

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

<b>In the Matter of Laclede Gas Company's Purchased Gas Adjustment for 2004-2005.</b>	) ) )	<b>Case No. GR-2005-0203</b>
<b>In the Matter of the PGA filing of Laclede Gas Company for 2005- 2006.</b>	) ) )	<b>Case No. GR-2006-0288</b>

**STAFF RESPONSE TO LACLEDE'S MOTION FOR RECONSIDERATION,  
REQUEST FOR STAY AND REQUEST FOR  
ESTABLISHMENT OF AN EVIDENTIARY HEARING**

COMES NOW the Staff of the Missouri Public Service Commission and, in Response to Laclede's Motion for Reconsideration, Request for Stay, and Request for Establishment of an Evidentiary Hearing, states:

1. On October 20, the Commission properly issued its order Granting Motion to Compel Laclede to respond to Staff's data requests concerning its gas purchasing activities and its affiliate relationship with Laclede Energy Resources (LER).

2. For the reasons set forth below, the Commission should deny the Motion for Reconsideration, deny Laclede's Request for Stay and deny the Request to Establish an Evidentiary Hearing at this time.

3. Missouri courts have long recognized that the Public Service Commission Law delegates a large area of discretion to the Commission and many of its decisions rest largely in the exercise of a sound judgment. "Thus, in addition to 'positive powers expressly conferred upon the commission it is also vested with all others necessary and proper to carry out fully and effectively the duties delegated to it.' The very terms of delegation endow a power which transcends the literal text and

confers upon the Public Service Commission [§ 386.040]: ‘also all those powers necessary or proper to enable it to carry out fully and effectually all the purposes of this chapter . . . .’ In actual effect, then, the statute itself expressly commits a large area of discretion to the [Commission] and so ‘many of its decisions necessarily rest largely in the exercise of a sound judgment.’” *State ex rel. Gulf Transport Co. v. Public Service Comm’n*, 658 S.W.2d 448, 467(Mo.App. 1983)

4. The Commission is unable to make a sound judgment when a regulated utility refuses a Commission order to produce relevant information.

5. Laclede’s reliance on a *UE* case at page 5, pp. 6, is misplaced. In *UE* the Commission determined it is not only authorized, but *required to* “examine the dealings of regulated entities with their unregulated affiliates. . . . That authority “*does not apply to transactions between the unregulated affiliates and third parties **absent a specific showing of relevancy to transactions between the affiliates and the regulated entity.*** In the *UE* case the Commission recognized its authority and the *requirement to* review relevant information.

6. In its Motion to Compel, Staff has fully demonstrated the relevance of the requested information Laclede seeks to withhold. Laclede’s attempts to limit the scope of Staff’s discovery to just the transactions between Laclede and LER by misstating the affiliate rule, at page 6, pp. 8, should be rejected. Laclede’s response is incomplete by not including the preceding paragraph: “[e]ach regulated gas corporation shall ensure that its parent and any other affiliated entities maintain books and records that include, **at a minimum**, the following information regarding affiliate transactions...” 4 CSR 240-40.015(5)(A)(1).

**By issuing its order, the Commission has not circumvented the ACA process because it has not ruled on Staff's recommendation to open an investigatory docket to explore whether Laclede has violated the Commission's affiliate transactions rule.**

7. Contrary to Laclede's assertions, granting Staff's request for information does not mean the Commission has decided whether to open a separate investigation concerning Laclede's compliance with the affiliate transactions rules. This discovery request is directed to the question of Laclede's prudence in its gas purchasing for its customers.

8. Staff's inquiry in the ACA process is whether Laclede has acted prudently in its gas purchasing decisions, and, in particular, in its dealings with affiliate LER. This is a separate question from whether Laclede has violated the affiliate transactions rule.<sup>1</sup>

**Laclede's due process rights are not being violated.**

9. Laclede responds as though this were a final order. It is not. The Commission has not made any decisions concerning Staff's ACA recommendations, and it has not denied Laclede its due process rights to a hearing. This order simply and reasonably requires Laclede to provide information.

10. This Commission has full subpoena and discovery powers and there is nothing arbitrary or capricious about the Commission's exercise of that power. To permit Laclede to flaunt the Commission Order to produce documents dilutes the

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<sup>1</sup> An affiliate abuse investigation, if approved, may include the impact of LER's financial commitments to  
\*\* [REDACTED] . \*\* If LER acquires capacity on a pipeline with limited space, it could easily limit Laclede Gas Company's opportunities. If a producer is only willing to extend a certain amount of business to Laclede Group as a whole, the actions of LER will impact Laclede. If there is limited gas supply in a particular area, as LER locks up this supply, it is unavailable to Laclede Gas Company. If credit markets become tight, the availability of capital must be apportioned between LER and Laclede Gas Company.

Commission's ability to exercise its supervisory responsibilities. Section 393.140. RSMo (2000).

**The purpose of this discovery request is to determine the prudence and reasonableness of Laclede's gas purchasing transactions with its affiliate LER.**

11. The ACA review is to determine the prudence of Laclede's gas purchasing activities. Perhaps the best method of determining the prudence of Laclede's transactions with LER is by application of the Commission's affiliate transactions rules to each transaction, for the reason that: "[a]s long as a [public utility] is engaged in both monopoly and competitive activities, it will have **the incentive as well as the ability to 'milk' the rate-of-return regulated monopoly to subsidize its competitive ventures . . . .**" *State ex rel. Atmos Energy Corp. v. Public Service Comm'n*, 103 S.W.3d 753, 764 (Mo. Banc 2002).

12. Staff's inquiry in the ACA process is to determine whether Laclede has engaged in prudent transactions with LER or whether Laclede is improperly benefiting LER.

13. In an arm's-length transaction between unrelated parties there is a presumption of prudence. In contrast, transactions between affiliate LER and the regulated utility have *no* presumption of prudence and must be carefully scrutinized to assure prudent conduct.

14. The need for review of the prudence of the relationship between Laclede and LER is further demonstrated by Laclede's press releases announcing LER's profits. See attached documents.

15. Laclede has consistently opposed providing Staff with complete information that would allow it to make the determination of the prudence of the affiliate transactions between Laclede and LER. Just to get copies of the limited and incomplete information Laclede has provided to date was an arduous time-consuming affair.

16. Protecting these profits may account for Laclede's uncompromising reaction to Staff's request for documents. The bigger the stakes, the more incentive Laclede has to shift profits to benefit shareholders and hide information from regulators.

