BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the PGA filing for Laclede Gas Company.	))	Case No. GR-2004-0273

STAFF NOTICE TO THE COMMISSION

COMES NOW the Staff of the Missouri Public Service Commission in the above-captioned matter and for its Notice states:

1. On December 31, 2003, Laclede Gas Company (Laclede or Company) of St. Louis, Missouri filed a tariff sheet proposed to become effective January 15, 2004.

2. The tariff sheet was filed to reflect scheduled changes in Laclede's Purchased Gas Adjustment (PGA) factors as the result of an estimated change in the cost of natural gas for the remaining winter season.

3. On October 31, 2004, Laclede Gas Company (Laclede or Company) filed a tariff sheet to adjust its charges for natural gas which it proposed to become effective November 15, 2004.

4. The Procurement Analysis Department (Staff) reviewed Laclede's 2003-2004 Actual Cost Adjustment (ACA) filing and the results of Staff's analysis were filed in its *Staff Memorandum* on December 29, 2005.

5. Staff and the Company have met in informal technical conferences in an attempt to reach a better understanding of Laclede's gas purchasing decisions.

6. As a result of these technical conferences, Staff's recommended adjustment concerning ** _____ ** is no longer an issue in this Purchased Gas Adjustment case.

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7. The issue of Laclede's ** _____ ** has not been resolved. Staff recommended that Laclede provide to Staff by June 1, 2006, a cost/benefit analysis for the 2006/2007 year for producer demand charges. Additionally, Staff recommended that the ACA balance be adjusted by $2,424,020 for Laclede's ** _____. **

8. Laclede has responded to Staff's recommendation regarding school aggregation. Staff accepts Laclede's response, therefore school aggregation is no longer an issue in this case.

9. Staff's Recommendation No. 3 requests that Laclede continue to provide ** _____. ** Laclede has responded to Staff's recommendation and Staff accepts Laclede's response. Therefore, Laclede's ** _____ ** is no longer an issue in this case.

10. The Staff Recommendation requests hedging documentation for the 2004-2005 ACA period and forward. Laclede agreed to continue to provide Staff hedging information and answer Staff's questions regarding hedging during the 2004/2005 ACA review. Staff is in the process of reviewing the 2004/2005 ACA, so it will address hedging issues for that time period in that ACA case. Therefore, hedging documentation is no longer an issue in this case.

11. Staff's Recommendation No. 8 requested that Laclede document the effectiveness of its hedges in a manner consistent with the guidelines contained in the Statement of Financial Accounting Standard (SFAS) 133. Laclede's response indicated that it does not perform hedge effectiveness testing and is not required to do so under SFAS 133. Staff accepts Laclede's response, therefore hedge effectiveness testing is no longer an issue in this case.

12. Staff will file its Direct testimony in this case on September 8, 2006.

WHEREFORE, the Staff files this Notice with the Commission regarding developments in this case.

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Respectfully submitted,

/s/ Lera L. Shemwell

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Certificate of Service

I hereby certify that copies of the foregoing have been emailed, mailed, hand-delivered, or transmitted by facsimile to all counsel of record this 24th day of August 2006.

/s/ Lera Shemwell

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