LACLEDE GAS COMPANY
720 OLIVE STREET
ST. LOUIS, MISSOURI 63101

January 23, 2003

VIA FEDERAL EXPRESS

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Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Governor Office Building
200 Madison Street
Jefferson City, MO 65101

RE: Case No. GR-2002-1103
File No. JG-2003-110552

Dear Mr. Roberts:

Enclosed herewith for filing with the Missouri Public Service Commission are the following revised tariff sheets, which are applicable to all divisions of Laclede Gas Company ("Company"):

P.S.C. MO. No. 5 Consolidated, Twelfth Revised Sheet No. 22
P.S.C. MO. No. 5 Consolidated, One Hundred Ninety-Fifth Revised Sheet No. 29

The purpose of these tariff sheets, which have an issue date of January 23, 2003, and an effective date of March 1, 2003, is to terminate the Actual Cost Adjustment ("ACA") factor that became effective November 26, 2002 and that is applicable to customers who purchase gas from the Company under the Vehicular Fuel ("VF") rate schedule.

BACKGROUND

Effective March 4, 2002 the Commission approved the Company's request to re-determine on a monthly basis the Current Purchased Gas Adjustment ("CPGA") factor for VF customers in accordance with the same procedures that had been used to establish the CPGA for the Company's Large Volume Transportation and Sales Service ("LVTSS") customers (see the Commission's letter to the Company dated February 28, 2002 in File #200200621). Formerly, the CPGA for the VF customers had been adjusted on a scheduled basis once in the winter and once in the summer, consistent with the PGA procedures in effect at that time for all customers other than LVTSS customers.

With the revised PGA procedure for VF customers, the Company contemplated that VF customers would be subject to the same ACA factor as the LVTSS customers as demonstrated by One Hundred and Ninety-Third Revised Sheet No. 29 filed by the Company on November 12, 2002. Unfortunately, since such filing the Company has discovered that, due to the unusual circumstances surrounding the rates applicable to LVTSS customers bills last year, it would be inappropriate to establish a common ACA factor for both the LVTSS and VF customers.

Those unusual circumstances were attributable to the large ACA credit that had become effective November 19, 2001 for LVTSS customers. Such credit caused LVTSS customers to purchase more gas from the Company during the winter of 2001/2002 than they otherwise would have purchased. Since the Company was concerned at that time that such purchases could lead to excessive credits to LVTSS customers that the Company would be forced to recover from customers in the form of a large surcharge in a subsequent ACA filing, the Company filed for and the Commission approved the elimination of the large ACA credit effective March 22, 2002 (see Case No. GR-2001-387, File No. 200200752). However, even though such filing discontinued any further distribution of ACA credits to LVTSS customers for the remainder of the ACA recovery period, the excessive credits had already created a large debit balance that necessitated the implementation of a large surcharge in November 2002. It is this large balance that exists due to the actions of the Company's LVTSS customers that has prompted the Company to propose termination of the ACA factor for VF customers.

JUSTIFICATION FOR PROPOSED TARIFF MODIFICATION

Since the VF customers did not cause the large debit ACA balance reflected in the Company's November 12 filing for LVTSS and VF customers, the VF customers should not be responsible for that portion of any surcharge designed to recover such balance. The Company's original filing would have unintentionally produced such an unfair result. In addition, the ACA surcharge reflected in the PGA rates in the Company's November 12 filing that became effective November 26 would create an artificial price disadvantage for natural gas use by VF customers relative to the price of competing fuels. Thus, to correct the inequity caused by the November 26 PGA rate and to avoid the continued application of a rate that would discourage the use of natural gas for vehicular use, the Commission should approve, as an interim measure, the enclosed tariff sheets that provide for termination of the ACA surcharge for VF customers effective March 1, 2003. Such approval is also appropriate because the Company believes that the application of the inordinately high surcharge to VF sales between November 26, 2002 and March 1, 2003 will cause such customers to make a reasonable contribution towards their share of the deferred gas costs in the Company's November 12 filing. It is the Company's intention that prior to its next ACA filing it will make a tariff filing to permanently address the applicability of the Company's ACA provisions to the VF customers.

The ACA factor applicable to sales made to LVTSS customers is not affected by the instant filing.

I have enclosed three copies of this filing, one of which is for your convenience in acknowledging your receipt thereof.

Sincerely,

Michael T. Cline

MTC
Enclosures
cc: Office of the Public Counsel

Laclede Gas Company — Name of Issuing Corporation or Municipality

For Refer to Sheet No. 1 — Community, Town or City

SCHEDULE OF RATES

C. Deferred Purchased Gas Cost Accounts (Continued)

5. Carrying costs shall be applied to certain excesses or deficiencies in gas cost recoveries, which such excesses or deficiencies shall comprise a Deferred Carrying Cost Balance ("DCCB"). The excesses or deficiencies to be included in the DCCB, which shall be computed separately for each of the Company's sales classifications, shall be the product of: (a) the difference between the Company's actual annualized unit cost of gas, net of storage injections and withdrawals, and the estimated annualized unit cost of gas factor included in the Company's then most recent PGA filing, and (b) the volumes of gas sold during such month. Each month, carrying costs, at a simple rate of interest equal to the prime bank lending rate (as published in The Wall Street Journal on the first business day of such month), minus one percentage point, shall be credited to sales customers for any excess recoveries of gas costs or credited to the Company for any deficient recoveries of gas costs only when and to the extent that the DCCB exceeds five percent of the Company's average annual level of gas costs for the then three most recent ACA periods.

