Exhibit No.:	
Issues:	Class Cost-of-Service
Witness:	Daniel I. Beck
Sponsoring Party:	MO PSC Staff
Type of Exhibit:	Direct Testimony
Case No.:	GR-2007-0208
Date Testimony Prepared:	May 18, 2007

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

DANIEL I. BECK

LACLEDE GAS COMPANY

CASE NO. GR-2007-0208

Jefferson City, Missouri
May 2007

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-2007-0208

AFFIDAVIT OF DANIEL I. BECK

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Daniel I. Beck of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 5 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

Daniel I. Beck

Subscribed and sworn to before me this 17th day of May, 2007.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086

Susan L. Sundermeyer
Notary Public

My commission expires 9-21-10

Table of Contents

DIRECT TESTIMONY

OF

DANIEL I. BECK

LACLEDE GAS COMPANY

CASE NO. GR-2007-0208

DIRECT TESTIMONY

OF

DANIEL I. BECK

LACLEDE GAS COMPANY

CASE NO. GR-2007-0208

Q. Please state your name and business address.

A. My name is Daniel I. Beck and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

Q. What is your present position with the Missouri Public Service Commission (MOPSC or Commission)?

A. I am employed by the Commission as the Supervisor of the Engineering Analysis Section, Energy Department, Utility Operations Division.

Q. Would you please review your educational background and work experience?

A. I graduated with a Bachelor of Science Degree in Industrial Engineering from the University of Missouri at Columbia. Upon graduation, I was employed by the Navy Plant Representative Office in St. Louis, Missouri as an Industrial Engineer. I began my employment at the Commission in November, 1987, in the Research and Planning Department of the Utility Division (later renamed the Economic Analysis Department of the Policy and Planning Division) where my duties consisted of weather normalization, load forecasting, integrated resource planning, cost-of-service and rate design. In December, 1997, I was transferred to the Tariffs/Rate Design Section of the Commission's Gas Department where my duties included weather normalization, annualization, tariff review, cost-of-service and rate design. Since June 2001, I have been in the Engineering Analysis Section of the

Energy Department, which was created by combining the Gas and Electric Departments. I am a Registered Professional Engineer in the State of Missouri. My registration number is E-26953.

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to explain the procedures used for the development of allocation factors for mains, services, meters and regulators. These factors are used as the basis for allocation of Laclede's revenue requirement among classes of customers. Staff witness Thomas Imhoff is sponsoring the class cost-of-service study that these allocators will be used in.

ALLOCATION OF MAINS

Q. What allocation factor was used for mains?

A. The cost of mains was allocated to the classes based on the stand-alone/integrated system allocator that I computed.

Q. Why is the stand-alone/integrated system factor an appropriate basis for allocating the cost of mains?

A. Mains are an integrated system of pipes that provide service to customers. The stand-alone/integrated system allocator has two components, the stand-alone component and the integrated system component. The stand-alone component can also be thought of as the customer component but it is based on the simple fact that mains have to be extended to serve additional customers. Specifically, the stand-alone component is computed by determining the length of mains directly associated with a typical customer in each class, the diameter of the main that would be required to serve that customer, and the typical cost of that main. The

integrated system component is the remainder of the costs for the distributions mains and is allocated to the classes based on estimated peak day demands for each class.

Q. What was the source of the data for the computation of the stand-alone component?

A. In Laclede's previous rate case, Case No. GR-2005-0284, Laclede provided typical customer information based on a sample of seventy (70) customers for each class. This information was used to develop the stand-alone component. The list of sample customers was used to determine the typical size of the customer class's lot (the size of the parcel of land that the customer is on) that was then used to estimate the length of main directly associated with that typical customer.

Q. What is the source of the data for the computation of the integrated system component?

A. The integrated component was allocated to the classes based on the Staff's estimated peak day demands.

Q. You stated that some of the data was from Case No. GR-2005-0284. Is this data still relevant?

A. In my opinion, I believe these typical customer estimates are still relevant. However, the Staff has requested that Laclede update the information provided in the previous case and Staff will provide updated allocators to the parties if the information changes. Staff expects that Laclede will have this update completed in the next few weeks. However, I would not expect that the mains allocator would change significantly since most of the information should remain the same. I also note that this updated information could affect the service, meters and regulators allocators that are discussed below.

ALLOCATION OF SERVICE LINES

Q. How were the costs associated with service lines allocated?

A. In Laclede's previous rate case, Case No. GR-2005-0284, Laclede provided typical customer information based on a sample of seventy (70) customers for each class. This information was used to develop the services allocation factors for each class. Laclede also provided average service line installation costs based on fiscal year 2003 data. Staff reviewed the results of the average service line installation costs and determined that most of the results were reasonable. However, in a few specific instances, the results showed that it was more expensive to install smaller diameter services than it was to install larger diameter services. Since it is illogical that smaller diameter piping would cost more to install, Staff adjusted the cost per foot estimates in several instances. Most of the cost per foot estimates that Staff used are the values provided by Laclede.

Q. Based on that review, what do you recommend regarding service line allocators?

A. Staff notes that Laclede is updating the information provided in the previous case and Staff will provide updated allocators if the information changes. However, I would not expect that the allocator would change significantly since most of the information would remain the same. Therefore, my recommendation is that the allocators that I have developed be used in the Staff's class cost-of-service study.

ALLOCATION OF METERS AND REGULATORS

Q. How were the costs associated with meters and regulators allocated?

A. In Laclede's previous rate case, Case No. GR-2005-0284, Laclede provided typical customer information based on a sample of 70 customers for each class. This information was used to develop the meters and regulators allocation factors for each class.

Q. Does this conclude your direct testimony?

A. Yes, it does.