

**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 Shelf)	
Registration Statement, to Issue Common Stock and)	Case No. GF-2009-0450
Receive Capital Contributions, to issue or accept)	
Private Placement Securities, and to Enter Into)	
Capital Leases, all in a Total Amount Not to)	
Exceed \$600 Million)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Commission) and for its Recommendation states as follows:

1. On June 30, 2009, the Laclede Gas Company (Laclede or Company) filed its Verified Application for Commission authority to issue and sell first mortgage bonds, unsecured debt and preferred stock, to issue common stock and receive capital contributions, to issue or accept private placements of preferred stock, first mortgage bonds and unsecured debt, and to enter into capital leases, all in a total amount not to exceed \$600 million. Laclede properly filed its Application pursuant to Sections 393.190 and 393.200 RSMo, and Commission Rules 4 CSR 240-2.060 and 3.220.

2. On November 30, 2009, Staff filed its Fifth Status Report informing the Commission that Staff and the Company are continuing discussions regarding Laclede's Application and Staff's concerns with Laclede's financing proposal. That same day the Commission issued its *Order Granting Request To File Sixth Status Report And Setting Deadline* requiring Staff's recommendation or its sixth status report to be filed no later than December 30, 2009.

3. Since the time the Company filed its Application, the Company and Staff have exchanged information and have engaged in several discussions regarding the Application. Most recently, the Staff and Laclede met on December 16, 2009 to discuss the consideration of market impact debt. Participants included Mark Waltermire, Chief Financial Officer; Lynn Rawlings, Treasurer; Jim Fallert, Controller; Steven Rasche, Vice President of Finance; and Mike Pendergast, Vice President & Associate General Counsel. Over the course of Staff's analysis of the Application and its discussions with the Company, the Staff has filed status reports with the Commission. As a result of this process, the Staff believes that the discussions and the exchange of information between Staff and the Company have been helpful and that Staff is now in a position to file its recommendation.

4. Based on Staff's analysis of Laclede's Verified Application, other information provided by the Company, and numerous discussions with the Company, the Staff submits its Recommendation contained in its attached Memorandum, marked as "Appendix A" with supporting "Schedule 1."

5. For reasons more fully explained in Staff's attached Memorandum, the Staff recommends the Commission grant Laclede authority to issue public or private debt of one year or greater, issue common stock and receive paid-in capital in an amount not to exceed \$600 million, provided that the total amount of long-term debt issued under such authority shall not at any time during the three year period covered by this authorization exceed a rounded-up amount of \$100 million. Staff notes that Laclede's current financing authority in the amount of \$500 million granted in Case No. GF-2007-0220 runs through February 15, 2010.

6. Out of an abundance of caution, the Staff is filing its Memorandum and supporting Schedule 1 as "Highly Confidential" (HC) until it hears back from the Company. At that time, the Staff will then file a redacted Public version.

WHEREFORE, the Staff respectfully recommends approval of Laclede's Verified Application subject to the twelve (12) conditions enumerated in Staff's Memorandum and that this Recommendation be placed on the Commission's agenda as soon as possible.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Senior Counsel
Missouri Bar No. 51709

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-7779 (Telephone)
(573) 751-9285 (Fax)
email: bob.berlin@psc.mo.gov

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 2009.

/s/ Robert S. Berlin