

MISSOURI PUBLIC SERVICE COMMISSION

STAFF REPORT
REVENUE REQUIREMENT
COST OF SERVICE

APPENDIX 2
Support for Staff Cost
of
Capital Recommendations

MISSOURI GAS ENERGY
A division of Laclede Gas Company

CASE NO. GR-2014-0007

Jefferson City, Missouri
January 2014

AN ANALYSIS OF THE COST OF CAPITAL

FOR

MISSOURI GAS ENERGY DIVISION

CASE NO. GR-2014-0007

SCHEDULES

BY

ZEPHANIA MAREVANGEPO

UTILITY SERVICES DEPARTMENT

REGULATORY REVIEW DIVISION

MISSOURI PUBLIC SERVICE COMMISSION

JANUARY 2014

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**MISSOURI GAS ENERGY DIVISION
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Federal Reserve Discount Rates Changes and Federal Reserve Funds Rates Changes

Date	Federal Reserve Discount Rate	Federal Reserve Funds Rate
01/01/83	8.50%	
12/31/83	8.50%	
04/09/84	9.00%	
11/21/84	8.50%	
12/24/84	8.00%	
05/20/85	7.50%	
03/07/86	7.00%	
04/21/86	6.50%	
07/11/86	6.00%	
08/21/86	5.50%	
09/04/87	6.00%	
08/09/88	6.50%	
02/24/89	7.00%	
07/13/90		8.00% *
10/29/90		7.75%
11/13/90		7.50%
12/07/90		7.25%
12/18/90		7.00%
12/19/90	6.50%	
01/09/91		6.75%
02/01/91	6.00%	6.25%
03/08/91		6.00%
04/30/91	5.50%	5.75%
08/06/91		5.50%
09/13/91	5.00%	5.25%
10/31/91		5.00%
11/06/91	4.50%	4.75%
12/06/91		4.50%
12/20/91	3.50%	4.00%
04/09/92		3.75%
07/02/92	3.00%	3.25%
09/04/92		3.00%
01/01/93		
12/31/93	No Changes	No Changes
02/04/94		3.25%
03/22/94		3.50%
04/18/94		3.75%
05/17/94	3.50%	4.25%
08/16/94	4.00%	4.75%
11/15/94	4.75%	5.50%
02/01/95	5.25%	6.00%
07/06/95		5.75%
12/19/95		5.50%
01/31/96	5.00%	5.25%
03/25/97		5.50%
12/12/97	5.00%	
01/09/98	5.00%	
03/06/98	5.00%	
09/29/98		5.25%
10/15/98	4.75%	5.00%
11/17/98	4.50%	4.75%

Date	Federal Reserve Discount Rate	Federal Reserve Funds Rate
06/30/99	4.50%	5.00%
08/24/99	4.75%	5.25%
11/16/99	5.00%	5.50%
02/02/00	5.25%	5.75%
03/21/00	5.50%	6.00%
05/19/00	6.00%	6.50%
01/03/01	5.75%	6.00%
01/04/01	5.50%	6.00%
01/31/01	5.00%	5.50%
03/20/01	4.50%	5.00%
04/18/01	4.00%	4.50%
05/15/01	3.50%	4.00%
06/27/01	3.25%	3.75%
08/21/01	3.00%	3.50%
09/17/01	2.50%	3.00%
10/02/01	2.00%	2.50%
11/06/01	1.50%	2.00%
12/11/01	1.25%	1.75%
11/06/02	0.75%	1.25%
01/09/03	2.25%**	1.25%
06/25/03	2.00%	1.00%
06/30/04	2.25%	1.25%
08/10/04	2.50%	1.50%
09/21/04	2.75%	1.75%
11/10/04	3.00%	2.00%
12/14/04	3.25%	2.25%
02/02/05	3.50%	2.50%
03/22/05	3.75%	2.75%
05/03/05	4.00%	3.00%
06/30/05	4.25%	3.25%
08/09/05	4.50%	3.50%
09/20/05	4.75%	3.75%
11/01/05	5.00%	4.00%
12/13/05	5.25%	4.25%
01/31/06	5.50%	4.50%
03/28/06	5.75%	4.75%
05/10/06	6.00%	5.00%
06/29/06	6.25%	5.25%
08/17/07	5.75%	5.25%
09/18/07	5.25%	4.75%
10/31/07	5.00%	4.50%
12/11/07	4.75%	4.25%
01/22/08	4.00%	3.50%
01/30/08	3.50%	3.00%
03/16/08	3.25%	
03/18/08	2.50%	2.25%
04/30/08	2.25%	2.00%
10/08/08	1.75%	1.50%
10/28/08	1.25%	1.00%
11/29/08	1.50%	1.25%
12/30/08	0.50%	0% - .25%
02/19/10	0.75%	0% - .25%

* Staff began tracking the Federal Funds Rate.

**Revised discount window program begins. Reflects rate on primary credit. This revised discount window policy results in incomparability of the discount rates after January 9, 2003 to discount rates before January 9, 2003.

Source:

Federal Reserve Discount rate

<http://www.newyorkfed.org/markets/statistics/dlyrates/fedrate.html>

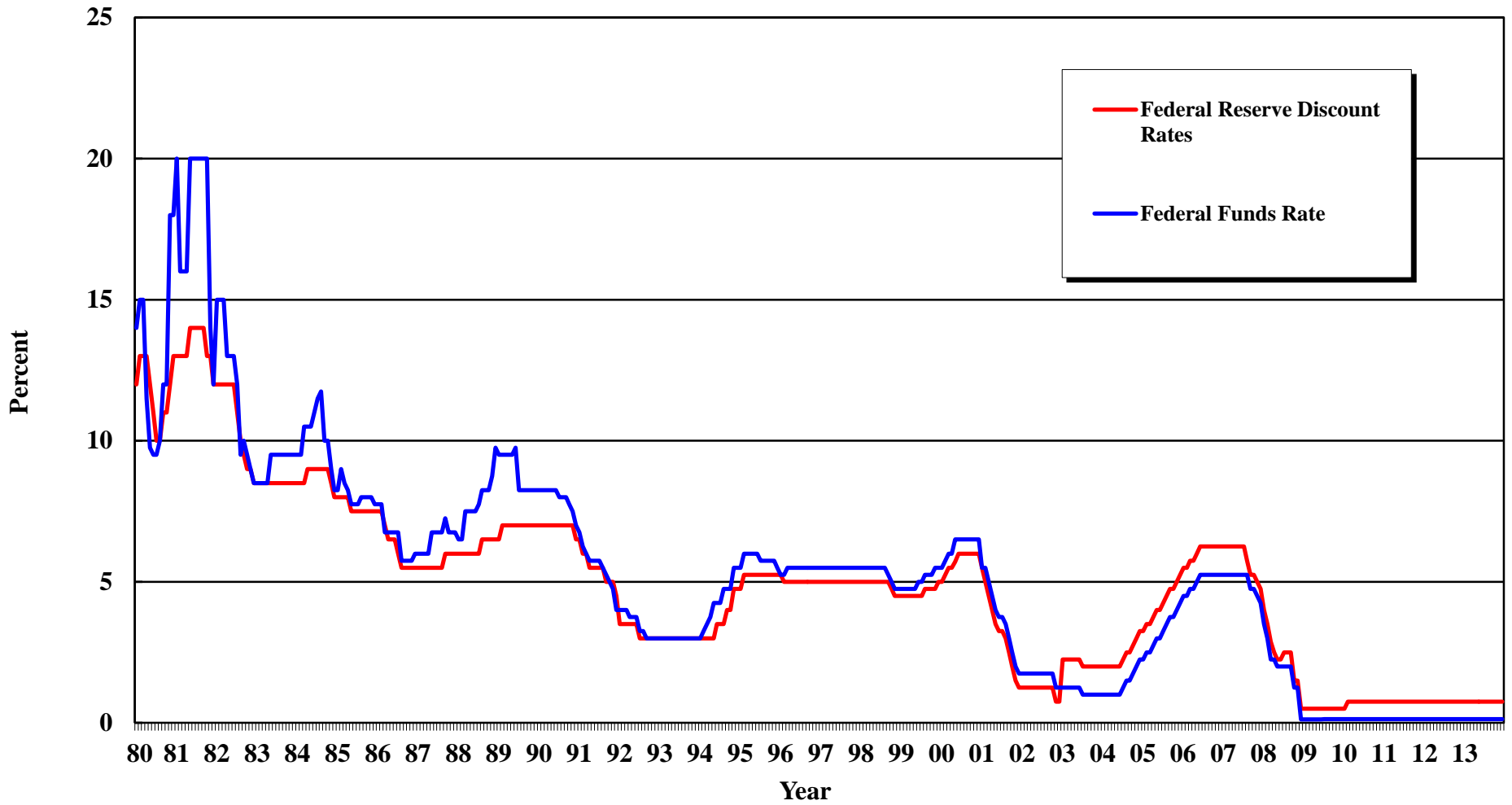
Federal Reserve Funds rate

<http://www.newyorkfed.org/markets/statistics/dlyrates/fedrate.html>

Note: Interest rates as of December 31 for each year are underlined.

MISSOURI GAS ENERGY DIVISION
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Federal Reserve Discount Rates and Federal Funds Rates
1982 - 2013



**MISSOURI GAS ENERGY DIVISION
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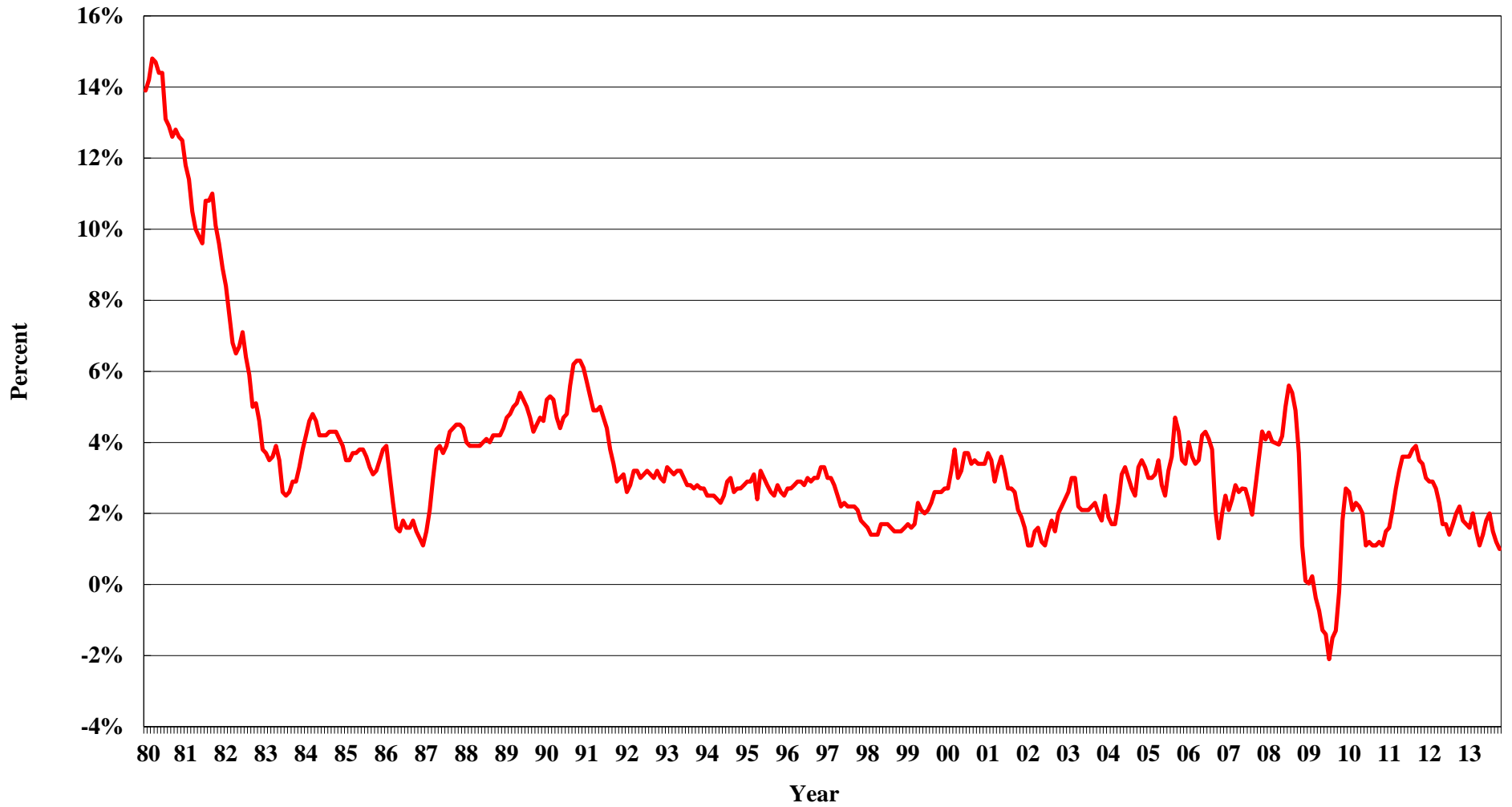
Rate of Inflation

Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
Jan 1980	13.90	Jan 1984	4.20	Jan 1988	4.00	Jan 1992	2.60	Jan 1996	2.70	Jan 2000	2.70	Jan 2004	1.90	Jan 2008	4.30	Jan 2012	2.90		
Feb	14.20	Feb	4.60	Feb	3.90	Feb	2.80	Feb	2.70	Feb	3.20	Feb	1.70	Feb	4.00	Feb	2.90		
Mar	14.80	Mar	4.80	Mar	3.90	Mar	3.20	Mar	2.80	Mar	3.70	Mar	1.70	Mar	4.00	Mar	2.70		
Apr	14.70	Apr	4.60	Apr	3.90	Apr	3.20	Apr	2.90	Apr	3.00	Apr	2.30	Apr	3.90	Apr	2.30		
May	14.40	May	4.20	May	3.90	May	3.00	May	2.90	May	3.20	May	3.10	May	4.20	May	1.70		
Jun	14.40	Jun	4.20	Jun	4.00	Jun	3.10	Jun	2.80	Jun	3.70	Jun	3.30	Jun	5.00	Jun	1.70		
Jul	13.10	Jul	4.20	Jul	4.10	Jul	3.20	Jul	3.00	Jul	3.70	Jul	3.00	Jul	5.60	Jul	1.40		
Aug	12.90	Aug	4.30	Aug	4.00	Aug	3.10	Aug	2.90	Aug	3.40	Aug	2.70	Aug	5.40	Aug	1.70		
Sep	12.60	Sep	4.30	Sep	4.20	Sep	3.00	Sep	3.00	Sep	3.50	Sep	2.50	Sep	4.90	Sep	2.00		
Oct	12.80	Oct	4.30	Oct	4.20	Oct	3.20	Oct	3.00	Oct	3.40	Oct	3.30	Oct	3.70	Oct	2.20		
Nov	12.60	Nov	4.10	Nov	4.20	Nov	3.00	Nov	3.30	Nov	3.40	Nov	3.50	Nov	1.10	Nov	1.80		
Dec	12.50	Dec	3.90	Dec	4.40	Dec	2.90	Dec	3.30	Dec	3.40	Dec	3.30	Dec	0.10	Dec	1.70		
Jan 1981	11.80	Jan 1985	3.50	Jan 1989	4.70	Jan 1993	3.30	Jan 1997	3.00	Jan 2001	3.70	Jan 2005	3.00	Jan 2009	0.00	Jan 2013	1.60		
Feb	11.40	Feb	3.50	Feb	4.80	Feb	3.20	Feb	3.00	Feb	3.50	Feb	3.00	Feb	0.20	Feb	2.00		
Mar	10.50	Mar	3.70	Mar	5.00	Mar	3.10	Mar	2.80	Mar	2.90	Mar	3.10	Mar	-0.40	Mar	1.50		
Apr	10.00	Apr	3.70	Apr	5.10	Apr	3.20	Apr	2.50	Apr	3.30	Apr	3.50	Apr	-0.70	Apr	1.10		
May	9.80	May	3.80	May	5.40	May	3.20	May	2.20	May	3.60	May	2.80	May	-1.28	May	1.40		
Jun	9.60	Jun	3.80	Jun	5.20	Jun	3.00	Jun	2.30	Jun	3.20	Jun	2.50	Jun	-1.40	Jun	1.80		
Jul	10.80	Jul	3.60	Jul	5.00	Jul	2.80	Jul	2.20	Jul	2.70	Jul	3.20	Jul	-2.10	Jul	2.00		
Aug	10.80	Aug	3.30	Aug	4.70	Aug	2.80	Aug	2.20	Aug	2.70	Aug	3.60	Aug	-1.50	Aug	1.50		
Sep	11.00	Sep	3.10	Sep	4.30	Sep	2.70	Sep	2.20	Sep	2.60	Sep	4.70	Sep	-1.30	Sept	1.20		
Oct	10.10	Oct	3.20	Oct	4.50	Oct	2.80	Oct	2.10	Oct	2.10	Oct	4.30	Oct	-0.20	Oct	1.00		
Nov	9.60	Nov	3.50	Nov	4.70	Nov	2.70	Nov	1.80	Nov	1.90	Nov	3.50	Nov	1.80				
Dec	8.90	Dec	3.80	Dec	4.60	Dec	2.70	Dec	1.70	Dec	1.60	Dec	3.40	Dec	2.70				
Jan 1982	8.40	Jan 1986	3.90	Jan 1990	5.20	Jan 1994	2.50	Jan 1998	1.60	Jan 2002	1.10	Jan 2006	4.00	Jan 2010	2.60				
Feb	7.60	Feb	3.10	Feb	5.30	Feb	2.50	Feb	1.40	Feb	1.10	Feb	3.60	Feb	2.10				
Mar	6.80	Mar	2.30	Mar	5.20	Mar	2.50	Mar	1.40	Mar	1.50	Mar	3.40	Mar	2.30				
Apr	6.50	Apr	1.60	Apr	4.70	Apr	2.40	Apr	1.40	Apr	1.60	Apr	3.50	April	2.20				
May	6.70	May	1.50	May	4.40	May	2.30	May	1.70	May	1.20	May	4.20	May	2.00				
Jun	7.10	Jun	1.80	Jun	4.70	Jun	2.50	Jun	1.70	Jun	1.10	June	4.30	Jun	1.10				
Jul	6.40	Jul	1.60	Jul	4.80	Jul	2.90	Jul	1.70	Jul	1.50	July	4.10	Jul	1.20				
Aug	5.90	Aug	1.60	Aug	5.60	Aug	3.00	Aug	1.60	Aug	1.80	Aug	3.80	Aug	1.10				
Sep	5.00	Sep	1.80	Sep	6.20	Sep	2.60	Sep	1.50	Sep	1.50	Sep	2.10	Sep	1.10				
Oct	5.10	Oct	1.50	Oct	6.30	Oct	2.70	Oct	1.50	Oct	2.00	Oct	1.30	Oct	1.20				
Nov	4.60	Nov	1.30	Nov	6.30	Nov	2.70	Nov	1.50	Nov	2.20	Nov	2.00	Nov	1.10				
Dec	3.80	Dec	1.10	Dec	6.10	Dec	2.80	Dec	1.60	Dec	2.40	Dec	2.50	Dec	1.50				
Jan 1983	3.70	Jan 1987	1.50	Jan 1991	5.70	Jan 1995	2.90	Jan 1999	1.70	Jan 2003	2.60	Jan 2007	2.10	Jan 2011	1.60				
Feb	3.50	Feb	2.10	Feb	5.30	Feb	2.90	Feb	1.60	Feb	3.00	Feb	2.40	Feb	2.10				
Mar	3.60	Mar	3.00	Mar	4.90	Mar	3.10	Mar	1.70	Mar	3.00	Mar	2.80	Mar	2.70				
Apr	3.90	Apr	3.80	Apr	4.90	Apr	2.40	Apr	2.30	Apr	2.20	Apr	2.60	Apr	3.20				
May	3.50	May	3.90	May	5.00	May	3.20	May	2.10	May	2.10	May	2.70	May	3.60				
Jun	2.60	Jun	3.70	Jun	4.70	Jun	3.00	Jun	2.00	Jun	2.10	Jun	2.70	Jun	3.60				
Jul	2.50	Jul	3.90	Jul	4.40	Jul	2.80	Jul	2.10	Jul	2.10	Jul	2.40	Jul	3.60				
Aug	2.60	Aug	4.30	Aug	3.80	Aug	2.60	Aug	2.30	Aug	2.20	Aug	2.00	Aug	3.80				
Sep	2.90	Sep	4.40	Sep	3.40	Sep	2.50	Sep	2.60	Sep	2.30	Sep	2.80	Sep	3.90				
Oct	2.90	Oct	4.50	Oct	2.90	Oct	2.80	Oct	2.60	Oct	2.00	Oct	3.50	Oct	3.50				
Nov	3.30	Nov	4.50	Nov	3.00	Nov	2.60	Nov	2.60	Nov	1.80	Nov	4.30	Nov	3.40				
Dec	3.80	Dec	4.40	Dec	3.10	Dec	2.50	Dec	2.70	Dec	1.90	Dec	4.10	Dec	3.00				

Source: U.S. Dept of Labor, Bureau of Labor Statistics, Consumer Price Index - All Urban Consumers, Change for 12-Month Period, Bureau of Labor Statistics, http://www.bls.gov/schedule/archives/cpi_nr.htm

MISSOURI GAS ENERGY DIVISION
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Rate of Inflation
1980 - 2013



**MISSOURI GAS ENERGY DIVISION
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Average Yields on AA, A and BBB Public Utility Bonds

Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
Jan 1980	12.12	Jan 1984	13.40	Jan 1988	10.75	Jan 1992	8.67	Jan 1996	7.20	Jan 2000	8.22	Jan 2004	6.23	Jan 2008	6.08	Jan 2012	4.97
Feb	13.48	Feb	13.50	Feb	10.11	Feb	8.77	Feb	7.37	Feb	8.10	Feb	6.17	Feb	6.28	Feb	4.99
Mar	14.33	Mar	14.03	Mar	10.11	Mar	8.84	Mar	7.72	Mar	8.14	Mar	6.01	Mar	6.29	Mar	5.13
Apr	13.50	Apr	14.30	Apr	10.53	Apr	8.79	Apr	7.88	Apr	8.14	Apr	6.38	Apr	6.36	Apr	5.05
May	12.17	May	14.95	May	10.75	May	8.72	May	7.99	May	8.55	May	6.68	May	6.38	May	4.84
Jun	11.87	Jun	15.16	Jun	10.71	Jun	8.64	Jun	8.07	Jun	8.22	Jun	6.53	Jun	6.50	Jun	4.67
Jul	12.12	Jul	14.92	Jul	10.96	Jul	8.46	Jul	8.02	Jul	8.17	Jul	6.34	Jul	6.50	Jul	4.56
Aug	12.82	Aug	14.29	Aug	11.09	Aug	8.34	Aug	7.84	Aug	8.05	Aug	6.18	Aug	6.48	Aug	4.71
Sep	13.29	Sep	14.04	Sep	10.56	Sep	8.32	Sep	8.01	Sep	8.16	Sep	6.01	Sep	6.59	Sep	4.75
Oct	13.53	Oct	13.68	Oct	9.92	Oct	8.44	Oct	7.76	Oct	8.08	Oct	5.95	Oct	7.70	Oct	4.69
Nov	14.07	Nov	13.15	Nov	9.89	Nov	8.53	Nov	7.48	Nov	8.03	Nov	5.97	Nov	7.80	Nov	4.53
Dec	14.48	Dec	12.96	Dec	10.02	Dec	8.36	Dec	7.58	Dec	7.79	Dec	5.93	Dec	6.87	Dec	4.28
Jan 1981	14.22	Jan 1985	12.88	Jan 1989	10.02	Jan 1993	8.23	Jan 1997	7.79	Jan 2001	7.76	Jan 2005	5.80	Jan 2009	6.77	Jan 2013	4.45
Feb	14.84	Feb	13.00	Feb	10.02	Feb	8.00	Feb	7.68	Feb	7.69	Feb	5.64	Feb	6.72	Feb	4.49
Mar	14.86	Mar	13.66	Mar	10.16	Mar	7.85	Mar	7.92	Mar	7.59	Mar	5.86	Mar	6.85	Mar	4.45
Apr	15.32	Apr	13.42	Apr	10.14	Apr	7.76	Apr	8.08	Apr	7.81	Apr	5.72	Apr	6.90	Apr	4.19
May	15.84	May	12.89	May	9.92	May	7.78	May	7.94	May	7.88	May	5.60	May	6.83	May	4.36
Jun	15.27	Jun	11.91	Jun	9.49	Jun	7.68	Jun	7.77	Jun	7.75	Jun	5.39	June	6.54	Jun	4.70
Jul	15.87	Jul	11.88	Jul	9.34	Jul	7.53	Jul	7.52	Jul	7.71	Jul	5.50	July	6.15	Jul	4.90
Aug	16.33	Aug	11.93	Aug	9.37	Aug	7.21	Aug	7.57	Aug	7.57	Aug	5.51	Aug	5.80	Aug	5.00
Sep	16.89	Sep	11.95	Sep	9.43	Sep	7.01	Sep	7.50	Sep	7.73	Sep	5.54	Sep	5.60	Sep	5.05
Oct	16.76	Oct	11.84	Oct	9.37	Oct	6.99	Oct	7.37	Oct	7.64	Oct	5.79	Oct	5.74	Oct	4.94
Nov	15.50	Nov	11.33	Nov	9.33	Nov	7.30	Nov	7.24	Nov	7.61	Nov	5.88	Nov	5.61	Nov	5.04
Dec	15.77	Dec	10.82	Dec	9.31	Dec	7.33	Dec	7.16	Dec	7.86	Dec	5.83	Dec	5.86	Dec	5.09
Jan 1982	16.73	Jan 1986	10.66	Jan 1990	9.44	Jan 1994	7.31	Jan 1998	7.03	Jan 2002	7.69	Jan 2006	5.77	Jan 2010	5.83		
Feb	16.72	Feb	10.16	Feb	9.66	Feb	7.44	Feb	7.09	Feb	7.62	Feb	5.83	Feb	5.94		
Mar	16.07	Mar	9.33	Mar	9.75	Mar	7.83	Mar	7.13	Mar	7.83	Mar	5.98	Mar	5.90		
Apr	15.82	Apr	9.02	Apr	9.87	Apr	8.20	Apr	7.12	Apr	7.74	Apr	6.28	Apr	5.87		
May	15.60	May	9.52	May	9.89	May	8.32	May	7.11	May	7.76	May	6.39	May	5.59		
Jun	16.18	Jun	9.51	Jun	9.69	Jun	8.31	Jun	6.99	Jun	7.67	June	6.39	June	5.62		
Jul	16.04	Jul	9.19	Jul	9.66	Jul	8.47	Jul	6.99	Jul	7.54	July	6.37	July	5.41		
Aug	15.22	Aug	9.15	Aug	9.84	Aug	8.41	Aug	6.96	Aug	7.34	Aug	6.20	Aug	5.10		
Sep	14.56	Sep	9.42	Sep	10.01	Sep	8.65	Sep	6.88	Sep	7.23	Sep	6.03	Sep	5.10		
Oct	13.88	Oct	9.39	Oct	9.94	Oct	8.88	Oct	6.88	Oct	7.43	Oct	6.01	Oct	5.20		
Nov	13.58	Nov	9.15	Nov	9.76	Nov	9.00	Nov	6.96	Nov	7.31	Nov	5.82	Nov	5.45		
Dec	13.55	Dec	8.96	Dec	9.57	Dec	8.79	Dec	6.84	Dec	7.20	Dec	5.83	Dec	5.61		
Jan 1983	13.46	Jan 1987	8.77	Jan 1991	9.56	Jan 1995	8.77	Jan 1999	6.87	Jan 2003	7.13	Jan 2007	5.96	Jan 2011	5.69		
Feb	13.60	Feb	8.81	Feb	9.31	Feb	8.56	Feb	7.00	Feb	6.92	Feb	5.91	Feb	5.82		
Mar	13.28	Mar	8.75	Mar	9.39	Mar	8.41	Mar	7.18	Mar	6.80	Mar	5.87	Mar	5.74		
Apr	13.03	Apr	9.30	Apr	9.30	Apr	8.30	Apr	7.16	Apr	6.68	Apr	6.01	Apr	5.76		
May	13.00	May	9.82	May	9.29	May	7.93	May	7.42	May	6.35	May	6.03	May	5.57		
Jun	13.17	Jun	9.87	Jun	9.44	Jun	7.62	Jun	7.70	Jun	6.21	June	6.34	June	5.52		
Jul	13.28	Jul	10.01	Jul	9.40	Jul	7.73	Jul	7.66	Jul	6.54	July	6.28	July	5.61		
Aug	13.50	Aug	10.33	Aug	9.16	Aug	7.86	Aug	7.86	Aug	6.78	Aug	6.28	Aug	5.26		
Sep	13.35	Sep	11.00	Sep	9.03	Sep	7.62	Sep	7.87	Sep	6.58	Sep	6.24	Sep	5.01		
Oct	13.19	Oct	11.32	Oct	8.99	Oct	7.46	Oct	8.02	Oct	6.50	Oct	6.17	Oct	5.11		
Nov	13.33	Nov	10.82	Nov	8.93	Nov	7.40	Nov	7.86	Nov	6.44	Nov	6.04	Nov	5.00		
Dec	13.48	Dec	10.99	Dec	8.76	Dec	7.21	Dec	8.04	Dec	6.36	Dec	6.23	Dec	4.96		

Source:
Mergent Bond Record (through November 2010); BondsOnline (December 2010 to present)

MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007

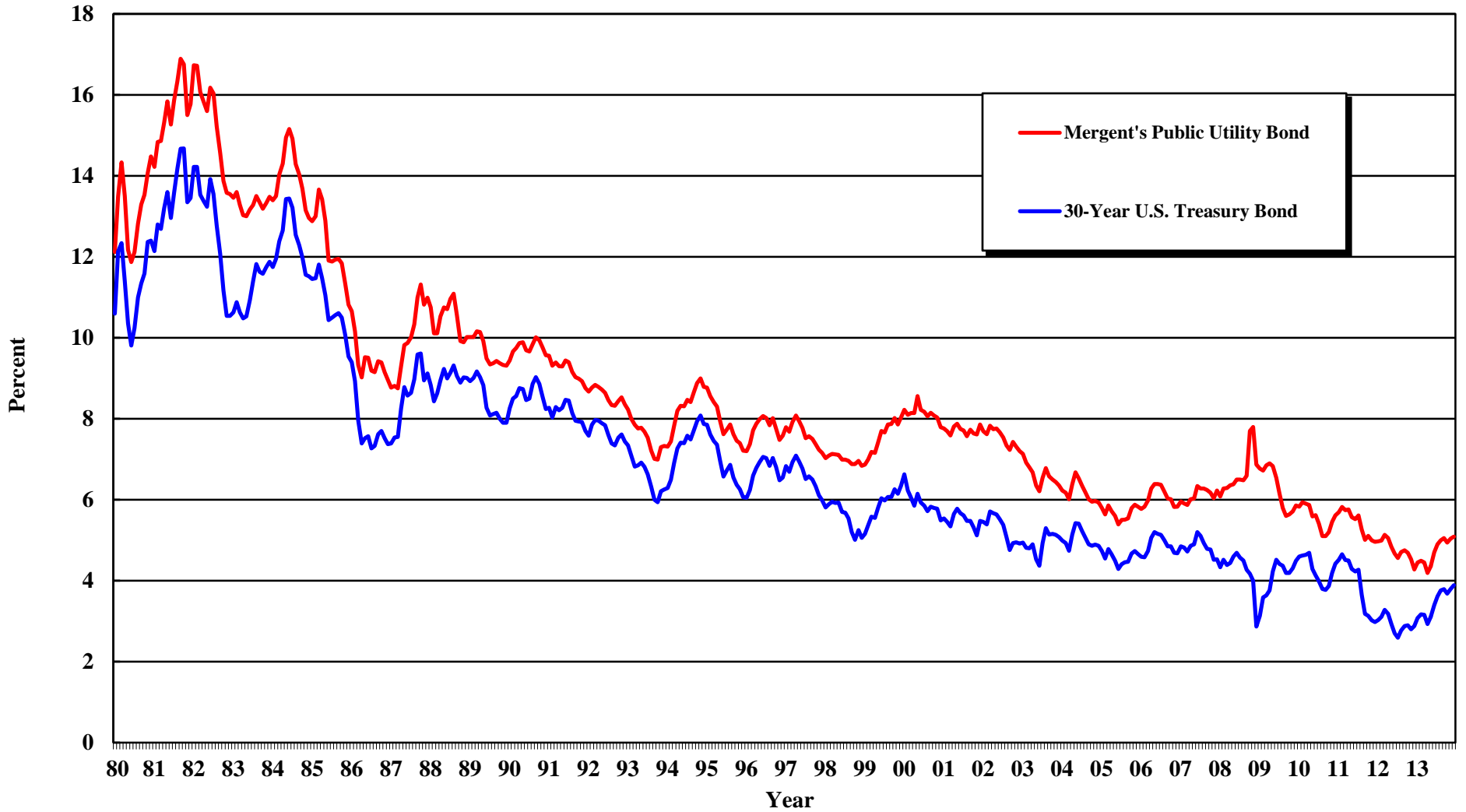
Average Yields on Thirty-Year U.S. Treasury Bonds

Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
Jan 1980	10.60	Jan 1984	11.75	Jan 1988	8.83	Jan 1992	7.58	Jan 1996	6.05	Jan 2000	6.63	Jan 2004	4.99	Jan 2008	4.33	Jan 2012	3.03
Feb	12.13	Feb	11.95	Feb	8.43	Feb	7.85	Feb	6.24	Feb	6.23	Feb	4.93	Feb	4.52	Feb	3.11
Mar	12.34	Mar	12.38	Mar	8.63	Mar	7.97	Mar	6.60	Mar	6.05	Mar	4.74	Mar	4.39	Mar	3.28
Apr	11.40	Apr	12.65	Apr	8.95	Apr	7.96	Apr	6.79	Apr	5.85	Apr	5.14	Apr	4.44	Apr	3.18
May	10.36	May	13.43	May	9.23	May	7.89	May	6.93	May	6.15	May	5.42	May	4.60	May	2.93
Jun	9.81	Jun	13.44	Jun	9.00	Jun	7.84	Jun	7.06	Jun	5.93	Jun	5.41	Jun	4.69	Jun	2.70
Jul	10.24	Jul	13.21	Jul	9.14	Jul	7.60	Jul	7.03	Jul	5.85	Jul	5.22	Jul	4.57	Jul	2.59
Aug	11.00	Aug	12.54	Aug	9.32	Aug	7.39	Aug	6.84	Aug	5.72	Aug	5.06	Aug	4.50	Aug	2.77
Sep	11.34	Sep	12.29	Sep	9.06	Sep	7.34	Sep	7.03	Sep	5.83	Sep	4.90	Sep	4.27	Sep	2.88
Oct	11.59	Oct	11.98	Oct	8.89	Oct	7.53	Oct	6.81	Oct	5.80	Oct	4.86	Oct	4.17	Oct	2.90
Nov	12.37	Nov	11.56	Nov	9.02	Nov	7.61	Nov	6.48	Nov	5.78	Nov	4.89	Nov	4.00	Nov	2.80
Dec	12.40	Dec	11.52	Dec	9.01	Dec	7.44	Dec	6.55	Dec	5.49	Dec	4.86	Dec	2.87	Dec	2.88
Jan 1981	12.14	Jan 1985	11.45	Jan 1989	8.93	Jan 1993	7.34	Jan 1997	6.83	Jan 2001	5.54	Jan 2005	4.73	Jan 2009	3.13	Jan 2013	3.08
Feb	12.80	Feb	11.47	Feb	9.01	Feb	7.09	Feb	6.69	Feb	5.45	Feb	4.55	Feb	3.59	Feb	3.17
Mar	12.69	Mar	11.81	Mar	9.17	Mar	6.82	Mar	6.93	Mar	5.34	Mar	4.78	Mar	3.64	Mar	3.16
Apr	13.20	Apr	11.47	Apr	9.03	Apr	6.85	Apr	7.09	Apr	5.65	Apr	4.65	Apr	3.76	Apr	2.93
May	13.60	May	11.05	May	8.83	May	6.92	May	6.94	May	5.78	May	4.49	May	4.23	May	3.11
Jun	12.96	Jun	10.44	Jun	8.27	Jun	6.81	Jun	6.77	Jun	5.67	Jun	4.29	Jun	4.52	Jun	3.40
Jul	13.59	Jul	10.50	Jul	8.08	Jul	6.63	Jul	6.51	Jul	5.61	Jul	4.41	July	4.41	Jul	3.61
Aug	14.17	Aug	10.56	Aug	8.12	Aug	6.32	Aug	6.58	Aug	5.48	Aug	4.46	Aug	4.37	Aug	3.76
Sep	14.67	Sep	10.61	Sep	8.15	Sep	6.00	Sep	6.50	Sep	5.48	Sep	4.47	Sep	4.19	Sep	3.79
Oct	14.68	Oct	10.50	Oct	8.00	Oct	5.94	Oct	6.33	Oct	5.32	Oct	4.67	Oct	4.19	Oct	3.68
Nov	13.35	Nov	10.06	Nov	7.90	Nov	6.21	Nov	6.11	Nov	5.12	Nov	4.73	Nov	4.31	Nov	3.80
Dec	13.45	Dec	9.54	Dec	7.90	Dec	6.25	Dec	5.99	Dec	5.48	Dec	4.66	Dec	4.49	Dec	3.89
Jan 1982	14.22	Jan 1986	9.40	Jan 1990	8.26	Jan 1994	6.29	Jan 1998	5.81	Jan 2002	5.44	Jan 2006	4.59	Jan 2010	4.60		
Feb	14.22	Feb	8.93	Feb	8.50	Feb	6.49	Feb	5.89	Feb	5.39	Feb	4.58	Feb	4.62		
Mar	13.53	Mar	7.96	Mar	8.56	Mar	6.91	Mar	5.95	Mar	5.71	Mar	4.73	Mar	4.64		
Apr	13.37	Apr	7.39	Apr	8.76	Apr	7.27	Apr	5.92	Apr	5.67	Apr	5.06	Apr	4.69		
May	13.24	May	7.52	May	8.73	May	7.41	May	5.93	May	5.64	May	5.20	May	4.29		
Jun	13.92	Jun	7.57	Jun	8.46	Jun	7.40	Jun	5.70	Jun	5.52	Jun	5.16	Jun	4.13		
Jul	13.55	Jul	7.27	Jul	8.50	Jul	7.58	Jul	5.68	Jul	5.38	July	5.13	July	3.99		
Aug	12.77	Aug	7.33	Aug	8.86	Aug	7.49	Aug	5.54	Aug	5.08	Aug	5.00	Aug	3.80		
Sep	12.07	Sep	7.62	Sep	9.03	Sep	7.71	Sep	5.20	Sep	4.76	Sep	4.85	Sep	3.77		
Oct	11.17	Oct	7.70	Oct	8.86	Oct	7.94	Oct	5.01	Oct	4.93	Oct	4.85	Oct	3.87		
Nov	10.54	Nov	7.52	Nov	8.54	Nov	8.08	Nov	5.25	Nov	4.95	Nov	4.69	Nov	4.19		
Dec	10.54	Dec	7.37	Dec	8.24	Dec	7.87	Dec	5.06	Dec	4.92	Dec	4.68	Dec	4.42		
Jan 1983	10.63	Jan 1987	7.39	Jan 1991	8.27	Jan 1995	7.85	Jan 1999	5.16	Jan 2003	4.94	Jan 2007	4.85	Jan 2011	4.52		
Feb	10.88	Feb	7.54	Feb	8.03	Feb	7.61	Feb	5.37	Feb	4.81	Feb	4.82	Feb	4.65		
Mar	10.63	Mar	7.55	Mar	8.29	Mar	7.45	Mar	5.58	Mar	4.80	Mar	4.72	Mar	4.51		
Apr	10.48	Apr	8.25	Apr	8.21	Apr	7.36	Apr	5.55	Apr	4.90	Apr	4.86	Apr	4.50		
May	10.53	May	8.78	May	8.27	May	6.95	May	5.81	May	4.53	May	4.90	May	4.29		
Jun	10.93	Jun	8.57	Jun	8.47	Jun	6.57	Jun	6.04	Jun	4.37	Jun	5.20	Jun	4.23		
Jul	11.40	Jul	8.64	Jul	8.45	Jul	6.72	Jul	5.98	Jul	4.93	July	5.11	Jul	4.27		
Aug	11.82	Aug	8.97	Aug	8.14	Aug	6.86	Aug	6.07	Aug	5.30	Aug	4.93	Aug	3.65		
Sep	11.63	Sep	9.59	Sep	7.95	Sep	6.55	Sep	6.07	Sep	5.14	Sep	4.79	Sep	3.18		
Oct	11.58	Oct	9.61	Oct	7.93	Oct	6.37	Oct	6.26	Oct	5.16	Oct	4.77	Oct	3.13		
Nov	11.75	Nov	8.95	Nov	7.92	Nov	6.26	Nov	6.15	Nov	5.13	Nov	4.52	Nov	3.02		
Dec	11.88	Dec	9.12	Dec	7.70	Dec	6.06	Dec	6.35	Dec	5.08	Dec	4.53	Dec	2.98		

Sources:
<http://finance.yahoo.com/q/hp?s=^TYX>
<http://research.stlouisfed.org/fred2/data/GS30.txt>

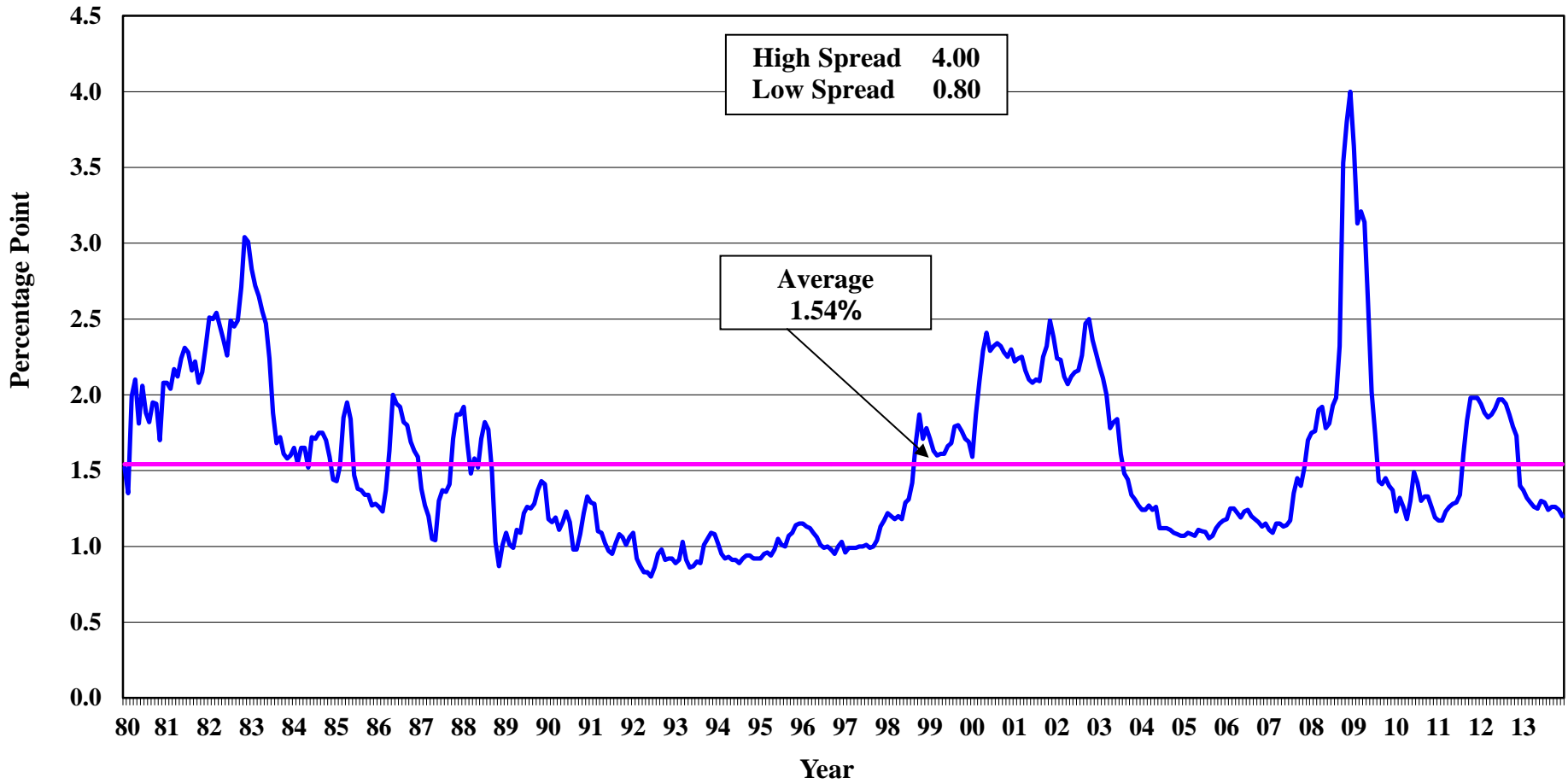
MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007

Average Yields on Mergent's Public Utility Bonds and
Thirty-Year U.S. Treasury Bonds (1980 - 2013)

