

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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| In the matter of the Joint Application of Fidelity |) | |
| Natural Gas, Inc. and Laclede Gas Company |) | |
| for an order authorizing the sale and transfer |) | |
| of certain assets of Fidelity Natural Gas, Inc. |) | |
| located in Missouri to Laclede Gas Company |) | Case No. GM-2006-0183 |
| and either authorizing the transfer of existing |) | |
| Certificates of Public Convenience and |) | |
| Necessity or granting a New Certificate of Public |) | |
| Convenience and Necessity to Laclede Gas |) | |
| Company in conjunction with same. |) | |

**PUBLIC COUNSEL COMMENTS ON JOINT APPLICATION AND STAFF
RECOMMENDATION AND REQUEST FOR LOCAL PUBLIC HEARING**

COMES NOW the Office of the Public Counsel and states as follows:

1. On October 21, 2005, Fidelity Natural Gas, Inc. (Fidelity) and Laclede Gas Company (Laclede) (collectively Joint Applicants) filed a Joint Application with the Missouri Commission for an order authorizing the sale and transfer of certain assets of Fidelity to Laclede and granting a new certificate of public convenience and necessity to Laclede in conjunction with the sale (hereinafter "the Sale" or "the transaction").
2. On December 16, 2005 the Staff of the Commission filed its recommendations that the Commission approve the sale with a number of conditions.
3. December 19, 2005, the Commission ordered Fidelity and Laclede to respond to Staff's conditional recommendation by December 21, 2005.
4. Public Counsel generally agrees with Staff's recommendations in its Memorandum dated December 15, 2005, that Laclede be required to operate the Fidelity system under the existing rules, regulations and tariffs of Fidelity until the effective date

of Laclede's next general rate case. In addition, Public Counsel comments and requests as follows.

5. Public Counsel requests that the Commission schedule a local public hearing prior to approving this transaction.

6. Public Counsel requests that the Commission order Laclede to mail notices of the public hearing to current Fidelity customers which notices will contain a description of how customer service will change under Laclede's proposal, specifically:

- Whether customers will continue to be able to pay their bill locally and if so, what changes will occur in bill payment.
- Whether there will continue to be local customer service representatives available in person or by local phone contact.

7. Public Counsel believes that approval of the transaction should be subject to the following conditions in addition to those suggested by Staff of the Commission, each condition affecting Laclede to be in effect until the effective date of Laclede's next general rate case:

- a. Under Laclede's gas supply incentive plan, Laclede will forego any incentive compensation associated with natural gas volumes secured or arranged by Fidelity prior to the closing of the transaction. Laclede's incentive compensation calculations shall in no way reflect those natural gas volumes or prices associated with Fidelity's prior arrangements.

- b. Any off-system sales or capacity release revenues associated with the Fidelity system shall be treated as Laclede revenues from off-system sales or capacity releases for the purposes of paragraph 11 of the Stipulation and Agreement approved by the Commission in Case No. GR-2005-0284.
- c. Neither Fidelity's existing customers nor new Laclede customers in what will be the former Fidelity service area will be subject to Laclede's special deposit and credit requirements that currently differ from Commission rules.
- d. Fidelity agrees that none of the labor, administrative or other costs currently borne by Fidelity Natural Gas, Inc. will be shifted to its affiliated Commission regulated telephone company as a result of this merger.

8. Public Counsel may have additional comments after the completion of a local public hearing if the Commission agrees to grant the hearing request.

WHEREFORE, the parties respectfully request that the Commission accept these comments and recommendations.

Respectfully submitted,

Office of the Public Counsel

/s/ Eric A. Martin

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 21st day of December 2005.

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