

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED<sup>4</sup>

JUL 09 2003

In the Matter of Laclede Gas Company's Verified )  
Application for Extension, with Modifications, )  
of its Authority to Issue and Sell First Mortgage )  
Bonds, Unsecured Debt and Authorized but )  
Unissued Common Stock in a Total Amount Not to )  
Exceed \$270 Million, Pursuant to a Universal )  
Shelf Registration Statement )

Missouri Public  
Service Commission

Case No. \_\_\_\_\_

**VERIFIED APPLICATION OF LACLEDE GAS COMPANY**  
**AND MOTION FOR EXPEDITED TREATMENT**

COMES NOW Laclede Gas Company ("Laclede" or "Company"), pursuant to Sections 393.190 and 393.200 RSMo. 2000, and pursuant to 4 CSR 240-2.060, 2.080 and 3.220 of the Commission's Rules, and in support of its verified application for an extension, with modifications, of its authority to issue and sell first mortgage bonds, unsecured debt and authorized but unissued common stock in a total amount not to exceed \$270 million, pursuant to a universal shelf registration statement, and motion for expedited treatment, respectfully states as follows:

1. Laclede is a public utility incorporated under the laws of the State of Missouri, with its principal office located at 720 Olive Street, St. Louis, Missouri 63101. Contact information for communication with Laclede, through the Company's legal counsel, including Laclede's electronic mail address, fax number and telephone number, are set forth on the signature page of this Application.

2. A Certificate of Good Standing evidencing Laclede's standing to do business in Missouri was submitted in Case No. GF-2000-843 and is hereby incorporated

by reference herein for all purposes. The information on such Certificate is currently applicable and correct.

3. Laclede is engaged in the business of distributing and transporting natural gas (and to a limited extent distributing liquefied petroleum gas) to customers in the City of St. Louis and the Counties of St. Louis, St. Charles, Crawford, Jefferson, Franklin, Iron, Ste. Genevieve, St. Francois, Madison, and Butler in Eastern Missouri, as a gas corporation subject to the jurisdiction of the Missouri Public Service Commission (the "Commission").

4. Laclede has no pending actions or final unsatisfied judgements or decisions against it from any state or federal agency or court that involve customer service or rates.

5. Laclede is current on its annual report and assessment fee obligations to the Commission, and no such report or assessment fee is overdue.

6. On June 22, 2000, Laclede filed a verified application to issue and sell first mortgage bonds ("Bonds"), unsecured debt instruments ("Unsecured Debt") and authorized but unissued common stock ("Common Stock")<sup>1</sup>, in a total amount not to exceed \$350 million, pursuant to a universal shelf registration statement. Case No. GF-2000-843 was established to consider Laclede's application. On August 10, 2000, the Commission issued its order in Case No. GF-2000-843 granting Laclede's application. The August 10 order authorized Laclede to issue and sell such Bonds, Unsecured Debt and Common Stock for a three-year period ending September 1, 2003.

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<sup>1</sup> The Bonds, Unsecured Debt and Common Stock are sometimes collectively referred to herein as the "Securities." The reference to "Common Stock" as used herein shall include paid-in-capital, as discussed below.

7. Pursuant to the shelf registration statement filed in 2000, and the authorization granted in Case No. GF-2000-843, Laclede has to date issued and sold \$80 million in Bonds.<sup>2</sup> Therefore, of the original \$350 million authorized, \$270 million currently remains unused. By this Application, Laclede seeks a three-year extension to September 1, 2006 of the authorization to issue and sell the remaining \$270 million in Bonds, Unsecured Debt and Common Stock, with the modifications described below.

8. Laclede contemplates that any issuance of the Securities would occur from time to time from the effective date of the grant of the authority requested herein up to September 1, 2006.

9. The financial statements of Laclede as of March 31, 2003, in the form as required in Commission Rule 4 CSR 240-3.220(1)(E) are attached hereto, and made a part hereof, as Exhibit 1.

10. The five (5) year capitalization expenditure schedule, as referred to in Commission Rule 4 CSR 240-3.220(1)(G), and as contemplated by Section 393.200, is attached hereto, and made a part hereof, as Exhibit 2.

11. None of the instruments defining the terms of the proposed Securities is executed, or is to be executed in the near future. Laclede intends to sell the Securities: (a) through underwriters or dealers; (b) through agents; and/or (c) directly to a limited number of purchasers or to a single purchaser. If the Securities are sold by competitive bidding, Laclede reserves the right to reject all bids. Laclede will file the applicable sales documents with the Commission when they are executed and the securities issued. The

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<sup>2</sup> Laclede sold first mortgage bonds in the amounts of \$30 million on September 21, 2000 and \$50 million on June 15, 2001.

specific amount of each type of the Securities to be issued and sold (if any), the actual price to be paid for such Securities, and the compensation to be paid to any person who assists in such sales, such as an underwriter, dealer or agent, will be determined in light of the financial market conditions at or preceding the offering of such Securities.

