Exhibit No.:	
Issue:	Depreciation Rates
Witness:	Richard A. Kottemann, Jr.
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	Laclede Gas Company
Case No.:	GR-99-315

LACLEDE GAS COMPANY

GR-99-315

SURREBUTTAL TESTIMONY

OF

RICHARD A. KOTTEMANN, JR.

Surrebuttal Testimony of Richard A. Kottemann, Jr.

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SURREBUTTAL TESTIMONY OF RICHARD A. KOTTEMANN, JR.

Introduction

Q. Please state your name, title and business address.

A. My name is Richard A. Kottemann, Jr. I am Superintendent of Environmental and Design Engineering at Laclede Gas Company, and my business address is 3950 Forest Park Avenue, St. Louis, Missouri, 63108.

Q. Are you the same Richard A. Kottemann, Jr. who previously submitted pre-filed direct testimony and rebuttal testimony in this case?

A. Yes, I am.

Q. What is the purpose of your testimony?

A. I will respond to Staff witness Paul Adam's rebuttal testimony, with respect to certain statements he makes concerning Laclede's recommended treatment of net salvage for depreciation accounting, and concerning the removal cost and prospective retirement of Laclede's gas holders. Dr. Ronald White will also address portions of Mr. Adam's testimony.

Treatment of Net Salvage

Q. Please refer to Adam Rebuttal, page 2, lines 3-8, wherein Mr. Adam uses the terms " Mr. Kottemann's method" and " the 'Kottemann calculation'." Did you devise a new or non-traditional treatment of net salvage for this case?

A. No. The method Laclede used for calculation of net salvage is commonly accepted and widely used. It was not devised or revised by me. It conforms to methods recommended in numerous texts by knowledgeable depreciation professionals. I am, therefore, at a loss as to why Mr. Adam distinguishes Laclede's method of calculation from the so-called " classical calculation."

Q. How does Laclede's method of calculation differ from that of Mr. Adam?

A. I included the formula Laclede uses on page 4, lines 17-18 of my direct testimony in this case. Although terms differ slightly, this formula is based upon one shown in Engineering Valuation and Depreciation, by Marston, Winfrey, and Hempstead:

> 10.7. Depreciation Base. For cost accounting purposes the original cost of the depreciable property is the widely used depreciation base for both the unit and group methods. The depreciation rate is usually adjusted for the estimated salvage value when the straight line method is used:

$$\text{Depreciation rate} = \frac{1.00 - \frac{\text{estimated salvage value}}{\text{original cost}}}{\text{probable life or average life}} \qquad (10.1)$$

In the same text, this passage follows under Section 10.11., Salvage Value:

> Many properties produce no salvage value upon retirement because either they are abandoned in place or the cost of dismantling and removal is about equal to the value of the salvaged material. When the cost of removal exceeds the value of the retired property, after its removal, the result is a negative salvage value.
>
> When the straight line method is used, common practice is to determine the depreciation rate to be applied to the depreciation base as indicated by Eq. (10.1).

The formula clearly contemplates the net salvage term as a ratio obtained by dividing estimated salvage by original cost of plant. In deriving the net salvage component of the above depreciation rate equation, Laclede utilizes the following formula:

$$\%\ \text{Net salvage} = \frac{\text{gross salvage - net cost of removal}}{\text{original cost of plant retired}}$$

The formula calculates net salvage as a percentage (the salvage ratio). It is a very simple and straightforward calculation, and Laclede has been performing it as presented in numerous texts since depreciation rates for individual accounts were first developed at Laclede. In order to

determine net salvage for inclusion in the depreciation rate calculation, removal expenditures for a given plant account are netted against any positive salvage value over a recent observation period, and divided by the original cost of plant retired over the same period. This is exactly what Laclede did in recommending rates requested in this, and previous filings, as I explained in detail on pages 5-6 of my direct testimony. Mr. Adam, on the other hand, deviates radically from this commonly accepted formula in his treatment of net salvage cost.

Q. In his rebuttal testimony, Mr. Adam takes exception with your position that his recommended treatment of net salvage violates generally accepted accounting principles (GAAP). Does Mr. Adam's treatment of net salvage cost conform to GAAP?

A. No, not according to any texts addressing depreciation which I have encountered. All references I am familiar with universally specify that estimated net salvage costs be amortized over the life of the property in deriving straight-line depreciation rates. For example, the publication titled Public Utility Depreciation Practices, compiled and edited by the Depreciation Subcommittee of the National Association of Regulatory Utility Commissioners (NARUC), under Chapter II,

" Current Concepts in Depreciation," Section G, " Salvage," provides as follows:

> Thus the intent of the present concept is to allocate the net cost of removal of an asset to annual accounting periods, making due allowance for the net salvage, positive or negative, that will be obtained when the asset is retired. This concept carries with it the thought that ownership of property entails the responsibility for its ultimate abandonment or removal. Hence if current users of the property benefit from its use, they should pay their pro rata share of the costs involved in the abandonment or removal of the property.
>
> This treatment of salvage is in harmony with generally accepted accounting principles and tends to remove from the income statement fluctuations caused by erratic, although necessary, abandonment and uneconomical removal operations. It also has the advantage that current consumers pay a fair share, even though estimated, of costs associated with the property devoted to their service.

