

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

In the Matter of Laclede Gas Company’s Verified )  
Application for Authority to Issue and Sell )  
First Mortgage Bonds, Unsecured Debt and )  
Preferred Stock, in Connection with a Universal ) **Case No. GF-2009-0450**  
Shelf Registration Statement, to Issue Common )  
Stock and Receive Capital Contributions, to Issue )  
and Accept Private Placement Securities, and to )  
Enter Into Capital Leases, all in a Total Amount )  
Not to Exceed \$600 Million )

**STAFF’S STATEMENTS OF POSITIONS**

**COMES NOW** the Staff of the Missouri Public Service Commission (Staff) and submits the following statements of positions in the above captioned proceeding:

**Issues**

1. What conditions can and should the Commission place on Laclede’s financing authority?

**Position: The Commission can and should place on Laclede’s financing authority Conditions 1 through 12 as enumerated in Staff’s direct testimony and shown on the attached Staff’s List of Conditions.**

A. What amount of long-term debt should be authorized under the Commission’s authority?

**Position: The Commission should authorize an amount of \$100 million long-term debt.**

B. Should Laclede be allowed to issue preferred Stock within the debt limit or above the debt limit?

**Position: If the preferred stock to be issued is in lieu of debt, then it should be allowed under the debt limit. Otherwise, the Company shall be required to provide the specific terms and conditions of preferred stock it proposes to issue above the proposed debt limit.**

C. What information should be considered appropriate for purposes of determining a reasonable amount of financing authority?

**Position: If Laclede is requesting authority to issue securities to fund projected capital needs, Laclede should provide projected financial statements that show the anticipated amount of such capital needs, the purposes of such needs and the timing of such needs. Additionally, Laclede shall file a plan on the anticipated type of security, amount of security and timing of security issuances over this period.**

**The Company shall be required in future finance cases to provide detailed evidence showing the amounts of long-term capital investments that have not been financed under the prior financing, the type of long-term securities it intends to issue, and when the Company intends to issue such securities.**

2. Can and should the Company be required to file with the Commission any credit agency reports issued on the Company, on its debt issuances, or on the Laclede Group?

**Position: Yes. Laclede can and should be required to file these reports in order to allow Staff and the Commission the ability to monitor credit rating agencies' evaluations of the credit quality of Missouri utilities.**

**WHEREFORE**, the Staff respectfully submits its Statements of Positions as directed by the Commission.

Respectfully submitted,

**/s/ Robert S. Berlin**

Robert S. Berlin  
Senior Counsel  
Missouri Bar No. 51709  
Missouri Public Service  
Commission Staff  
P.O. Box 360  
Jefferson City, MO 65102  
(573) 526-7779  
(573) 751-9285 (Fax)  
[Bob.berlin@psc.mo.gov](mailto:Bob.berlin@psc.mo.gov)

ATTORNEY FOR THE STAFF  
OF THE MISSOURI PUBLIC  
SERVICE COMMISSION

**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 30th day of March, 2010.

**/s/ Robert S. Berlin**

**LACLEDE FINANCE CASE – GF-2009-0450**  
**STAFF’S LIST OF CONDITIONS**

1. That the Company be authorized to issue and sell debt securities, solicit and accept private placements and issue common stock and receive paid-in capital in an aggregate amount not to exceed \$600 million at any time, or from time to time, for three years from the effective date of the Commission’s Order, provided that the total amount of long-term debt issued and outstanding under such authority shall not, at any time during the period covered by this authorization exceed \$100 million, and, provided further that the Company shall not be authorized to use any portion of the \$600 million for any purpose other than for the exclusive benefit of Laclede Gas Company’s regulated operations, as such purposes are specified in Section 393.200.

2. That the Commission’s Authority under this case does not include the authority to issue preferred stock.

3. That the current Commission Authority under Case No. GF-2007-0220 shall be superseded by the Commission Authority under Case No. GF-2009-0450.

4. That, if and when individual debt securities are issued under this Application, the Company shall submit a verified report to the Commission's Internal Accounting Department documenting such issuance, the use of any associated proceeds and the applicability and measure of fees under Section 386.300.2.

5. That the Company shall also be required to file with the Commission all final terms and conditions on this financing including, but not limited to, the aggregate principal amount to be sold or borrowed, price information, estimated expenses, portion subject to the fee schedule and loan or indenture agreement concerning each issuance.

6. That if debt securities are set at a fixed rate, the interest rate shall not exceed a rate equal to the greater of 300 basis points above the yield on a United States Treasury security with a comparable maturity at the time of the issuance of the Debt or a rate that is consistent with similar securities of

comparable credit quality and maturities issued by other issuers. If a variable rate is set, the basis for determining the interest rate shall be defined at the time of issuance, along with any maximum or minimum interest rates that may be specified for that series; provided, however, that the initial interest rate will not exceed a rate equal to the greater of 300 basis points above the yield on a United States Treasury security with a maturity comparable to the period that the initial interest rate would be in effect, or a rate that is consistent with similar securities of comparable credit quality and maturities issued by other issuers.

7. That the Company shall submit to Staff and Public Counsel any information concerning communications with credit rating agencies concerning individual debt securities issued under this Application.

8. That the Company shall file with the Commission any credit rating agency reports issued on the Company, the Company's debt issuances, or on the Laclede Group.

9. That nothing in the Commission's order shall be considered a finding by the Commission of the value of these transactions for rate making purposes, and that the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their results in cost of capital, in any later proceeding.

10. In seeking a renewal of the authority granted in this case, Laclede and Staff shall operate under the general time frames set forth for financing cases in the 2004 case management roundtable project.

11. That the Company shall only convert the existing operating leases to capital leases only after the existing accounting rules or statements on capital leases have been amended. The Company shall notify the Commission when the change has been effected before the conversion takes place.

12. That in future finance cases, the Company shall be required to provide detailed evidence showing the amounts of long-term capital investments that have not been financed under the prior financing authority, the type of long-term securities they intend to issue and when the Company intends to issue such securities.