

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

In the Matter of the Abandonment by Laclede)
Gas Company on behalf of its Missouri Natural)
Gas Company Division, of General L.P. Gas)
Service to customers in the Meadowview Acres)
Mobile Home Park in Jefferson County,)
Missouri)

Case No. GO-2008-0067

STAFF RECOMMENDATION

COMES NOW Staff of the Public Service Commission of Missouri, and for its recommendation in this case states:

1. On August 31, 2007, Laclede Gas Company (“Laclede”) filed, on behalf of its Missouri Natural Gas Company Division, an Application to Abandon L.P. Gas Service to Customers in the Meadowview Acres Mobile Home Park in Jefferson County, Missouri (“Application”). Currently, thirteen (13) customers are being served by Laclede in the Meadowview Acres area.

2. The Commission ordered, in its Order Directing Notice and Order Directing Filing, that “any customer wishing to file written comments” do so no later than October 4, 2007. Staff notes, as of the date of this filing, EFIS reflects zero (0) public comments filed.

3. On November 5, 2007, the Commission issued its Order Granting Extension of Time which allowed Staff to file its recommendation no later than November 9, 2007 regarding Laclede’s sale of assets and abandonment of service.

4. Staff notes that, subject to the Commission’s approval of this Application, Laclede has executed a sale agreement with AmeriGas Partners, L.P., whereby AmeriGas has agreed to provide service to these customers at a reasonable rate, along with purchasing various Laclede assets including certain existing propane tanks.

5. Staff recommends that the Commission grant, upon condition, Laclede's Application. Specifically, Staff recommends that the Commission condition the granting of Laclede's Application upon Laclede recognizing the current market value of \$2,000 as the net salvage for the storage tanks booked to Laclede's plant-in-service.

WHEREFORE, the Staff recommends the Commission grant, upon the condition that Laclede recognize the current market value of \$2,000 as the net salvage for the storage tanks booked to the Laclede's plant-in-service, Laclede's Application to Abandon L.P. Gas Service to Customers in the Meadowview Acres Mobile Home Park in Jefferson County, Missouri.

Respectfully Submitted,

/s/ Shelley Syler Brueggemann
Shelley Syler Brueggemann
Senior Counsel
Missouri Bar No. 52173

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-7393 (Telephone)
(573) 751-9285 (Fax)
shelley.brueggemann@psc.mo.gov (e-mail)

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 8th day of November 2007.

/s/ Shelley Syler Brueggemann

M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File
Case No. GO-2008-0067, Laclede Gas Company

FROM: Lisa K. Hanneken, Auditing Department

<u>/s/ Lisa K. Hanneken</u>	<u>11/08/07</u>	<u>/s/ Shelley Syler Brueggemann</u>	<u>11/08/07</u>
Utility Services Division/Date		General Counsel's Office/Date	

SUBJECT: Staff Recommendation to approve Laclede Gas Company's application for abandonment of the Meadowview Mobile Home Park in Jefferson County, Missouri.

DATE: November 8, 2007

Missouri Natural Gas Company, a division of Laclede Gas Company (Company), currently serves liquid propane (LP) gas customers in the Meadowview Acres Mobile Home Park (Meadowview) in Jefferson County, Missouri. On August 31, 2007, the Company filed an application to abandon its LP gas service to customers of Meadowview. A substantial decline in customers in recent years has resulted in 13 customers currently being served by the Company.

The Company has provided propane service through a centralized standalone system to customers located in Meadowview for the last 37 years. It was originally contemplated that natural gas service would eventually be provided to Meadowview, but the anticipated growth in customers needed to warrant the required additions to the Company's distribution system was not realized. The current centralized system for providing the propane service is deteriorating. The Company states that most, if not all, of the distribution pipelines for this system will need to be replaced within the next several years. The Company estimates that this replacement would cost \$76,000 and would not be an economically feasible option given the number of customers it would serve. Under approved rate schedules, the Company's gross revenues for Meadowview from July 1, 2006 to June 30, 2007 were \$7,090.92.

