

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

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

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and files its memorandum with recommendations in this case. Staff states:

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

2. The Procurement Analysis Department (Staff) has reviewed Laclede Gas Company's (Laclede or Company) 2003-2004 Actual Cost Adjustment (ACA) filing and the results of Staff's analysis are contained in Appendix A to this pleading. Both HC and NP versions are being filed.

3. Staff audited and evaluated the Company's gas purchasing practices to determine the prudence of the Company's purchasing and operating decisions. Staff conducted a reliability analysis of estimated peak day requirements and the capacity levels needed to meet those requirements; peak day reserve margin and the reasons for this reserve margin; and a review of normal and cold weather requirements. Staff also reviewed MGE's hedging for the period to determine the reasonableness of the Company's hedging plans and risk management strategy.

4. In addition, Staff reviewed the Company's level of producer demand charges for reasonableness.

5. Staff recommends that the Company be required to respond to Staff's recommendations within thirty (30) days, and make several adjustments to the ACA balance as detailed in Staff's memorandum.

WHEREFORE, the Staff recommends that the Commission accept Staff's recommendations as set out on pages 11-13 of the attached Appendices.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/ Lera L. Shemwell

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 29th day of December 2005.

/s/ Lera Shemwell