\*\* [REDACTED] \*\*

**Review of the bonus information confirms the reasonableness of Staff's request for additional information.**

17. \*\* [REDACTED]

[REDACTED]

[REDACTED]. \*\* Staff's analysis of the bonus information provided to date continues to raise concerns about the prudence of these affiliate transactions.

18. Receipt of Laclede's \*\* [REDACTED]

[REDACTED]. \*\* Even

though one of the criteria is to \*\* [REDACTED]

[REDACTED]

[REDACTED] \*\*

19. In addition to the concerns raised by the bonus plan information, off-system sales raise questions of prudence. When off-system sales are recorded in LER's books, 100% of the value goes to the Laclede Group. In contrast, when Laclede

Gas Company makes off-system sales, it must share these revenues with its customers.

20. As noted, affiliate transactions cause Staff to review whether Laclede's gas purchasing, sales, or other transactions with LER were prudent. Arms-length transactions generally enjoy a presumption of prudence, because each party to the transaction has a self interest, but when Laclede's \*\* [REDACTED] [REDACTED] \*\*, these transactions must be presumed imprudent until prudence is demonstrated.

**The Commission properly granted the Motion to compel because the information requested is necessary to demonstrate whether Laclede has made prudent gas purchasing decisions.**

21. In its Order granting the Motion to Compel, the Commission's does not "rely" on any "theory" but simply requires Laclede to produce information proven relevant to Staff's PGA prudence inquiry.

22. In attempting, in this ACA process, to assure Laclede/LER transactions are prudent, the starting point of Staff's analysis relates to a special contract between Laclede and its affiliate LER, and, for the 2005-2006 case, the maximization of Laclede off-system sales, and capacity release so that profit or value, which could have been reasonably achieved by Laclede and shared with customers, was not imprudently shifted to LER.

23. \*\* [REDACTED]

[REDACTED]

[REDACTED] \*\*. Those market changes, as well as LER's

concomitant profit increases have raised Staff's level of concern about the prudence of the workings of this contract.

24. Staff's determination of the gas cost and market price for each affiliate transaction is hindered by the lack of accessible index pricing for gas deliveries into the

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[REDACTED]

[REDACTED] \*\*

25. The Commission's affiliate rule requires that Laclede price its sales to LER at the higher of cost or market. The information Staff has requested, and the Commission Order compels, would help establish the market price. The market price would be established by review of the price LER earns for making a sales in an arm's-length transaction with a third party.

26. Contrary to Laclede's assertion at page 5, that Staff is asking for information beyond the scope of this case, the Staff has limited its request for information to those listed in the Commission Order at points 1-5 on page 1-2.<sup>2</sup> Yet, Laclede refuses to comply with the Commission Order.

27. Contrary to Laclede's claim the Order permits the Staff to launch an entirely new field of discovery (and based on that discovery, presumably make a whole new series of ACA recommendations), in fact, the Order compels Laclede to produce certain highly confidential information listed in the Commission Order at points 1-5 on page 1-2.

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<sup>2</sup> An investigation of LER as proposed in the Staff's initial recommendation would require discovery of affiliate transaction information extending over a longer period of time than the twelve months of an ACA audit and of affiliate transactions beyond natural gas and transportation contracts.

28. Laclede's claim that it has operated "with Staff's knowledge" since 2004, and that precludes Staff from investigating further or that somehow Staff approved of its activities is unfounded. The fact that a Company may have gotten by with improper activities for a period of time cannot limit the Commission's ability to inquire. If this were true, any utility that engaged in a pattern of improper conduct, which was not immediately discovered, could then claim Staff or Commission approval of the improper conduct.

29. The idea that Laclede's Cost Allocation Manual<sup>3</sup> could somehow limit the Commission's ability to obtain discovery from a regulated monopoly utility company is flawed. Staff and the Office of Public Counsel have participated with Laclede in numerous discussions over the past several years in an attempt to resolve issues related to its Cost Allocation Manual. These meetings have centered on the gas and transportation purchase and sales transactions between Laclede and LER. There has been no resolution of these issues.

30. Laclede correctly observes that the prudence of Laclede's gas supply purchases from LER may, in some instances, be demonstrated by reference to prices offered by non-affiliate suppliers. The contract Laclede offers to demonstrate prudence, however, has very different terms than the LER contract, which is of concern to Staff. Note that Laclede's pleading at page 7, is careful not to say the contract terms are the same. What the third party contract actually establishes is the difference between its terms and what is "offered" to LER.

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<sup>3</sup> Staff has not accepted that Laclede's Cost Allocation Manual or the pricing mechanisms at Section IX actually ensures compliance with the Affiliate Transactions Rule.



31. Laclede's rental space example at page 11, para. 15 is misleading. The Commission or Staff is not required to *assume* Laclede rented at the higher of cost or market without documentation. If Laclede rents office space to LER (affiliate transaction) for \$5,000 and LER then sub-leases to a tenant (arms-length transaction) for \$8,000, the \$8,000 rent establishes the *actual market price*. A representation that the \$5,000 is the higher of cost or market would be dispelled. Then the question is why didn't Laclede *itself* rent the space to the other tenant and obtain the higher rent?

32. Most of Laclede's pleading is a challenge to the Commission's Affiliate Transactions Rule, but Staff's inquiry regards whether Laclede engaged in prudent gas purchasing transactions. The Affiliate Transactions Rule is simply one tool in making that determination.

33. Laclede has engaged in transactions with LER and must now provide information to Staff to demonstrate the prudence of these transactions.

WHEREFORE, the Staff recommends that the Commission deny Laclede's Motion and order it to promptly comply with the Commission's Order.

Respectfully submitted,

**/s/ Lera L. Shemwell**

Lera L. Shemwell  
Deputy General Counsel  
Missouri Bar No. 43792

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Missouri Public Service Commission  
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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 13th day of November, 2008.

**/s/ Lera Shemwell**

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## **The Laclede Group Achieved Record Earnings for Sixth Consecutive Year**

Company Release - 10/30/2008 17:46

ST. LOUIS, Oct. 30 /PRNewswire-FirstCall/ -- The Laclede Group, Inc. (NYSE: LG) reported its sixth consecutive year of record earnings today.

-- Strong performance by Laclede Group's continuing operations, bolstered by the sale of a subsidiary, resulted in record fiscal year 2008 earnings. Laclede Group's continuing operations and the sale of its underground facility locating and marking subsidiary, SM&P Utility Resources, Inc. (SM&P), provided the company with consolidated net income of \$77.9 million for fiscal year 2008, which ended September 30, resulting in an increase of \$28.2 million over fiscal year 2007. Diluted earnings per share for fiscal 2008 were \$3.58, compared to \$2.31 for fiscal 2007. The net effect of the one-time gain realized on the sale of SM&P last March and the impact of SM&P's seasonal operating loss for the period prior to the sale amounted to \$20.4 million of income from discontinued operations, contributing \$.94 to diluted earnings per share for fiscal 2008.

