

Exhibit No.:
Issue: Depreciation
Witness: David Williams
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: GR-2010-0171
Date Testimony Prepared: June 24, 2010

MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

DAVID WILLIAMS

LACLEDE GAS COMPANY

CASE NO. GR-2010-0171

Jefferson City, Missouri
June, 2010

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REBUTTAL TESTIMONY OF
DAVID WILLIAMS
LACLEDE GAS COMPANY
CASE NO. GR-2010-0171**

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1 depreciation for utilities. The parameters delineated by the Commission included the book
2 value of an asset, average service life, and net salvage.

3 Mr. Spanos disagrees with the Commission's previous order and seeks to
4 introduce additional parameters and alternative methods that result in the Company
5 appearing to require additional depreciation accruals.

6 Q. In what ways does Mr. Spanos' testimony conflict with the Commission's
7 Order in ER-2004-0570?

8 A. Mr. Spanos' position differs from the Commission's previous order and seeks
9 to introduce a remaining life component to the computation of depreciation rates. Use of
10 remaining life minimizes the time ratepayers have to return the Company's investment and
11 net salvage, increasing depreciation rates. Mr. Spanos also includes an adjustment to the
12 computation of the depreciation accrual rate (depreciation rate) for any perceived over or
13 under accrual of the depreciation reserve based upon the Company's technique(s).
14 Mr. Spanos includes amortization of the General Plant accounts in direct contradiction to the
15 Commission's rules. The rules address the depreciation of plant accounts, not the
16 amortization of plant accounts.

17 Q. Are there other differences between the Staff's depreciation analysis and
18 Laclede's?

19 A. Yes. To date, Mr. Spanos has conducted two similar but separate depreciation
20 studies. In the first study, which I will address as Case 1, Mr. Spanos observed and studied
21 data only through December 13, 2003, but then applied those results to plant balances as of
22 September 30, 2009. In contrast, the second study, which I will address as Case 2, observed

1 and studied data through September 30, 2009, and applied the results to plant balances as of
2 September 30, 2009.

3 Q. What are Staff's concerns regarding Laclede's depreciation studies?

4 A. First, the Staff is concerned that Mr. Spanos did not conduct a study using the
5 current additions and retirements, to develop the plant balances used in Case 1; i.e. through
6 September 30, 2009. Second, based upon inclusion of the data from 2004 through
7 September 2009, the Company's salvage costs have generally deteriorated. This garners
8 measured concern with respect to asset management and/or operations.

9 Q. Can you provide an example of these concerns?

10 A. Yes. The Company had initiated and conducted a copper service line
11 replacement program, which is essentially complete, for replacement of copper mains
12 and services with plastic mains and services, Accounts 376.3 and 380.2, respectively. As a
13 result of this essentially complete replacement, the depreciation rates have actually increased.
14 It is not reasonable that this would be the case, because the new material should be
15 expected to deteriorate more slowly than the old. Furthermore with the inclusion of the 2004
16 to 2009 data, net salvage rates have generally increased in numerous accounts. See Schedule
17 DCW-R1.

18 Q. What is the difference between the Company and Staff positions?

19 A. Based on data provided by the Company on December 4, 2009 (Case 1),
20 which included plant additions and retirements through December 31, 2003, and
21 plant balances as of September 30, 2009, the difference between the Staff and the
22 Company depreciation annual accrual in the present case is approximately \$5,017,567.
23 Schedule DCW-R2 Case 1 provides a detailed comparison by account.

1 On December 18, 2009 the Company provided results of a subsequent study,
2 which included plant additions and retirements through September 30, 2009, and plant
3 balances as of September 30, 2009 (Case 2). Under this second case, the difference between
4 the Staff and the Company annual accrual is approximately \$5,443,026. See attached
5 Schedule DCW-R3 for a detailed comparison.

6 In response to both Case 1 and Case 2, the Staff's recommended depreciation
7 rates for Accounts 376.3 (Mains - Plastic and Copper) and 380.2 (Services - Plastic and
8 Copper) take into consideration information provided by the Company in its response on
9 May 17, 2010 to Data Request No. 0252 indicating that replacement of copper mains with
10 plastic was 99.99% complete and replacement of copper services with plastic was 97.08%
11 complete. Since the Company's replacement program is essentially complete and in
12 recognition of the stated inconsistencies between the Company's Case 1 and Case 2, the Staff
13 now recommends revised depreciation rates for the two above accounts rather than the rates
14 proposed in Staff's Direct testimony, before this information became available.

15 Q. Are the Staff and Laclede in agreement with the basic parameters for the
16 computation of depreciation rates, such as average service life, net salvage and Iowa curve?

17 A. Yes, as presented in Case 1 and with the exception of accounts 376.3 and
18 380.2, the only difference is the Company's failure to comply with the implementation of the
19 basic parameters of average service life, net salvage and Iowa curve. This similarity of
20 empirical data is shown in Schedule DCW-R4 for Case 1. A similar analysis is provided in
21 Schedule DCW-R5 for Case 2.

ADDITIONAL ADJUSTMENTS TO THE COMPUTATION OF DEPRECIATION

RATES

Q. Does Laclede propose additional methods and techniques for the computation of the depreciation rates based upon amounts resulting from estimated parameters?

A. Yes, Laclede uses the estimated lifespan and the resultant amortization periods to determine a rate for depreciation of certain General Plant accounts, plus an adjustment for the remaining life technique.

Q. How does Laclede derive its estimated adjustment for the depreciation reserve?

A. The actuarial analysis uses the same data sets, algorithms and software that the Staff used. The analysis yields results that are interpreted by the depreciation analyst, resulting in an average service life for that particular group or account of assets. This interpretation is aided by engineering judgment and selection and interpretation of a survivor curve. The Staff's analysis regarding depreciable life ends here. Laclede, however, takes this average service life and estimates a remaining life that is used to adjust the period over which the future depreciation amount and accruals will need to be made before everything in the account is retired.