This passage contradicts Mr. Adam's recommended treatment in several respects. Mr. Adam's method recognizes the dollars expended toward removal cost over a recent observation period, but grossly understates these expenditures as a percent of the original cost of plant retired. The latter ratio is the accepted way of using recent salvage and cost of removal data to determine estimated net salvage, as it is defined in the depreciation rate formula, because this is precisely the

mechanism which properly allocates the future cost of removal to the current customer base.

As another example, a passage on page 7 of the text entitled Depreciation Systems, by Wolf and Fitch, appears eminently clear in this regard:

> Under GAAP, the depreciation accrual is calculated by dividing the *service cost* by the estimated useful life. The service cost component is the original historical cost minus the *net salvage*. Net salvage is the scrap value of the asset minus the related cost of retiring. . . . . Note that the estimate of net salvage requires an estimate of both the residual value of the asset and the retirement cost of that asset at the *end* of the life. . . . When the service cost is calculated as the original historical cost minus the negative net salvage, the result is a service cost factor to be allocated that is greater than the original cost. Accounting theory supports matching this total cost of using the asset against the revenues earned during the asset's life.

Q. Given your earlier reference to the current customer base, Mr. Adam claims his recommended method provides superior consideration for " the intergenerational problem." Would you please respond?

A. Exactly the opposite is true. Mr. Adam's treatment allows only that dollar amount of net salvage experienced in recent years. If no removal costs are incurred, then no collection is allowed. This loads all future removal costs of property

in service onto future customers, while customers currently enjoying use of the asset pay nothing toward its eventual retirement. If that retirement is many years in the future, then this imbalance only grows larger and larger given Mr. Adam's adjustment.

Q. Should depreciation accounting only focus on collecting from current customers what the Company is currently spending to retire items of plant, as Mr. Adam asserts?

A. No. Mr. Adam is not to my knowledge recommending that the Company collect, in rates, 100 percent of its capital expenditures for the current year, and likewise should not recommend that the Company recover only the current year's net salvage in rates. Actually, it should be clear from the above references that depreciation accounting is focused on allocating the full estimated net cost of removal as evenly as possible over the average service life (ASL) of the account in order to accrue a reserve for future retirements. In this manner, the net salvage expense is borne as equitably as possible by all customers who enjoy use of the asset. The formula Laclede uses, and the way we use it, accomplishes this fundamental goal of depreciation accounting. It is Mr. Adam who initiated an unwarranted deviation from the accepted method and past practice. In this proceeding, Laclede is

merely requesting that the Commission restore the Company's authorization to employ the net salvage formula in the proper manner.

Q. Is the Company's current cost of removal for Mains and Services less than what the net salvage formula you cite above would calculate, as Mr. Adam contends at page 2, line 12 of rebuttal?

A. The dollars collected today through depreciation are accruing toward future retirements, and are not meant to provide instantaneous reimbursement of annual retirement activity. When the net cost of removal is viewed as a percent of the original cost of plant retired, the amount thus calculated yields an appropriate annualized accrual, distributed over the ASL of the plant account.

Q. Will it cost more in the future than it does now for Laclede to abandon a Main or Service?I cannot predict the future any better than Mr. Adam; however, I can use past trends in removal cost to estimate future removal costs. Using such recent activity as a way to estimate the appropriate salvage ratio for inclusion in the depreciation rate formula is completely consistent with Laclede's past practice. To illustrate this point, I submit Schedules 1 and 2.

Q. Please explain Schedules 1 and 2.

A. Schedule 1 consists of four pages which show, in graphical form, salvage ratios based upon Laclede's recorded cost of removal and salvage activity for Mains and Services, from 1972 through 1998. In addition, each graph shows a straight trend line generated by regression analysis of the data. Schedule 2, consisting of four pages, contains the data from which the graphs in Schedule 1 were prepared. Please note the contrast in Laclede's calculated salvage ratios, including easily discernible trends, compared to the net salvage allowance recommended by Mr. Adam. From these data it is apparent that Laclede is experiencing a gradual upward trend in net salvage expense on the Mains accounts, and a more pronounced upward trend in the Services accounts. Even so, Laclede takes the very conservative position of seeking recognition of only that level of net salvage it has actually experienced in recent years, not an extrapolated, trended value.

Q. Mr. Adam predicates the successful implementation of his method on the assumption that Laclede will continue to make frequent rate filings. Is this a reasonable position?

A. In Missouri, gas utilities are required to submit depreciation studies at three to five year intervals. Mr. Adam's position on depreciation would be tantamount to

requiring a rate filing accompanied by a depreciation study virtually every year - a result that is not in anyone's interest.