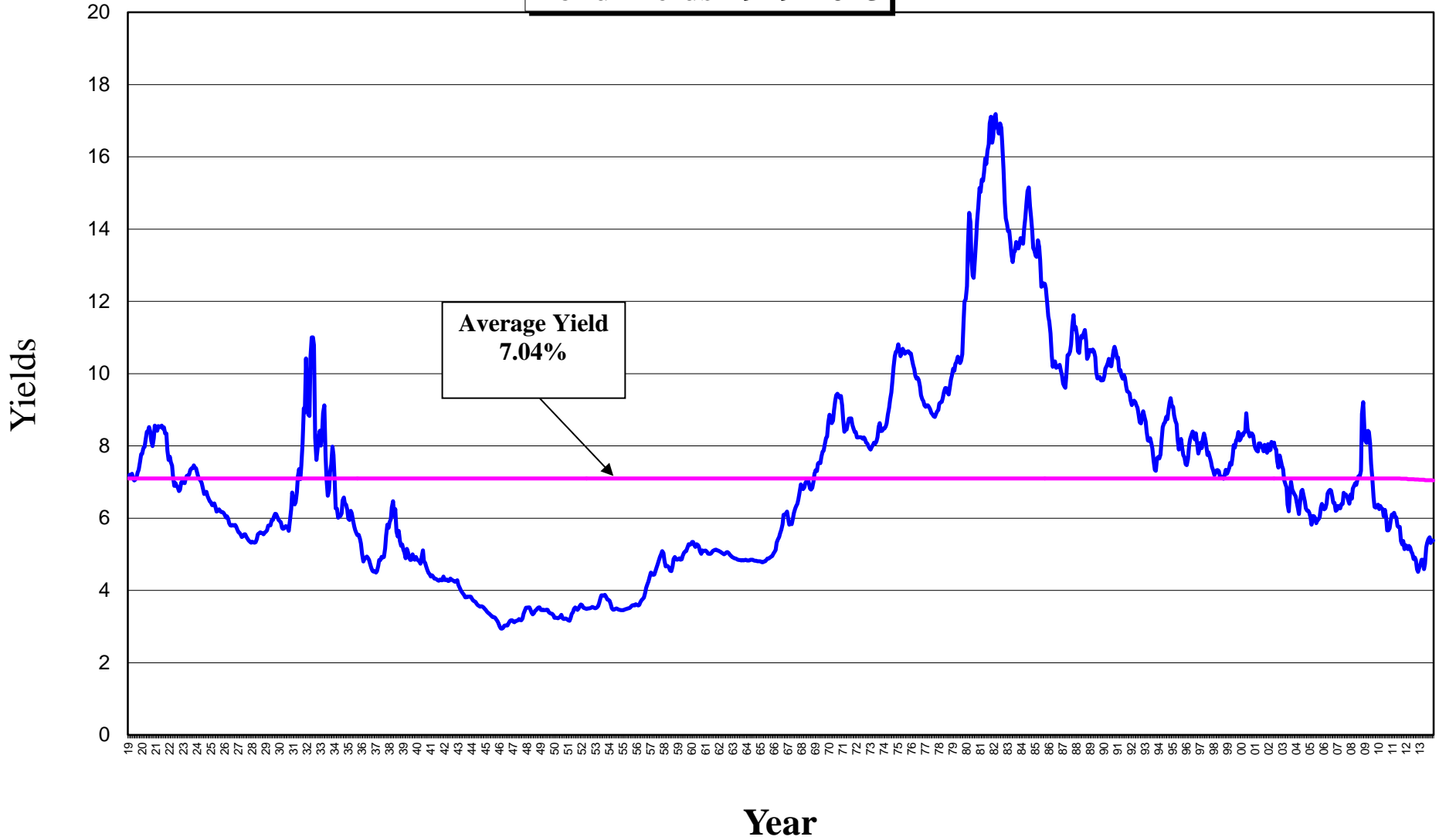


MISSOURI GAS ENERGY DIVISION
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Monthly Spreads Between Yields on Mergent's Public Utility Bonds and
Thirty-Year U.S. Treasury Bonds (1980 - 2013)



Moody's Baa Corporate
Bond Yields 1919-2013



**MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007**

**Historical Capital Structures for Laclede Group Inc. (Consolidated Basis) and
Laclede Gas Company**

LACLEDE GROUP INC. TOTAL CAPITALIZATION

(in thousands)

Capital Components	2009	2010	2011	2012	2013
Common Equity	\$517,030	\$535,577	\$573,331	\$601,611	\$1,046,282
Long-Term Debt	\$389,240	\$389,298 ¹	\$364,357	\$364,416 ¹	\$912,712
Short-Term Debt	\$129,800	\$129,650 ²	\$46,000	\$40,100 ²	\$74,000
Total	\$1,036,070	\$1,054,525	\$983,688	\$1,006,127	\$2,032,994
Total Debt	\$986,712	\$519,040	\$518,948	\$410,357	\$404,516

Capital Structure	2009	2010	2011	2012	2013	5-Year Average
Common Equity	49.90%	50.79%	58.28%	59.79%	51.47%	54.05%
Long-Term Debt	37.57%	36.92%	37.04%	36.22%	44.89%	38.53%
Short-Term Debt	12.53%	12.29%	4.68%	3.99%	3.64%	7.42%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

LACLEDE GAS COMPANY TOTAL CAPITALIZATION

(in thousands)

Capital Components	2009	2010	2011	2012	2013
Common Equity	\$402,585	\$411,259	\$433,957	\$491,328	\$973,930
Long-Term Debt	\$389,240	\$389,298 ¹	\$364,357	\$364,416 ¹	\$887,712
Short-Term Debt	\$129,800	\$129,650 ²	\$46,000	\$40,100 ²	\$74,000
Total	\$921,625	\$930,207	\$844,314	\$895,844	\$1,935,642
Total Debt	\$519,040	\$518,948	\$410,357	\$404,516	\$961,712

Capital Structure	2009	2010	2011	2012	2013	5-Year Average
Common Equity	43.68%	44.21%	51.40%	54.85%	50.32%	48.89%
Long-Term Debt	42.23%	41.85%	43.15%	40.68%	45.86%	42.76%
Short-Term Debt	14.08%	13.94%	5.45%	4.48%	3.82%	8.35%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

SPREAD BETWEEN LACLEDE GROUP AND LACLEDE GAS COMPANY EQUITY RATIOS

	2009	2010	2011	2012	2013	March 31, 2013 Update Period
Equity Ratio	49.90%	50.79%	58.28%	59.79%	51.47%	57.95%
Equity Ratio	43.68%	44.21%	51.40%	54.85%	50.32%	54.72%
Equity Spreads	6.22%	6.58%	6.89%	4.95%	1.15%	3.23%

1. Long-term debt includes current or maturing portion of long-term debt

2. Short-term debt excludes current or maturing portion of long-term debt

Laclede Group Inc.'s, September 30, 2009, 2010, 2011, 2012 and 2013 SEC 10-K filings.

**MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007**

**Capital Structure as of test year period September 30, 2013
Laclede Group Inc.**

all dollar amounts are in thousands

Capital Component	Dollar Amount	Percentage of Capital
Common Stock Equity	\$ 1,046,282	53.08%
Long-Term Debt	\$ 924,785	46.92%
Total Capitalization	\$ 1,971,067	100.00%

Source : Laclede Group, September 30, 2013 SEC 10-K filing.
: Long-term debt - Schedule ZM-8

**MISSOURI GAS ENERGY DIVISION
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Note: Embedded cost of debt below is based on the acquisition transaction debt only (Staff's recommendation)

**Embedded Cost of Long-Term Debt
as of September 30, 2013**

	Amount Outstanding	Annual Cost
Bonds and Unsecured Notes Series:		
2.00% Series Due 08/15/18	\$100,000,000	\$2,000,000
3.40% Series Due 08/15/23	\$250,000,000	\$8,500,000
4.635% Series Due 08/15/43	\$100,000,000	\$4,635,000
Unamortized Premium, Discount and Expense	\$15,397,398	
Annual Amortization		-\$617,704
Total	\$465,397,398	\$14,517,296

Embedded Cost of Long-term Debt **3.12%**

Source : Laclede Gas' updated response to data request 102

Note: Embedded cost of debt based on Laclede Group's consolidated debt:

**Embedded Cost of Long-Term Debt
as of September 30, 2013**

	Amount Outstanding	Annual Cost
Bonds and Unsecured Notes Series:		
5.50% Series Due 05/01/19	\$50,000,000	\$2,750,000
3.31% Series Due 12/15/22	\$25,000,000	\$827,500
3.00% Series Due 03/15/23	\$55,000,000	\$1,650,000
3.40% Series Due 03/15/28	\$45,000,000	\$1,530,000
7.00% Series Due 06/01/29	\$25,000,000	\$1,750,000
7.90% Series Due 09/15/30	\$30,000,000	\$2,370,000
6.00% Series Due 05/01/34	\$100,000,000	\$6,000,000
6.15% Series Due 06/01/36	\$55,000,000	\$3,382,500
6.35% Series Due 10/15/38	\$80,000,000	\$5,080,000
2.00% Series Due 08/15/18	\$100,000,000	\$2,000,000
3.40% Series Due 08/15/23	\$250,000,000	\$8,500,000
4.635% Series Due 08/15/43	\$100,000,000	\$4,635,000
Unamortized Premium, Discount and Expense	\$9,785,000	
Annual Amortization		-\$157,299
Total	\$924,785,000	\$40,317,701

Embedded Cost of Long-term Debt **4.36%**

Source : Laclede Gas' updated response to data request 102

**MISSOURI GAS ENERGY
CASE NO. GR-2014-0007**

Criteria for Selecting Comparable Natural Gas Distribution Companies

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Natural Gas Distribution Companies	Stock Publicly Traded	Information Printed In Value Line	10-Year Value Line Historical Growth Available	No Reduced Dividend since 2009	Projected Growth Available from Value Line and Reuters	At Least Investment Grade Credit Rating	Comparable Company Met All Criteria
AGL Resources, Inc.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Atmos Energy Corporation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Delta Natural Gas Company, Inc.	Yes	Yes	Yes	Yes	No		
Gas Natural Inc.	Yes	Yes	Yes	Yes	No		
Laclede Group Inc.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
New Jersey Resources Corp.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Northwest Natural Gas Company	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Piedmont Natural Gas Company, Inc.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
RGC Resources, Inc.	Yes	Yes	Yes	Yes	No		
South Jersey Industries, Inc.	Yes	Yes	Yes	Yes	No		
WGL Holdings, Inc.	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Sources: Column 1 = Edward Jones' Natural Gas Industry Summary, September 30, 2013.

Columns 2, 3, 4, and 5 = The Value Line Investment Survey: Ratings & Reports, December 6, 2013.

Column 6 = Reuters Estimates, January 16, 2014

Column 7 = Standard & Poor's RatingsDirect

**MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007**

**Seven Comparable Natural Gas Distribution Companies
For Missouri Gas Energy Division**

Number	Ticker Symbol	Company Name
1	GAS	AGL Resources, Inc.
2	ATO	Atmos Energy Corporation.
3	NJR	New Jersey Resources Corporation
4	LG	Laclede Group Inc.
5	NWN	Northwest Natural Gas
6	PNY	Piedmont Natural Gas Company, Inc.
7	WGL	WGL Holdings, Inc.

MISSOURI GAS ENERGY DIVISION

CASE NO. GR-2014-0007

Ten-Year Dividends Per Share, Earnings Per Share & Book Value Per Share Growth Rates
for the Seven Comparable Natural Gas Distribution Companies

Company Name	----- 10-Year Annual Compound Growth Rates -----			Average of 10 Year Annual Compound Growth Rates
	DPS	EPS	BVPS	
AGL Resources, Inc.	5.00%	8.00%	8.00%	7.00%
Atmos Energy Corporation	1.50%	5.00%	6.50%	4.33%
Laclede Group Inc.	2.00%	7.00%	5.50%	4.83%
New Jersey Resources Corp.	6.50%	7.00%	8.00%	7.17%
Northwest Natural Gas Co.	3.50%	3.50%	4.00%	3.67%
Piedmont Natural Gas Co.	5.00%	5.00%	5.00%	5.00%
WGL Holdings, Inc.	2.00%	4.00%	4.00%	3.33%
Average	<u>3.64%</u>	<u>5.64%</u>	<u>5.86%</u>	<u>5.05%</u>
Standard Deviation	1.77%	1.57%	1.57%	1.40%

Source: The Value Line Investment Survey: Ratings & Reports, December 6, 2013.

**MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007**

**Five-Year Dividends Per Share, Earnings Per Share & Book Value Per Share Growth Rates
for the Seven Comparable Natural Gas Distribution Companies**

	----- 5-Year Annual Compound Growth Rates -----			Average of 5 Year Annual Compound Growth Rates
Company Name	DPS	EPS	BVPS	
AGL Resources, Inc.	6.50%	1.50%	5.00%	4.33%
Atmos Energy Corp.	1.50%	3.00%	4.00%	2.83%
Laclede Group Inc.	3.00%	4.00%	6.50%	4.50%
New Jersey Resources Corp.	8.50%	8.50%	6.50%	7.83%
Northwest Natural Gas Co.	4.50%	0.50%	4.00%	3.00%
Piedmont Natural Gas Co.	5.50%	3.50%	3.00%	4.00%
WGL Holdings, Inc.	3.00%	3.00%	4.50%	3.50%
Average	<u><u>4.64%</u></u>	<u><u>3.43%</u></u>	<u><u>4.79%</u></u>	<u><u>4.29%</u></u>
Standard Deviation	2.22%	2.35%	1.22%	1.56%

Source: The Value Line Investment Survey: Ratings & Reports, December 6, 2013.

**MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007**

**Average of Ten and Five-Year Dividends Per Share, Earnings Per Share
& Book Value Per Share Growth Rates for the Seven Comparable Natural Gas Distribution Companies**

Company Name	10-Year Average DPS, EPS & BVPS	5-Year Average DPS, EPS & BVPS	Average of 5-Year & 10-Year Averages
AGL Resources, Inc.	7.00%	4.33%	5.67%
Atmos Energy Corp.	4.33%	2.83%	3.58%
Laclede Group Inc.	4.83%	4.50%	4.67%
New Jersey Resources Corporation	7.17%	7.83%	7.50%
Northwest Natural Gas	3.67%	3.00%	3.33%
Piedmont Natural Gas Company, Inc.	5.00%	4.00%	4.50%
WGL Holdings, Inc.	3.33%	3.50%	3.42%
Average	<u>5.05%</u>	<u>4.29%</u>	<u>4.67%</u>

**MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007**

**Five-Year Projected Dividends Per Share, Earnings Per Share & Book Value Per Share Growth Rates
for the Seven Comparable Natural Gas Distribution Utility Companies**

	----- 5-Year Projected Compound Growth Rates -----				Average of 5 Year Annual Compound Growth Rates
<u>Company Name</u>	<u>DPS</u>	<u>EPS</u>	<u>BVPS</u>	<u>Growth Rates</u>	
AGL Resources, Inc.	4.50%	8.00%	5.50%	6.00%	
Atmos Energy Corp.	4.00%	7.50%	5.50%	5.67%	
Laclede Group inc.	3.50%	6.00%	-3.00%	2.17%	
New Jersey Resources Corporation	3.00%	5.50%	5.50%	4.67%	
Northwest Natural Gas	2.50%	4.50%	3.00%	3.33%	
Piedmont Natural Gas Company, Inc.	3.00%	4.00%	4.50%	3.83%	
WGL Holdings, Inc.	2.50%	3.50%	3.00%	3.00%	
Average	<u>3.29%</u>	<u>5.57%</u>	<u>3.43%</u>	<u>4.10%</u>	
Standard Deviation	0.70%	1.59%	2.82%	1.31%	

Source: The Value Line Investment Survey: Ratings & Reports, December 6, 2013.

**MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007**

**Historical and Projected Growth Rates for the
Seven Comparable Natural Gas Distribution Companies**

Company Name	(1)	(2)	(3)	(4)
	Historical Growth Rate (DPS, EPS and BVPS)	Projected Growth Rate (DPS, EPS and BVPS)	Projected 5-Year EPS Growth Reuters (Mean)	Projected 3-5 Year EPS Growth Value Line
AGL Resources, Inc.	5.67%	6.00%	4.00%	8.00%
Atmos Energy Corp.	3.58%	5.67%	7.75%	7.50%
Laclede Group Inc.	4.67%	2.17%	4.90%	6.00%
New Jersey Resources Corporation	7.50%	4.67%	2.50%	5.50%
Northwest Natural Gas	3.33%	3.33%	4.00%	4.50%
Piedmont Natural Gas Company, Inc.	4.50%	3.83%	4.00%	4.00%
WGL Holdings, Inc.	3.42%	3.00%	4.60%	3.50%
	<u>4.67%</u>	<u>4.10%</u>	<u>4.54%</u>	<u>5.57%</u>

Sources: Column 1 = Average of 10-Year and 5-Year Annual Compound Growth Rates from Schedule 10-3.

Column 2 = Schedule 10-4.

Column 3 = Reuters Website, January 16, 2014

Column 4 = The Value Line Investment Survey: Ratings and Reports, December 6, 2013.

**MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007**

**Long-Term Gas Proxy Group
DPS, EPS, BVPS & GDP
10-Year Compound Growth Rate Averages (1968-2012)**

<u>DPS</u>	<u>EPS</u>	<u>BVPS</u>	<u>Average</u>	<u>GDP</u>				
10 yr compound growth rate avgs	10 yr compound growth rate avgs	10 yr compound growth rate avgs	DPS, EPS and BVPS	10 yr compound growth rate avgs				
Years	Years	Years	Years	Years				
1968-70 to 1978-80	3.82%	1968-70 to 1978-80	5.16%	1968-70 to 1978-80	4.59%	4.52%	1968-70 to 1978-80	9.96%
1969-71 to 1979-81	4.13%	1969-71 to 1979-81	5.07%	1969-71 to 1979-81	4.62%	4.61%	1969-71 to 1979-81	10.31%
1970-72 to 1980-82	4.69%	1970-72 to 1980-82	4.75%	1970-72 to 1980-82	4.51%	4.65%	1970-72 to 1980-82	10.32%
1971-73 to 1981-83	5.10%	1971-73 to 1981-83	4.10%	1971-73 to 1981-83	4.30%	4.50%	1971-73 to 1981-83	10.15%
1972-74 to 1982-84	5.50%	1972-74 to 1982-84	5.20%	1972-74 to 1982-84	4.11%	4.94%	1972-74 to 1982-84	9.98%
1973-75 to 1983-85	5.98%	1973-75 to 1983-85	5.87%	1973-75 to 1983-85	4.08%	5.31%	1973-75 to 1983-85	9.93%
1974-76 to 1984-86	6.51%	1974-76 to 1984-86	5.91%	1974-76 to 1984-86	4.11%	5.51%	1974-76 to 1984-86	9.76%
1975-77 to 1985-87	6.91%	1975-77 to 1985-87	5.28%	1975-77 to 1985-87	4.15%	5.44%	1975-77 to 1985-87	9.34%
1976-78 to 1986-88	6.99%	1976-78 to 1986-88	5.37%	1976-78 to 1986-88	4.24%	5.54%	1976-78 to 1986-88	8.82%
1977-79 to 1987-89	7.06%	1977-79 to 1987-89	5.07%	1977-79 to 1987-89	4.23%	5.45%	1977-79 to 1987-89	8.35%
1978-80 to 1988-90	6.79%	1978-80 to 1988-90	3.85%	1978-80 to 1988-90	4.16%	4.93%	1978-80 to 1988-90	7.96%
1979-81 to 1989-91	6.37%	1979-81 to 1989-91	2.39%	1979-81 to 1989-91	3.81%	4.19%	1979-81 to 1989-91	7.42%
1980-82 to 1990-92	5.72%	1980-82 to 1990-92	2.16%	1980-82 to 1990-92	3.66%	3.85%	1980-82 to 1990-92	7.10%
1981-83 to 1991-93	5.23%	1981-83 to 1991-93	2.86%	1981-83 to 1991-93	3.63%	3.91%	1981-83 to 1991-93	6.75%
1982-84 to 1992-94	5.04%	1982-84 to 1992-94	2.59%	1982-84 to 1992-94	3.98%	3.87%	1982-84 to 1992-94	6.52%
1983-85 to 1993-95	4.40%	1983-85 to 1993-95	2.36%	1983-85 to 1993-95	3.93%	3.56%	1983-85 to 1993-95	6.15%
1984-86 to 1994-96	3.75%	1984-86 to 1994-96	2.94%	1984-86 to 1994-96	3.91%	3.53%	1984-86 to 1994-96	5.92%
1985-87 to 1995-97	3.39%	1985-87 to 1995-97	3.94%	1985-87 to 1995-97	3.92%	3.75%	1985-87 to 1995-97	5.85%
1986-88 to 1996-98	3.02%	1986-88 to 1996-98	3.42%	1986-88 to 1996-98	3.61%	3.35%	1986-88 to 1996-98	5.78%
1987-89 to 1997-99	2.71%	1987-89 to 1997-99	2.29%	1987-89 to 1997-99	3.25%	2.75%	1987-89 to 1997-99	5.66%
1988-90 to 1998-00	2.44%	1988-90 to 1998-00	2.69%	1988-90 to 1998-00	3.16%	2.77%	1988-90 to 1998-00	5.57%
1989-91 to 1999-01	2.19%	1989-91 to 1999-01	4.07%	1989-91 to 1999-01	3.46%	3.24%	1989-91 to 1999-01	5.55%
1990-92 to 2000-02	2.07%	1990-92 to 2000-02	4.74%	1990-92 to 2000-02	3.67%	3.49%	1990-92 to 2000-02	5.49%
1991-93 to 2001-03	2.01%	1991-93 to 2001-03	4.89%	1991-93 to 2001-03	4.03%	3.64%	1991-93 to 2001-03	5.39%
1992-94 to 2002-04	2.05%	1992-94 to 2002-04	4.40%	1992-94 to 2002-04	4.48%	3.64%	1992-94 to 2002-04	5.31%
1993-95 to 2003-05	2.19%	1993-95 to 2003-05	5.00%	1993-95 to 2003-05	4.98%	4.06%	1993-95 to 2003-05	5.37%
1994-96 to 2004-06	2.42%	1994-96 to 2004-06	5.00%	1994-96 to 2004-06	5.41%	4.27%	1994-96 to 2004-06	5.45%
1995-97 to 2005-07	2.66%	1995-97 to 2005-07	4.84%	1995-97 to 2005-07	5.69%	4.40%	1995-97 to 2005-07	5.45%
1996-98 to 2006-08	2.91%	1996-98 to 2006-08	5.35%	1996-98 to 2006-08	5.98%	4.75%	1996-98 to 2006-08	5.26%
1997-99 to 2007-09	3.18%	1997-99 to 2007-09	6.29%	1997-99 to 2007-09	6.18%	5.22%	1997-99 to 2007-09	4.77%
1998-00 to 2008-10	3.47%	1998-00 to 2008-10	6.38%	1998-00 to 2008-10	6.23%	5.36%	1998-00 to 2008-10	4.26%
1999-01 to 2009-11	3.78%	1999-01 to 2009-11	6.28%	1999-01 to 2009-11	6.25%	5.43%	1999-01 to 2009-11	3.92%
2000-02 to 2010-12	4.02%	2000-02 to 2010-12	5.30%	2000-02 to 2010-12	6.29%	5.20%	2000-02 to 2010-12	3.89%
Average	4.20%	Average	4.42%	Average	4.44%	Average	6.90%	
Average of 10-year Rolling Averages EPS, DPS and BVPS			4.35%					