12. Although the specific terms and conditions applicable to such Securities and the manner of their issuance will vary depending on the type of Security being issued, Laclede contemplates that the Securities will be subject to the same general terms and conditions that the Commission authorized in Case No. GF-2000-843, with one material modification. That modification involves the process by which Laclede will obtain equity in the future. As a result of Laclede's holding company structure, approved by the Commission in Case No. GM-2001-342, Laclede is now a wholly-owned subsidiary of The Laclede Group, Inc. ("LGI"). Hence, Laclede stock is no longer publicly traded. Instead, Laclede will now obtain equity through the issuance of stock to, or the receipt of paid-in capital from, its parent company, LGI.

13. The Securities shall be issued pursuant to the following terms and conditions:

**A. BONDS**

The Bonds will be created and issued pursuant to one or more supplemental indentures (the "Subject Supplemental Indentures") to be dated as of the first or fifteenth of the month in which the Bonds are issued, which Subject Supplemental Indentures will supplement the Mortgage and Deed of Trust dated as of February 1, 1945, between Laclede and Mississippi Valley Trust Company (now UMB Bank & Trust, N.A.), as "Trustee" (the "Original Indenture"). Copies of the general format of the

Subject Supplemental Indentures (subject to various optional features) will be subsequently filed by the Company when they are finalized and the Bonds issued. Copies of the Original Indenture and of the first twenty-six supplemental indentures thereto are included in the Commission's files in the following Case Numbers:

<u>Case No.</u>	<u>Original or Supplemental Indentures</u>
GF-86-130 <sup>3</sup>	Original Indenture dated February 1, 1945.
GF-86-130 <sup>3</sup>	First Supplemental Indenture dated December 1, 1946.
GF-86-130 <sup>3</sup>	Second Supplemental Indenture dated March 15, 1948.
12,205	Third Supplemental Indenture dated April 1, 1951.
12,965	Fourth Supplemental Indenture dated December 1, 1954.
13,651	Fifth Supplemental Indenture dated May 1, 1957.
14,465	Sixth Supplemental Indenture dated July 1, 1960.
15,531	Seventh Supplemental Indenture dated June 1, 1964.
15,932	Eighth Supplemental Indenture dated April 15, 1966.
16,499	Ninth Supplemental Indenture dated May 1, 1968.
16,930	Tenth Supplemental Indenture dated May 15, 1970.
17,369	Eleventh Supplemental Indenture dated March 15, 1972.
17,989	Twelfth Supplemental Indenture dated March 15, 1974.
18,344	Thirteenth Supplemental Indenture dated June 1, 1975.
GF-88-264	Fourteenth Supplemental Indenture dated October 26, 1976.

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<sup>3</sup> The specific Commission cases pertaining to the Original Indenture and the First and Second Supplemental Indentures could not, for the purpose of the Application made in Case No. GF-86-130, be identified; therefore one copy of each such Indenture was attached to the original copy of the Application in Case No. GF-86-130, and a part thereof, and each such Indenture is incorporated in this Application by reference.

GF-79-164	Fifteenth Supplemental Indenture dated July 15, 1979.
GF-86-130	Sixteenth Supplemental Indenture dated May 1, 1986.
GF-88-234	Seventeenth Supplemental Indenture dated May 15, 1988.
GF-88-234	Eighteenth Supplemental Indenture dated November 15, 1989.
GF-91-307	Nineteenth Supplemental Indenture dated May 15, 1991.
GF-91-307	Twentieth Supplemental Indenture dated November 1, 1992.
GF-93-272	Twenty-First Supplemental Indenture dated May 1, 1993.
GF-93-272	Twenty-Second Supplemental Indenture dated November 15, 1995.
GF-97-302	Twenty-Third Supplemental Indenture dated October 15, 1997.
GF-99-332	Twenty-Fourth Supplemental Indenture dated June 1, 1999.
GF-2000-843	Twenty-Fifth Supplemental Indenture dated September 21, 2000.
GF-2000-843	Twenty-Sixth Supplemental Indenture dated June 16, 2001.

In addition to the terms referred to in the Original Indenture, and in the Subject Supplemental Indentures, certain additional terms will apply to all or some of the Bond issuances and will be established on the basis of prevailing market conditions on or prior to the date of the public offering of the Bonds. The additional terms listed in (i) through (iv) below shall apply to all Bonds:

(i) Security.

