

FILED

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

RECOMMENDATION CONCERNING TEST YEAR
AND MOTION FOR TRUE-UP AUDIT AND HEARING

COMES NOW Laclede Gas Company ("Laclede") and for its Recommendation Concerning Test Year and Motion for True-Up Audit and Hearing in the above-referenced case, states as follows:

1. By Order dated February 25, 1999, the Commission directed Laclede to file its Direct Testimony in this proceeding on or before March 11, 1999. In that same Order, the Commission also directed that Laclede simultaneously file its recommendation concerning the proper test year to be used in this case and any request for a true-up audit and hearing.

2. Pursuant to the Commission's Order, Laclede recommends that a test year ending December 31, 1998 be used in this proceeding, and that such test year be updated through at least March 31, 1999 or such later date as can be accommodated by the procedural schedule ultimately adopted in this proceeding.

3. Laclede further requests that the Commission schedule a true-up audit and hearing in late September in order to permit certain items that will be known and measurable by August 1, 1999 to be recognized in rates. As discussed at page 5 of the Direct Testimony filed in this

proceeding by Laclede witness James A. Fallert, these items include:

- (a) revenues associated with customer additions as of August 1, 1999;
- (b) rate base component additions and associated depreciation and property taxes, as of August 1, 1999;
- (c) capital structure changes relating to Laclede's possible issuance of equity and first mortgage bonds;
- (d) changes in employee levels and benefits costs, including costs associated with the April 15, 1999 and August 1, 1999, contract wage increases for union employees in the Laclede and Missouri Natural Divisions, and changes in management salaries;
- (e) the effect of any change in the Commission's annual assessment for fiscal year 2000;
- (f) costs associated with implementing a new lock box agreement;
- (g) additional costs associated with implementation of computer systems which have been developed in anticipation of the Year 2000;
- (h) rate case expense;
- (i) cost changes associated with increase in facility locates;
- (j) changes in the deferred balances associated with the tracking mechanisms and accounting authorizations granted to Laclede in its last two rate case proceedings.

4. Laclede believes that the items specified above represent a balanced package of adjustments that will prevent any improper mismatch of expenses, revenues and rate base. Laclede also believes that such items can be reasonably audited and reflected in rates within the time frames recommended herein.

WHEREFORE, for the foregoing reasons, Laclede Gas Company respectfully requests that the Commission establish an updated test year and schedule a true-up audit and hearing in accordance with the recommendations set forth herein.

Respectfully Submitted,

Thomas M. Byrne

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CERTIFICATE OF SERVICE

Thomas M. Byrne, Associate Counsel for Laclede Gas Company, hereby certifies that the foregoing Recommendation Concerning Test Year and Motion for True-Up Audit and Hearing has been duly served upon all parties of record to this proceeding by placing a copy thereof in the United States mail, postage prepaid, or by hand delivery, on this 11th day of March 1999.

Thomas M Byrne