

FISCHER & DORITY
PROFESSIONAL CORPORATION

James M. Fischer
Larry W. DORITY

Attorneys at Law
Regulatory & Governmental Consultants

101 Madison, Suite 400
Jefferson City, MO 65101
Telephone: (573) 636-6758
Fax: (573) 636-0383

September 30, 2002

FILED³

SEP 30 2002

**Missouri Public
Service Commission**

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Missouri 65102

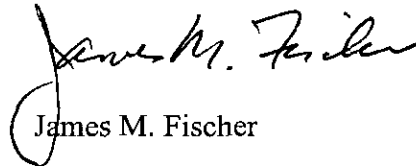
RE: *In the Matter of the Tariff Filing of Laclede Gas Company*, Case No. GA-2003-0032.

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter is an original and eight (8) copies of Laclede Gas Company's Position Statement. In addition, I have enclosed for filing an original and eight (8) copies of the Rebuttal Testimony of R. Lawrence Sherwin and Michael T. Cline.

Copies of the foregoing have been hand-delivered or mailed this date to counsel for all parties of record. Thank you for your attention to this matter.

Sincerely,


James M. Fischer

Enclosures

cc: Office of the Public Counsel
General Counsel
Richard Brownlee

FILED³

SEP 30 2002

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Public
Service Commission

In the Matter of the Tariff Filing
of Laclede Gas Company

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Case No. GT-2003-0032

LACLEDE GAS COMPANY'S POSITION STATEMENT

COMES NOW Laclede Gas Company ("Laclede" or "Company"), and for its
Position Statement on the Issues List filed in this case, states as follows:

1. On September 19, 2002, the Commission issued its Order Regarding
Motions to Amend Procedural Schedule, in which it required the parties to file a
Statement of Issues by September 25, 2002, and Position Statements by September 27,
2002.
2. On September 25, 2002, the Staff filed an Issues List on behalf of all
parties to the case.
3. On September 27, 2002, the Commission revised the September 19 Order
and required Position Statements be filed on September 30, 2002.
4. Set forth below are Laclede's positions with respect to each issue
contained in the Issues List:

Issue A: Do the competing tariff proposals each meet the statutory
requirements of Section 393.310 RSMo Supp. 2002?

Laclede's Position: Laclede's tariff filing, dated August 1, 2002, meets the statutory
requirements of Section 393.310 RSMo Supp. 2002 (the
"Statute"). Nevertheless, in order to address concerns raised by

Staff and the Missouri School Boards' Association, Laclede has revised its tariff. The revised tariff ("Tariff") is attached to the rebuttal testimony of Michael T. Cline, filed September 30, 2002. The Tariff also complies with the Statute. As described below, the MSBA proposal does not comply with the Statute.

Issue A1: Does it provide for service to eligible school entities ("ESEs")?

- a. Laclede proposal
- b. MSBA proposal

Laclede Position: Section A of both proposals appears to provide for service to ESEs.

Issue A2: Does it permit aggregation of natural gas supplies and pipeline transportation by and through a not-for-profit school association?

- a. Laclede proposal
- b. MSBA proposal

Laclede's Position: Section A of both proposals appears to permit aggregation of natural gas supplies and pipeline transportation by and through a not-for-profit school association.

Issue A3: Does it provide for resale of such natural gas supplies, including related transportation service costs, to the ESEs at the gas corporation's cost of purchasing such gas supplies and transportation, plus all applicable distribution costs?

- a. Laclede proposal
- b. MSBA proposal

Laclede's Position: a. Laclede proposal

Sections A and F of Laclede's Tariff clearly provide for resale of gas supplies, including transportation, at Laclede's cost, plus applicable distribution charges. Section A accomplishes the legislative mandate that Laclede resell gas by providing for Laclede to buy the gas from the school's agent, the Association, and then resell it to the schools. Section F provides for such gas to be sold at Laclede's cost in an administratively efficient manner by allowing Laclede to render its normal bill for gas supplies and then true-up such bill monthly to Laclede's actual cost.

b. MSBA proposal

Although somewhat vague, MSBA's proposal does not comply with the minimum statutory requirement that the gas corporation (in this case, Laclede) purchase and then resell gas supplies and associated transportation services at Laclede's cost. This failure is emphasized by the fact that Section E of MSBA's proposed tariff provides for Laclede to bill the Association (presumably on behalf of the schools) only for Laclede's non-gas costs, and not for the cost of gas, including transportation. Certainly, Laclede cannot resell gas at its cost if it does not sell the gas at all. Therefore, MSBA's proposed tariff conflicts with the clear language of the Statute.

Issue A4:

Does it provide for aggregation and balancing?

a. Laclede proposal

b. MSBA proposal

Laclede's Position: a. Laclede proposal

Laclede's Tariff provides for aggregation and balancing.

b. MSBA proposal

MSBA does not appear to provide for Laclede to be involved in supply planning, but in Section D, the MSBA proposal does make Laclede responsible for any imbalances. This does not comply with the statute.

Issue A5: Does it provide a permitted balancing and aggregation fee?

a. Laclede proposal

b. MSBA proposal

Laclede's Position: Both proposals include a balancing and aggregation fee, capped at \$.004 per therm during the first year of the program, as provided by Section 4 of the Statute. Laclede's Tariff also provides for a reconciliation of costs in the event that these fees do not cover the incremental costs of the program, as required by Section 5 of the Statute. The MSBA proposal fails to provide this statutory protection.

Issue A6: Does it provide exemption from special metering?

a. Laclede proposal

b. MSBA proposal

Laclede's Position: Neither proposal requires special metering. This complies with the Statute.