-- Consolidated income from continuing operations demonstrated solid growth. For fiscal 2008, consolidated income from continuing operations totaled \$57.5 million, compared to \$45.7 million in fiscal 2007, demonstrating solid year-over-year growth in the Company's ongoing business lines. Diluted earnings per share from continuing operations were \$2.64 for fiscal 2008, compared with \$2.12 for fiscal 2007. Continuing operations consist primarily of Laclede Group's regulated gas distribution segment and its non-regulated gas marketing segment, both of which reported higher earnings for fiscal 2008.

-- Laclede Gas achieved improved results. Earnings reported by Laclede Group's core subsidiary, Laclede Gas Company, Missouri's largest natural gas distribution utility, were \$39.2 million, an increase of \$6.7 million over fiscal 2007. Laclede Gas contributed \$1.80 to consolidated earnings per share for the twelve months ended September 30, 2008, compared to \$1.51 for the same period last year. The improved results reflect the general rate increase that became effective August 1, 2007, and the effect of a reversal of tax-related expenses this fiscal year. The results were negatively impacted by higher operating and bad debt expenses, and a change in the sharing mechanism for off-system sales and capacity release revenues that also resulted from the 2007 general rate case.

-- Laclede Energy Resources, Inc. (LER) posted strong earnings growth. LER, Laclede Group's non-regulated natural gas commodity service provider, reported earnings totaling \$19.3 million for fiscal 2008, which were \$5.9 million more than fiscal 2007. LER contributed \$.88 to consolidated earnings

per share for the twelve months ended September 30, 2008, compared to \$.62 per share for the same period last year. The increased earnings were primarily due to improved margins and higher sales volumes on sales of natural gas and the effect of a reversal of tax-related expenses this fiscal year.

For further details concerning The Laclede Group's fiscal year 2008 results, see the accompanying unaudited Statements of Consolidated Income.

The Laclede Group, Inc. is a public utility holding company committed to providing reliable natural gas service through its regulated core utility operations, while engaging in non-regulated activities that provide opportunities for sustainable growth. Its primary subsidiary, Laclede Gas Company, the regulated operations of which are included in the Regulated Gas Distribution segment, serves approximately 630,000 residential, commercial and industrial customers in the city of St. Louis and ten other counties in Eastern Missouri. Its primary non-regulated business is Laclede Energy Resources, Inc., a natural gas commodity service provider located in St. Louis Missouri, which is included in the Non-Regulated Gas Marketing segment. Laclede Group's earnings are seasonal in nature and generally correspond with the heating season for Laclede Gas Company, its largest subsidiary.

For more information about Laclede Group and its subsidiaries, visit <http://www.thelacledegroup.com>.

Note: This news release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The Company's future operating results may be affected by various uncertainties and risk factors, many of which are beyond the Company's control, including weather conditions, governmental and regulatory policy and action, the competitive environment and economic factors. For a more complete description of these uncertainties and risk factors, see the Company's Form 10-Q for the quarter ended June 30, 2008, filed with the Securities and Exchange Commission.

SOURCE The Laclede Group, Inc.

LG 8-K 3/25/2008

Section 1: 8-K (THE LACLEDE GROUP INC 8K 3-25-2008)

United States  
Securities and Exchange Commission  
Washington, D.C. 20549

Form 8-K

Current Report  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

March 25, 2008

<i>Commission File No.</i>	<i>Exact Name of Registrant as Specified in its Charter and Principal Office Address and Telephone Number</i>	<i>State of Incorporation</i>	<i>I.R.S. Employer Identification Number</i>
1-16681	The Laclede Group, Inc. 720 Olive Street St. Louis, MO 63101 314-342-0500	Missouri	74-2976504
1-1822	Laclede Gas Company 720 Olive Street St. Louis, MO 63101 314-342-0500	Missouri	43-0368139

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 13e-4(c))

Attachment B

**Item 7.01 Regulation FD Disclosure.**

As announced by the Company in its press release dated March 18, 2008, the Company will make a presentation at the Edward Jones MidCap Utility Conference on March 25, 2008. The materials attached will be used in the presentation. The webcast of the presentation will be available on the Company's website, [www.thelacledegroup.com](http://www.thelacledegroup.com), through April 1, 2008.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

99.1 March 25, 2008 presentation materials for Edward Jones MidCap Utility Conference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE LACLEDE GROUP, INC.

Date: March 24, 2008

By: /s/ D. H. Yaeger  
D. H. Yaeger  
Chairman, President, and Chief Executive Officer

LACLEDE GAS COMPANY

Date: March 24, 2008

By: /s/ D. H. Yaeger  
D. H. Yaeger  
Chairman, President, and Chief Executive Officer

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Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99.1	March 25, 2008 presentation materials for Edward Jones MidCap Utility Conference

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**Section 2: EX-99.1 (EXHIBIT 99.1)**



*The Laclede Group*

**Edward Jones  
MidCap Utility Conference  
March 25, 2008**

**Douglas H. Yaeger  
Chairman, President and  
Chief Executive Officer**

**Mark D. Waltermire  
Chief Financial Officer**



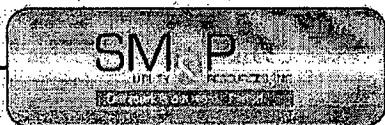
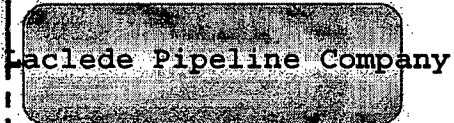
*The Laclede Group*

Edward Jones  
MidCap Utility Conference  
March 25, 2008

*This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Future operating results may be affected by various uncertainties and risk factors, many of which are beyond the control of The Laclede Group, Inc, including weather conditions, governmental and regulatory policy and action, the competitive environment and economic factors. For a more complete description of these uncertainties and risk factors, see The Laclede Group's Form 10-Q for the quarter ended December 31, 2007 filed with the Securities and Exchange Commission.*



# Company Overview



- Public Utility Holding Company Formed 2001
- Strong Utility Platform
- Growth Components Complementary to Core
- Demonstrated Strategic Success
- S&P Small Cap 600 Company