Q. What is the result of these additional estimated amounts and periods?

A. It constrains and limits the amount of time that the ratepayers have available to return the investment made by the Company for service to the ratepayer, as if at some certain date in the future the Company will be exiting the business of providing gas service.

Q. Does the Staff recognize an excess in the theoretical reserve for depreciation?

1 A. Yes. Staff recognizes the theoretical reserve for depreciation to be
2 over-accrued by approximately \$57.5 million. However this is less than 13% of the current
3 reserve. Given the uncertainties and lack of precision in the development of depreciation
4 rates, Staff does not believe a true-up or additional reduction in depreciation reserves is
5 warranted at this time.

6 Q. Does Staff have any other rebuttal it wishes to offer at this time?

7 A. Yes it does. Staff wishes to note that the written filed directed testimony of
8 MIEC witness Gorman regarding the treatment of net salvage to be used in the computation
9 of depreciation rates is in direct conflict with the Commission directive concerning this
10 matter, in which the net salvage rate was stated to be net salvage expense (based on
11 experience) divided by the original cost of the depreciable asset.

12 Q. What is Staff's recommendation with respect to depreciation at this time?

13 A. Staff recommends that the Commission order the Company to implement the
14 Staff's revised depreciation rates as stated in Schedule DCW-R6. The only change this
15 schedule reflects is Staff's revision of two accounts as originally filed in Staff's Revenue
16 Requirement Cost of Service Report in this case in response to the Company's initial direct
17 filed Case 1. These are for the previously mentioned accounts 376.3 and 380.2.

18 Q. Does this conclude your rebuttal testimony?

19 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's Tariff)
to Increase Its Annual Revenues for Natural) Case No. GR-2010-0171
Gas Service)

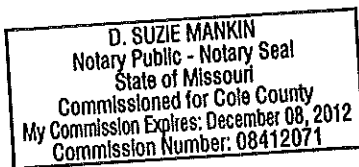
AFFIDAVIT OF DAVID WILLIAMS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

David Williams, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 6 pages to be presented in the above case; that the answers in the foregoing Rebuttal 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.

David Williams
David Williams

Subscribed and sworn to before me this 24th day of June, 2010.



D. Suzie Mankin
Notary Public

LACLEDE GAS COMPANY
GR-2010-0171

Company Annual Depreciation Rates & Parameters Comparison

| Account Number | Account Description | Case 1 Iowa Curve Company | Case 2 Iowa Curve Company | Case 1 Average Service Life (Years) Company | Case 2 Average Service Life (Years) Company | Case 1 Net Salvage Company | Case 2 Net Salvage Company | Case 1 Company Whole Life Depreciation Rate (%) | Case 2 Company Whole Life Depreciation Rate (%) * |
|----------------------------------|--|------------------------------------|------------------------------------|---|---|----------------------------------|----------------------------------|---|--|
| Manufactured Gas Plant | | | | | | | | | |
| 305 | Structures and improvements | R0.5 | R1 | 60 | 60 | -15% | -15% | 0.75% | NA |
| 307 | Other power equipment | R3 | S2.5 | 30 | 30 | -10% | -10% | 3.01% | NA |
| 311 | Liquefied petroleum gas (LPG) equipment | R1 | R1.5 | 33 | 33 | -5% | -15% | 2.33% | NA |
| 311.1 | LPG storage caverns | S3 | S3 | 55 | 55 | 0% | 0% | 1.82% | NA |
| Underground Storage Plant | | | | | | | | | |
| 351.2 | Compressor station structures | S1.5 | S1.5 | 45 | 45 | -15% | -10% | 1.30% | NA |
