

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

In the Matter of Laclede Gas Company's)	
Purchased Gas Adjustment for 2004-2005)	Case No. GR-2005-0203
)	
In the Matter of Laclede Gas Company's)	
Purchased Gas Adjustment for 2005-2006)	Case No. GR-2006-0288

**PUBLIC COUNSEL'S RESPONSE TO
LACLEDE'S RESPONSE TO ORDER DIRECTING FILING**

COMES NOW the Office of the Public Counsel and for its Response to Laclede's Response to Order Directing Filing states:

1. Public Counsel offers this response to Laclede Gas Company's June 8, 2009 Response to the Commission's June 4, 2009 Order Directing Filing.
2. Laclede claims Staff and Public Counsel were unable to identify any statute or rule "that supports their claimed right to discovery of information related to LER's transactions with unrelated third parties." Laclede overlooks the previous authority identified by Staff and Public Counsel that provides the Commission with the authority to compel Laclede to produce the information sought by the Staff's data requests. Section 386.450 RSMo states:

At the request of public counsel and upon good cause shown by him the commission shall require or on its own initiative the commission may require, by order served upon any corporation, person or public utility in the manner provided herein for the service of orders, the production within this state at such time and place as it may designate, of any books, accounts, papers or records kept by said corporation, person or public utility in any office or place within or without this state, or, at its option, verified copies in lieu thereof, so that an examination thereof may be made by the public counsel when the order is issued at his request or by the commission or under its discretion.

The authority granted to the Commission is broad and clear. The Commission may require Laclede or any corporation or person to produce “any books, accounts, papers or records kept by said corporation, person or public utility in any office or place within or without this state.”

3. Section 393.140(8) also gives the Commission the “power to examine the accounts, books, contracts, records, documents and papers of any” gas corporation, and Section 393.140(9) gives the Commission the authority to compel the production of “any accounts, books, contracts, records, documents, memoranda and papers.”

4. Laclede incorrectly claims that the Commission recognized in its Order Denying Motion to Compel that access to the requested records “is governed by the Commission’s affiliate transaction rules, and the Cost Allocation Manual (“CAM”) that Laclede developed pursuant to those rules.” Laclede’s misrepresentation of the Commission’s Order Denying Motion to Compel highlights Laclede’s desperate attempt to steer this gas purchasing investigation, which is a ratemaking function, into an investigation under the affiliate transaction rules. The Order Denying Motion to Compel makes no mention of the affiliate transaction rules, Laclede’s CAM, or any other statement that would remotely substantiate Laclede’s false claims. The Commission specifically concluded in its Order Regarding Request for Clarification that “[t]he Commission has ordered Laclede to produce information about its affiliate according to the rules of discovery not under the Commission’s Affiliate Transaction Rule.”

5. Laclede continues to refer to the information sought by the Staff as “the records of LER” and “information from LER.” The Commission should not be misled into believing that this is an issue about compelling an unregulated affiliate to comply

with Commission orders, or that this is an issue about reviewing an unregulated affiliate's records for reasons unrelated to the regulated company. Staff is seeking information that is relevant to Laclede's decision-making and information that is in Laclede's possession, as the Commission recognized in its Order Regarding Request for Clarification. This information was requested from Laclede to investigate Laclede's actions, not the actions of Laclede's affiliate.

6. Public Counsel refers the Commission to Public Counsel's June 10, 2009 Response to Order Directing Filing for responses to Laclede's inaccurate interpretation of the Stipulation and Agreement from Case No. GM-2001-342. Public Counsel's correct interpretation of the Stipulation and Agreement does not need to be repeated or supplemented. Laclede should be ordered to honor its commitment to provide Public Counsel and Staff with access its records.

7. The Commission should not allow Laclede to obscure the purpose of these cases. These cases were established to investigate Laclede's gas purchasing decisions and operations for 2004-2005 and 2005-2006. The PGA/ACA process requested by Laclede and under which Laclede now operates, allows Laclede to alter its PGA rates outside of a rate case because the Commission's ACA review provides the "just and reasonable" analysis that determines whether Laclede's gas purchasing decisions and operations were prudent. This is not an investigation into Laclede's affiliate transactions, nor is it an investigation into Laclede's CAM. This is a prudency review. Affiliate transactions are relevant because they could show that Laclede entered into transactions with an affiliate that were imprudent, and that resulted in ratepayers paying higher gas charges than they would have paid if Laclede's transactions had been prudent.

Accordingly, Public Counsel requests that the Commission dismiss Laclede's arguments and grant the Motions for Reconsideration.

WHEREFORE, Public Counsel respectfully offers this Response to Laclede's Response to Order Directing Filing.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

By: /s/ Marc D. Poston

Marc D. Poston (#45722)
Senior 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 18th day of June 2009:

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

Michael Pendergast
Laclede Gas Company
720 Olive Street, Suite 1250
St. Louis, MO 63101
mpendergast@lacledegas.com

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

/s/ Marc Poston