The Bonds will be issued under the Original Indenture and Supplemental Indentures between Laclede and the Trustee to be dated as of a date or dates not now known.

(ii) Price.

The Bonds will be sold at prices not less than 95% nor more than 105% of their principal amount.

(iii) Interest Rate.

The interest rate on such Bonds will not exceed a rate equal to 300 basis points above the yield on a United States Treasury security with a comparable maturity at the time of the issuance of the Bonds. Each series of the Bonds may have its own interest rate.

(iv) Maturity.

The maturity of any series of Bonds will not be more than thirty (30) years from the date of issuance of the Bonds. Each series of the Bonds may have its own maturity date.

The additional terms listed in (a) through (d) below may be applied to one or more of the series of the Bonds:

(a) Sinking Fund.

Some or all of the Bonds may provide for an annual Sinking Fund that would begin at any time following the year of issuance of such Bonds, and would, for example (depending on term and amount), be sufficient to redeem approximately 90% of such Bonds prior to maturity.

(b) General Redemption Price (on redemption at Laclede's option at any time).

Some or all of the Bonds may provide for general redemption at prices that shall be determined by Laclede in accordance with prevailing market conditions on or prior to the date of the public offering of such Bonds.

(c) Restriction on General Redemption.

Some or all of the Bonds may provide that none of such Bonds may be redeemed under the general redemption provisions, unless the date fixed for redemption is on or after a specified date, if the redemption is for the purpose of refunding such Bonds through the use of funds borrowed at an effective interest cost to the Company less than the effective interest cost of such Bonds.

- (d) Special Redemption Price (for certain redemptions by reason of specified maintenance and improvement fund and sinking fund payments, if any, or following certain eminent domain proceedings).

Some or all of the Bonds may provide for special redemption prices as may be established by the Company for any redemption, which may, for example, be the principal amount of the Bonds being redeemed, plus accrued interest to the date fixed for such redemption, with no premium (or such premium) as may be fixed by Laclede prior to the date of the public offering of the Bonds.

## **B. UNSECURED DEBT**

The Unsecured Debt will be created and issued pursuant to one or more indentures ("Indentures"). A copy of the Indentures will be subsequently filed by the Company with the Commission when they are executed and the Unsecured Debt issued. In addition to the terms contained in the Indentures, there are certain additional terms that will apply to all or some of the Unsecured Debt issuances and that will be established on the basis of prevailing market conditions at, or prior to, the public offering of the Unsecured Debt. The additional terms listed in (i) through (iii) below shall apply to all Unsecured Debt:

- (i) Price.

The Unsecured Debt will be sold at prices not less than 95% nor more than 105% of its principal amount, unless it carries a 0% interest coupon, in which case a lower discounted sale price may be determined.

- (ii) Maturity.

The final maturity of the Unsecured Debt will be more than 270 days, but not more than thirty (30) years from the date of issuance. Each series of Unsecured Debt may have its own maturity date.



(iii) Interest Rate.

If a fixed rate, the interest rate will not exceed a rate equal to 300 basis points above the yield on a United States Treasury security with a comparable maturity at the time of the issuance of the Unsecured Debt. If a variable rate, the basis for determining the interest rate will be defined at the time of issuance, along with any maximum or minimum interest rates that may be specified for that series; provided, however, that the initial interest rate will not exceed a rate equal to 300 basis points above the yield on a United States Treasury security with a comparable maturity. Each series of Unsecured Debt may have its own interest rate.

The additional terms listed in (a) through (c) below may apply to one or more series of Unsecured Debt:

(a) Early Redemption.

Laclede may specify any right to redeem the Unsecured Debt, on or after specified dates at prices to be determined by Laclede in accordance with market conditions at the time of issuance of that series of Unsecured Debt.

(b) Sinking Fund.

Laclede may provide for an annual Sinking Fund which, if any, may begin at any time following the year of issuance of such series of Unsecured Debt.

(c) Other Options.

Laclede may specify that the holders of a series of Unsecured Debt have the option to require Laclede to repurchase or redeem the Unsecured Debt under certain circumstances or on certain dates. Any other options reserved by Laclede or allocated to the holders of a series of Unsecured Debt that are not inconsistent with the Indenture may be specified.

**C. COMMON STOCK/PAID-IN CAPITAL**

As described above, Laclede is a wholly-owned subsidiary of LGI.

Laclede may issue to LGI, from time to time, shares of Common Stock, or may receive

additional paid-in capital from LGI. It is anticipated that the book value per share of any new Common Stock at the time of issuance will be the same as the then-current book value of common equity.