*The Laclede Group*

# Strategic Execution



- Five Consecutive Years of Record Earnings
  - Acquisition and organic growth
- Utility Operations
  - Strong rate case results
  - Stability of earnings
  - Operational improvements
- Non-Utility Components
  - Logical extension of core utility business
  - Continued growth of Laclede Energy Resources (LER)
  - Developed SM&P Utility Resources, Inc.
  - Ongoing systematic evaluation of new opportunities
- Highly Experienced Management

*The Laclede Group*

# Accessible Liquidity

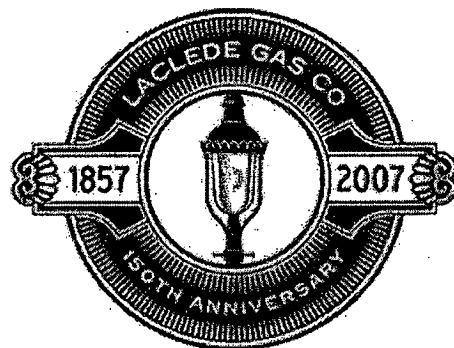


- Strong Credit Ratings

	Laclede Group	Laclede Gas
S&P	A	A
Moody's	A1	A3
Fitch	A+	A+

- Continued Access to Capital Markets
- Short-Term Liquidity
  - Commercial Paper at favorable rates backed by Lines of Credit

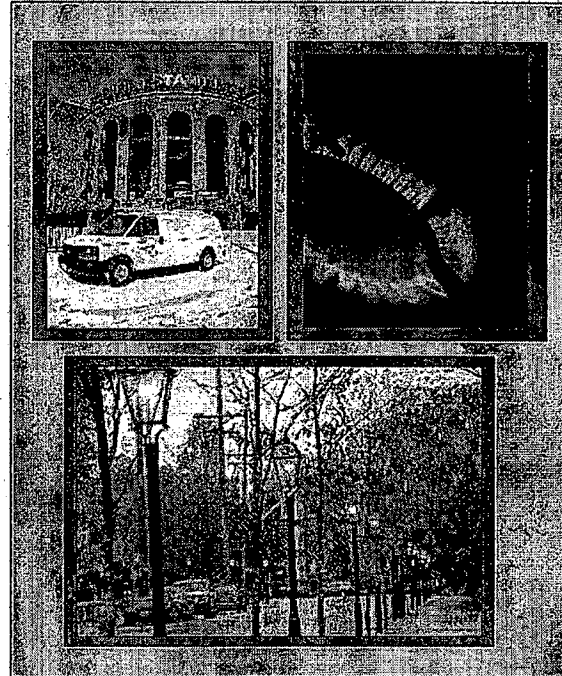
*The Laclede Group*



# 150 Years of Service



- Established as The Laclede Gas Light Company in 1857
- Original Dow Jones index company
- Largest LDC in Missouri

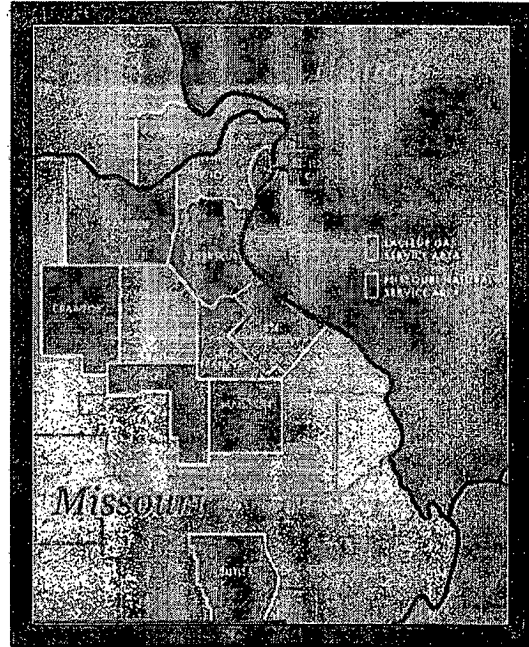


 Laclede Gas

# Our System & Strengths



- 630,000+ Customers  
(83% Market Saturation)
- Over 16,000 Miles of Pipe
- Diversified Gas Supply
- Significant Storage Capacity
  - Market area: 5 Bcf natural gas, 3 Bcfe liquid propane
  - Upstream system: 23 Bcf

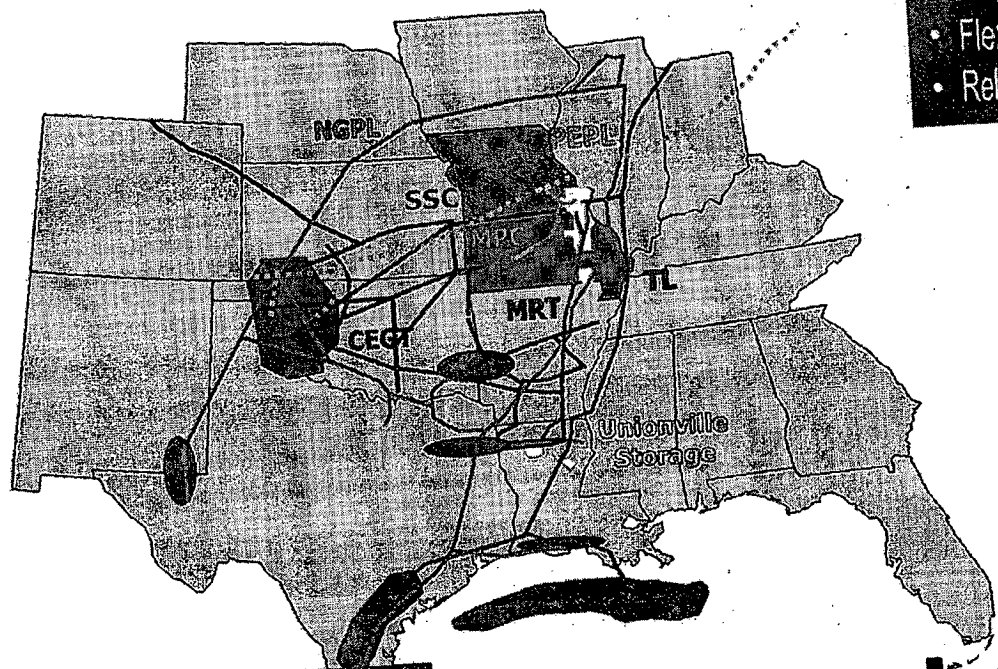


 Laclede Gas

# Upstream Pipeline Transportation Network



- Access
- Flexibility
- Reliability



Peak day  
Flowing gas capacity: 12 Bcf  
7 Bcf



# Regulation



- Missouri Public Service Commission
- Constructive Outcomes
  - August 2007: \$38.6 MM increase in non-gas revenues
  - Enhanced Weather Mitigation Rate Design (WMRD)
  - Infrastructure System Replacement Surcharge (ISRS)
  - Reduced reliance on off-system sales
  - Enhanced Gas Supply Incentive Program (GSIP)





