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INTERNET ADDRESS

August 23, 1999

### BY FACSIMILE AND BY FEDERAL EXPRESS

Mr. Dale Hardy Roberts Secretary/Chief Regulatory Law Judge Missouri Public Service Commission Truman Building, Fifth Floor 301 West High Street Jefferson City, MO 65101 FILED AUG 2 3 1999

Missouri Public Service Commission

Re: Position Statement of the Missouri Industrial Energy Consumers Case No. GR-99-315

Dear Mr. Roberts:

Enclosed for filing with the Commission are an original and fourteen (14) copies of the Position Statement of the Missouri Industrial Energy Consumers ("MIEC") in the above-referenced case.

Please "file-stamp" the additional copy and mail it back to me in the enclosed, self-addressed stamped envelope. Thank you for your assistance in bringing this filing to the attention of the Commission, and please call me if you have any questions.

Very truly yours,

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Diana M. Schmidt

DMS/dv

Attachments





## BEFORE THE PUBLIC SERVICE COMMISSION AUG 2 3 1999 OF THE STATE OF MISSOURI

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Missouri Public Service Commission

In the matter of Laclede Gas Company's Tariff to Revise Natural Gas Rate Schedules Case No. GR-99-315

### STATEMENT REGARDING POSITION OF THE MISSOURI INDUSTRIAL ENERGY CONSUMERS

Pursuant to the Commission's April 29, 1999 Order in this case, as modified by its June 7, 1999 Order, the Missouri Industrial Energy Consumers ("MIEC") submits the following statement of disputed issues in the above-referenced case.

# Rate Design Issues

### Gas (Supply) Cost Removal From Base Rates

 The cost-of-service analysis for Laclede should be separated into gas and non-gas components. Gas components should be defined consistent with the gas cost incurred, and gas revenues should be defined as equal to the allocated gas costs.

### **Class Cost of Service**

- The cost-of-service analysis should account for differences provided by the low, medium and high pressure mains in the distribution system. None of the demandrelated costs of the lower pressure mains should be allocated to large volume customers.
- 3. The allocation of mains should account for the fact that many large customers do not receive any service from medium and low pressure mains. The MIEC recommends that mains be allocated on an NCP demand/customer allocation with an approximately 70/30 split between the two and with the NCP demand allocator adjusted for customers not served by low pressure and medium pressure mains.

Meters and regulators should be allocated using the method proposed by the Office of Public Counsel (OPC). Services should be allocated as proposed by OPC.

- 4. The analysis should change the allocation of supervision and "all other" expenses within the distribution operation and maintenance functions.
- 5. The interruptible sales demand used in cost allocation should be adjusted to reflect approximately 50 percent of the demand imposed by the customers (100 percent load factor).
- The coincident and non-coincident peak demands should be adjusted to reflect design day conditions.
- 7. The various costs incurred for the reservation of gas supply capacity should be allocated based on winter seasonal requirements.
- 8. The rates for all of the large volume services provided by Laclede should be adjusted to better reflect the cost of providing the services. The MIEC recommends that transportation rates be reduced by at least 24 percent; its cost study demonstrates the need for a 40 percent reduction. With respect to other classes, cost-based adjustments should also be made. The most equitable approach would be a full cost-of-service adjustment; that is, to fully eliminated rate subsidies so that each class of customers will pay the costs incurred by Laclede in providing services. As an alternative approach, the MIEC recommends elimination of 50 percent of the variation from cost.
- 9. The terms and conditions of transportation service regarding "Period of Excess Receipts" should be changed as recommended on Pages 22-23 and Schedule 5 of the Direct Testimony of Donald Johnstone. These changes will avoid unnecessary

restrictions on customers while continuing to address Laclede's goal of deterring gas

supply problems that can be created when receipts exceed deliveries.

The MIEC reserves the right to take a position on the issues at trial and in briefing based upon evidence presented at trial.

Respectfully Submitted,

BRYAN CAVE LLP

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ATTORNEY FOR THE MIEC

#### **CERTIFICATE OF SERVICE**

I hereby certify that copies of this Statement Regarding Position of The Missouri Industrial Energy Consumers have been served via first-class, U.S. mail, postage prepaid, on this 23rd day of August, 1999, to all parties of record,

Jeana Schmidt