Q. Please refer to Adam Rebuttal, page 3, lines 5-16, does Mr. Adam present a compelling argument against changing Laclede's depreciation rates in consideration of the available data?

A. No. Because of the flawed net salvage method used by Mr. Adam to manipulate the data in our last case, a change in rates is needed now, despite the lack of new data. Mr. Adam should be aware that the current rates were put into effect as part of the settlement of Case No. GR-98-374, without agreement of any party upon any rate-making principle. Laclede's requested rates in the instant case are consistent with Laclede's interpretation of available data to produce the rates requested by Laclede in the last case. The availability of additional data in a successive case will not materially change the fundamental difference between Laclede and Staff concerning the recommended treatment of net salvage cost.

Gas Holders

Q. Has Laclede proposed collection of " final removal" costs for the Company's four gas holders as Mr. Adam contends at page 3, line 17 of rebuttal?

A. Laclede has presented its estimate of the cost to dismantle

and remediate the four remaining gas holders, and has over a period of years repeatedly refined the estimate, largely at the urging of Staff. It is Mr. Adam who in this proceeding has now attached the term " final removal" to Laclede's estimate.

Q. Has the Company " repeatedly stated that the gas holders will be removed in 10 years" as Mr. Adam claims at page 3, line 20 of rebuttal?

A. No. There is nothing in the record to substantiate this claim. In its Data Request No. 116 to Mr. Adam, Laclede requested that he produce documents in support of this claim. He was unable to do so, yet he continues to present this claim as fact in his testimony. He apparently attributes the alleged " repeated" statement to an employee who has since retired.

Q. Is it reasonable for Mr. Adam to demand that Laclede make a firm commitment to retire the holders by some certain date in exchange for receiving rate recognition for the large negative salvage associated with the holders?

A. No. To my knowledge, no commitments exist, outside of normal fiscal planning, to retire any of Laclede's property assets by a certain date. Retirements are driven by many diverse factors, some of which can be anticipated better than others.

We know that retirements *will* occur, but we do not generally know *when* they will occur. It is peculiar that Mr. Adam singles out the gas holders in this manner.

Q. Is the Company now suggesting that all four gas holders will be removed by 2009 as Mr. Adam states at page 3, line 22 of his rebuttal testimony?

A. No. The Company never suggested this.

Q. Has any employee of the Company made such a suggestion in this case?

A. None of Laclede's employees suggested this. The year 2009 appears nowhere in Laclede's testimony or work papers. The Company has requested continuing authority to use a remaining life of 10 years in calculating the depreciation rate for gas holders. There is no linkage between use of a 10-year remaining life in the formula and a specific year of removal. Rather, my direct testimony, and all discussions with Mr. Adam during this case, have been exceedingly clear that the request to assume a 10-year remaining life reflects an estimated average, with the possibility that some holders may be removed, each side of 10 years.

Q. Does Mr. Adam's confusion about the year 2009 cast doubt on his allegation concerning " repeated statements" in the past about the year 2006?

A. Yes. I believe he was confused then, just as he is confused now.

Q. Please explain again why the Company continues to request authority to use 10 years in the remaining life calculation. Given the probable set of circumstances that will dictate initiation of their removal, 10 years was and remains a reasonable life projection for these holders. Ten years is an estimated *average*. It provides the flexibility to begin removal of one or more holders as early as next year, but does not rule out retaining one or more holders for more than 10 years. Because I have no information at my disposal to recommend a life projection of other than 10 years, I have not requested a change since the use of 10 years was first adopted in Case No. GR-96-193.

Q. Should Laclede consider shortening the projected remaining life in light of Mr. Adam's concern?

A. If Staff wishes to recommend an accelerated rate of accrual, Laclede will be happy to consider it. Assuming the projected reserve requirement were reached prior to all holder assets being retired, Laclede would simply cease depreciation on this account as is the case for a number of other active plant accounts.

Q. On page 4, lines 3-4 of his rebuttal testimony, Mr. Adam states in reference to the holders that " there is no interim net salvage in this account." Do you agree?

A. No. Once again Mr. Adam injects into written testimony that which he cannot substantiate. In Case No. GR-96-193, Mr. Adam was provided with a work paper for the gas holders account, including cost of removal and gross salvage, for the period 1962 through 1995. I have attached this data as Schedule 3, an analysis of which indicates an interim net salvage rate of - 9.15%. This is not to suggest that Laclede should be limited to recovery of its interim net salvage on the gas holders, but is another example of Mr. Adam's erroneous statements and conclusions.

