Exhibit No.: Issue: Witness: Case No.:

Off-System Sales Treatment MICHAEL J. WALLIS Sponsoring Party:MoPSC StaffType of Exhibit:Surrebuttal Testimony GR-99-315

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

MICHAEL J. WALLIS

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AUG 1 9 1999

Missouri Public Service Commissio

LACLEDE GAS COMPANY

CASE NO. GR-99-315

Jefferson City, Missouri August 1999

1		SURREBUTTAL TESTIMONY			
2		OF	FILED ²		
3		MICHAEL J. WALLIS	AUG 1 9 1999		
4		CASE NO. GR-99-315	Missouri Public Service Commission		
5	LACLEDE GAS COMPANY				
6					
7	Q.	Are you the same Michael J. Wallis who filed di	rect testimony in this		
8	case?				
9	А.	Yes.			
10	Q. What is the purpose of your surrebuttal testimony?				
11	A. The purpose of my surrebuttal testimony is to address the rebuttal				
12	testimony of Laclede Gas Company (Laclede or Company) witness Michael T. Cline.				
13	Q.	Do you agree with Mr. Cline where on Page 5, I	ines 12 to 16 of his		
14	rebuttal testimony, he states "Staff witness Wallis recommends alternative approaches to				
15	the treatment of off-system sales net revenues should the Commission not approve an				
16	extension of the Company's existing Gas Supply Incentive Plan (GSIP) in Case No. GT-				
17	99-303."				
18	А.	No. The Staff is asking the Commission to appro	ove the off-system sales		
19	PGA tariff language which it proposed in this case (see the direct testimony of Staff				
20	witness Thomas M. Imhoff) regardless of whether or not the Commission allows Laclede				
21	to operate under a GSIP in the future. The Staff is asking the Commission to add its				
22	proposed off-system sales tariff language to the original PGA clause which (1) currently				
23	underlies Laclede's existing GSIP and (2) was in effect prior to Laclede's existing GSIP.				
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Surrebuttal Testimony of Michael J. Wallis

If Staff's proposed off-system sales PGA tariff language is approved by the Commission,
 the Company's ratepayers will receive 100% of any off-system sales profits in all future
 ACA periods for which a GSIP is not in effect.

The Staff's alternative to its proposed off-system sales PGA tariff language is to impute, in the rate case revenue requirement, approximately \$2.5 million in additional off-system sales revenues. Staff's proposed off-system sales net revenue amount is based on a three-year average of the off-system sales profits which Laclede experienced in its three most recent ACA periods.

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Q. Mr. Cline indicates on Page 5, Lines 16 to 20, that the Office of the Public
Counsel has proposed to impute revenues for both off-system sales profits and capacity
release credits. Why is the Staff proposing (as an alternative to its proposed off-system
sales PGA tariff language) to impute revenues for off-system sales, but not for capacity
release credits?

A. The Staff is not proposing to impute revenues for capacity release credits
because capacity release credits (unlike off-system sales profits) are addressed in
Laclede's original PGA clause (Laclede's ratepayers receive, absent a GSIP, 100% of all
capacity release credits) which (1) currently underlies Laclede's existing GSIP and (2)
was in effect prior to Laclede's existing GSIP.

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Q. Please summarize your surrebuttal testimony.

A. The Staff is asking the Commission to approve the off-system sales PGA
tariff language which it proposed in this case (see the direct testimony of Staff witness
Thomas M. Imhoff) regardless of whether or not the Commission allows Laclede to
operate under a GSIP in the future. The Staff is asking the Commission to add its

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Surrebuttal Testimony of Michael J. Wallis

proposed off-system sales tariff language to the original PGA clause which (1) currently
 underlies Laclede's existing GSIP and (2) was in effect prior to Laclede's existing GSIP.
 If Staff's proposed off-system sales PGA tariff language is approved by the Commission,
 the Company's ratepayers will receive 100% of any off-system sales profits in all future
 ACA periods for which a GSIP is not in effect.

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Q. Does this conclude your surrebuttal testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's Tariff to Revise Natural Gas Rate Schedules.

Case No. GR-99-315

AFFIDAVIT OF MICHAEL J. WALLIS

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STATE OF MISSOURI)	
)	SS.
COUNTY OF COLE)	

Michael J. Wallis, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

ral g. Wallis

Subscribed and sworn to before me this 17^{+1} day of August, 1999.

Notary Public

My Commission expires:

TONI M. WILLMENO NOTARY PUBLIC STATE OF MISSOURI COUNTY OF CALLAWAY My Commission Expires June 24, 2000

