

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

In the Matter of)	
Laclede Gas Company's Purchased Gas)	
Adjustment Tariff Filing.)	Case No. GR-2007-0179

STAFF RECOMMENDATION FOR GRANTING APPLICATION FOR VARIANCE

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

1. On December 6, 2006, Laclede Gas Company (Laclede or Company) filed a Verified Application For Variance (Application), containing a request for expedited treatment, asking the Commission to grant the Company "... a variance from certain billing provisions contained in the PGA Clause on Tariff Sheet No. 21 of the tariffs applicable to customers previously served by Fidelity Natural Gas, Inc. ("Fidelity"), so that Laclede may bring the benefits of lower gas costs more quickly to the former customer[s] of Fidelity than would otherwise be permitted by such tariff provisions."

2. Laclede explains in its Application that "Good cause exists for the Commission to grant the variance in that it will allow Laclede to provide the benefits of lower gas costs to the former Fidelity customers more quickly than would otherwise be allowed by the tariff." The Staff agrees.

3. In furtherance of its Application, Laclede requests that the Commission act on this request no later than December 12, 2006. Due to the press of multiple hearings and associated workload, the Staff was unable to respond by December 12, 2006, and apologizes for any inconvenience this may cause. However, the Staff has evaluated Laclede's Application and is in

agreement with the Company that the Commission should immediately grant its request for variance so that the benefits of lower gas costs may be passed on more quickly to Laclede's former Fidelity customers. Staff believes passing lower gas costs to Laclede's former Fidelity customers constitutes good cause for granting Laclede's request for expedited treatment. Staff's recommendation is contained in its Memorandum, attached hereto as Appendix A, and incorporated by reference herein.

WHEREFORE, for the reasons stated above and in Staff's Memorandum, the Staff respectfully requests the Commission to immediately issue an order approving Laclede's Verified Application for Variance of its tariff provision.

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, or transmitted by facsimile or electronic mail to all counsel of record this 13th day of December 2006.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2007-0179, File No. JG-2007-0317
Laclede Gas Company formerly Fidelity Natural Gas Company

FROM: James A. Gray, Energy Department – Tariffs/Rate Design

<u>/s/ Thomas Imhoff 12/13/06</u> Utility Operations Division/Date	<u>/s/ Lera Shemwell 12/13/06</u> General Counsel's Office/Date
---	--

SUBJECT: Staff Recommendation on Laclede Gas Company's (formerly Fidelity Natural Gas Company) Verified Application for Variance

DATE: December 13, 2006

On December 6, 2006, Laclede Gas Company (Laclede or Company) of St. Louis, Missouri filed a Verified Application for Variance from its Purchased Gas Adjustment (PGA) tariff to allow Laclede to bill its former Fidelity's customers at the newer, lower PGA rate for the December billing month.

This filing reflects the former Fidelity Natural Gas Company's (FNC) PGA filing. The Missouri Public Service Commission (Commission) approved Laclede's ownership of FNC to become effective on February 28, 2006.

This filing proposes that the current, approved firm PGA factor of \$0.8499 per hundred cubic feet (Ccf) be used through the December billing month. Laclede's tariff sheet No. 21 states, "As long as any of the service periods being billed a customer contains service taken prior to the period before the new rates are effective, the Company can charge only the old rates." Laclede is making changes to its billing system to accommodate the former FNC customers. Without the variance, Laclede would only be able to charge the previous, higher PGA rate of \$1.1983 Ccf.

Case No. GR-2007-0179, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2005-2006 Actual Cost Adjustment (ACA) filing. Case No. GR-2006-0170 was established to track the Company's PGA factors to be reviewed in its 2004-2005 ACA filing. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2006-0170, and GR-2007-0179. Staff has verified that the Company has filed its 2005 annual report and is not delinquent on any of its 2006 assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Staff has reviewed this Application and recommends approval of the variance on an expedited basis. The proposed decrease will assist Missouri consumers by promptly implementing a decrease in natural gas rates, which the Staff believes constitutes good cause. Staff is of the opinion that good cause for approval of the variance on an expedited basis is demonstrated.

My commission expires 9-21-10