

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 13th day of February, 2013.

In the Matter of the Joint Application of Southern)
Union Company d/b/a Missouri Gas Energy,)
The Laclede Group, Inc., and Laclede Gas)
Company for an Order Authorizing the Sale,)
Transfer, and Assignment of Certain Assets and)
Liabilities from Southern Union Company to)
Laclede Gas Company and, in Connection)
Therewith, Certain other Related Transactions)

File No. GM-2013-0254

**ORDER REGARDING MOTION FOR LEAVE TO ENTER INTO CERTAIN
INTEREST RATE SWAP AGREEMENTS**

Issue Date: February 13, 2013

Effective Date: February 23, 2013

On February 4, 2013, Laclede Gas Company filed a motion asking leave to enter into interest rate swap agreements to effectively lock in interest rates for its proposed purchase of Southern Union Company's Missouri Gas Energy division. Laclede contends that using hedging methods to lock in interest rates at today's low rates would be beneficial for it and its customers. The Commission directed its Staff to respond to Laclede's motion by February 11, and ordered that any other party wishing to respond do so by that date.

Staff filed its recommendation regarding Laclede's motion on February 11. Staff explains that it is not opposed to the specific relief sought by Laclede but reserves its right to take whatever position it believes is appropriate on the proposed transaction and on any costs related to the transaction in the company's next general rate case proceeding.

Public Counsel also filed a response to Laclede's motion on February 11. Public Counsel explains that it does not join in Staff's statement of non-opposition to Laclede's proposed interest rate swap agreements and states several concerns about Laclede's proposed purchase of MGE and Laclede's proposal to finance that transaction. However, Public Counsel does not request a hearing regarding Laclede's motion and does not state that it is opposed to that motion.

Based on Laclede's motion and the recommendation of its Staff, the Commission will grant the motion. The Commission appreciates Public Counsel's concerns and emphasizes that its action today does not resolve or prejudge any issues that may later arise regarding Laclede's purchase of MGE or its recovery of the costs it may incur as a result of the proposed interest rate swap transactions. The Commission may address the prudence of Laclede's interest rate hedging decisions in the company's next general rate case.

Because of Laclede's desire to take advantage of currently low interest rates, the Commission will make this order effective ten days after issuance.

THE COMMISSION ORDERS THAT:

1. Laclede Gas Company's Motion for Leave to Enter into Certain Interest Rate Swap Agreements is granted.

2. This order shall become effective on February 23, 2013.

BY THE COMMISSION



Shelley Brueggemann
Acting Secretary

(S E A L)

Gunn, Chm., Jarrett, R. Kenney, Stoll,
and W. Kenney, CC., concur.

Woodruff, Chief Regulatory Law Judge