# Advocacy



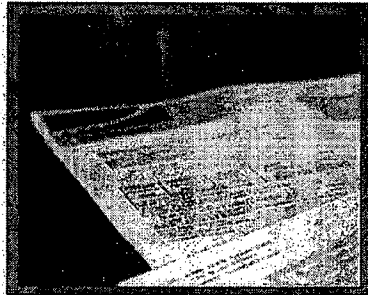
- Missouri Energy Development Association
  - Missouri investor-owned natural gas, electric, and water utilities
    - Advocates measures to support utility infrastructure and services to benefit Missouri citizens and businesses
  - Current Chairman
  - Legislative achievements
    - Infrastructure System Replacement Surcharge
    - Fuel Adjustment Clause
    - Weather and Conservation Rider
    - Environmental Cost Recovery Mechanism
  - Missouri Utility Shareholders Association



# Operational and Customer Focus



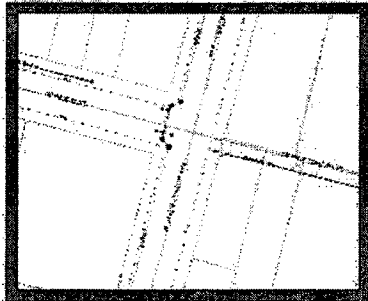
Field Technology



Bill Redesign



Automated Meter Reading



GIS System



Green Building Initiatives



The logo for Laclede Energy Resources features the word "Laclede" in a bold, italicized, sans-serif font. A thin, curved line arches over the letters "l", "a", and "c", ending in a small starburst or asterisk above the letter "e".

**Laclede**

ENERGY RESOURCES

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# Laclede Energy Resources



Pipeline  
Transportation  
Services

Natural  
Gas  
Suppliers



Industrial  
Businesses

Utilities and  
Municipalities

Wholesale  
Customers

- **Non-regulated Natural Gas Marketer**

- Large retail and wholesale customer base
- Organically grown
- Flexible pricing alternatives
- Risk management utilizing financial markets
  - Lock in margins
  - No speculation
- Experienced Management

**Laclede**  
ENERGY RESOURCES

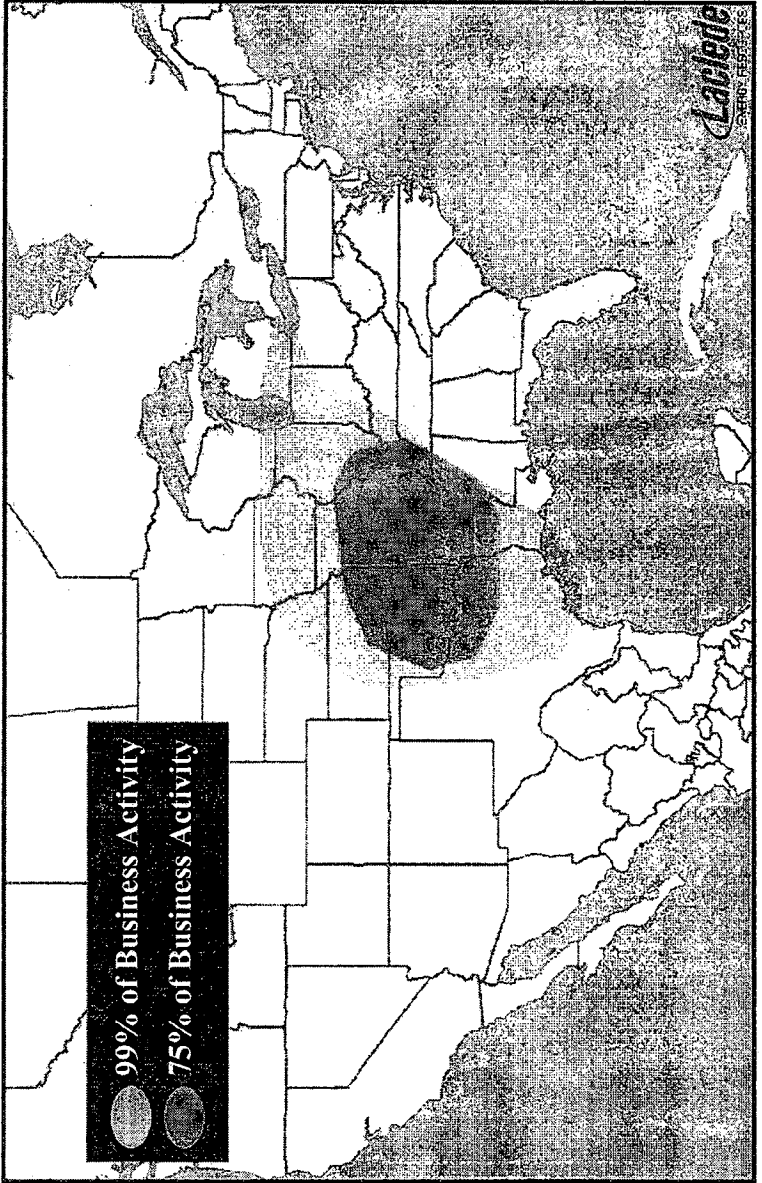
# Laclede Energy Resources



- Strong Performance During 2007
  - 30% increase in sales volumes
  - Volumes delivered similar to Laclede Gas Company (107 Bcf vs. 112 Bcf)
- Growth in Overall Portfolio
  - Additional transportation capacity and gas supplies
  - Increased number of counterparties
- Growth in Sales Base
  - New retail / wholesale customers
  - Producer services



