollution free. A high efficiency furnace and natural gas...the Dream Team. KnoWhutImean?®

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August 1995 Laclede Gas All Gas Home Football—Game Plan Radio :30 #21624

ERNEST

Hey Vern!® What do you say we play a little touch football? OK, now go out long...cut over...button hook. Better watch out Vern, I know all moves, like my smart move to an all gas home. Forget electricity for heatin', Vern, cause an all gas home scores big on comfort and efficiency. Plus natural gas burns clean--virtually pollution free. So huddle-up with some common sense and get a game plan that includes an all-gas home. You'll be a winner everyday. (SFX crowd roar) KnoWhutImean?®

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LACLEDE GAS "ASK THE EXPERT" #1

It's time for the Laclede Gas "Ask the Expert" Baseball question. Coming up next today's question for Tony LaRussa.

If you're in need of gas appliance repair, ask the experts at Laclede Gas. They service all natural gas appliances, whether it's a gas grill, gas light, water heater, range, dryer or furnace. Laclede Gas has the people, the parts and the know how to do the job right. And you can pay on your monthly gas bill. So, now the only tool you'll need to service your gas appliances is a telephone. Call 621-6960 to call the experts at Laclede Gas. They've got the bases covered when it comes to gas appliance repair. Gas appliance service work is not subject to PSC regulation.

NEW COPY FOR LACLEDE GAS "ASK THE EXPERTS" SHOW - #2

NOW IS THE TIME TO CALL THE GAS EXPERTS AT LACLEDE TO HAVE YOUR FURNACE INSPECTED BEFORE IT GETS COLD. LET LACLEDE CHECK AND CLEAN YOUR NATURAL GAS HEATING SYSTEM TO MAKE SURE IT IS OPERATING SAFELY AND EFFICIENTLY. LACLEDE GAS HAS THE PEOPLE, THE PARTS AND THE KNOW-HOW TO DO THE JOB RIGHT. AND, YOU CAN PAY ON YOUR MONTHLY GAS BILL. THE ONLY TOOL YOU NEED TO SERVICE GAS APPLIANCES IS A TELEPHONE. DIAL 621-6960 TO CALL THE EXPERTS AT LACLEDE GAS. THEY'VE GOT THE BASES COVERED WHEN IT COMES TO FURNACE INSPECTIONS AND GAS APPLIANCE REPAIR. GAS APPLIANCE SERVICE WORK IS NOT SUBJECT TO PSC REGULATION.

SCHEDULE 3

HAS BEEN DEEMED

HIGHLY CONFIDENTIAL

IN ITS ENTIRETY