| 351.4 | Other structures - underground storage | R1.5 | R1.5 | 55 | 60 | -10% | -10% | 0.73% | NA |
| 352.1 | Wells - underground storage | S2.5 | R2.5 | 90 | 90 | -10% | -15% | -0.72% | NA |
| 352.2 | Reservoirs - underground storage | S2.5 | R2.5 | 90 | 90 | -10% | 0% | -0.72% | NA |
| 352.3 | Non-recoverable gas | S2.5 | R2.5 | 90 | 90 | 0% | 0% | 0.14% | NA |
| 352.4 | Wells - oil and vent gas | S2.5 | R2.5 | 90 | 90 | -10% | -15% | 0.44% | NA |
| 353 | Lines - underground storage | R2.5 | R2.5 | 70 | 70 | -20% | -25% | 0.32% | NA |
| 354 | Compressor station equipment | S2 | S2 | 55 | 55 | -5% | -10% | 0.77% | NA |
| 355 | Measuring and regulating equipment | S0.5 | R2.5 | 50 | 50 | 0% | -5% | 0.07% | NA |
| 356 | Purification equipment | R2 | R2 | 42 | 42 | -5% | -5% | 1.66% | NA |
| 357 | Other equipment | L2.5 | L2.5 | 20 | 20 | 0% | -5% | 6.69% | NA |
| Transmission Plant | | | | | | | | | |
| 367 | Mains | R2 | R2 | 80 | 85 | -20% | -30% | 0.32% | NA |
| 371 | Other equipment | S3 | S3 | 45 | 45 | -5% | -5% | 2.33% | NA |
| Distribution Plant | | | | | | | | | |
| 375.1 | District Measuring and Regulating | R0.5 | R1 | 40 | 45 | -10% | -10% | 3.29% | NA |
| 375.2 | Service centers | R0.5 | R1.5 | 50 | 55 | -15% | -15% | 2.29% | NA |
| 375.3 | Garage | S0 | S0 | 50 | 55 | -10% | -10% | 2.40% | NA |
| 375.4 | Other small structures | R0.5 | S0 | 40 | 40 | 0% | -5% | 1.69% | NA |
| 376.1 | Mains - steel | R2 | R2 | 80 | 85 | -20% | -30% | 0.65% | NA |
| 376.2 | Mains - cast iron | S1 | S1 | 80 | 85 | -80% | -90% | 5.34% | NA |
| 376.3 | Mains - plastic and copper | R3 | R3 | 70 | 70 | -15% | -15% | 1.54% | NA |
| 378.1 | Measuring and regulating station equip. (gen.) | O1 | O1 | 35 | 35 | -30% | -30% | 4.46% | NA |
| 379.1 | Measuring and regulating station equip. (CGCS) | R0.5 | S0 | 31 | 33 | -30% | -30% | 4.94% | NA |
| 380.1 | Services - steel | R0.5 | R0.5 | 44 | 45 | -90% | -100% | 4.57% | NA |
| 380.2 | Services - plastic and copper | R2.5 | R2.5 | 40 | 42 | -65% | -70% | 4.66% | NA |
| 381.1 | Meters | S1 | S0.5 | 37 | 33 | 5% | 3% | 3.24% | NA |
| 383.1 | House regulators | R3 | R3 | 50 | 50 | 0% | 0% | 1.75% | NA |
| 385.1 | Commercial and industrial regul. equipment | S0 | S0 | 39 | 41 | -10% | -15% | 2.63% | NA |
| 386.1 | Other property on customers' premises | L3 | L3 | 13 | 14 | 0% | 0% | 5.35% | NA |
| 387.1 | Other equipment | R0.5 | R0.5 | 30 | 32 | 0% | -10% | 1.61% | NA |
| General Plant | | | | | | | | | |
| 390.1 | Structures and improvements | S1 | S0.5 | 30 | 30 | -5% | -5% | 4.82% | NA |
| 391.1 | Office furniture and equipment | SQ | SQ | 20 | 20 | 0% | 0% | 7.05% | NA |
| 391.2 | Data processing systems | SQ | SQ | 5 | 5 | 0% | 0% | 13.18% | NA |
| 391.3 | Mechanical office equipment | SQ | SQ | 15 | 15 | 0% | 0% | 34.02% | NA |
| 391.4 | Computers and peripheral equipment | SQ | SQ | 5 | 5 | 0% | 0% | 83.55% | NA |
| 392.1 | Transportation Equipment - automobiles | L3 | L2.5 | 6 | 6 | 15% | 15% | 13.90% | NA |
| 392.2 | Transportation Equipment - trucks | S2.5 | L3 | 11 | 11 | 10% | 10% | 9.32% | NA |
| 393.1 | Stores equipment | SQ | SQ | 25 | 25 | 0% | 0% | 2.01% | NA |
| 394.1 | Tools, shop and garage equipment | SQ | SQ | 20 | 20 | 0% | 0% | 8.34% | NA |
| 395.1 | Laboratory equipment | SQ | SQ | 20 | 20 | 0% | 0% | 3.57% | NA |
| 396.1 | Power operated equipment | L2 | L2.5 | 13 | 13 | 15% | 15% | 4.20% | NA |
| 397.1 | Communication equipment | SQ | SQ | 15 | 15 | 0% | 0% | 10.44% | NA |
| 398.1 | Miscellaneous equipment | SQ | SQ | 15 | 15 | 0% | 0% | 8.05% | NA |