Recommendation

Q. What is your recommendation?

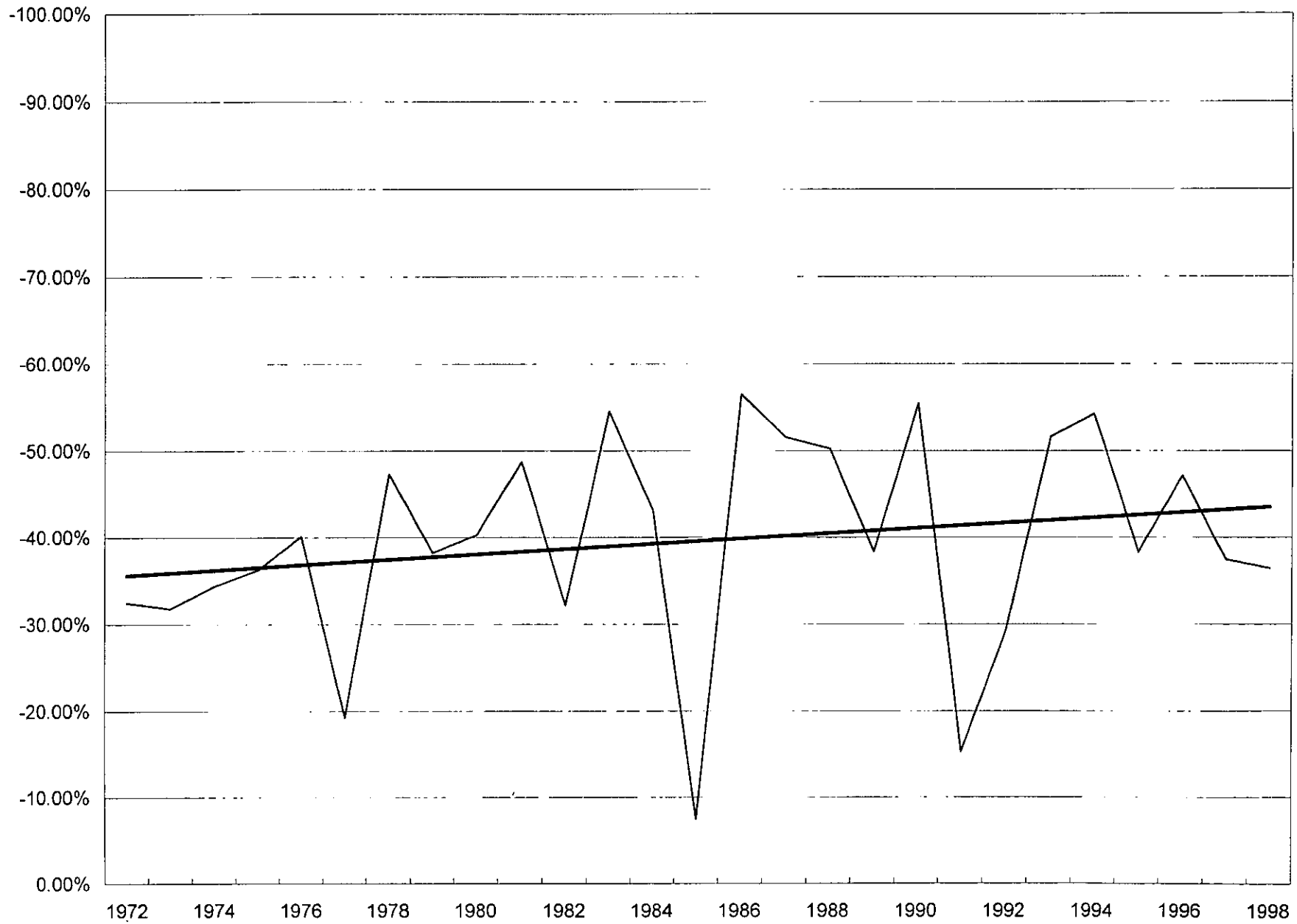
A. I recommend the Commission affirm Laclede's long-standing method of net salvage analysis for use in calculating depreciation rates and approve a phased-in implementation of such rates. I further recommend the Commission approve Laclede's proposed depreciation rate for Gas Holders, Account

362, based on the abundance of verifiable removal cost data that Laclede has furnished to the depreciation Staff.