Source: Value Line Investment Survey

**MISSOURI GAS ENERGY DIVISION
GR-2014-0007**

**Long-Term Gas Proxy Group Excluding Atmos
DPS, EPS, BVPS & GDP
10-Year Compound Growth Rate Averages (1968-2012)**

<u>DPS</u>	<u>EPS</u>	<u>BVPS</u>	<u>Average</u>	<u>GDP</u>				
10 yr compound growth rate avgs	10 yr compound growth rate avgs	10 yr compound growth rate avgs	DPS, EPS and BVPS	10 yr compound growth rate avgs				
Years	Years	Years	Years	Years				
1968-70 to 1978-80	3.82%	1968-70 to 1978-80	5.16%	1968-70 to 1978-80	4.59%	4.52%	1968-70 to 1978-80	9.96%
1969-71 to 1979-81	4.13%	1969-71 to 1979-81	5.07%	1969-71 to 1979-81	4.62%	4.61%	1969-71 to 1979-81	10.31%
1970-72 to 1980-82	4.69%	1970-72 to 1980-82	4.75%	1970-72 to 1980-82	4.51%	4.65%	1970-72 to 1980-82	10.32%
1971-73 to 1981-83	5.10%	1971-73 to 1981-83	4.10%	1971-73 to 1981-83	4.30%	4.50%	1971-73 to 1981-83	10.15%
1972-74 to 1982-84	5.50%	1972-74 to 1982-84	5.20%	1972-74 to 1982-84	4.11%	4.94%	1972-74 to 1982-84	9.98%
1973-75 to 1983-85	5.98%	1973-75 to 1983-85	5.87%	1973-75 to 1983-85	4.08%	5.31%	1973-75 to 1983-85	9.93%
1974-76 to 1984-86	6.51%	1974-76 to 1984-86	5.91%	1974-76 to 1984-86	4.11%	5.51%	1974-76 to 1984-86	9.76%
1975-77 to 1985-87	6.91%	1975-77 to 1985-87	5.28%	1975-77 to 1985-87	4.15%	5.44%	1975-77 to 1985-87	9.34%
1976-78 to 1986-88	6.99%	1976-78 to 1986-88	5.37%	1976-78 to 1986-88	4.24%	5.54%	1976-78 to 1986-88	8.82%
1977-79 to 1987-89	7.06%	1977-79 to 1987-89	5.07%	1977-79 to 1987-89	4.23%	5.45%	1977-79 to 1987-89	8.35%
1978-80 to 1988-90	6.79%	1978-80 to 1988-90	3.85%	1978-80 to 1988-90	4.16%	4.93%	1978-80 to 1988-90	7.96%
1979-81 to 1989-91	6.37%	1979-81 to 1989-91	2.39%	1979-81 to 1989-91	3.81%	4.19%	1979-81 to 1989-91	7.42%
1980-82 to 1990-92	5.72%	1980-82 to 1990-92	2.16%	1980-82 to 1990-92	3.66%	3.85%	1980-82 to 1990-92	7.10%
1981-83 to 1991-93	5.23%	1981-83 to 1991-93	2.86%	1981-83 to 1991-93	3.63%	3.91%	1981-83 to 1991-93	6.75%
1982-84 to 1992-94	5.04%	1982-84 to 1992-94	2.59%	1982-84 to 1992-94	3.98%	3.87%	1982-84 to 1992-94	6.52%
1983-85 to 1993-95	4.40%	1983-85 to 1993-95	2.36%	1983-85 to 1993-95	3.93%	3.56%	1983-85 to 1993-95	6.15%
1984-86 to 1994-96	3.75%	1984-86 to 1994-96	2.94%	1984-86 to 1994-96	3.91%	3.53%	1984-86 to 1994-96	5.92%
1985-87 to 1995-97	3.25%	1985-87 to 1995-97	3.93%	1985-87 to 1995-97	3.80%	3.66%	1985-87 to 1995-97	5.85%
1986-88 to 1996-98	2.85%	1986-88 to 1996-98	3.30%	1986-88 to 1996-98	3.49%	3.21%	1986-88 to 1996-98	5.78%
1987-89 to 1997-99	2.49%	1987-89 to 1997-99	2.34%	1987-89 to 1997-99	3.14%	2.65%	1987-89 to 1997-99	5.66%
1988-90 to 1998-00	2.19%	1988-90 to 1998-00	2.48%	1988-90 to 1998-00	3.09%	2.59%	1988-90 to 1998-00	5.57%
1989-91 to 1999-01	1.95%	1989-91 to 1999-01	4.34%	1989-91 to 1999-01	3.38%	3.22%	1989-91 to 1999-01	5.55%
1990-92 to 2000-02	1.83%	1990-92 to 2000-02	4.88%	1990-92 to 2000-02	3.59%	3.43%	1990-92 to 2000-02	5.49%
1991-93 to 2001-03	1.78%	1991-93 to 2001-03	4.93%	1991-93 to 2001-03	3.91%	3.54%	1991-93 to 2001-03	5.39%
1992-94 to 2002-04	1.86%	1992-94 to 2002-04	4.54%	1992-94 to 2002-04	4.35%	3.58%	1992-94 to 2002-04	5.31%
1993-95 to 2003-05	2.04%	1993-95 to 2003-05	5.14%	1993-95 to 2003-05	4.79%	3.99%	1993-95 to 2003-05	5.37%
1994-96 to 2004-06	2.33%	1994-96 to 2004-06	5.28%	1994-96 to 2004-06	5.24%	4.28%	1994-96 to 2004-06	5.45%
1995-97 to 2005-07	2.66%	1995-97 to 2005-07	5.06%	1995-97 to 2005-07	5.52%	4.41%	1995-97 to 2005-07	5.45%
1996-98 to 2006-08	2.99%	1996-98 to 2006-08	5.78%	1996-98 to 2006-08	5.89%	4.88%	1996-98 to 2006-08	5.26%
1997-99 to 2007-09	3.33%	1997-99 to 2007-09	6.62%	1997-99 to 2007-09	6.10%	5.35%	1997-99 to 2007-09	4.77%
1998-00 to 2008-10	3.70%	1998-00 to 2008-10	7.03%	1998-00 to 2008-10	6.16%	5.63%	1998-00 to 2008-10	4.26%
1999-01 to 2009-11	4.07%	1999-01 to 2009-11	6.21%	1999-01 to 2009-11	6.21%	5.50%	1999-01 to 2009-11	3.92%
2000-02 to 2010-12	4.36%	2000-02 to 2010-12	5.83%	2000-02 to 2010-12	6.27%	5.49%	2000-02 to 2010-12	3.89%
Average	4.17%	Average	4.50%	Average	4.39%	Average	6.90%	
Average of 10-year Rolling Averages EPS, DPS and BVPS			4.36%					

Source: Value Line Investment Survey

MISSOURI GAS ENERGY DIVISION
GR-2014-0007

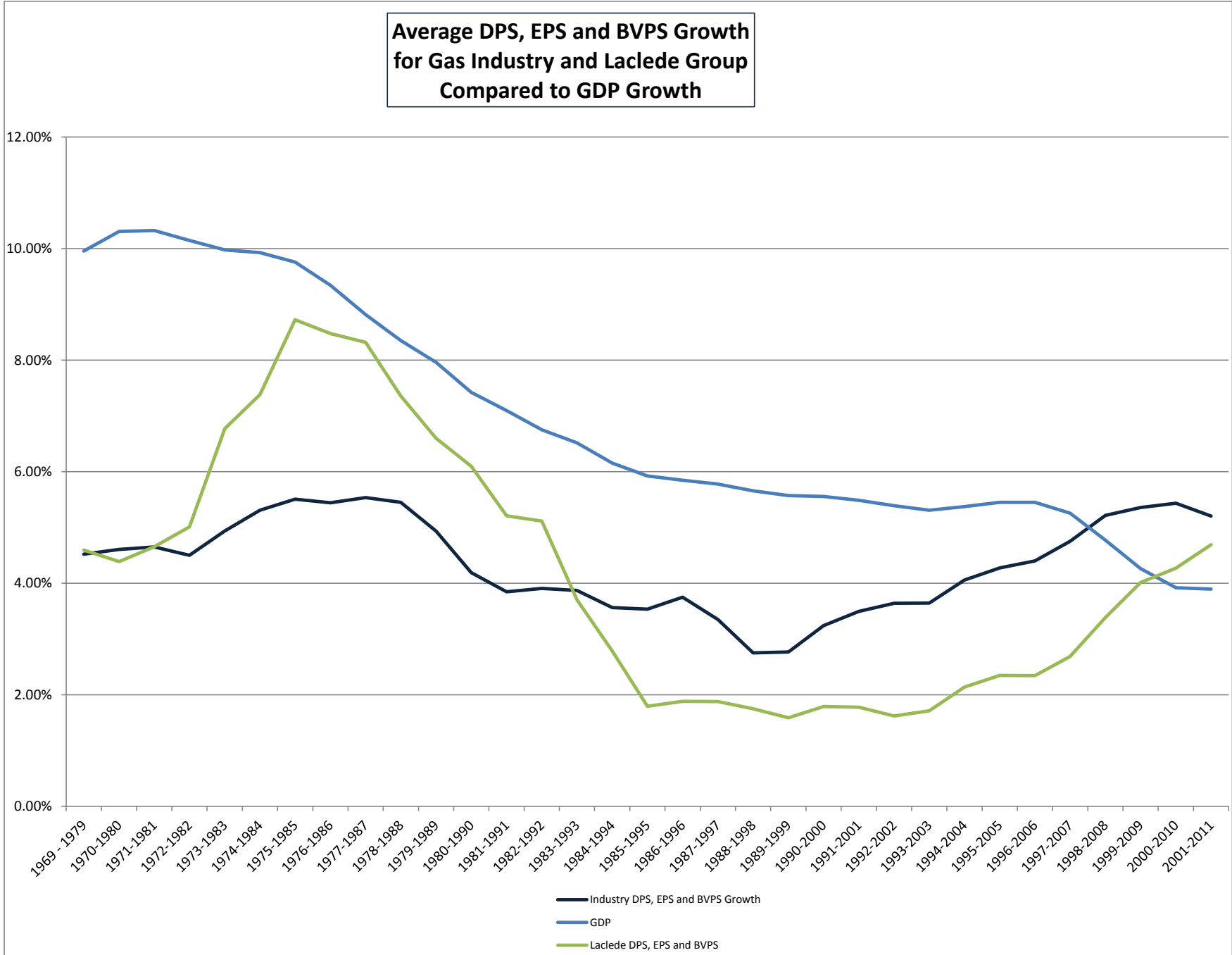
Laclede Group
DPS, EPS, BVPS & GDP
10-Year Compound Growth Rate Averages (1968-2012)

<u>DPS</u>		<u>EPS</u>		<u>BVPS</u>		<u>Average</u>	<u>GDP</u>	
Years	10 yr compound growth rate avgs	Years	10 yr compound growth rate avgs	Years	10 yr compound growth rate avgs	DPS, EPS and BVPS	Years	10 yr compound growth rate avgs
1969 - 1979	3.08%	1969 - 1979	5.61%	1969 - 1979	5.09%	4.59%	1969 - 1979	9.96%
1970-1980	3.49%	1970-1980	4.55%	1970-1980	5.13%	4.39%	1970-1980	10.31%
1971-1981	4.01%	1971-1981	4.82%	1971-1981	5.13%	4.65%	1971-1981	10.32%
1972-1982	4.91%	1972-1982	5.01%	1972-1982	5.10%	5.01%	1972-1982	10.15%
1973-1983	5.88%	1973-1983	8.96%	1973-1983	5.48%	6.77%	1973-1983	9.98%
1974-1984	6.85%	1974-1984	9.41%	1974-1984	5.89%	7.38%	1974-1984	9.93%
1975-1985	7.83%	1975-1985	11.92%	1975-1985	6.43%	8.72%	1975-1985	9.76%
1976-1986	8.80%	1976-1986	10.05%	1976-1986	6.58%	8.48%	1976-1986	9.34%
1977-1987	9.46%	1977-1987	8.98%	1977-1987	6.53%	8.32%	1977-1987	8.82%
1978-1988	9.71%	1978-1988	6.17%	1978-1988	6.19%	7.36%	1978-1988	8.35%
1979-1989	9.73%	1979-1989	4.36%	1979-1989	5.70%	6.60%	1979-1989	7.96%
1980-1990	9.19%	1980-1990	3.88%	1980-1990	5.23%	6.10%	1980-1990	7.42%
1981-1991	8.39%	1981-1991	2.55%	1981-1991	4.69%	5.21%	1981-1991	7.10%
1982-1992	7.33%	1982-1992	3.67%	1982-1992	4.34%	5.11%	1982-1992	6.75%
1983-1993	6.17%	1983-1993	1.17%	1983-1993	3.77%	3.70%	1983-1993	6.52%
1984-1994	5.04%	1984-1994	0.00%	1984-1994	3.31%	2.78%	1984-1994	6.15%
1985-1995	3.85%	1985-1995	-1.32%	1985-1995	2.86%	1.79%	1985-1995	5.92%
1986-1996	2.88%	1986-1996	0.06%	1986-1996	2.70%	1.88%	1986-1996	5.85%
1987-1997	2.24%	1987-1997	0.81%	1987-1997	2.59%	1.88%	1987-1997	5.78%
1988-1998	1.81%	1988-1998	0.92%	1988-1998	2.51%	1.75%	1988-1998	5.66%
1989-1999	1.55%	1989-1999	0.75%	1989-1999	2.46%	1.59%	1989-1999	5.57%
1990-2000	1.31%	1990-2000	1.56%	1990-2000	2.50%	1.79%	1990-2000	5.55%
1991-2001	1.17%	1991-2001	1.66%	1991-2001	2.51%	1.78%	1991-2001	5.49%
1992-2002	1.05%	1992-2002	1.28%	1992-2002	2.53%	1.62%	1992-2002	5.39%
1993-2003	1.02%	1993-2003	1.39%	1993-2003	2.73%	1.71%	1993-2003	5.31%
1994-2004	0.99%	1994-2004	2.57%	1994-2004	2.85%	2.14%	1994-2004	5.37%
1995-2005	1.03%	1995-2005	2.94%	1995-2005	3.08%	2.35%	1995-2005	5.45%
1996-2006	1.05%	1996-2006	2.83%	1996-2006	3.15%	2.34%	1996-2006	5.45%
1997-2007	1.13%	1997-2007	3.30%	1997-2007	3.63%	2.68%	1997-2007	5.26%
1998-2008	1.22%	1998-2008	4.87%	1998-2008	4.07%	3.39%	1998-2008	4.77%
1999-2009	1.39%	1999-2009	6.10%	1999-2009	4.55%	4.01%	1999-2009	4.26%
2000-2010	1.60%	2000-2010	6.32%	2000-2010	4.89%	4.27%	2000-2010	3.92%
2001-2011	1.87%	2001-2011	6.86%	2001-2011	5.33%	4.69%	2001-2011	3.89%
Average	4.15%	Average	4.06%	Average	4.23%		Average	6.90%
Average of 10-year Rolling Averages EPS, DPS and BVPS			4.15%					