**PURPOSES FOR WHICH SECURITIES ARE TO BE USED**

14. The proceeds from the Securities are to be used for the following purposes: (1) to discharge or lawfully refund all or a portion of the Company's outstanding short-term debt; (2) to discharge or redeem previously issued bonds; (3) to finance the purchase, acquisition and construction of additional properties and facilities, as well as improvements to the Company's existing plant; (4) to improve or maintain service; (5) to reimburse moneys actually expended from income; and/or (6) to provide the financial resources required to meet the Company's other public utility obligations as described more fully below.

15. In order to serve the demands of the public for gas service in its certificated areas, Laclede has had to make, and will continue to be required to make, substantial expenditures for additions, improvements, and extensions of plant. For Laclede's past five fiscal years, and Laclede's three next-ensuing fiscal years, its construction expenditures have been, and are estimated to be, as follows:

Fiscal year ending	1998	\$ 47,254,000
	1999	\$ 48,698,000
	2000	\$ 51,635,000
	2001	\$ 46,952,000
	2002	\$ 48,765,000
	2003	\$ 52,653,000

2004 \$ 47,846,000

2005 \$ 47,092,000

16. The net proceeds from the issuance and sale of the Securities shall be applied, at management's election, to the purposes described above, including, without limitation, the reimbursement of Laclede's treasury for unreimbursed expenditures as shown on Exhibit 2 attached hereto.

17. Subject to unforeseen market conditions, or other developments that may necessitate another financing approach, Laclede currently contemplates issuing the Securities over time, and in such amounts and forms, as to seek to maintain its capital structure generally within the parameters shown in Exhibit 1 to this Application. At a minimum, Laclede contemplates issuing the Securities in a manner that would preserve its ability to maintain an investment grade credit rating.

#### **FEES AND AUTHORIZATIONS**

18. Because the Company has not determined a specific quantity, if any, of individual Bonds or Unsecured Debt that it will issue, it cannot determine at this time what portion of such Securities are or will be subject to the fee schedule set forth in Section 386.300.2 RSMo. 2000. However, if and when individual debt securities are issued, the Company will submit a verified report to the Commission's Internal Accounting Department documenting such issuance, the use of any associated proceeds and the applicability and measure of fees under Section 386.300.2.

19. As set forth above, this Application merely seeks an extension of the authorization to issue Bonds, Unsecured Debt and Common Stock covering the remaining \$270 million outstanding from the original \$350 million authorized by

Laclede's Board of Directors on June 22, 2000, and approved by the Commission. Because the Laclede Board resolutions authorizing the issuance of the Securities are still effective, no further Board authorization is needed for this Application. A copy of the June 22, 2000 resolutions of Laclede's Board of Directors is attached hereto as Exhibit 3, and made a part hereof for all purposes. As evidenced in Exhibit 3, such resolutions have been certified as being in full force and effect as of July 2, 2003.

20. The issuance of the Securities for the purposes described herein, and for which authorization is herein sought, will, for the reasons set forth above, be beneficial to Laclede, its stockholders and its customers.

#### **MOTION FOR EXPEDITED TREATMENT**

21. Pursuant to Commission Rule 4 CSR 240-2.080(16), Laclede seeks expedited treatment of this Application. Laclede seeks an order approving the Application with an effective date on or before August 31, 2003. Laclede seeks such effective date because the authorization approved by the Commission in its most recent order expires on September 1, 2003.

22. Approving this Application by August 31, 2003 will not negatively effect the Company's customers or the general public. To the contrary, it will ensure continuity in Laclede's authority to obtain financing when needed, which will benefit both Laclede and its customers by allowing the Company the opportunity to take advantage of any favorable financing opportunities in the financial markets.

23. The timing of this filing is based on the Company's need to assess its financial requirements and obligations using information that is as current as possible, balanced against the needs of the Commission and its Staff to have adequate time to

process the Company's request. There are approximately seven weeks between the date of this filing and the date requested for Commission action. This timing is well within the normal time frame required by the Commission in cases filed by Laclede over the past 10 years.<sup>4</sup> In addition, since this Application is primarily aimed at obtaining an extension of authorization previously granted by the Commission pursuant to terms and conditions that the Commission has also previously deemed to be appropriate, Laclede believes that the processing time contemplated herein is appropriate. Under these circumstances, the Application was filed as soon as it could have been.