Issue A7a: Does it have no negative financial impact on:

a. Other customers?

i. Laclede proposal

ii. MSBA proposal

Laclede's Position: i. Laclede proposal

Laclede's proposal does not negatively impact other customers.

ii. MSBA proposal

The MSBA proposal may have a negative impact, because it does not provide for separate accounting of gas and transportation costs for aggregation customers. Further, Section J of the MSBA proposal only applies to capacity release and is not broad enough to ensure that no negative financial impact will occur.

Issue A7b: Does it have no negative financial impact on:

b. Laclede Gas Company?

i. Laclede proposal

ii. MSBA proposal

Laclede's Position: i. Laclede proposal

Laclede's Tariff has no negative impact on the Company.

ii. MSBA Proposal

The MSBA proposal would have a negative financial impact on the Company, because the Company is responsible for imbalances caused by the Association, the Company is forced to sell capacity at its weighted average cost rather than actual cost, and the "make-

whole” language in Section J only applies to capacity release,
which is not broad enough to avoid a negative financial impact.

Issue A7c: Does it have no negative financial impact on:

a. Taxing authorities?

i. Laclede proposal

ii. MSBA proposal

Laclede’s Position: i. Laclede proposal

Laclede’s Tariff assures that the taxing authorities will be entitled
to and receive the appropriate gross receipt taxes, so they would
suffer no negative financial impact.

ii. MSBA proposal

Conversely, the MSBA proposal appears to entitle local taxing
authorities to no gross receipt taxes, so they certainly cannot be
assured of avoiding a negative financial impact, and may in fact be
exposed to suffering a substantial loss.

Issue A8: Is the aggregation charge sufficient to generate revenue at least
equal to all incremental costs caused by the experimental
aggregation program?

a. Laclede proposal

b. MSBA proposal

Laclede’s Position: a. Laclede proposal

Section J of Laclede’s Tariff assures that the aggregation charge
covers the incremental cost of the program by permitting Laclede a

remedy by which it may recover any additional incremental charges of the program.

b. The MSBA proposal wholly fails to assure that the aggregation charge covers all incremental costs.

Issue A9: Does it comply with all existing local tax laws?

a. Laclede proposal

b. MSBA proposal

Laclede's Position: a. Laclede proposal

Laclede's Tariff complies with all existing local tax laws and assures that taxing authorities are entitled to receive their appropriate franchise taxes.

b. MSBA proposal

MSBA's proposal appears to establish the schools as pure transportation customers, which generally results in no obligation to pay franchise taxes.

Issue A10: Does it contain other procedures that are reasonable or necessary to administer the experimental program?

a. Laclede proposal

b. MSBA proposal

Laclede's Position: a. Laclede proposal

The procedures in Laclede's Tariff are reasonable or necessary to administer the experimental program.

b. MSBA Proposal

MSBA's proposal contains a number of procedures that would preclude Laclede from administering the program in a manner consistent with the statutory requirement that there be no negative financial impact on the Company, its customers or local taxing authorities. These include procedures providing only 10 business days notice from schools that desire to participate in the program (Section B) and denying Laclede the ability to recall capacity in the event of default by the Association.

Issue B: For each of the above issues, which tariff terms, consistent with the statute, can and should the Commission approve in this proceeding?

1. Laclede terms
2. MSBA terms

Laclede's Position: 1. Laclede terms

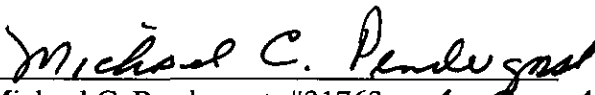
Pursuant to the Statute, the Commission's duty in this case is to approve Laclede's Tariff, as revised, if the Commission can find the following: (i) that the Tariff contains terms which meet the minimum requirements set forth in Section 4; (ii) that implementation of the aggregation program in the Tariff will not have any negative financial impact on the gas corporation, its other customers or local taxing authorities; and (iii) that the aggregation charge is sufficient to generate revenue at least equal to all incremental costs caused by the program. Laclede believes that its

Tariff complies with the Statute, and that approval of all of its provisions is necessary for the Commission to make the requisite statutory findings.

2. MSBA terms

For all the reasons stated above, the MSBA tariff proposal does not comply with the Statute and cannot provide a basis for the requisite statutory findings. Further, there is nothing in the Statute to suggest that the Commission may in any event lawfully adopt the MSBA's tariff proposal.

Respectfully submitted,

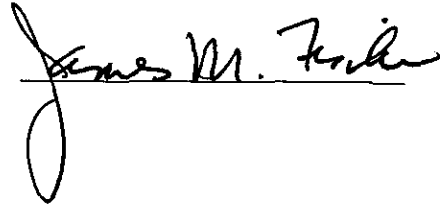

Michael C. Pendergast, #31763 *by JMC*
Vice President & Associate General Counsel
Telephone: (314) 342-0532
E-mail: mpendergast@lacledegas.com

Rick Zucker, #49211
Assistant General Counsel-Regulatory
Telephone: (314) 342-0533
E-mail: rzucker@lacledegas.com

Laclede Gas Company
720 Olive Street, Room 1520
St. Louis, MO 63101
Facsimile: (314) 421-1979

Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing Position Statement was served on all counsel of record in this case on this 30th day of September 2002 by hand-delivery, electronic mail or by placing a copy of such Statement, postage prepaid, in the United States mail.

A handwritten signature in cursive script, appearing to read "James M. Fink", is written over a horizontal line. A large, stylized loop extends from the bottom of the signature.