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May 31, 2002

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
200 Madison Street, Suite 100  
P.O. Box 360  
Jefferson City, Missouri 65102

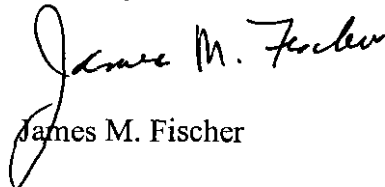
RE: *Laclede Gas Company*, Case Nos. GR-2001-387 and GR-2000-622.

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter is an original and eight (8) copies of the Response Of Laclede Gas Company To Staff Recommendation.

Copies of the foregoing have been hand-delivered or mailed this date to the Office of the Public Counsel and Dana K. Joyce, General Counsel. Thank you for your attention to this matter.

Sincerely,

  
James M. Fischer

Enclosures

cc: Office of the Public Counsel  
Dana K. Joyce, General Counsel

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's  
Purchased Gas Adjustment Tariff  
Revisions to be Reviewed in Its 2000-  
2001 Actual Cost Adjustment.

Case No. GR-2001-387

In the Matter of Laclede Gas Company's  
Purchased Gas Adjustment Factors to be  
Reviewed in Its 1999-2000 Actual Cost  
Adjustment.

Case No. GR-2000-622

RESPONSE OF LACLEDE GAS COMPANY  
TO STAFF RECOMMENDATION

**COMES NOW** Laclede Gas Company ("Laclede" or "Company") and submits its Response to the revised Recommendation filed by the Staff of the Missouri Public Service Commission ("Staff") in the above-captioned proceedings on May 9, 2002 (the "Revised Recommendation"). In support thereof, Laclede states as follows:

1. On May 9, 2002, Staff filed its Revised Recommendation concerning Laclede's 1999-2000 Actual Cost Adjustment ("ACA") Filing and Monitoring Report in GR-2000-622. In the Revised Recommendation, Staff proposes no disallowance. In the Reliability Analysis section of its Revised Recommendation, however, Staff does express several concerns regarding the assumptions made by the Company in developing peak day requirements. To address these concerns, Staff recommends that the Commission

require Laclede to take several actions by November 1, 2002. In this Response, Laclede will address Staff's recommended actions.

### General Comment

2. In developing its recommendation, Staff conducted a reliability analysis to "assure that sufficient capacity, but not excess capacity, is available to meet firm customer peak day capacity and natural gas supply requirements." Staff Revised Recommendation, p. 2. Laclede agrees with this goal and focuses its peak day planning on obtaining sufficient but not excess capacity. In performing peak day planning, however, Laclede follows a conservative approach that places at the forefront the need to maintain sufficient capacity. Laclede believes that this approach is both prudent and economically beneficial, given the inherent value of such capacity to the Company and its customers and the significant consequences that would arise in the event there was insufficient capacity to maintain service to firm customers during extreme weather conditions. With that general consideration in mind, Laclede submits the following responses to the specific recommendations made by Staff.

### Response to Staff's Revised Reliability Analysis and Recommendations

3. **Recommendation 1.** Laclede agrees with Staff's recommendation.
4. Recommendation 2a. Laclede agrees to submit Reliability Reports for the 2001/2002 and 2002/2003 ACA periods.
5. **Recommendation 2b.** Laclede is able to measure the exact peak daily usage requirements of its firm sales and firm transportation customers only in limited weather conditions when the Company is curtailing deliveries to its interruptible customers. This is because the Company does not have daily meter reading capability for

its interruptible customers. For this reason, an accurate comparison of actual usage to estimated usage can only be accomplished in the above limited circumstances. As a consequence, the Company recommends limiting the summary to the five coldest days when the Company was curtailing its interruptible customers. Absent such a limitation, a like comparison cannot be made.

6.       **Recommendation 2e.** The Company has included the additional 1° slope value in its Reliability Analysis to reflect certain changes in the airport thermometer that have occurred since the 1935/1936 weather pattern was recorded. This adjustment permits a more accurate representation of what the Company's sendout requirements would be in the event the 1935/1936 weather pattern was repeated. Nevertheless, Laclede will reevaluate the additional 1° slope adjustment prior to planning for the 2002/2003 winter season and will provide documentation supporting its decision on the adjustment.

7.       **Recommendation 2d.** Laclede agrees to reevaluate the Base Usage factor, as it does every year, and document the factors chosen for the 2001/2002 and 2002/2003 ACA periods.

8.       **Recommendation 2e.** Laclede agrees to evaluate whether the Normal Adjustment Factors ("NAF) from the 1990/1991 study are still appropriate. Laclede will attempt to evaluate the NAF by November 1, 2002, and commits to either retaining such NAF or proposing an alternative by November 1, 2003.

9.       **Recommendation 2f.** Laclede agrees to provide support for the Usage per Customer Degree Day factors chosen for the 2001/2002 and 2002/2003 ACA periods.

10. **Recommendation 2g.** Laclede agrees to document how load factors are derived for the sendout model covering the commercial-other, industrial-other and firm transportation customer classes, starting with the 2002/2003 ACA period. To the extent available, Laclede also agrees to provide the 0° sendout and base sendout that we derived for these customer classes for the ACA periods from 1997/1998 to 2000/2001.

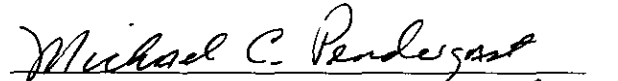
11. **Recommendation 2h.** Laclede agrees to provide updated capacity ratings for the Lange and Catalan propane facilities.

12. **Recommendation 2i.** Laclede agrees with Staff's suggestion at page 4 of its Recommendation that a -5° Fahrenheit be used for the February 18<sup>th</sup> date in the Company's design winter analysis. The Company also agrees that an additional reserve margin should be utilized to address some assumed variability; however, Laclede is not convinced that a margin of 3% is adequate. Laclede will propose a reserve margin that it believes to be reasonable, and will provide a rationale for such proposal.

13. **ACA Balances.** Finally, Laclede agrees with all of the ACA balances set forth by Staff at page 5 of its Revised Recommendation, with the exception of the \$603,874 refund balance identified at the bottom of the table presented on that page. Based on its preliminary review of the information recently provided by Staff in support of this balance, the Company does not believe that the balance quantified by Staff accurately reflects the refund amounts owed to non-LVTSS firm sales customers. It also fails to recognize the refund balances for other sales and transportation classes, some of which are negative. Laclede believes that additional discussions between the Staff and Company will resolve these computational differences.

For all of the foregoing reasons, Laclede respectfully submits that the Commission should issue an order approving Laclede's 1999/2000 ACA filing and requiring such other actions as set forth herein.

Respectfully submitted,

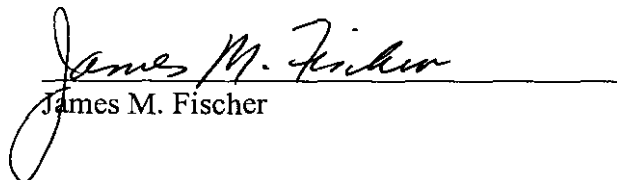


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### **Certificate of Service**

The undersigned certifies that a true and correct copy of the foregoing Response of Laclede Gas Company was served on the General Counsel of the Staff of the Missouri Public Service Commission and the Office of the Public Counsel on this 31st day of May, 2002 by hand-delivery or by placing a copy of such Response, postage prepaid, in the United States mail.



James M. Fischer