Exhibit No.:

Issues:

Appliance Service Work ARLENE S. WESTERFIELD

Witness: Sponsoring Party:

MoPSC Staff Type of Exhibit: Surrebuttal Testimony

Case No.: GR-99-315

MISSOURI PUBLIC SERVICE COMMISSION UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

ARLENE S. WESTERFIELD

FILED

AUG 1 9 1999

Missouri Public Service Commission

LACLEDE GAS COMPANY

CASE NO. GR-99-315

Jefferson City, Missouri August, 1999

1		SURREBUTTAL TESTIMONY
2		OF
3		ARLENE S. WESTERFIELD
4		LACLEDE GAS COMPANY
5		CASE NO. GR-99-315
6	Q.	Please state your name and business address.
7	A.	Arlene S. Westerfield, 815 Charter Commons, Suite 100B, Chesterfield,
8	Missouri 63017.	
9	Q.	Are you the same Arlene S. Westerfield who has previously filed direct
10	and rebuttal testimony in this case?	
11	A.	Yes, I am.
12	Q.	What is the purpose of this surrebuttal testimony?
13	Α.	The purpose of this surrebuttal testimony is to respond to the rebuttal
14	testimony of witness Patricia A. Krieger of Laclede Gas Company (Laclede or Company	
15	regarding appliance service (HVAC) work.	
16	Q.	What is your response to the rebuttal testimony of Company witness
17	Patricia A. Krieger?	
18	A.	The Staff disagrees with the reasoning stated by Ms. Krieger in her
19	rebuttal testimony regarding the ratemaking treatment of these costs and revenues.	
20	Q.	Why do you disagree?
21	A.	Staff disagrees with the treatment of the costs and revenues relating to
22	appliance service work performed by the Company for the reasons outlined in m	

- Q. Doesn't Company witness Ms. Krieger state that the Company is following the statutory requirement of the HVAC Services Act found at Section 386.756 (RSMo. Supp. 1998) by removing all revenues and costs associated with HVAC service work that the Company would not have received or incurred had the Company not been engaged in HVAC service work during the test year?
- A. Yes. The Staff would agree with that basic philosophy if all revenues and costs were included in the adjustment. However, this is not the case.
- Q. Ms. Krieger reasons that there should be no cross-subsidy, i.e., changing the rates or charges for the utility's regulated services above or below the rates or charges that would be in effect if the utility were not engaged in such activities. Do you agree?
- A. Yes. However, the Staff believes that her reasoning is flawed because the actual level of cost associated with appliance service work has not been totally identified. The Staff believes that an identification of the total cost would show that there is a cross-subsidy to the detriment of ratepayers.
- Q. Doesn't Ms. Krieger say in her testimony that her adjustment effectively removes all of the revenues and all of the costs related to these activities?
- A. Yes, she does. However, as indicated in my rebuttal testimony, the Company has not provided sufficient detail in their books and records for the Staff to determine all of the costs associated with appliance service work. Additionally, Laclede has not calculated the appliance service work costs on a fully distributed cost basis.

A. Yes, she does. However, the Staff believes the same standard should also be applied for those activities referred to by Ms. Krieger as "in house." By applying a different standard to these activities the ratepayer is providing the cross-subsidization the Company says it is avoiding by making this adjustment.

Q. What is your response to Ms. Krieger statement that the Staff by failing to remove the excess revenues has decreased the Company's rates by \$600,000?

A. The Staff agrees that this is the amount of the adjustment made by the Company in this case. However, the Staff cannot accept this adjustment without being assured that the proper amount of appliance service work costs were included in this adjustment. Since the Company has admitted that its calculation was performed on an incremental rather than a fully distributed basis, the proper amount of appliance service work costs have not been eliminated from the cost of service through Laclede's adjustment.

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

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

Laclede Gas Company's Tariff to Revise Natural Gas Rate Schedules.) Case No. GR-99-315)		
AFFIDAVIT OF ARLE	ENE S. WESTERFIELD		
STATE OF MISSOURI) ss. COUNTY OF COLE)			
Arlene S. Westerfield, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.			
	Arlene S. Westerfield		
Subscribed and sworn to before me this day of August 1999.			
NOTARY PUBLIC OF MISSORDIA	Foni M. Willmeno Notary Public, State of Missouri County of Callaway My Commission Expires June 24, 2000		