**WHEREFORE**, Laclede Gas Company, the Applicant herein, respectfully requests that an order be issued by the Commission, effective on or before August 31, 2003, (1) finding, as required by Section 393.200, that the money, property or labor to be procured or paid for by the issuance of the Securities proposed herein is or will be reasonably required for the purposes specified in the order and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income; and (2) specifically authorizing Laclede:

- (a) to issue and sell Bonds, Unsecured Debt and Common Stock, including receipt of paid-in capital, pursuant to the terms and conditions described in this Application, in an aggregate amount not to exceed \$270 million at any time, or from time to time, through September 1, 2006;
- (b) to enter into, execute and deliver and perform the necessary agreements, indentures, notes and other documents and filings concerning such

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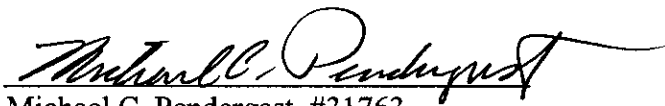
<sup>4</sup> Since 1993, the Commission has issued orders on Laclede's financing applications within 30-60 days after such applications were filed.

Securities; and

- (c) to do all other things not contrary to law or the rules and regulations of the Commission, incidental, necessary or appropriate to the performance of any acts specifically to be authorized in such order; and that the Commission make such other order as it may deem just and proper.

Respectfully submitted,

LACLEDE GAS COMPANY


By   
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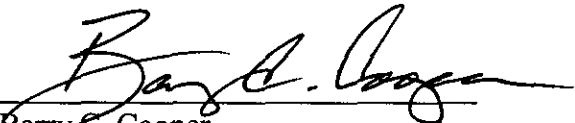
**Certificate of Service**

The undersigned certifies that a true and correct copy of the foregoing Verified Application of Laclede Gas Company and Motion for Expedited Treatment was served on the General Counsel of the Staff of the Missouri Public Service Commission and the Office of the Public Counsel on this 9th day of July 2003 by hand-delivery, email, fax, or by placing a copy of such document, postage prepaid, in the United States mail.

  
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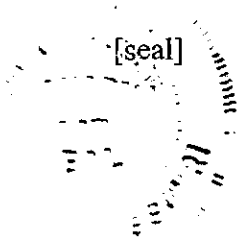
STATE OF MISSOURI     )  
                                  ) SS.  
CITY OF ST. LOUIS     )

Barry C. Cooper, being duly sworn, on his oath states that he is Chief Financial Officer of Laclede Gas Company, the applicant in the foregoing Application; that he has read said Application and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.

  
Barry C. Cooper

Subscribed and sworn to before me a Notary Public in the City of St. Louis, State of Missouri, this 7<sup>th</sup> day of JULY, 2003.

My Commission expires: 7-2-05.



  
Notary Public, State of Missouri

JOYCE L. JANSEN  
Notary Public — Notary Seal  
STATE OF MISSOURI  
ST. CHARLES COUNTY  
My Commission Expires: July 2, 2005

## **EXHIBIT 1**



**LACLEDE GAS COMPANY**  
**Financial Statements**

(Pursuant to 4 CSR 240-3.220(1)(E) of the Filing and Reporting Requirements of the Commission) as of March 31, 2003.

- (a) Balance Sheets at March 31, 2003, Actual and Pro Forma (Pro Forma gives effect to the issuance of \$180,000,000 First Mortgage Bonds, \$90,000,000 of additional paid-in capital, the maturity of \$90,000,000 of long-term debt and the retirement of \$122,390,000 of short-term debt.)

<b><u>ASSETS</u></b>	<b><u>(Thousands of Dollars)</u></b>	
	<b><u>Actual</u></b>	<b><u>Pro Forma</u></b>
<b>Utility Plant</b>	\$1,007,958	\$1,007,958
Less: Accumulated depreciation and amortization	402,357	402,357
<b>Net Utility Plant</b>	<b>605,601</b>	<b>605,601</b>
<b>Other Property and Investments</b>	<b>27,483</b>	<b>27,483</b>
<b>Current Assets:</b>		
Cash and cash equivalents	11,744	71,130
Accounts receivable	140,807	140,807
Less: Allowances for doubtful accounts	(5,309)	(5,309)
Materials, supplies, and merchandise at avg. cost	4,225	4,225
Natural gas stored underground at LIFO cost	24,463	24,463
Propane gas at FIFO cost	10,128	10,128
Delayed customer billings	33,682	33,682
Deferred income taxes	8,417	8,417
Prepayments and other	7,034	6,962
<b>Total Current Assets</b>	<b>235,191</b>	<b>294,505</b>
<b>Deferred Charges:</b>		
Prepaid pension cost	111,879	111,879
Regulatory assets	74,929	74,929
Other	3,852	3,852
<b>Total deferred charges</b>	<b>190,660</b>	<b>190,660</b>
<b>Total Assets</b>	<b>\$1,058,935</b>	<b>\$1,118,249</b>

**LACLEDE GAS COMPANY**

**Financial Statements**

(Pursuant to 4 CSR 240-3.220(1)(E) of the Filing and Reporting Requirements of the Commission) as of March 31, 2003.

