



MISSOURI GAS ENERGY



MGE TRANSITION STATUS UPDATE

May 27, 2014

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Missouri Public
Service Commission

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ENG NO _____
DAYS _____
EQUIP NO _____

INTRODUCTIONS

- | | |
|---------------------------|---|
| Suzanne Sitherwood | President and CEO, The Laclede Group |
| Steve Lindsey | President, Laclede Gas |
| Mike Spotanski | Senior VP, Chief Integration and Innovation Officer |
| Mark Darrell | Senior VP, General Counsel and Chief Compliance Officer |
| Craig Dowdy | Senior VP, External Affairs, Corporate Communications and Marketing |
| Ron Crow | Vice President, Customer Experience |
| Ryan Hyman | Vice President, Chief Information Officer |

TODAY'S AGENDA

- Introduction
- Continuing Services Agreement Update
- Transition Status Update
- Additional Information
- Q&A

DELIVERING ON OUR PROMISES

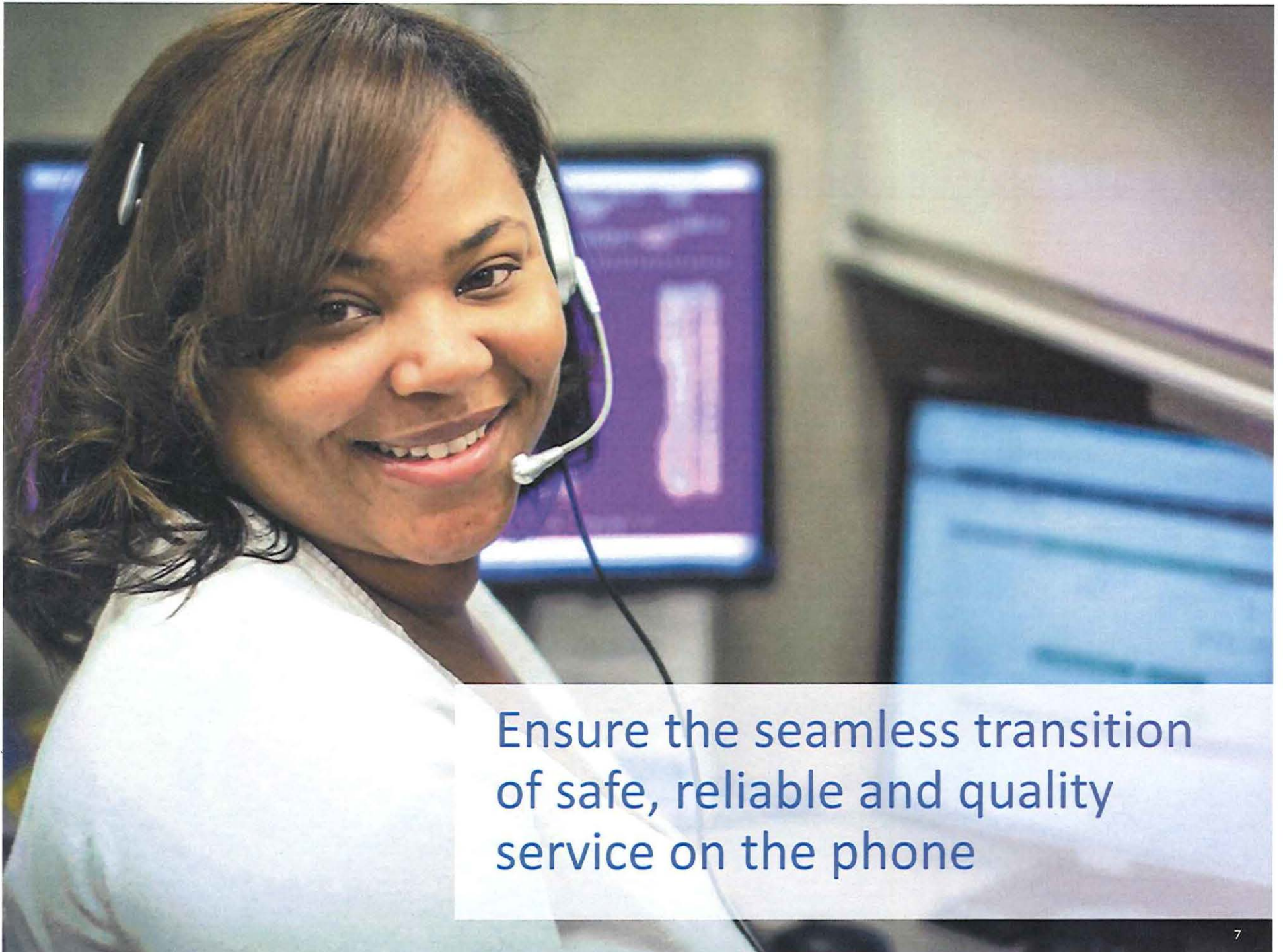
Suzanne Sitherwood





 **Laclede Gas**

Ensure the seamless transition
of safe, reliable and quality
service in the field