# Current LER Footprint



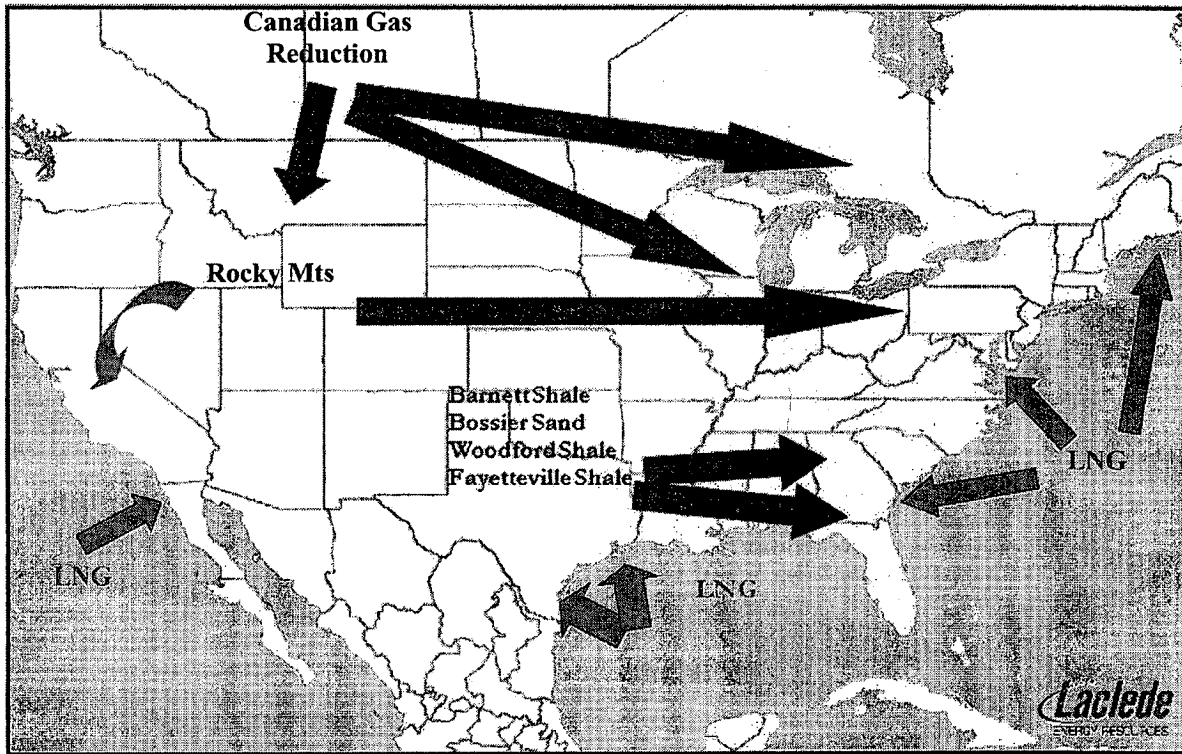
# Drivers of Growth



- Pipeline Expansion Projects
  - New marketing opportunities
- Storage Expansion
- New Gas Supply Basins
  - Shale plays
- Producer Services
- Additional Markets
  - Power generation
  - Ethanol business growing in the Midwest
  - LDCs



# Supply Shift

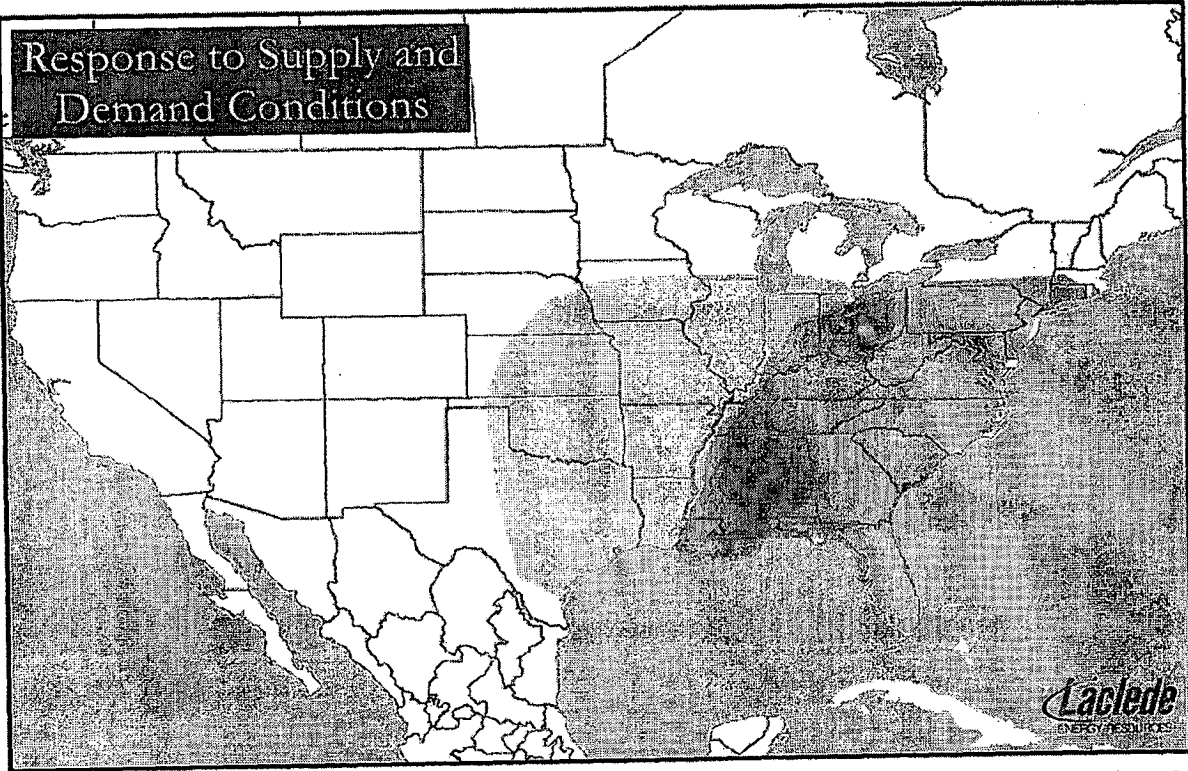




# Growth Potential



Response to Supply and Demand Conditions



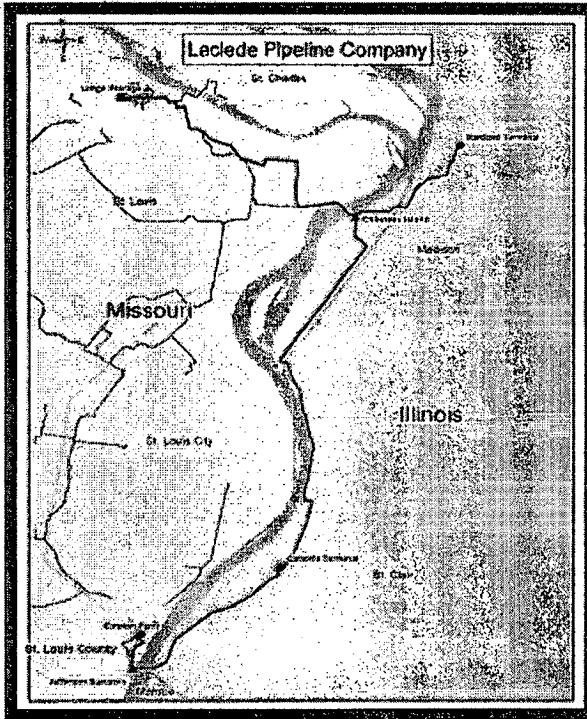
Laclede  
ENERGY SERVICES



**Laclede Pipeline Company**

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# Laclede Pipeline Company



- Uniquely Situated LPG Pipeline
  - Market crossroads location
  - Only U.S. interstate LPG pipeline with LDC customer

