

FEB 26 2007

Missouri Public  
Service Commission

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

In the Matter of Laclede Gas Company's ) Case No. GR-2005-0284  
Tariff to Revise Natural Gas Rate Schedules )

## STIPULATION AND AGREEMENT

On February 18, 2005, Laclede Gas Company (“Laclede” or “Company”) submitted to the Missouri Public Service Commission (“Commission”) revised tariff sheets reflecting increased rates for gas service provided to customers in its Missouri service area. The proposed tariff sheets contained a requested effective date of March 21, 2005, and were designed to produce an annual increase of approximately \$39 million in permanent rates charged for gas service. The then existing interim rates included approximately \$5 million to be recovered on an annual basis through the Company’s Infrastructure System Replacement Surcharge (ISRS). The ISRS would be reset to zero upon implementation of new rates in this proceeding, which would have resulted in a proposed net change in rates of approximately \$34 million. In addition to the proposed tariff sheets, the Company also submitted its minimum filing requirements and prepared direct testimony in support of the requested rate increase.

By Order dated February 28, 2005, the Commission suspended the proposed tariff sheets and established a procedural schedule for interventions and evidentiary hearings. On May 12, 2005, the Commission issued its Order Establishing Procedural Schedule in which it established additional and revised procedural dates. In various orders, the Commission also granted the applications to intervene filed by the Missouri Energy Group (Barnes-Jewish Hospital, Emerson Electric Company, SSM HealthCare, and St. John's Mercy Health Care); Missouri Industrial Energy Consumers (Anheuser-Busch

Wolfe Exhibit No. 13  
 Case No(s) 08-2004-027  
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10 of this Stipulation and Agreement; by recording and recognizing in any future rates deferred income tax expense for such differences, provided that the Parties shall have the right to review and propose a different treatment of such timing differences in Laclede's next general rate case proceeding.

9. Nothing herein shall be construed as prejudicing whatever rights the Company has upon conclusion of this case to pursue accounting authorizations or rate adjustment mechanisms to reflect increases or decreases in revenues resulting from changes in customer usage levels or increases or decreases in the costs incurred by the Company to comply with environmental laws, rules or regulations.

10. The Parties agree that the Company shall establish a regulatory asset equal to the balances deferred pursuant to the Accounting Authorization related to gas safety expenditures in Case No. GR-2002-356, less an adjustment related to the Accounting Authorization for the Emergency Cold Weather Rule Amendment (ECWRA) in Case Nos. GR-2001-629 and GR-2002-356. Such regulatory asset balance shall be set at \$859,805 less \$27,801 and further reduced by \$2,055 per day from July 31, 2005, to the effective date of the rates in this proceeding for the final reconciliation of the ECWR adjustment. One-tenth of the balance on the effective date of rates in this case has been included in the cost of service recognized in this proceeding and one-tenth of such balance shall continue to be reflected in cost of service annually for the next subsequent nine (9) years.

#### **Off-System Sales/Capacity Release Revenues**

11. The rates recommended herein reflect an imputed level of revenues for the release of pipeline capacity and for off-system sales. In exchange for this imputation, the

Company shall be permitted to retain 100% of any net revenues realized from such transactions during the period the rates established in this proceeding are in effect up to a total annual level of Twelve million dollars (\$12,000,000), with each annual period beginning on the effective date or the anniversary of the effective date of the rates established in this proceeding. Fifty percent (50%) of the net revenues from release of pipeline capacity and from off-system sales realized by the Company in any such annual period which are in excess of \$12,000,000 shall be deferred and accumulated in a separate account, including accumulation of any interest at prime minus two percent, and distributed to customers in the Company's next general rate case proceeding, provided that the Company shall inform the Staff and Public Counsel in the event the accumulated amount deferred on customers' behalf, including interest, equals or exceeds Five million dollars (\$5,000,000). In this event, the Staff or Public Counsel may petition the Commission for an immediate distribution of such funds. The Parties further agree that the Company's tariff relating to off-system sales shall be modified to incorporate by reference therein the terms of this Paragraph 11 of this Stipulation and Agreement, as set forth on Tariff Sheet No. R-43 in Attachment 2. As stated therein, in the event of a conflict between this Paragraph 11 of this Stipulation and Agreement and Tariff Sheet No. R-43, Paragraph 11 of this Stipulation and Agreement will be controlling. It is also expressly understood that any party shall be free in the Company's next general rate case proceeding to propose prospective modifications to, or termination of, the treatment of off-system sales and capacity release revenues proposed herein. Nothing herein shall be construed as prejudicing whatever rights the parties have upon conclusion of this case to pursue the determination of whether such treatment, or an alternative treatment, should be

approved by the Commission, provided that, subject to the market-out clause of the GSIP being exercised, no changes will be made to such treatment any sooner than the effective date of rates in the Company's next general rate case proceeding. Nothing in this agreement precludes the Staff from proposing any adjustment in a future ACA case that the Staff deems appropriate, but there is no provision in this agreement that prohibits the Company from making any arguments in opposition to a proposed Staff ACA adjustment.

#### **Gas Supply Incentive Plan**

12. The Parties agree that the Gas Supply Incentive Plan as described and set forth in Tariff Sheet Nos. 28-b.1-b.3 of Attachment 2 to this Stipulation and Agreement, should be approved by the Commission. It is expressly understood that any party shall be free in the Company's next general rate case proceeding to propose prospective modifications to, or termination of, the GSIP proposed herein. Nothing herein shall be construed as prejudicing whatever rights the parties have upon conclusion of this case to pursue the determination of whether the GSIP proposed herein, or an alternative GSIP, should be approved or terminated by the Commission, provided that, subject to the market-out clause of the proposal, no changes will be made to the GSIP any sooner than the effective date of rates in the Company's next general rate case proceeding.

#### **Low-Income Energy Assistance Program**

13. The Parties agree that a low-income energy assistance program as described and set forth in Attachment 4 to this Stipulation and Agreement, which is incorporated herein for all purposes, should be approved by the Commission.

#### **Low-Income Weatherization and Efficiency Rebate Programs**