The Company believes it is more economical to abandon the deteriorating assets, sell those assets which can still be utilized and allow an unregulated entity to serve Meadowview customers, than to invest in the upgrades needed to serve the customers itself.

Subject to the Commission's approval of the Company's application, the Company has executed a sale agreement with AmeriGas Partners, L.P. (AmeriGas). The terms of this agreement would provide for purchase of various Company assets by AmeriGas, including certain existing propane tanks and remaining propane volumes. AmeriGas would, at no charge, provide and connect an individual propane tank for each customer that desires to receive service from AmeriGas. This direct connection eliminates the need for the centralized system currently serving Meadowview customers; therefore the Company intends to abandon such system in place. AmeriGas has agreed to provide service to the customers at a reasonable cost for sixty (60) months. AmeriGas has also agreed to certain discounts and terms, discussed in detail below.

CURRENT RATES AND TERMS

The Company's current rates are summarized in the table below:

Customer Charge	\$13.50 per month
Per Gallon Rate	\$1.322 per gallon (eff. 10/2/07)

The Company's current rates were established and approved by the Missouri Public Service Commission (Commission) as part of rate Case No. GR-2007-0208.

PROPOSED AMERIGAS RATES AND TERMS

AmeriGas rates would be as follows:

Customer Charge	N/A
Per Gallon Rate (first 400 gallons)	\$1.599 (eff. 10/2/07)
Per Gallon Rate (after initial 400*)	\$1.799 (eff. 10/2/07)

*AmeriGas has agreed to give customers who purchase an initial minimum of 400 gallons, an additional 100 gallons free. This only applies to the initial purchase after becoming an AmeriGas customer.

AmeriGas will provide the following billing options:

- Month billing
- Budget billing

- Pre-Buy option
 - Customer may chose to pre-buy their propane for the entire year during the summer at a discounted off-season rate
- New “Locked-In Rate” Program
 - AmeriGas is offering the “Locked-In” rate of \$1.799 (current rate eff. 10/2/07) to customers that commit to purchasing at least two years of service from AmeriGas

AmeriGas will provide the individual tanks, set-up and connection at no charge.

COSTS TO THE COMPANY

The facilities at Meadowview were installed in 1970 at an original cost of \$32,781. The facilities include 8,600 feet of 2 inch steel main, 135 copper services, 1 plastic service, 18 meters, and 24 - 1,000 gallon propane tanks. The estimated removal cost to purge and retire the mains and services, as well as removal of the remaining meters is \$18,500.

RECOMMENDATIONS

The Staff recommends that the Commission grant, with one condition, the Company’s application to abandon and sell its facilities and service in the Meadowview Acres Mobile Home Park. Staff’s recommended condition for the Commission granting of the Company’s application is that the Company recognize the current market value of \$2,000 as the net salvage for the storage tanks booked to the Company’s plant-in-service.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Abandonment by Laclede Gas)
Company on behalf of its Missouri Natural Gas)
Company Division, of General L.P. Gas Service to)
customers in the Meadowview Acres Mobile Home)
Park in Jefferson County, Missouri

Case No. GO-2008-0067

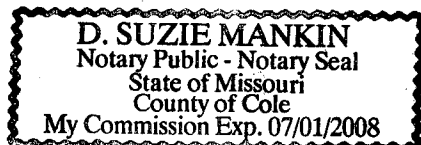
AFFIDAVIT OF LISA K. HANNEKEN

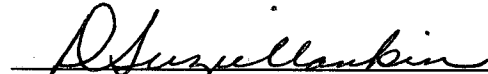
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

LISA K. HANNEKEN, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was developed by her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true and correct to the best of her knowledge and belief.


LISA K. HANNEKEN

Subscribed and sworn to before me this 8th day of November, 2007.




Notary Public