(a) Balance Sheets at March 31, 2003, Actual and Pro Forma (Pro Forma gives effect to the issuance of \$180,000,000 First Mortgage Bonds, \$90,000,000 of additional paid-in capital, the maturity of \$90,000,000 of long-term debt and the retirement of \$122,390,000 of short-term debt.)

<b>CAPITALIZATION AND LIABILITIES</b>	<b>(Thousands of Dollars)</b>	
	<b><u>Actual</u></b>	<b><u>Pro Forma</u></b>
<b>Capitalization:</b>		
Common stock and Paid-in capital (100 shares issued and outstanding)	\$82,579	\$172,579
Retained earnings	207,466	206,540
Accumulated other comprehensive income (loss)	(339)	(339)
Total common stock equity	<u>289,706</u>	<u>378,780</u>
Redeemable preferred stock	1,258	1,258
Long-term debt:		
First Mortgage Bonds:		
8-1/2% Series, due November 15, 2004	25,000	0
8-5/8% Series, due May 15, 2006	40,000	0
7-1/2% Series, due November 1, 2007	40,000	40,000
6-1/2% Series, due November 15, 2010	25,000	25,000
6-1/2% Series, due October 15, 2012	25,000	25,000
6-5/8% Series, due June 15, 2016	50,000	50,000
7% Series, due June 1, 2029	25,000	25,000
7.9% Series, due September 15, 2030	30,000	30,000
Pro Forma 5.750% Series		180,000
Unamortized discount on debt	(412)	(412)
Total long-term debt	<u>259,588</u>	<u>374,588</u>
<b>Total Capitalization</b>	<u>550,552</u>	<u>754,626</u>
<b>Current Liabilities:</b>		
Notes payable	122,390	0
Accounts payable	78,374	78,374
Current portion of long-term debt	25,000	0
Taxes accrued	30,686	30,104
Interest accrued	7,770	10,982
Unamortized purchased gas adjustment	9,524	9,524
Other	26,959	26,959
<b>Total Current Liabilities</b>	<u>300,703</u>	<u>155,943</u>
<b>Deferred Credits and Other Liabilities:</b>		
Deferred income taxes	158,516	158,516
Unamortized investment tax credits	5,472	5,472
Pension and postretirement benefit costs	18,511	18,511
Other	25,181	25,181
<b>Total Deferred Credits and Other Liabilities</b>	<u>207,680</u>	<u>207,680</u>
<b>Total Capitalization and Liabilities</b>	<u>\$1,058,935</u>	<u>\$1,118,249</u>

**LACLEDE GAS COMPANY**

**Financial Statements**

(Pursuant to 4 CSR 240-3.220(1)(E) of the Filing and Reporting Requirements of the Commission) as of March 31, 2003.

- (a) Statement of income for twelve month ended March 31, 2003, Actual and Pro Forma (Pro Forma gives effect to the issuance of \$180,000,000 First Mortgage Bonds, \$90,000,000 of additional paid-in capital, the maturity of \$90,000,000 of long-term debt and the retirement of \$122,390,000 of short-term debt.)

	<b>(Thousands of Dollars)</b>	
	<b><u>Actual</u></b>	<b><u>Pro Forma</u></b>
<b>Operating Revenues:</b>		
Utility	\$726,705	\$726,705
Other	2,621	2,621
<b>Total Operating Revenues</b>	<b>729,326</b>	<b>729,326</b>
<b>Operating Expenses:</b>		
Utility		
Natural and propane gas	450,097	450,097
Other operation expenses	111,934	111,934
Maintenance	18,575	18,575
Depreciation and amortization	22,669	22,669
Taxes, other than income taxes	53,713	53,713
<b>Total utility operating expenses</b>	<b>656,988</b>	<b>656,988</b>
Other	2,666	2,666
<b>Total Operating Expenses</b>	<b>659,654</b>	<b>659,654</b>
Operating Income	69,672	69,672
Other Income and Income Deductions - Net	790	790
Income Before Interest and Income Taxes	70,462	70,462
<b>Interest Charges:</b>		
Interest on long-term debt	20,820	24,032
Other interest charges	3,743	2,039
<b>Total Interest Charges</b>	<b>24,563</b>	<b>26,071</b>
Income Before Income Taxes	45,899	44,391
Income Tax Expense	16,535	15,953
Net Income	29,364	28,438
Dividends on Redeemable Preferred Stock	63	63
Earnings Applicable to Common Stock	<b>\$29,301</b>	<b>\$28,375</b>

**LACLEDE GAS COMPANY**

**Financial Statements**

(Pursuant to 4 CSR 240-3.220(1)(E) of the Filing and Reporting Requirements of the Commission) as of March 31, 2003.