*Completed depreciation rates were not provided by the Company.

LACLEDE GAS COMPANY
GR-2010-0171

Annual Accrual Comparison: Current, Staff, Company

| Acct. No. | Account | Current Annual Accrual | Staff | Company | | | Company less Staff Annual Difference |
|-----------|--|------------------------|----------------------|----------------------------|------------------------|-------------------|--------------------------------------|
| | | | Staff Annual Accrual | Company Annual Accrual (E) | added amortization (F) | E + F | |
| | Manufactured Gas Plant | | | | | | |
| 305 | Structures and improvements | 18,081 | 20,793 | 20,787 | -12,646 | 8,141 | -12,652 |
| 307 | Other power equipment | 5,566 | 5,825 | 5,820 | -1,039 | 4,781 | -1,044 |
| 311 | Liquefied petroleum gas (LPG) equipment | 171,850 | 147,369 | 147,300 | -39,335 | 107,965 | -39,404 |
| 311.1 | LPG storage caverns | 53,610 | 87,900 | 87,900 | 0 | 87,900 | 0 |
| | Underground Storage Plant | | | | | | |
| 351.2 | Compressor station structures | 20,453 | 15,681 | 15,662 | -7,688 | 7,974 | -7,707 |
| 351.4 | Other structures - underground storage | 21,815 | 20,034 | 20,014 | -12,723 | 7,291 | -12,743 |
| 352.1 | Wells and reservoirs - underground storage | 0 | 77,818 | 77,754 | -123,562 | -45,808 | -123,626 |
| 352.3 | Non-recoverable gas | 0 | 68,457 | 68,457 | -59,673 | 8,784 | -59,673 |
| 352.4 | Wells - oil and vent gas | 0 | 9,050 | 9,043 | -5,796 | 3,247 | -5,803 |
| 353 | Lines - underground storage | 33,761 | 49,516 | 49,632 | -40,429 | 9,203 | -40,313 |
| 354 | Compressor station equipment | 29,418 | 46,080 | 46,056 | -27,555 | 18,501 | -27,579 |
| 355 | Measuring and regulating equipment | 36,045 | 40,274 | 40,274 | -38,951 | 1,323 | -38,951 |
| 356 | Purification equipment | 5,546 | 5,824 | 5,826 | -1,946 | 3,880 | -1,944 |
| 357 | Other equipment | 2,807 | 3,085 | 3,085 | 1,045 | 4,130 | 1,045 |
| | Transmission Plant | | | | | | |
| 367 | Mains | 0 | 30,208 | 30,208 | -23,749 | 6,459 | -23,749 |
| 371 | Other equipment | 0 | 400 | 400 | 0 | 400 | 0 |
| | Distribution Plant | | | | | | |
| 375.1 | District Measuring and Regulating | 7,393 | 6,777 | 6,777 | 1,326 | 8,103 | 1,326 |
| 375.2 | Service centers | 241,158 | 184,725 | 184,888 | -700 | 184,188 | -537 |
| 375.3 | Garage | 19,778 | 14,504 | 14,504 | 1,327 | 15,831 | 1,327 |
| 375.4 | Other small structures | 3,225 | 2,688 | 2,688 | -867 | 1,821 | -867 |
| 376.1 | Mains - steel | 3,092,718 | 3,221,582 | 3,221,582 | -1,826,505 | 1,395,077 | -1,826,505 |
| 376.2 | Mains - cast iron | 474,470 | 322,525 | 322,525 | 443,424 | 765,949 | 443,424 |
| 376.3 | Mains - plastic and copper | 3,630,568 | 3,064,014 | 3,792,440 | -220,888 | 3,571,552 | 507,538 |
| 378.1 | Measuring and regulating station equip. (gen.) | 339,589 | 339,147 | 339,981 | 68,290 | 408,271 | 69,124 |
| 379.1 | Measuring and regulating station equip. (CGCS) | 78,204 | 88,512 | 88,533 | 15,612 | 104,145 | 15,633 |
| 380.1 | Services - steel | 2,019,941 | 1,665,775 | 1,664,617 | 98,688 | 1,763,305 | 97,530 |
| 380.2 | Services - plastic and copper | 16,911,201 | 16,890,908 | 18,624,870 | 2,379,536 | 21,004,406 | 4,113,498 |
| 381.1 | Meters | 2,800,290 | 3,030,488 | 3,024,786 | 798,573 | 3,823,359 | 792,871 |
| 383.1 | House regulators | 430,659 | 430,659 | 430,659 | -52,772 | 377,887 | -52,772 |
| 385.1 | Commercial and industrial regul. equipment | 368,992 | 319,718 | 320,172 | -21,725 | 298,447 | -21,271 |
| 386.1 | Other property on customers' premises | 1,640 | 1,230 | 1,229 | 0 | 1,229 | -1 |
| 387.1 | Other equipment | 11,183 | 13,335 | 13,355 | -6,881 | 6,474 | -6,861 |
| | General Plant | | | | | | |
| 390.1 | Structures and improvements | 15,082 | 17,572 | 17,596 | 6,612 | 24,208 | 6,636 |
| 391.1 | Office furniture and equipment | 165,542 | 207,945 | 207,798 | 142,823 | 350,621 | 142,676 |
| 391.2 | Data processing systems | 1,540,403 | 1,334,131 | 1,333,989 | -318,893 | 1,015,096 | -319,035 |
| 391.3 | Mechanical office equipment | 34,632 | 9,579 | 9,593 | 108,232 | 117,825 | 108,246 |
| 391.4 | Computers and peripheral equipment | 145,292 | 95,030 | 95,021 | 1,118,886 | 1,213,907 | 1,118,877 |
| 392.1 | Transportation Equipment - automobiles | 0 | 123,193 | 123,233 | 0 | 123,233 | 40 |
| 392.2 | Transportation Equipment - trucks | 407,337 | 394,527 | 394,390 | 69,648 | 464,038 | 69,511 |
| 393.1 | Stores equipment | 7,689 | 7,877 | 7,862 | -907 | 6,955 | -922 |
| 394.1 | Tools, shop and garage equipment | 276,436 | 424,589 | 424,640 | 452,231 | 876,871 | 452,282 |
| 395.1 | Laboratory equipment | 11,047 | 8,736 | 8,726 | 2,315 | 11,041 | 2,305 |
| 396.1 | Power operated equipment | 1,158,672 | 1,093,735 | 1,093,371 | -390,895 | 702,476 | -391,259 |
| 397.1 | Communication equipment | 60,504 | 65,824 | 65,829 | 60,551 | 126,380 | 60,556 |
| 398.1 | Miscellaneous equipment | 44,850 | 76,366 | 76,309 | 28,399 | 104,708 | 28,342 |
| | TOTAL | 34,697,448 | 34,084,004 | 36,540,178 | 2,561,393 | 39,101,571 | 5,017,567 |

