

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

The Staff of the Missouri Public Service Commission,)	
)	
)	
Complainant,)	
v.)	Case No. GC-2011-0098
)	
Laclede Gas Company, Laclede Energy Resources, and The Laclede Group,)	
)	
)	
Respondents.)	

**PUBLIC COUNSEL’S RESPONSE
TO THE JOINT MOTION TO DISMISS**

COMES NOW the Missouri Office of the Public Counsel (OPC) and for its Response to the Joint Motion to Dismiss on Behalf of Laclede Energy Resources, Inc., and The Laclede Group, Inc. states:

1. On October 7, 2010, the Commission’s Staff filed its Amended Complaint versus Laclede Gas Company (Laclede), Laclede Energy Resources (LER), and The Laclede Group (LG). The Staff’s Amended Complaint alleges, among other things, that Laclede and LER are involved in an improper sharing of information in violation of Commission rules. The Staff’s Amended Complaint further alleges that gas supply transactions between Laclede and LER are in violation of the Commission’s rules because they provide financial advantages to LER. The Staff also alleges that Laclede may be improperly purchasing interruptible supply from LER to meet Laclede’s firm gas sale requirements.

2. On November 8, 2010, LER and LG filed a Motion to Dismiss LER and LG from the Complaint, arguing that the Staff's Complaint fails to set forth any allegation against LER or LG upon which relief could be granted.

3. OPC asks that the Motion to Dismiss be denied. The allegations contained in the Staff's Complaint involve Laclede and LER directly, which are both wholly-owned subsidiaries of The Laclede Group, Inc. Keeping LER and LG as parties to this case is necessary to the Commission's investigation into the unlawful sharing of information and the unlawful provision of financial benefits between Laclede and LER.

4. Keeping LER and LG as parties to this case is also necessary to ensure that discovery requests from Staff and OPC will not face the same absurd argument made previously by Laclede that information with the possession of LER is not in the possession of Laclede. There appears to be little if any management difference between Laclede and LER since top executive officers of Laclede are also top executive officers for LER, and since both entities share the same office space at 720 Olive Blvd in St. Louis. There are few differences between Laclede and LER, aside from the obvious difference that the distribution subsidiary sells gas to end users while the marketing subsidiary sells gas to distribution companies. The primary goal of each company, however, is identical – to increase earnings for shareholders of The Laclede Group, Inc. through the sale of natural gas.

5. It is important to keep in mind that the Commission's authority over "other" businesses in which a regulated utility is engaged, which includes LER's marketing business, is generally not within the Commission's jurisdiction unless the other business "is so conducted that its operations are to be substantially kept separate and

apart from the owning, operating, managing or controlling of” the regulated business. § 393.140(12) RSMo 2000. OPC asserts that the owning, operating, managing and controlling of Laclede has not been kept substantially separate and apart from that of LER. Therefore, LER’s transactions are within the Commission’s jurisdiction, and LER should not be dismissed since LER is directly involved in the unlawful transactions and information sharing that is the subject of this Complaint.

WHEREFORE, the Office of the Public Counsel respectfully offers this response and asks that the Commission deny the Joint Motion to Dismiss because LER and LG are necessary parties to this Complaint.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

By: /s/ Marc D. Poston

Marc D. Poston (#45722)

Deputy Public Counsel

P. O. Box 2230

Jefferson City MO 65102

(573) 751-5558

(573) 751-5562 FAX

marc.poston@ded.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 22nd day of November 2010:

General Counsel Office
Missouri Public Service Commission
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
GenCounsel@psc.mo.gov

Shemwell Lera
Missouri Public Service Commission
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
Lera.Shemwell@psc.mo.gov

Niehoff J William
Laclede Energy Resources, Inc.
23 Public Square, Suite 300
PO Box 307
Belleville, IL 62220
wniehoff@mmrltd.com

Pendergast C Michael
Laclede Gas Company
720 Olive Street, Suite 1520
St. Louis, MO 63101
mpendergast@lacledegas.com

Zucker E Rick
Laclede Gas Company
720 Olive Street
St. Louis, MO 63101
rzucker@lacledegas.com

Darrell C Mark
Laclede Group, Inc.
720 Olive St, Suite 1504
St. Louis, MO 63101
mdarrell@lacledegas.com

/s/ Marc Poston