Pro Forma Journal Entries Relating to Pro Forma Balance Sheet at March 31, 2003.

		<b>(Thousands of Dollars)</b>	
		<b><u>DR</u></b>	<b><u>CR</u></b>
(1)	Cash	180,000	
	Long-Term Debt - First Mortgage Bonds		180,000
	To record the sale and issuance of \$180,000,000 First Mortgage Bonds.		
(2)	Long -term debt (including current portion)	90,000	
	Cash		90,000
	To record the maturity and redemption of long-term debt currently due or maturing during the 3-year term of this proposed application.		
(3)	Interest on long-term debt	3,212	
	Interest accrued		3,212
	To record interest for the twelve months ended March 31, 2003 on \$180,000,000 First Mortgage Bond at an assumed average interest rate of 5.750% and the redemption of \$90,000,000 of long-term debt currently due or maturing during the 3-year term of this proposed application.		
(4)	Cash	90,000	
	Common stock and paid-in capital		90,000
	To record the receipt of additional paid-in capital of \$90,000,000.		
(5)	Notes Payable	122,390	
	Cash		122,390
	To record the repayment of short-term debt.		

**LACLEDE GAS COMPANY**  
**Financial Statements**

(Pursuant to 4 CSR 240-3.220(1)(E) of the Filing and Reporting Requirements of the Commission) as of March 31, 2003.

Pro Forma Journal Entries Relating to Pro Forma Balance Sheet at March 31, 2003.

		(Thousands of Dollars)	
		<u>DR</u>	<u>CR</u>
(6)	Cash	1,776	
	Prepaid interest		72
	Short-term capital interest charges		1,704
	To eliminate short-term interest due to the repayment of short-term debt.		
(7)	Taxes accrued	582	
	Income applicable to utility operations		582
	To record the reduction in income taxes resulting from increased interest expense as follows:		
	Additional interest expense	<u>\$1,508</u>	
	Federal income tax	\$498	
	State income tax	78	
	City of St. Louis earnings tax	<u>6</u>	
	Total	<u>\$582</u>	
(8)	Retained Earnings	926	
	Net income		926
	To close net effect of pro forma journal entries to retained earnings.		

## **EXHIBIT 2**

Statement of Unreimbursed Property Additions and  
of Unreimbursed Money Expended from Income to  
Discharge Funded Debt at March 31, 2003

Unreimbursed Expenditures for Net Property Additions and Discharge of Funded Debt at March 31, 2000, Applicant's Exhibit No. 2, Commission Report and Order in Case No. GF-2000-843			\$190,986,705
Plus:	Expenditures for Net Property, April 1, 2000 to March 31, 2003.		114,401,614
	Expenditures for Discharge of Funded Debt, April 1, 2000 to March 31, 2003:		
	First Mortgage Bonds:		
	None		
	Preferred Stock:		
	5% Series B - 2001, 2002 and 2003, Sinking Fund due March 31, of each year.	\$480,000	
	4.56% Series C - 2001, 2002 and 2003, Sinking Fund due March 31, of each year.	<u>300,000</u>	780,000
Less:	Amount authorized to be reimbursed for Net Property Additions and Discharge of Funded Debt by the Commission:		
	Through issuance of 1,000,000 shares of Common Stock, authorized by Report and Order in Case No. GF-94-167:		
	466,525	cumulative shares issued at 3/31/03	10,229,730
Less:	<u>466,525</u>	shares reported previously	<u>10,229,730</u>
	0	shares issued during current period	0
			0
Unreimbursed Expenditures for Net Property Additions and Discharge of Funded Debt at March 31, 2003			\$306,168,319
Less:	Unreimbursed Expenditures for Net Property Additions and Discharge of Funded Debt made Prior to April 1, 1998		84,595,240
Unreimbursed Expenditures for Net Property Additions and Discharge of Funded Debt for the 5-year period, April 1, 1998 through March 31, 2003.			<u>221,573,079</u>