LACLEDE GAS COMPANY
GR-2010-0171

Annual Accrual Comparison: Current, Staff, Company

| Acct. No. | Account | Current Annual Accrual | Staff | Company | | | Company less Staff Annual Difference |
|-----------|--|------------------------|-------------------|--------------------|------------------------|-------------------|--------------------------------------|
| | | | Annual Accrual | Annual Accrual (E) | added amortization (F) | E + F | |
| | Manufactured Gas Plant | | | | | | |
| 305 | Structures and improvements | 18,081 | 20,793 | 20,793 | -10,654 | 10,139 | -10,654 |
| 307 | Other power equipment | 5,566 | 5,825 | 5,825 | -1,228 | 4,597 | -1,228 |
| 311 | Liquefied petroleum gas (LPG) equipment | 171,850 | 147,369 | 161,404 | -30,442 | 130,962 | -16,407 |
| 311.1 | LPG storage caverns | 53,610 | 87,900 | 87,900 | 0 | 87,900 | 0 |
| | Underground Storage Plant | | | | | | |
| 351.2 | Compressor station structures | 20,453 | 15,681 | 14,999 | -8,470 | 6,529 | -9,152 |
| 351.4 | Other structures - underground storage | 21,815 | 20,034 | 18,383 | -14,128 | 4,255 | -15,779 |
| 352.1 | Wells and reservoirs - underground storage | 0 | 77,818 | 80,947 | -128,733 | -47,786 | -125,604 |
| 352.3 | Non-recoverable gas | 0 | 68,457 | 68,457 | -62,660 | 5,797 | -62,660 |
| 352.4 | Wells - oil and vent gas | 0 | 9,050 | 9,462 | -6,191 | 3,271 | -5,779 |
| 353 | Lines - underground storage | 33,761 | 49,516 | 51,579 | -37,968 | 13,611 | -35,905 |
| 354 | Compressor station equipment | 29,418 | 46,080 | 48,274 | -24,464 | 23,810 | -22,270 |
| 355 | Measuring and regulating equipment | 36,045 | 40,274 | 42,288 | -29,387 | 12,901 | -27,373 |
| 356 | Purification equipment | 5,546 | 5,824 | 5,824 | -1,946 | 3,878 | -1,946 |
| 357 | Other equipment | 2,807 | 3,085 | 3,239 | 1,317 | 4,556 | 1,471 |
| | Transmission Plant | | | | | | |
| 367 | Mains | 0 | 30,208 | 30,892 | -22,390 | 8,502 | -21,706 |
| 371 | Other equipment | 0 | 400 | 400 | 0 | 400 | 0 |
| | Distribution Plant | | | | | | |
| 375.1 | District Measuring and Regulating | 7,393 | 6,777 | 6,018 | 1,238 | 7,256 | 479 |
| 375.2 | Service centers | 241,158 | 184,725 | 168,248 | 12,387 | 180,635 | -4,090 |
| 375.3 | Garage | 19,778 | 14,504 | 13,198 | 362 | 13,560 | -944 |
| 375.4 | Other small structures | 3,225 | 2,688 | 2,822 | -606 | 2,216 | -472 |
| 376.1 | Mains - steel | 3,092,718 | 3,221,582 | 3,294,604 | -1,742,557 | 1,552,047 | -1,669,535 |
| 376.2 | Mains - cast iron | 474,470 | 322,525 | 321,378 | 430,233 | 751,611 | 429,086 |
| 376.3 | Mains - plastic and copper | 3,630,568 | 3,064,014 | 3,802,846 | -220,888 | 3,581,958 | 517,944 |
| 378.1 | Measuring and regulating station equip. (gen.) | 339,589 | 339,147 | 339,147 | 68,290 | 407,437 | 68,290 |
| 379.1 | Measuring and regulating station equip. (CGCS) | 78,204 | 88,512 | 83,031 | 18,902 | 101,933 | 13,421 |
| 380.1 | Services - steel | 2,019,941 | 1,665,775 | 1,714,826 | 141,846 | 1,856,672 | 190,897 |
| 380.2 | Services - plastic and copper | 16,911,201 | 16,890,908 | 18,246,059 | 2,279,747 | 20,525,806 | 3,634,898 |
| 381.1 | Meters | 2,800,290 | 3,030,488 | 3,471,341 | 984,027 | 4,455,368 | 1,424,880 |
| 383.1 | House regulators | 430,659 | 430,659 | 430,659 | -52,772 | 377,887 | -52,772 |
| 385.1 | Commercial and industrial regul. equipment | 368,992 | 319,718 | 318,582 | -21,250 | 297,332 | -22,386 |
| 386.1 | Other property on customers' premises | 1,640 | 1,230 | 1,142 | 0 | 1,142 | -88 |
| 387.1 | Other equipment | 11,183 | 13,335 | 13,788 | -6,648 | 7,140 | -6,195 |
| | General Plant | | | | | | |
| 390.1 | Structures and improvements | 15,082 | 17,572 | 17,572 | 5,514 | 23,086 | 5,514 |
| 391.1 | Office furniture and equipment | 165,542 | 207,945 | 207,945 | 142,823 | 350,768 | 142,823 |
| 391.2 | Data processing systems | 1,540,403 | 1,334,131 | 1,334,131 | -325,976 | 1,008,155 | -325,976 |
| 391.3 | Mechanical office equipment | 34,632 | 9,579 | 9,579 | 108,232 | 117,811 | 108,232 |
| 391.4 | Computers and peripheral equipment | 145,292 | 95,030 | 95,030 | 1,118,886 | 1,213,916 | 1,118,886 |
| 392.1 | Transportation Equipment - automobiles | 0 | 123,193 | 125,622 | 0 | 125,622 | 2,429 |
| 392.2 | Transportation Equipment - trucks | 407,337 | 394,527 | 401,426 | 33,251 | 434,677 | 40,150 |
| 393.1 | Stores equipment | 7,689 | 7,877 | 7,877 | -907 | 6,970 | -907 |
| 394.1 | Tools, shop and garage equipment | 276,436 | 424,589 | 424,589 | 452,231 | 876,820 | 452,231 |
| 395.1 | Laboratory equipment | 11,047 | 8,736 | 8,736 | 2,315 | 11,051 | 2,315 |
| 396.1 | Power operated equipment | 1,158,672 | 1,093,735 | 1,093,735 | -360,044 | 733,691 | -360,044 |
| 397.1 | Communication equipment | 60,504 | 65,824 | 65,824 | 60,551 | 126,375 | 60,551 |
| 398.1 | Miscellaneous equipment | 44,850 | 76,366 | 76,366 | 28,399 | 104,765 | 28,399 |
| | TOTAL | 34,697,448 | 34,084,004 | 36,746,788 | 2,780,242 | 39,527,030 | 5,443,026 |