Q. Does this conclude your surrebuttal testimony?

A. Yes.

Steel Mains - 376.10
Percent Net Salvage

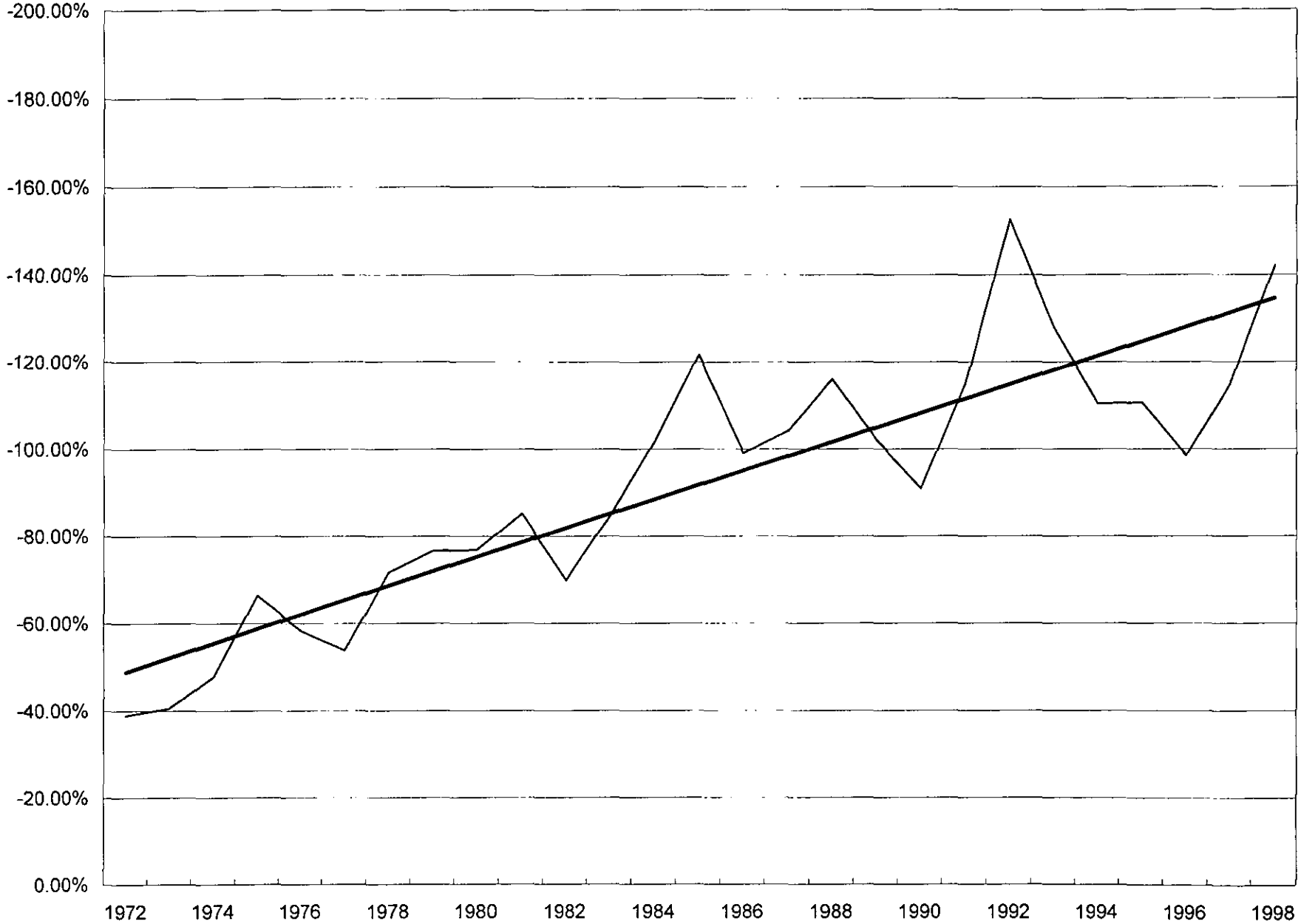


Schedule 1
Page 1 of 4
Kottemann Surrebuttal

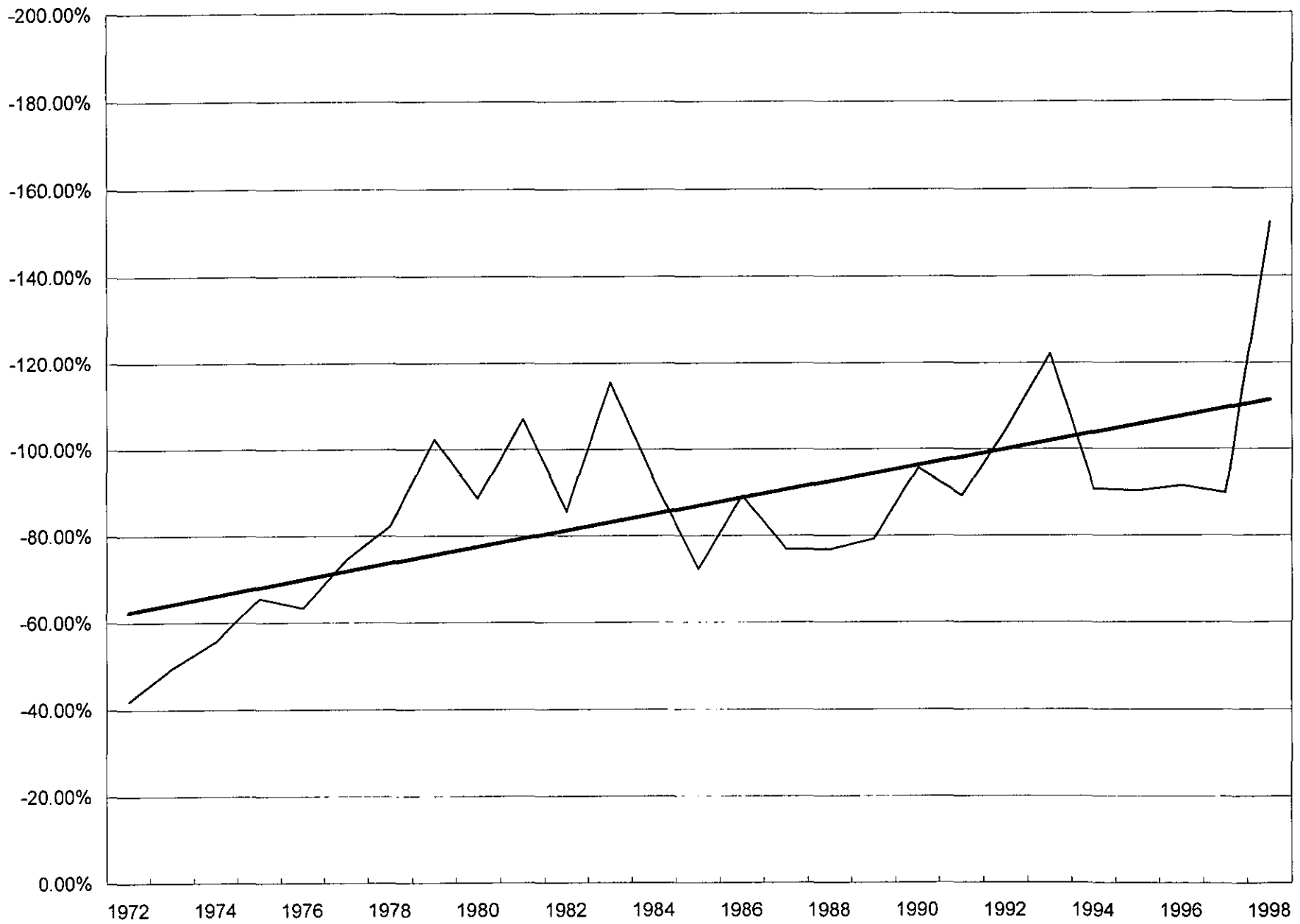
Plastic Mains - 376.30
Percent Net Salvage