Source: Value Line Investment Survey

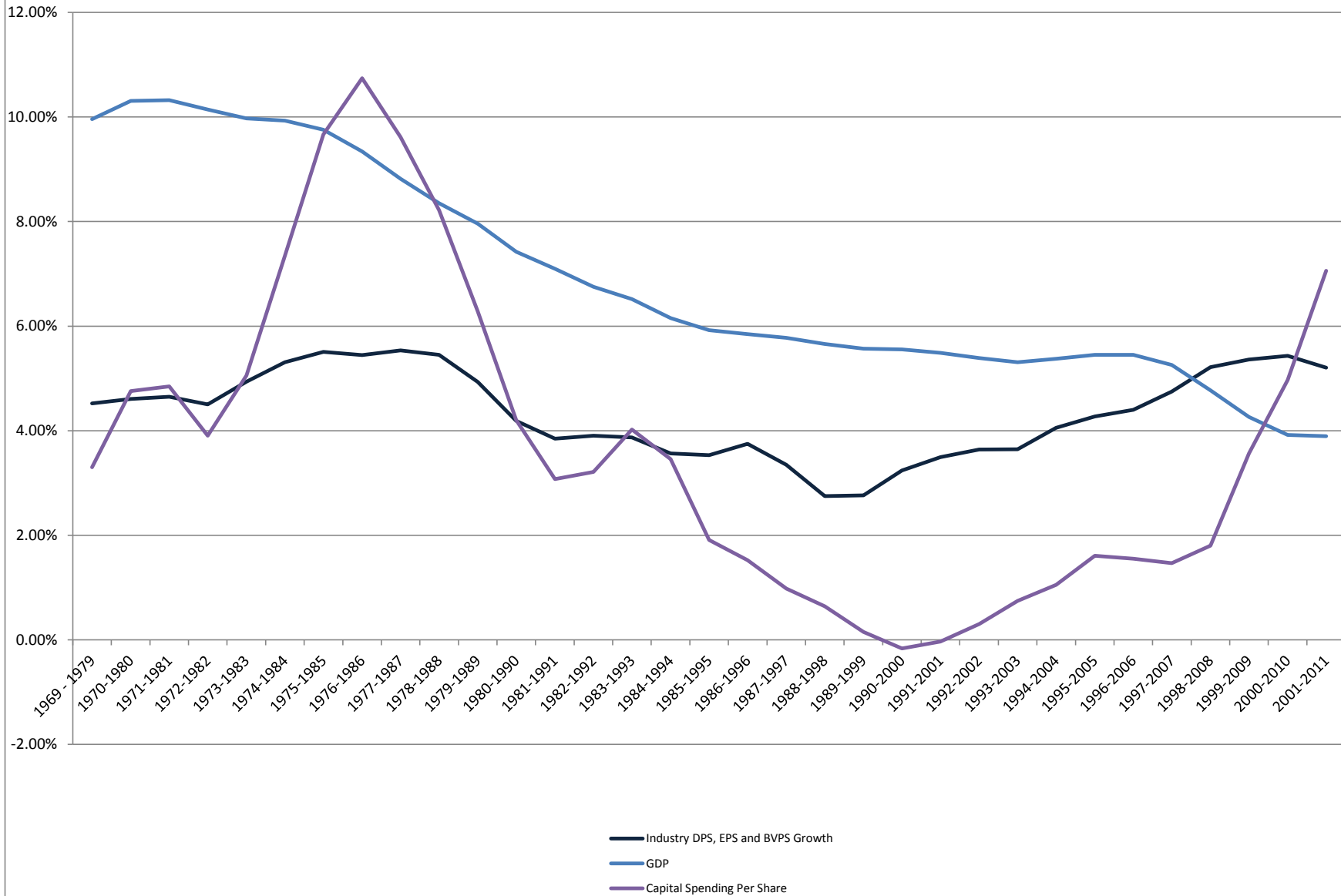
MISSOURI GAS ENERGY DIVISION
GR-2014-0007

Average DPS, EPS and BVPS Growth
for Gas Industry and Laclede Group
Compared to GDP Growth



MISSOURI GAS ENERGY DIVISION
GR-2014-0007

Average DPS, EPS and BVPS Growth
for Gas Industry and Laclede Group Capital Spending
Compared to GDP Growth



**MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007**

**Average High / Low Stock Price for October 2013 through December 2013
for the Seven Comparable Natural Gas Distribution Companies**

Company Name	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	-- October 2013 --		-- November 2013 --		-- December 2013 --		Average High/Low Stock Price (10/13 - 12/13)
	High Stock Price	Low Stock Price	High Stock Price	Low Stock Price	High Stock Price	Low Stock Price	
AGL Resources, Inc.	\$49.31	\$44.56	\$48.38	\$46.40	\$47.41	\$44.74	\$46.80
Atmos Energy Corp.	\$44.92	\$40.87	\$47.44	\$44.00	\$45.71	\$43.50	\$44.41
Laclede Group Inc.	\$47.82	\$44.32	\$47.75	\$45.62	\$46.53	\$43.96	\$46.00
New Jersey Resources Corp.	\$46.95	\$42.54	\$46.81	\$44.37	\$46.72	\$43.32	\$45.12
Northwest Natural Gas Co.	\$44.35	\$40.95	\$43.71	\$41.85	\$43.56	\$40.75	\$42.53
Piedmont Natural Gas Co.	\$34.71	\$31.61	\$34.18	\$32.62	\$33.43	\$31.94	\$33.08
WGL Holdings, Inc.	\$45.65	\$41.25	\$45.63	\$38.93	\$40.18	\$37.96	\$41.60

Notes:

Column 7 = [(Column 1 + Column 2 + Column 3 + Column 4 + Column 5 + Column 6) / 6].

**MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007**

**Discounted Cash Flow (DCF) Estimated Costs of Common Equity
for the Seven Comparable Natural Gas Distribution Companies,**

	(1)	(2)	(3)
Company Name	Expected Annual Dividend	Average High/Low Stock Price	Projected Dividend Yield
AGL Resources, Inc.	\$1.92	\$46.80	4.10%
Atmos Energy Corp.	\$1.48	\$44.41	3.33%
Laclede Group Inc.	\$1.76	\$46.00	3.83%
New Jersey Resources Corp.	\$1.64	\$45.12	3.63%
Northwest Natural Gas Co.	\$1.87	\$42.53	4.40%
Piedmont Natural Gas Co.	\$1.27	\$33.08	3.84%
WGL Holdings, Inc.	\$1.71	\$41.60	4.11%
Average			<u>3.89%</u>

Note: Rounded to 10 basis points

Proposed Dividend Yield: 3.90%

Proposed Range of Growth: 4.00% - 5.00%

Estimated Proxy Cost of Common Equity: 7.90% - 8.90%

Midpoint 8.40%

Notes: Column 1 = Estimated Dividends Declared per share based on Value Line 2014 projections

Column 3 = (Column 1 / Column 2).

Sources: Column 1 = The Value Line Investment Survey: Ratings and Reports, December 6, 2013.

Column 2 = Schedule 11.

**MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007**

**Capital Asset Pricing Model (CAPM) Costs of Common Equity Estimates
Based on Historical Return Differences Between Common Stocks and Long-Term U.S. Treasuries
for the Seven Comparable Natural Gas Distribution Companies**

	(1)	(2)	(3)	(4)	(5)	(6)
			Arithmetic Average Market Risk Premium (1926-2012)	Geometric Average Market Risk Premium (1926-2012)	Arithmetic CAPM Cost of Common Equity (1926-2012)	Geometric CAPM Cost of Common Equity (1926-2012)
Company Name	Risk Free Rate	Company's Value Line Beta				
AGL Resources, Inc.	3.79%	0.75	5.70%	4.10%	8.07%	6.87%
Atmos Energy Corp.	3.79%	0.80	5.70%	4.10%	8.35%	7.07%
Laclede Group Inc.	3.79%	0.65	5.70%	4.10%	7.50%	6.46%
New Jersey Resources Corp.	3.79%	0.70	5.70%	4.10%	7.78%	6.66%
Northwest Natural Gas Co.	3.79%	0.65	5.70%	4.10%	7.50%	6.46%
Piedmont Natural Gas Co.	3.79%	0.75	5.70%	4.10%	8.07%	6.87%
WGL Holdings, Inc.	3.79%	0.65	5.70%	4.10%	7.50%	6.46%
Average		0.71			7.82%	6.69%

Sources:

Column 1 = The appropriate yield is equal to the average 30-year U.S. Treasury Bond yield for October, November and December 2013, which was obtained St. Louis Federal Reserve website at <http://research.stlouisfed.org/fred2/series/GS30/22>

Column 2 = Beta is a measure of the movement and relative risk of an individual stock to the market as a whole as reported by the Value Line Investment Su Ratings & Reports, December 6, 2013.

Column 3 = The Market Risk Premium represents the expected return from holding the entire market portfolio less the expected return from holding a risk free investment. The appropriate Market Risk Premium for the period 1926 - 2012 was determined to be 5.70% based on an arithmetic average as calculated in Ibbotson Associates, Inc.'s Stocks, Bonds, Bills, and Inflation: 2013 Yearbook.

Column 4 = The Market Risk Premium represents the expected return from holding the entire market portfolio less the expected return from holding a risk free investment. The appropriate Market Risk Premium for the period 1926 - 2012 was determined to be 4.10% based on a geometric average as calculated in Ibbotson Associates, Inc.'s Stocks, Bonds, Bills, and Inflation: 2013 Yearbook.

Column 5 = (Column 1 + (Column 2 * Column 3)).

Column 6 = (Column 1 + (Column 2 * Column 4)).

**MISSOURI GAS ENERGY DIVISION
CASE NO. GR-2014-0007**

**Weighted Cost of Capital
for Missouri Gas Energy Division**

Capital Component	Percentage of Capital	Embedded Cost	Weighted Cost of Capital Using Common Equity Return of:		
			7.90%	8.40%	8.90%
Common Stock Equity	53.08%	-----	4.19%	4.46%	4.72%
Long-Term Debt	46.92%	3.12%	1.46%	1.46%	1.46%
	100.00%		5.65%	5.92%	6.18%