LACLEDE GAS COMPANY
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Recommended Annual Depreciation Rates & Parameters Comparison

| Account Number | Account Description | Average Service Life (Years) Staff | Average Service Life (Years) Company | Iowa Curve Staff | Iowa Curve Company | Net Salvage Staff | Net Salvage Company | Staff Whole Life Depreciation Rate (%) | Company Whole Life Depreciation Rate (%) |
|----------------|--|------------------------------------|--------------------------------------|------------------|--------------------|-------------------|---------------------|--|--|
| | Manufactured Gas Plant | | | | | | | | |
| 305 | Structures and improvements | 60 | 60 | R0.5 | R0.5 | -15% | -15% | 1.92% | 0.75% |
| 307 | Other power equipment | 30 | 30 | R3 | R3 | -10% | -10% | 3.67% | 3.01% |
| 311 | Liquefied petroleum gas (LPG) equipment | 33 | 33 | R1 | R1 | -5% | -5% | 3.18% | 2.33% |
| 311.1 | LPG storage caverns | 55 | 55 | S3 | S3 | 0% | 0% | 1.82% | 1.82% |
| | Underground Storage Plant | | | | | | | | |
| 351.2 | Compressor station structures | 45 | 45 | S1.5 | S1.5 | -15% | -15% | 2.56% | 1.30% |
| 351.4 | Other structures - underground storage | 55 | 55 | R1.5 | R1.5 | -10% | -10% | 2.00% | 0.73% |
| 352.1 | Wells and reservoirs - underground storage | 90 | 90 | S2.5 | S2.5 | -10% | -10% | 1.22% | -0.72% |
| 352.3 | Non-recoverable gas | 90 | 90 | S2.5 | S2.5 | 0% | 0% | 1.11% | 0.14% |
| 352.4 | Wells - oil and vent gas | 90 | 90 | S2.5 | S2.5 | -10% | -10% | 1.22% | 0.44% |
| 353 | Lines - underground storage | 70 | 70 | R2.5 | R2.5 | -20% | -20% | 1.71% | 0.32% |
| 354 | Compressor station equipment | 55 | 55 | S2 | S2 | -5% | -5% | 1.91% | 0.77% |
| 355 | Measuring and regulating equipment | 50 | 50 | S0.5 | S0.5 | 0% | 0% | 2.00% | 0.07% |
| 356 | Purification equipment | 42 | 42 | R2 | R2 | -5% | -5% | 2.50% | 1.66% |
| 357 | Other equipment | 20 | 20 | L2.5 | L2.5 | 0% | 0% | 5.00% | 6.69% |
| | Transmission Plant | | | | | | | | |
| 367 | Mains | 80 | 80 | R2 | R2 | -20% | -20% | 1.50% | 0.32% |
| 371 | Other equipment | 45 | 45 | S3 | S3 | -5% | -5% | 2.33% | 2.33% |
| | Distribution Plant | | | | | | | | |
| 375.1 | District Measuring and Regulating | 40 | 40 | R0.5 | R0.5 | -10% | -10% | 2.75% | 3.29% |
| 375.2 | Service centers | 50 | 50 | R0.5 | R0.5 | -15% | -15% | 2.30% | 2.29% |
| 375.3 | Garage | 50 | 50 | S0 | S0 | -10% | -10% | 2.20% | 2.40% |
| 375.4 | Other small structures | 40 | 40 | R0.5 | R0.5 | 0% | 0% | 2.50% | 1.69% |
| 376.1 | Mains - steel | 80 | 80 | R2 | R2 | -20% | -20% | 1.50% | 0.65% |
| 376.2 | Mains - cast iron | 80 | 80 | S1 | S1 | -80% | -80% | 2.25% | 5.34% |
| 376.3 | Mains - plastic and copper | 80 | 70 | R2 | R3 | -6% | -15% | 1.32% | 1.54% |
| 378.1 | Measuring and regulating station equip. (gen.) | 35 | 35 | O1 | O1 | -30% | -30% | 3.71% | 4.46% |
| 379.1 | Measuring and regulating station equip. (CGCS) | 31 | 31 | R0.5 | R0.5 | -30% | -30% | 4.19% | 4.94% |
| 380.1 | Services - steel | 44 | 44 | R0.5 | R0.5 | -90% | -90% | 4.32% | 4.57% |
| 380.2 | Services - plastic and copper | 44 | 40 | R0.5 | R2.5 | -65% | -65% | 3.75% | 4.66% |
| 381.1 | Meters | 37 | 37 | S1 | S1 | 5% | 5% | 2.57% | 3.24% |
| 383.1 | House regulators | 50 | 50 | R3 | R3 | 0% | 0% | 2.00% | 1.75% |
| 385.1 | Commercial and industrial regul. equipment | 39 | 39 | S0 | S0 | -10% | -10% | 2.82% | 2.63% |
| 386.1 | Other property on customers' premises | 13 | 13 | L3 | L3 | 0% | 0% | 7.69% | 5.35% |
| 387.1 | Other equipment | 30 | 30 | R0.5 | R0.5 | 0% | 0% | 3.33% | 1.61% |
| | General Plant | | | | | | | | |
| 390.1 | Structures and improvements | 30 | 30 | S1 | S1 | -5% | -5% | 3.50% | 4.82% |
| 391.1 | Office furniture and equipment | 20 | 20 | SQ | SQ | 0% | 0% | 5.00% | 7.05% |
| 391.2 | Data processing systems | 5 | 5 | SQ | SQ | 0% | 0% | 20.00% | 13.18% |
| 391.3 | Mechanical office equipment | 15 | 15 | SQ | SQ | 0% | 0% | 6.67% | 34.02% |
| 391.4 | Computers and peripheral equipment | 5 | 5 | SQ | SQ | 0% | 0% | 20.00% | 83.55% |
| 392.1 | Transportation Equipment - automobiles | 6 | 6 | L3 | L3 | 15% | 15% | 14.17% | 13.90% |
| 392.2 | Transportation Equipment - trucks | 11 | 11 | S2.5 | S2.5 | 10% | 10% | 8.18% | 9.32% |
| 393.1 | Stores equipment | 25 | 25 | SQ | SQ | 0% | 0% | 4.00% | 2.01% |
| 394.1 | Tools, shop and garage equipment | 20 | 20 | SQ | SQ | 0% | 0% | 5.00% | 8.34% |
| 395.1 | Laboratory equipment | 20 | 20 | SQ | SQ | 0% | 0% | 5.00% | 3.57% |
| 396.1 | Power operated equipment | 13 | 13 | L2 | L2 | 15% | 15% | 6.54% | 4.20% |
| 397.1 | Communication equipment | 15 | 15 | SQ | SQ | 0% | 0% | 6.67% | 10.44% |
| 398.1 | Miscellaneous equipment | 15 | 15 | SQ | SQ | 0% | 0% | 6.67% | 8.05% |