Schedule 1
Page 2 of 4
Kottemann Surrebuttal

Steel Services - 380.10
Percent Net Salvage



Plastic & Copper Services - 380.20
Percent Net Salvage



Schedule 1
Page 4 of 4
Kottemann Surrebuttal

Laclede Gas Company
Steel Mains - 376.10

Fiscal Year	Total Retirement Value	Cost of Removal	Gross Salvage	Total Net Salvage	Percent Net Salvage
1972	300,133.42	109,452.21	12,048.83	(97,403.38)	-32.45%
1973	260,231.31	90,975.18	8,286.22	(82,688.96)	-31.78%
1974	163,818.12	79,813.91	23,543.17	(56,270.74)	-34.35%
1975	208,720.92	97,984.53	22,452.23	(75,532.30)	-36.19%
1976	190,213.51	90,289.78	14,067.45	(76,222.33)	-40.07%
1977	165,439.02	60,305.14	28,430.38	(31,874.76)	-19.27%
1978	158,830.74	89,411.38	14,350.43	(75,060.95)	-47.26%
1979	139,894.10	80,256.99	26,847.80	(53,409.19)	-38.18%
1980	191,134.94	99,280.02	22,327.14	(76,952.88)	-40.26%
1981	210,733.61	127,865.14	25,250.02	(102,615.12)	-48.69%
1982	216,034.91	97,312.75	27,867.85	(69,444.90)	-32.15%
1983	149,309.25	99,303.90	17,928.46	(81,375.44)	-54.50%
1984	172,548.57	110,623.53	36,374.65	(74,248.88)	-43.03%
1985	289,565.02	109,190.73	87,555.85	(21,634.88)	-7.47%
1986	101,607.46	70,895.04	13,521.46	(57,373.58)	-56.47%
1987	197,727.99	137,577.71	35,647.96	(101,929.75)	-51.55%
1988	128,376.18	97,772.36	33,298.38	(64,473.98)	-50.22%
1989	304,735.49	134,816.13	17,989.84	(116,826.29)	-38.34%
1990	191,495.28	119,494.05	13,360.71	(106,133.34)	-55.42%
1991	354,391.62	146,159.79	92,008.75	(54,151.04)	-15.28%
1992	272,789.91	161,145.14	80,908.60	(80,236.54)	-29.41%
1993	224,662.60	187,952.63	72,012.12	(115,940.51)	-51.61%
1994	217,262.42	158,893.48	41,113.11	(117,780.37)	-54.21%
1995	304,404.14	159,483.85	43,113.16	(116,370.69)	-38.23%
1996	282,449.76	209,204.61	76,149.74	(133,054.87)	-47.11%
1997	425,722.95	235,420.89	76,189.89	(159,231.00)	-37.40%
1998	184,349.52	132,131.80	64,995.37	(67,136.43)	-36.42%

Time Period	Average Percent Net Salvage	Staff's Allowed Net Salvage
1972 - 1980	-35.17%	
1981 - 1989	-38.96%	
1990 - 1998	-38.66%	-7.00%
1972 - 1998	-37.71%	