# LPG Pipeline Assets



- March 2006: LPC Filed an Application with FERC
    - Provides common carrier LPG transportation in interstate commerce
    - Allows propane and butane shipments by third parties
    - Preserves historic role re: Laclede Gas Company peaking needs
  - LPC's FERC Tariff Effective April 1, 2006
-

**SM&P**  
UTILITY & RESOURCES, INC.

Our mark is our word. Period.

# SM&P Utility Resources



- Underground Locating and Marking Company - Acquired in January 2002
  - Grew business
  - Strengthened core management
  - Developed technological competencies
  - Built on industry leadership to provide high-quality services
  - Established platform for long-term growth



# Cash Sale of SM&P



- Status

- Agreement signed February 15, 2008
- Closing targeted for March 31, 2008
- Sale price: \$85 million
  - Purchase price: \$43 million
- Will now be part of a much larger locating entity
- Proceeds will strengthen balance sheet





*The Laclede Group*

# Financial Review

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# Liquidity and Financial Capacity



- Shelf Registration
  - Laclede Group: \$362.4 MM remaining
  - Laclede Gas: \$350.0 MM remaining
- Financing Authority
  - MPSC: \$500.0 MM
- Lines of Credit
  - Laclede Group: \$50.0 MM
  - Laclede Gas: \$320.0 MM
    - 4-year line

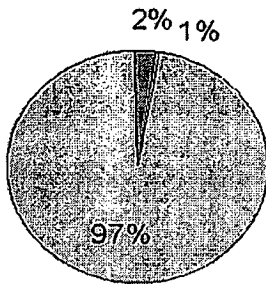
*The Laclede Group*

# Earnings by Segment (\$MM)



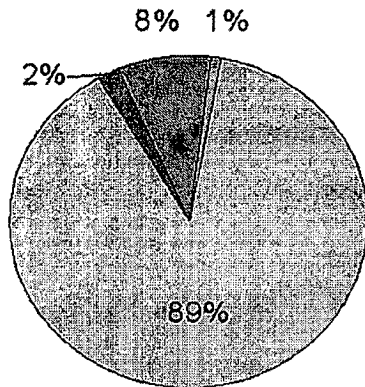
## 2001 Segment Earnings

\$30.4



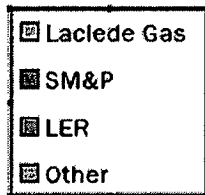
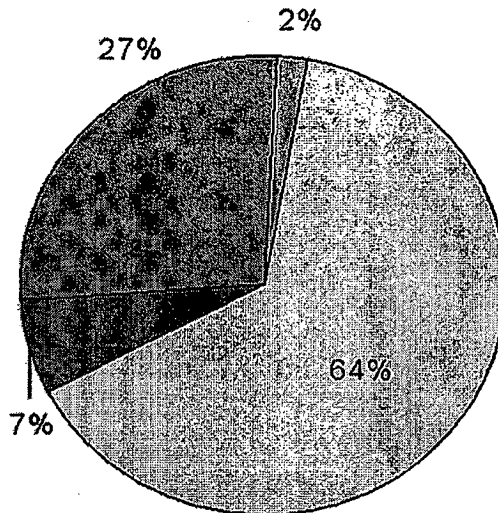
## 2004 Segment Earnings