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Recommended Annual Depreciation Rates & Parameters Comparison

| Account Number | Account Description | Average Service Life (Years) Staff | Average Service Life (Years) Company | Iowa Curve Staff | Iowa Curve Company | Net Salvage Staff | Net Salvage Company | Staff Whole Life Depreciation Rate (%) | Company Whole Life Depreciation Rate (%) |
|----------------------------------|--|---------------------------------------|---|---------------------|-----------------------|----------------------|------------------------|--|--|
| Manufactured Gas Plant | | | | | | | | | |
| 305 | Structures and improvements | 60 | 60 | R0.5 | R1 | -15% | -15% | 1.92% | NA |
| 307 | Other power equipment | 30 | 30 | R3 | S2.5 | -10% | -10% | 3.67% | NA |
| 311 | Liquefied petroleum gas (LPG) equipment | 33 | 33 | R1 | R1.5 | -5% | -15% | 3.18% | NA |
| 311.1 | LPG storage caverns | 55 | 55 | S3 | S3 | 0% | 0% | 1.82% | NA |
| Underground Storage Plant | | | | | | | | | |
| 351.2 | Compressor station structures | 45 | 45 | S1.5 | S1.5 | -15% | -10% | 2.56% | NA |
| 351.4 | Other structures - underground storage | 55 | 60 | R1.5 | R1.5 | -10% | -10% | 2.00% | NA |
| 352.1 | Wells - underground storage | 90 | 90 | S2.5 | R2.5 | -10% | -15% | 1.22% | NA |
| 352.2 | Reservoirs - underground storage | 90 | 90 | S2.5 | R2.5 | -10% | 0% | 1.22% | NA |
| 352.3 | Non-recoverable gas | 90 | 90 | S2.5 | R2.5 | 0% | 0% | 1.11% | NA |
| 352.4 | Wells - oil and vent gas | 90 | 90 | S2.5 | R2.5 | -10% | -15% | 1.22% | NA |
| 353 | Lines - underground storage | 70 | 70 | R2.5 | R2.5 | -20% | -25% | 1.71% | NA |
| 354 | Compressor station equipment | 55 | 55 | S2 | S2 | -5% | -10% | 1.91% | NA |
| 355 | Measuring and regulating equipment | 50 | 50 | S0.5 | R2.5 | 0% | -5% | 2.00% | NA |
| 356 | Purification equipment | 42 | 42 | R2 | R2 | -5% | -5% | 2.50% | NA |
| 357 | Other equipment | 20 | 20 | L2.5 | L2.5 | 0% | -5% | 5.00% | NA |
| Transmission Plant | | | | | | | | | |
| 367 | Mains | 80 | 85 | R2 | R2 | -20% | -30% | 1.50% | NA |
| 371 | Other equipment | 45 | 45 | S3 | S3 | -5% | -5% | 2.33% | NA |
| Distribution Plant | | | | | | | | | |
| 375.1 | District Measuring and Regulating | 40 | 45 | R0.5 | R1 | -10% | -10% | 2.75% | NA |
| 375.2 | Service centers | 50 | 55 | R0.5 | R1.5 | -15% | -15% | 2.30% | NA |
| 375.3 | Garage | 50 | 55 | S0 | S0 | -10% | -10% | 2.20% | NA |
| 375.4 | Other small structures | 40 | 40 | R0.5 | S0 | 0% | -5% | 2.50% | NA |
| 376.1 | Mains - steel | 80 | 85 | R2 | R2 | -20% | -30% | 1.50% | NA |
| 376.2 | Mains - cast iron | 80 | 85 | S1 | S1 | -80% | -90% | 2.25% | NA |
| 376.3 | Mains - plastic and copper | 80 | 70 | R2 | R3 | -6% | -15% | 1.32% | NA |
| 378.1 | Measuring and regulating station equip. (gen.) | 35 | 35 | O1 | O1 | -30% | -30% | 3.71% | NA |
| 379.1 | Measuring and regulating station equip. (CGCS) | 31 | 33 | R0.5 | S0 | -30% | -30% | 4.19% | NA |
| 380.1 | Services - steel | 44 | 45 | R0.5 | R0.5 | -90% | -100% | 4.32% | NA |
| 380.2 | Services - plastic and copper | 44 | 42 | R0.5 | R2.5 | -65% | -70% | 3.75% | NA |
| 381.1 | Meters | 37 | 33 | S1 | S0.5 | 5% | 3% | 2.57% | NA |
| 383.1 | House regulators | 50 | 50 | R3 | R3 | 0% | 0% | 2.00% | NA |
| 385.1 | Commercial and industrial regul. equipment | 39 | 41 | S0 | S0 | -10% | -15% | 2.82% | NA |
| 386.1 | Other property on customers' premises | 13 | 14 | L3 | L3 | 0% | 0% | 7.69% | NA |
| 387.1 | Other equipment | 30 | 32 | R0.5 | R0.5 | 0% | -10% | 3.33% | NA |
| General Plant | | | | | | | | | |
| 390.1 | Structures and improvements | 30 | 30 | S1 | S0.5 | -5% | -5% | 3.50% | NA |
| 391.1 | Office furniture and equipment | 20 | 20 | SQ | SQ | 0% | 0% | 5.00% | NA |
| 391.2 | Data processing systems | 5 | 5 | SQ | SQ | 0% | 0% | 20.00% | NA |
| 391.3 | Mechanical office equipment | 15 | 15 | SQ | SQ | 0% | 0% | 6.67% | NA |
| 391.4 | Computers and peripheral equipment | 5 | 5 | SQ | SQ | 0% | 0% | 20.00% | NA |
| 392.1 | Transportation Equipment - automobiles | 6 | 6 | L3 | L2.5 | 15% | 15% | 14.17% | NA |
| 392.2 | Transportation Equipment - trucks | 11 | 11 | S2.5 | L3 | 10% | 10% | 8.18% | NA |
| 393.1 | Stores equipment | 25 | 25 | SQ | SQ | 0% | 0% | 4.00% | NA |
| 394.1 | Tools, shop and garage equipment | 20 | 20 | SQ | SQ | 0% | 0% | 5.00% | NA |
| 395.1 | Laboratory equipment | 20 | 20 | SQ | SQ | 0% | 0% | 5.00% | NA |
| 396.1 | Power operated equipment | 13 | 13 | L2 | L2.5 | 15% | 15% | 6.54% | NA |
| 397.1 | Communication equipment | 15 | 15 | SQ | SQ | 0% | 0% | 6.67% | NA |
| 398.1 | Miscellaneous equipment | 15 | 15 | SQ | SQ | 0% | 0% | 6.67% | NA |