Laclede Gas Company
Plastic Mains - 376.30

Fiscal Year	Total Retirement Value	Cost of Removal	Gross Salvage	Total Net Salvage	Percent Net Salvage
1972	-	-	-	-	0.00%
1973	-	-	-	-	0.00%
1974	-	-	-	-	0.00%
1975	-	-	-	-	0.00%
1976	-	-	-	-	0.00%
1977	-	-	-	-	0.00%
1978	-	-	-	-	0.00%
1979	-	-	-	-	0.00%
1980	-	-	-	-	0.00%
1981	-	-	-	-	0.00%
1982	-	-	-	-	0.00%
1983	-	-	-	-	0.00%
1984	-	-	-	-	0.00%
1985	-	-	-	-	0.00%
1986	-	-	-	-	0.00%
1987	-	-	-	-	0.00%
1988	9,705.91	5,532.28	3,345.22	(2,187.06)	-22.53%
1989	26,574.17	11,962.43	9,929.52	(2,032.91)	-7.65%
1990	56,101.85	15,184.88	9,247.11	(5,937.77)	-10.58%
1991	20,457.97	9,385.78	14,651.05	5,265.27	25.74%
1992	36,340.96	20,110.39	3,075.64	(17,034.75)	-46.87%
1993	16,187.71	17,673.56	2,883.62	(14,789.94)	-91.37%
1994	27,345.83	16,583.00	3,475.89	(13,107.11)	-47.93%
1995	40,244.57	15,961.38	10,185.95	(5,775.43)	-14.35%
1996	33,828.29	15,170.06	3,518.97	(11,651.09)	-34.44%
1997	42,459.09	22,629.80	6,130.84	(16,498.96)	-38.86%
1998	38,834.64	15,914.65	1,534.97	(14,379.68)	-37.03%

Time Period	Average Percent Net Salvage	Staff's Allowed Net Salvage
1988 - 1992	-14.70%	
1993 - 1998	-38.31%	-1.00%
1988 - 1998	-28.19%	

Laclede Gas Company
Steel Services - 380.10

Fiscal Year	Total Retirement Value	Cost of Removal	Gross Salvage	Total Net Salvage	Percent Net Salvage
1972	999,951.20	401,574.15	12,851.59	(388,722.56)	-38.87%
1973	675,517.78	281,677.13	8,070.20	(273,606.93)	-40.50%
1974	768,750.58	388,023.55	21,032.00	(366,991.55)	-47.74%
1975	602,188.50	413,307.14	13,575.09	(399,732.05)	-66.38%
1976	702,445.84	418,214.49	8,894.21	(409,320.28)	-58.27%
1977	523,906.60	289,585.03	7,958.23	(281,626.80)	-53.76%
1978	449,246.88	333,938.36	12,076.04	(321,862.32)	-71.64%
1979	374,892.12	298,229.44	11,466.72	(286,762.72)	-76.49%
1980	408,072.60	328,354.72	15,055.63	(313,299.09)	-76.78%
1981	507,614.05	470,275.60	38,281.77	(431,993.83)	-85.10%
1982	542,524.66	406,999.63	28,341.97	(378,657.66)	-69.80%
1983	438,648.45	399,307.74	27,966.41	(371,341.33)	-84.66%
1984	350,696.03	375,154.83	18,138.88	(357,015.95)	-101.80%
1985	291,932.71	372,838.80	17,850.01	(354,988.79)	-121.60%
1986	339,541.69	349,735.94	13,619.09	(336,116.85)	-98.99%
1987	313,659.31	345,747.19	19,121.54	(326,625.65)	-104.13%
1988	258,646.94	317,074.28	17,217.82	(299,856.46)	-115.93%
1989	343,258.28	368,265.22	17,890.26	(350,374.96)	-102.07%
1990	317,045.95	319,774.62	31,741.36	(288,033.26)	-90.85%
1991	400,170.16	499,495.71	39,806.37	(459,689.34)	-114.87%
1992	317,112.64	497,168.92	13,373.74	(483,795.18)	-152.56%
1993	377,739.99	506,173.97	22,791.26	(483,382.71)	-127.97%
1994	491,220.63	566,685.00	24,838.00	(541,847.00)	-110.31%
1995	410,052.18	477,024.39	23,335.64	(453,688.75)	-110.64%
1996	493,736.99	516,698.50	30,880.69	(485,817.81)	-98.40%
1997	467,130.92	562,614.44	27,126.70	(535,487.74)	-114.63%
1998	359,803.62	531,033.58	19,944.35	(511,089.23)	-142.05%

Time Period	Average Percent Net Salvage	Staff's Allowed Net Salvage
1972 - 1980	-55.26%	
1981 - 1989	-94.70%	
1990 - 1998	-116.75%	-60.00%
1972 - 1998	-83.76%	