\$36.1



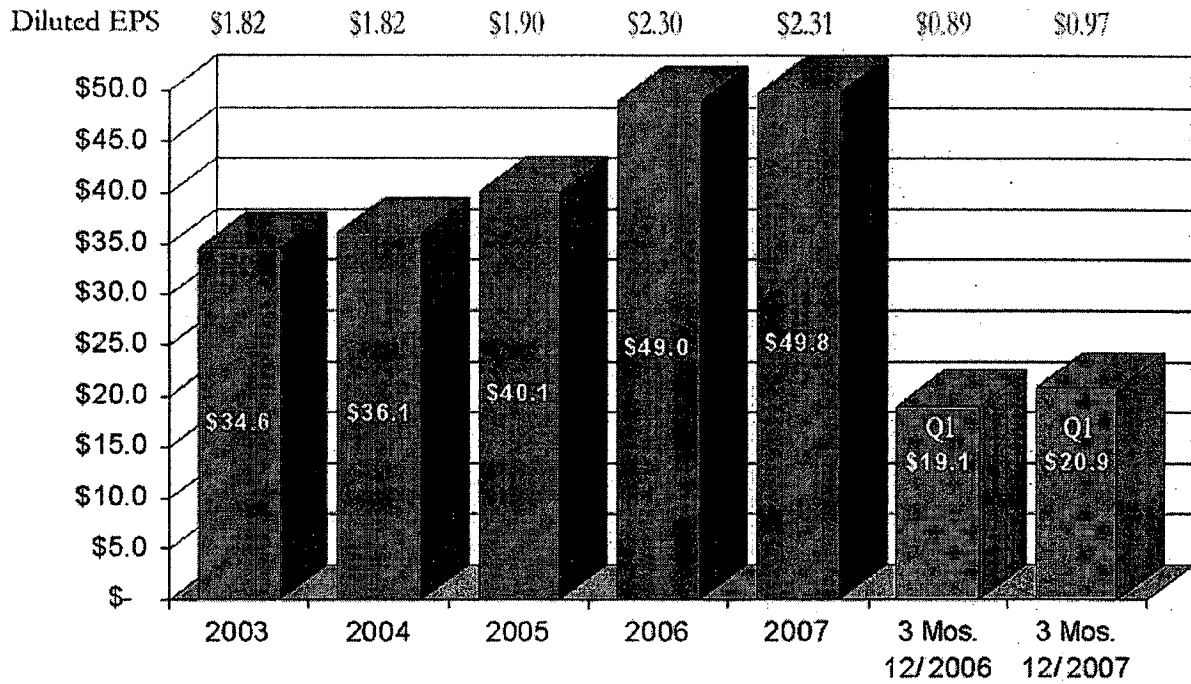
## 2007 Segment Earnings

\$49.8



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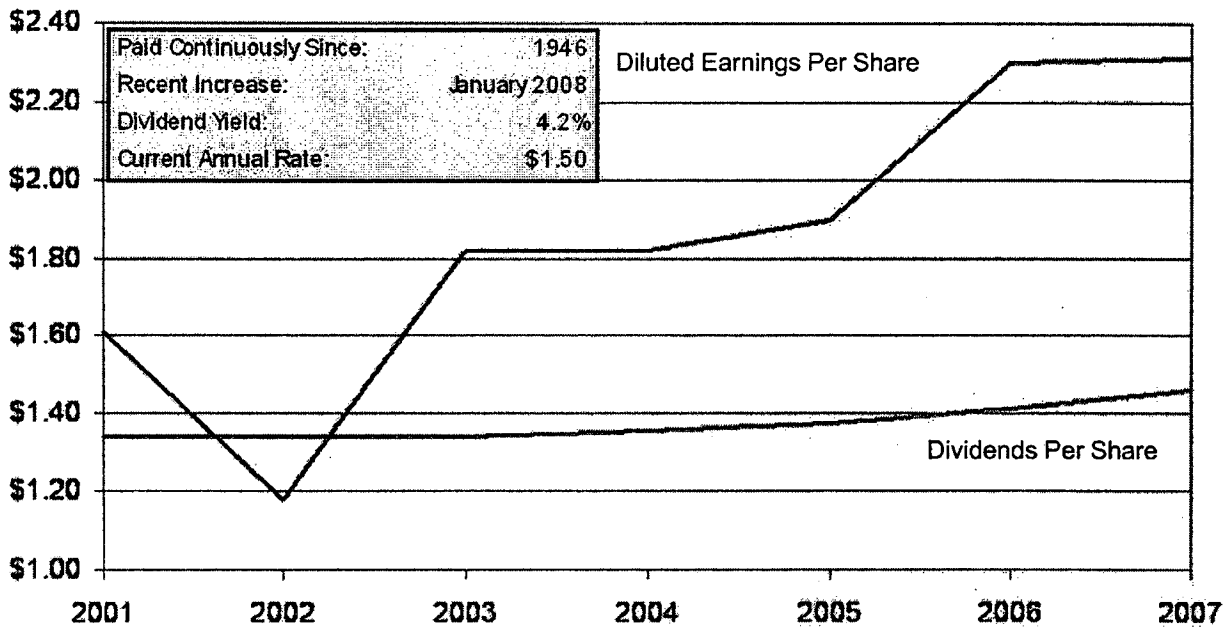
# Net Income (\$MM)



Note: The Laclede Group issued 1.725 million common shares in May 2004.

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# Earnings and Dividends Per Share



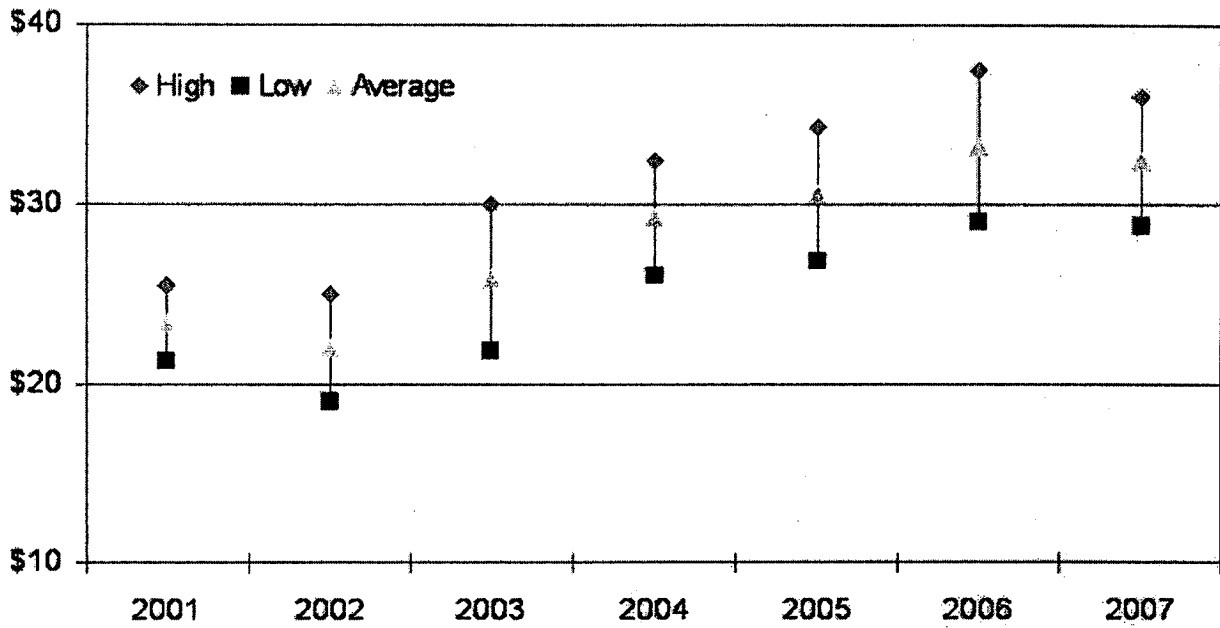
Paid Continuously Since:	1946
Recent Increase:	January 2008
Dividend Yield:	4.2%
Current Annual Rate:	\$1.50

Diluted Earnings Per Share

Dividends Per Share

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# Historical Stock Price



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# Return



- Since Laclede Group was formed (October 1, 2001)\*
  - Laclede Group annualized return: 16.1%
  - S&P 500 Index annualized return: 6.7%
- Current Fiscal Year (Beginning October 1, 2007)\*
  - Laclede Group: 13.3% gain
  - S&P 500 Index: 12.0% loss

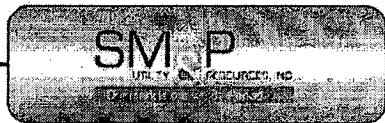
\*through March 18, 2008

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# Summary

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# Key Takeaways



- Strong Core Gas Distribution Business
  - Stable earnings platform
  - Ongoing customer service initiatives
  - Focus on internal improvements
- Synergistic Growth Components
  - LER and Laclede Pipeline expansion opportunities
  - Asset-based opportunities complementary to core
- Focus on Shareholder Value
  - Strengthening of balance sheet
  - Earnings and dividend growth

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# Q & A

Reliable Return, Rational Growth, Strong Dividends