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Recommended Annual Depreciation Rates

| <u>Account Number</u> | <u>Account Description</u> | <u>Average Service Life (Years) Staff</u> | <u>Iowa Curve Staff</u> | <u>Net Salvage Staff</u> | <u>Staff Whole Life Depreciation Rate (%)</u> |
|-----------------------|--|---|-------------------------|--------------------------|---|
| | Manufactured Gas Plant | | | | |
| 305 | Structures and improvements | 60 | R0.5 | -15% | 1.92% |
| 307 | Other power equipment | 30 | R3 | -10% | 3.67% |
| 311 | Liquefied petroleum gas (LPG) equipment | 33 | R1 | -5% | 3.18% |
| 311.1 | LPG storage caverns | 55 | S3 | 0% | 1.82% |
| | Underground Storage Plant | | | | |
| 351.2 | Compressor station structures | 45 | S1.5 | -15% | 2.56% |
| 351.4 | Other structures - underground storage | 55 | R1.5 | -10% | 2.00% |
| 352.1 | Wells - underground storage | 90 | S2.5 | -10% | 1.22% |
| 352.2 | Reservoirs - underground storage | 90 | S2.5 | -10% | 1.22% |
| 352.3 | Non-recoverable gas | 90 | S2.5 | 0% | 1.11% |
| 352.4 | Wells - oil and vent gas | 90 | S2.5 | -10% | 1.22% |
| 353 | Lines - underground storage | 70 | R2.5 | -20% | 1.71% |
| 354 | Compressor station equipment | 55 | S2 | -5% | 1.91% |
| 355 | Measuring and regulating equipment | 50 | S0.5 | 0% | 2.00% |
| 356 | Purification equipment | 42 | R2 | -5% | 2.50% |
| 357 | Other equipment | 20 | L2.5 | 0% | 5.00% |
| | Transmission Plant | | | | |
| 367 | Mains | 80 | R2 | -20% | 1.50% |
| 371 | Other equipment | 45 | S3 | -5% | 2.33% |
| | Distribution Plant | | | | |
| 375.1 | District Measuring and Regulating | 40 | R0.5 | -10% | 2.75% |
| 375.2 | Service centers | 50 | R0.5 | -15% | 2.30% |
| 375.3 | Garage | 50 | S0 | -10% | 2.20% |
| 375.4 | Other small structures | 40 | R0.5 | 0% | 2.50% |
| 376.1 | Mains - steel | 80 | R2 | -20% | 1.50% |
| 376.2 | Mains - cast iron | 80 | S1 | -80% | 2.25% |
| 376.3 | Mains - plastic and copper | 80 | R2 | -6% | 1.32% |
| 378.1 | Measuring and regulating station equip. (gen.) | 35 | O1 | -30% | 3.71% |
| 379.1 | Measuring and regulating station equip. (CGCS) | 31 | R0.5 | -30% | 4.19% |
| 380.1 | Services - steel | 44 | R0.5 | -90% | 4.32% |
| 380.2 | Services - plastic and copper | 44 | R0.5 | -65% | 3.75% |
| 381.1 | Meters | 37 | S1 | 5% | 2.57% |
| 383.1 | House regulators | 50 | R3 | 0% | 2.00% |
| 385.1 | Commercial and industrial regul. equipment | 39 | S0 | -10% | 2.82% |
| 386.1 | Other property on customers' premises | 13 | L3 | 0% | 7.69% |
| 387.1 | Other equipment | 30 | R0.5 | 0% | 3.33% |
| | General Plant | | | | |
| 390.1 | Structures and improvements | 30 | S1 | -5% | 3.50% |
| 391.1 | Office furniture and equipment | 20 | SQ | 0% | 5.00% |
| 391.2 | Data processing systems | 5 | SQ | 0% | 20.00% |
| 391.3 | Mechanical office equipment | 15 | SQ | 0% | 6.67% |
| 391.4 | Computers and peripheral equipment | 5 | SQ | 0% | 20.00% |
| 392.1 | Transportation Equipment - automobiles | 6 | L3 | 15% | 14.17% |
| 392.2 | Transportation Equipment - trucks | 11 | S2.5 | 10% | 8.18% |
| 393.1 | Stores equipment | 25 | SQ | 0% | 4.00% |
| 394.1 | Tools, shop and garage equipment | 20 | SQ | 0% | 5.00% |
| 395.1 | Laboratory equipment | 20 | SQ | 0% | 5.00% |
| 396.1 | Power operated equipment | 13 | L2 | 15% | 6.54% |
| 397.1 | Communication equipment | 15 | SQ | 0% | 6.67% |
| 398.1 | Miscellaneous equipment | 15 | SQ | 0% | 6.67% |