Laclede Gas Company
Plastic & Copper Services - 380.20

Fiscal Year	Total Retirement Value	Cost of Removal	Gross Salvage	Total Net Salvage	Percent Net Salvage
1972	244,535.41	102,725.51	484.00	(102,241.51)	-41.81%
1973	246,298.69	122,123.44	58.40	(122,065.04)	-49.56%
1974	304,919.52	169,848.38	416.88	(169,431.50)	-55.57%
1975	256,711.85	169,562.50	1,495.60	(168,066.90)	-65.47%
1976	324,372.82	205,181.85	-	(205,181.85)	-63.25%
1977	251,170.62	187,153.54	148.09	(187,005.45)	-74.45%
1978	258,560.14	214,913.22	2,526.87	(212,386.35)	-82.14%
1979	220,417.15	225,563.61	113.63	(225,449.98)	-102.28%
1980	185,987.30	165,698.26	858.24	(164,840.02)	-88.63%
1981	363,522.46	389,268.28	598.82	(388,669.46)	-106.92%
1982	339,359.81	290,113.45	1.25	(290,112.20)	-85.49%
1983	213,518.37	246,679.46	132.59	(246,546.87)	-115.47%
1984	216,798.19	200,982.42	113.63	(200,868.79)	-92.65%
1985	331,478.98	274,419.70	35,050.29	(239,369.41)	-72.21%
1986	317,461.90	283,403.71	327.34	(283,076.37)	-89.17%
1987	340,712.83	262,320.08	577.48	(261,742.60)	-76.82%
1988	370,622.09	284,276.98	0.36	(284,276.62)	-76.70%
1989	432,281.34	341,885.63	15.07	(341,870.56)	-79.09%
1990	443,925.83	425,251.45	708.75	(424,542.70)	-95.63%
1991	515,198.05	459,379.11	185.40	(459,193.71)	-89.13%
1992	716,957.09	755,137.89	5,342.46	(749,795.43)	-104.58%
1993	644,667.80	787,404.44	476.43	(786,928.01)	-122.07%
1994	919,339.08	834,620.20	617.38	(834,002.82)	-90.72%
1995	855,073.69	771,819.50	74.00	(771,745.50)	-90.25%
1996	1,037,019.17	948,593.58	482.28	(948,111.30)	-91.43%
1997	1,218,967.50	1,094,448.16	344.82	(1,094,103.34)	-89.76%
1998	1,013,710.89	1,543,164.95	200.00	(1,542,964.95)	-152.21%

Time Period	Average Percent Net Salvage	Staff's Allowed Net Salvage
1972 - 1980	-67.89%	
1981 - 1989	-86.70%	
1990 - 1998	-103.35%	-15.00%
1972 - 1998	-93.01%	

LACLEDE GAS COMPANY
3950 FOREST PARK AVENUE
ST. LOUIS, MISSOURI 63108

May 15, 1996

Mr. Paul Adam
Missouri Public Service Commission
Truman State Office Building
Room 530
301 W. High Street
Jefferson City, MO 65102

Re: Depreciation Study - Case GR-96-193 - Study Documents

Dear Paul:

Enclosed you will find a work paper relevant to account 362.00, Gas Holders. This document was generated by the Company in response to Public Counsel's Data Request No. 1013.

Sincerely,

Richard A. Kottemann, Jr.

ru
bc: G. W. Buck
M. T. Cline
H. R. Haury
M. C. Pendergast

LACLEDE GAS COMPANY
CASE NO GR-96-193
DR 1013

ACCOUNT 362.00
GAS HOLDERS
RETIREMENT VALUE AND NET COST OF REMOVAL

FISCAL YEAR	RETIREMENT VALUE	COST OF REMOVAL	SALVAGE
1995	8,977.67		
1994			
1993			
1992	76.87		
1991			
1990			
1989			
1988			
1987			
1986			
1985			
1984			
1983	16,223.02	1,254.28	
1982			
1981			
1980			
1979	600.00	3,678.12	429.12
1978			
1977			
1976			
1975	71,402.02	20,554.75	
1974			
1973			
1972			
1971	956.28	15,382.99	
1970	107,527.17	6,973.99	
1969			
1968			
1967	2,143.49	550.58	
1966	283,120.41	6,904.64	5,796.85
1965		130.27	
1964	5,154.39	975.00	
1963	40,641.75	6.90	1,125.00
1962		50.13	

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

A F F I D A V I T

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

Richard A. Kottemann, Jr., of lawful age, being first duly sworn, deposes and states:

1. My name is Richard A. Kottemann, Jr. My business address is 3950 Forest Park Avenue, St. Louis, Missouri 63108; and I am Superintendent of Environmental and Design Engineering of Laclede Gas Company.

2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony, consisting of pages 1 to 15 and three schedules, inclusive.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded and the information contained in the attached schedules are true and correct to the best of my knowledge and belief.

R Kottemann Jr

Richard A. Kottemann, Jr.

Subscribed and sworn to before me this ____ day of August, 1999.

Barbara Ann McCarthy

BARBARA ANN MCCARTHY
St. Louis County
My Commission Expires
February 16, 2003