

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 17th day of July, 2013.

In the Matter of the Joint Application of Southern)
Union Company d/b/a Missouri Gas Energy,)
The Laclede Group, Inc., and Laclede Gas)
Company for an Order Authorizing the Sale,)
Transfer, and Assignment of Certain Assets and)
Liabilities from Southern Union Company to)
Laclede Gas Company and, in Connection)
Therewith, Certain other Related Transactions)

File No. GM-2013-0254

ORDER APPROVING UNANIMOUS STIPULATION AND AGREEMENT

Issue Date: July 17, 2013

Effective Date: July 31, 2013

On July 2, 2013, Southern Union Company d/b/a Missouri Gas Energy, the Laclede Group, Laclede Gas Company, the Staff of the Commission, the Office of the Public Counsel, City of Kansas City, IBEW Local Union No. 53, Midwest Gas Users' Association, and Missouri Department of Natural Resources filed a stipulation and agreement to resolve all issues connected with the proposed sale of the Missouri Gas Energy natural gas system to Laclede. Two parties - United Steelworkers District 11, AFL-CIO and Kansas City Power & Light Company / KCP&L Greater Missouri Operations Company - did not initially join in the stipulation and agreement. Subsequently, on July 9, United Steelworkers District 11 filed a notice indicating it was joining in the stipulation and agreement. Kansas City Power & Light / KCP&L Greater Missouri Operations Company did not oppose the stipulation and

agreement within seven days of its filing and therefore, pursuant to Commission Rule 4 CSR 240.2.115(2), the Commission will treat the stipulation and agreement as unanimous.

The Commission conducted an on-the-record proceeding regarding the stipulation and agreement on July 10, 2013. At that proceeding, the Commission questioned the parties about the terms of the stipulation and agreement and gathered additional information about the Transaction and the conditions set forth in the stipulation and agreement.

The stipulation and agreement sets forth numerous conditions on the sale of the Missouri Gas Energy assets to Laclede Gas Company. Among those agreed upon conditions are a rate moratorium whereby Laclede Gas Company agrees not to file a general rate case for its Laclede Gas service territory prior to October 1, 2015, unless there is a significant unusual event that has a major impact on any of its Missouri service territories. Laclede Gas Company will be allowed to file a general rate case for its Missouri Gas Energy service territory no later than September 18, 2013. The stipulation and agreement also provides that any acquisition premium paid for Missouri Gas Energy in connection with the Transaction shall not be recovered in retail distribution rates. The stipulation and agreement contains additional conditions designed to protect customers from any adverse credit and capital cost impacts resulting from the Transaction; conditions designed to protect the quality of service provided to customers; and numerous other conditions that set out how the Transaction will occur and that will protect customers and the public from any adverse impact from the Transaction.

The stipulation and agreement also asks the Commission to approve Laclede Gas Company's plan to finance its purchase of the Missouri Gas Energy system from Southern

Union Company. In accordance with Section 393.200 RSMo, the Commission finds that the money, property or labor to be procured or paid for by Laclede Gas Company through the issuance and sale of debt and equity is reasonably required and necessary for the purposes described in the stipulation and agreement and will be used therefore and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

After reviewing the stipulation and agreement, the Commission independently finds and concludes that such stipulation and agreement is in the public interest and should be approved.

THE COMMISSION ORDERS THAT:

1. The Stipulation and Agreement filed on July 2, 2013, is approved as a resolution of the issues addressed in that stipulation and agreement. The signatory parties are ordered to comply with the terms of the stipulation and agreement. A copy of the stipulation and agreement is attached to this order, and is incorporated herein by reference.

2. Southern Union Company d/b/a Missouri Gas Energy and Laclede Gas Company are authorized to perform in accordance with the terms of the Purchase and Sale Agreement.

3. The sale, transfer, and assignment of certain assets of Southern Union Company to Laclede Gas Company, as more fully described in the Purchase and Sale Agreement, is authorized, with a closing date effective as of September 1, 2013, subject to the provisions of the Purchase and Sale Agreement and Southern Union Company's unilateral right to waive the condition of simultaneous closing of the transaction with

Laclede Gas Company and the sale of its New England Gas Company assets to Plaza Massachusetts Corp.