Ensure the seamless transition
of safe, reliable and quality
service on the phone



Replace aging infrastructure

newBLUE vision

We stand together as de

Drive efficiencies

ready to take ch

TRANSITION STATUS UPDATE

Mike Spotanski

CONTINUING SERVICES AGREEMENT (CSA)

- The CSA services primarily covered IT systems, including the following functions:
 - Accounting
 - Finance
 - Human Resources
 - Payroll
 - Purchasing and Accounts Payable
 - Fixed-Assets Tracking
- Audit Support – available for up to 4 years from closing

CONTINUING SERVICES AGREEMENT (CSA)

- CSA services helped provide seamless transition in September 2013
- April 1 - Cutover of SUG IT services to Laclede systems
- April 9 - Final pull of data; SUG unplugged from MGE
- Seamless IT transfer

TRANSITION STATUS UPDATE

- MGE Information Systems
 - April 2014: Go-Live for HR, Finance and Supply Chain
 - July 2015: Incorporate MGE into Laclede's new CC&B system
 - Continue use of MGE-owned mainframe system until cutover
- MGE employees
 - General update
 - Call Center
 - Field employees focusing on main replacement

TRANSITION STATUS UPDATE

Steve Lindsey

MAIN REPLACEMENT

	2012	2013	<u>Forecasted</u> 2014
Miles of Protected Bare Steel Replaced	12	13	38
Miles of Projected Cast Iron Replaced	5	8	14
Total Miles	17	21	52
Cost (\$ x1,000)	11,721	13,617	20,666

CALL CENTER UPDATE

- Performance metrics (ASA and ACR) within normal range based on call center history
 - Better than normal for September and October 2013
 - Metrics declined as collective bargaining approached
 - Same result as 2008
- Agreement reached between MGE and IBEW
 - Outside call center to back-up inside call center
 - Longer runway before full consolidation of call centers
 - Employee assistance

GAS SUPPLY

- Laclede/MGE assumed all necessary gas and pipeline contracts
 - Staff provided assistance on an important pipeline contract
- Unusually cold winter
 - Total send-out and heating degree days
 - 20 percent higher than the previous year
 - 16 percent higher than the 30-year normal
 - Continuous consecutive near peak-day conditions throughout this winter
 - 20 days that had 50+ heating degree days
 - Twice the normal count for the season
 - Consumed ~9 BCF more storage (52 percent) than a normal winter
 - **No disruptions to gas supply or transportation services**
- Gas supply organization

RECENT RATE CASE INCREASES

\$(000s)

Rate Case Period	Laclede	MGE
2006-2007	\$38,600	\$27,207
2009-2010	\$31,400	\$16,256
2013-2014	\$14,811*	\$7,800*

Acquisition-related efficiencies reduced MGE's rate increase in its most recent case.

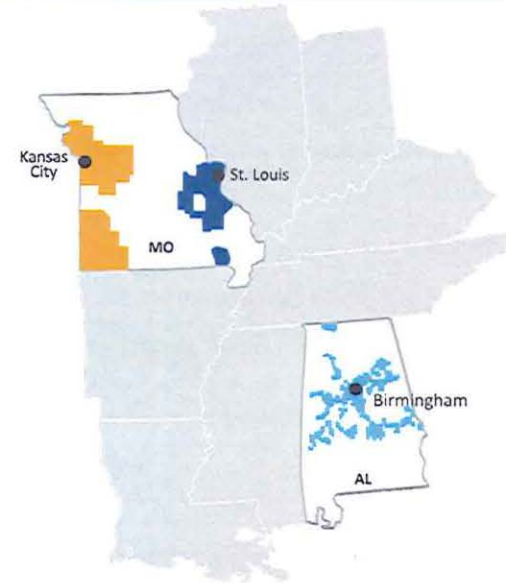
* Rate increase equates to dollars already collected in ISRS mechanism

ADDITIONAL INFORMATION

Suzanne Sitherwood

LACLEDE IN 2015

- Geographic proximity
- Comparable size and composition of service areas, customer bases and distribution systems
- Shared histories of providing safe, reliable service
- Similar cultures and community philosophies



Founded	1857	1867	1852
Employees	1,680	640	990
Customers	636,200	492,300	422,400
Pipeline Miles	~16,000	~14,000	~23,200
Metro Population	2.8M	2.3M	1.1M
State Population	6.0M	6.0M	4.8M

Laclede Gas and MGE information as of September 30, 2013; Alagasco information as of December 31, 2013



Q&A