6. For each twelve-month period ending with the September revenue month, the differences of the comparisons described above including, any carrying costs where applicable, and any balance or credit for the previous year shall be accumulated to produce a cumulative balance of excess or deficiency of gas cost revenue recovery. "Actual Cost Adjustment" (ACA) factors, which shall be included in the Company's Winter PGA filing, as such filing is described in Section E.1, shall be computed by dividing such balances by the applicable estimated sales or transportation volumes during the subsequent twelve-month ended October period for each of the respective sales and transportation classes. Such ACA factors shall remain in effect until superseded by revised ACA factors in the next scheduled Winter PGA filing, with two exceptions. First, the LVTSS sales ACA factor that became effective November 19, 2001shall be terminated on the effective date of One Hundred and Ninetieth Revised Sheet No. 29. Second, the ACA factor applicable to sales made to VF customers effective November 26, 2002 shall be terminated effective March 1, 2003. All actual ACA revenue recovered shall be debited or credited to the balance of the ACA account as appropriate and any remaining balance shall be reflected in the subsequent ACA computations.

DATE OF ISSUE January 23, 2003 (Month Day Year) DATE EFFECTIVE March 1, 2003 (Month Day Year)

ISSUED BY K. J. Neises, Executive Vice President, 720 Olive St., St. Louis, MO 63101
Name of Officer — Title — Address

P.S.C. MO. No. 5 Consolidated, One Hundred and Ninety-Fifth Revised Sheet No. 29
CANCELLING P.S.C. MO. No. 5 Consolidated, One Hundred and Ninety-Fourth Revised Sheet No. 29

Laclede Gas Company	For	Refer to Sheet No. 1
Name of Issuing Corporation or Municipality		Community, Town or City

SCHEDULE OF RATES

PURCHASED GAS ADJUSTMENT CLAUSE

Adjustment Statement

In accordance with the Company's Purchased Gas Adjustment Clause contained in Sheet Nos. 15 through 28-g, inclusive and the Company's Purchased L.P. Gas Adjustment Clause contained on Sheet No. 8, the following adjustments per therm or per gallon, where applicable, will become effective on and after the effective date of this tariff.

Sales Classification	Current PGA	ACA	UACA	Refund	Total Adjustment
Residential:					
Block 1	33.931¢	(2.850¢)	1.700¢	(0.039¢)	32.742¢
Block 2	68.999¢	(2.850¢)	1.700¢	(0.039¢)	67.810¢
Commercial & Industrial					
Class I - Block 1	28.298¢	(2.850¢)	1.700¢	(0.039¢)	27.109¢
Class I - Block 2	67.573¢	(2.850¢)	1.700¢	(0.039¢)	66.384¢
Class II - Block 1	38.863¢	(2.850¢)	1.700¢	(0.039¢)	37.674¢
Class II - Block 2	67.573¢	(2.850¢)	1.700¢	(0.039¢)	66.384¢
Class III - Block 1	39.716¢	(2.850¢)	1.700¢	(0.039¢)	38.527¢
Class III - Block 2	67.573¢	(2.850¢)	1.700¢	(0.039¢)	66.384¢
LVTSS	*	14.573¢	0.000¢	(0.039¢)	*
VF	*	-0-	0.000¢	(0.039¢)	*
Other & Unblocked Firm	53.309¢	(2.850¢)	1.700¢	(0.039¢)	52.120¢
Seasonal & Interruptible	44.895¢	(5.615¢)	0.000¢	(0.000¢)	39.280¢
L.P. Gas	76.133¢	(6.302¢)	--	--	69.831¢

Residential sales are rendered under Residential General Service (Sheet No. 2)

Commercial & Industrial sales are rendered under Commercial & Industrial General Service (Sheet Nos. 3, 3-a and 3-b)

LVTSS sales are rendered under the Large Volume Transportation and Sales Service Rate (Sheet No. 34).

VF sales are rendered under the Vehicular Fuel Rate (Sheet No. 11).

Other Firm sales are rendered under the Large Volume Service Rate (Sheet No. 5) and the Unmetered Gas Light Service Rate (Sheet No. 9).

Seasonal and Interruptible sales are rendered under the Residential Seasonal Air Conditioning Service Rate (Sheet No. 4), the Commercial & Industrial Seasonal Service Rate (Sheet No. 4-a) and the Interruptible Service Rate (Sheet No. 7).

L.P. Gas sales are rendered under the General L.P. Gas Service Rate (Sheet No. 8).

* Revised each month in accordance with Section A.5 of the PGA clause.

Additional Transportation Charges, ACA Factors and Refunds

Customer Groups	TOP	Capacity Reservation	Other Non-Commodity	ACA	Refund
Firm	-	5.504¢	-	0.851¢	0.000¢
Basic – Firm Sales Prior to 11/15/89	-	-	-	0.000¢	0.000¢
Basic - Other	-	-	-	0.000¢	(0.055¢)

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