4. Laclede Gas Company is granted a certificate of convenience and necessity to provide natural gas service as a gas corporation and public utility, subject to the jurisdiction of the Commission in the service areas presently served by Missouri Gas Energy as a division of Southern Union Company. In connection therewith, the requirements of Commission rule 4 CSR 240.3.205 are waived.

5. Laclede Gas Company is authorized to provide natural gas service in the areas served by Missouri Gas Energy, as a division of Southern Union Company, in accordance with the rules, regulations, rates and tariffs of Missouri Gas Energy as may be on file with and approved by the Commission on the effective date of the closing of the transaction, including the tariff sheets reflecting the existing base rates, ISRS rates, and purchase gas adjustment of Missouri Gas Energy. Laclede Gas Company is authorized to adopt said tariff sheets, and to operate under them as they may be changed from time to time as provided by law.

6. Laclede Gas Company is authorized to adopt Southern Union Company's authorized depreciation rates for the involved assets.

7. Laclede Gas Company is authorized to raise up to and including \$1.02 billion, at any time beginning July 31, 2013 and ending one year after the closing of the Transaction, by issuing common or preferred stock, receiving paid-in capital, and issuing long-term indebtedness, including debt evidenced by First Mortgage Bonds, by using the Laclede Gas Company assets and the Missouri Gas Energy assets acquired from Southern Union Company as security as may be necessary in connection with the financing of the

transaction contemplated by the Purchase and Sale Agreement and the Joint Application or as may be necessary in accordance with the terms and conditions of any of Laclede Gas Company's financing instruments and to execute, enter into, deliver and perform in accordance with all necessary agreements, notes, and other documents as are necessary to issue the debt.

8. Southern Union Company is authorized to transfer to Laclede Gas Company, and Laclede Gas Company is authorized to acquire and record on its books and records the current levels of certain assets and liabilities of Southern Union Company related to the Missouri Gas Energy assets.

9. Laclede Gas Company is authorized to account for Missouri Gas Energy's pension benefit costs on a basis consistent with Missouri Gas Energy's currently approved methodology as established in Missouri Gas Energy File No. GR-2009-0355 stipulation and agreement to use FAS 87 calculations for regulatory purposes that do not reflect the impact of purchase accounting and that the prepaid pension asset receives similar treatment as the prepaid asset under Missouri Gas Energy's approved methodology.

10. Laclede Gas Company is authorized to account for the MGE gas employees and retirees post-retirement welfare benefit cost on a basis consistent with the methodology used by Southern Union Company immediately prior to the sale. The Commission finds that the FAS 106 calculations do not reflect the impact of purchase accounting.

11. Southern Union Company, effective upon the closing of the transaction, is authorized to terminate its responsibilities as a gas corporation in Missouri subject to the jurisdiction of the Commission.

12. Southern Union Company and Laclede Gas Company are authorized to enter into, execute and perform in accordance with the terms of all other documents which may be reasonably necessary and incidental to the performance of the Transaction which is the subject of the Purchase and Sale Agreement and the Joint Application,

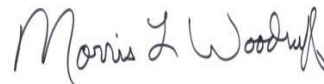
13. The parties are granted such other relief as may be deemed necessary to accomplish the purposes of the Purchase and Sale Agreement and the Joint Application, as amended, and to consummate the sale, transfer and assignment of the assets and related transactions pursuant to the Purchase and Sale Agreement.

14. Laclede Gas Company shall submit to the Commission within sixty (60) days of closing the transaction a listing and description of all items that Laclede Gas Company exercised under the authority in paragraph 13 above.

15. All prefiled testimony is admitted into the record.

16. This order shall become effective on July 31, 2013.

BY THE COMMISSION



Morris L. Woodruff
Secretary

R. Kenney, Chm., Jarrett, Stoll, and
W. Kenney, CC., concur.

Woodruff, Chief Regulatory Law Judge