**LACLEDE GAS COMPANY**  
**Net Property Additions for the Period**  
**April 1, 1998 through March 31, 2003**

	<b><u>Gross</u></b> <b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>Net</u></b> <b><u>Additions</u></b>
<b>Manufactured Gas Production Plant</b>			
Land and Land Rights	\$0	\$0	\$0
Structures and Improvements	50,023	21,730	28,293
Other Power Equipment	63,850	23,883	39,967
L.P. Gas Equipment	447,451	108,607	338,844
L.P. Gas Storage Cavern	23,283	0	23,283
<b>Underground Storage</b>			
Land	0	0	0
Rights of Way	24,999	20,000	4,999
Structures and Improvements	171,200	19,166	152,034
Wells	48,611	3,499	45,112
Storage Leaseholds and Rights	26,836	0	26,836
Reservoirs	0	0	0
Non-Recoverable Natural Gas	0	0	0
Lines	18,551	13,765	4,786
Compressor Station Equipment	31,214	7,507	23,707
Measuring and Regulating Equipment	107,935	124,405	(16,470)
Purification Equipment	12,915	4,570	8,345
Other Equipment	5,497	0	5,497
<b>Other Storage</b>			
Land and Land Rights	0	0	0
Structures and Improvements	41,593	3,463	38,130
Gas Holders	114,880	45,171	69,709
Compressor Equipment	0	0	0
<b>Transmission Plant</b>			
Rights of Way	0	0	0
Mains	(695,269)	63,967	(759,236)
Other Equipment	0	0	0
<b>Distribution Plant</b>			
Land and Land Rights	212,331	3,386	208,945
Structures and Improvements	1,497,014	196,930	1,300,084
Mains	59,320,861	4,402,188	54,918,673
Meas. & Reg. Sta. Equipment-General	1,473,835	484,216	989,619
Meas. & Reg. Sta. Equipment-City Gate	1,055,746	376,807	678,939
Services	92,078,975	13,456,110	78,622,865
Meters	27,518,979	7,175,584	20,343,395
House Regulators	3,520,511	23,478	3,497,033
Meas. & Reg. Sta. Eqpt.-Comm. & Ind.	2,431,152	184,411	2,246,741
L.P. Gas Sys. On Customer's Premises	0	0	0
Other Distribution Equipment	32,377	1,183	31,194



**General Plant**

Land and Land Rights	\$0	\$0	\$0
Structures and Improvements	767,584	182,222	585,362
Office Furniture and Equipment	821,391	154,294	667,097
Data Processing Systems	30,577,217	5,397,092	25,180,125
Mechanical Office Equipment	150,338	188,469	(38,131)
Transportation Equipment	7,933,156	6,828,762	1,104,394
Stores Equipment	115,762	22,792	92,970
Tools, Shop and Garage Equipment	2,176,984	697,631	1,479,353
Laboratory Equipment	77,336	19,506	57,830
Power Operated Equipment	8,782,013	4,735,481	4,046,532
Communication Equipment	889,335	406,441	482,894
Miscellaneous Equipment	168,586	36,787	131,799
Gas Plant Purchased or Sold	0	0	0
Gas Plant Held for Future Use	132,706	0	132,706
Compl Construction not Classified	(622,891)	0	(622,891)
Construction Work in Progress	(787,077)	0	(787,077)
Gas Plant Acquisition Adjustment	(111,208)	0	(111,208)
Other Utility Plant	0	0	0

<b>Total Utility Plant</b>	<b>\$240,706,582</b>	<b>\$45,433,503</b>	<b>\$195,273,079</b>
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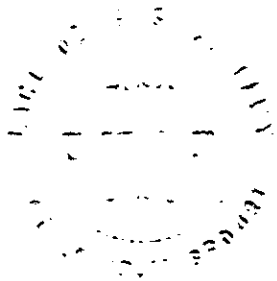
Sinking Fund Payments, Redemptions and Common Stock Repurchases (5 Years)			<u>26,300,000</u>
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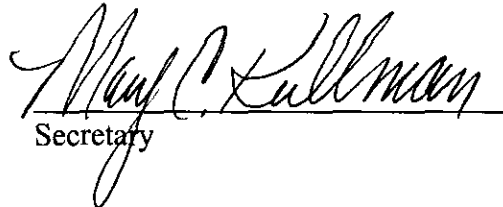
<b>Total Expenditures (5 Years)</b>			<u><u>\$221,573,079</u></u>
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## **EXHIBIT 3**

I, Mary C. Kullman, Secretary of Laclede Gas Company, a Missouri corporation, do hereby certify that the attached is a true and correct copy of resolutions adopted by the Board of Directors of said Company at the duly called and held regular meeting of said Board on June 22, 2000, at which meeting a quorum was present and acted throughout, and that said resolutions are in full force and effect.

IN WITNESS WHEREOF, I have set my hand and the seal of Laclede Gas Company this 2<sup>nd</sup> day of July, 2003.



  
Secretary

RESOLUTIONS RELATING TO  
SHELF REGISTRATION OF DEBT AND EQUITY

BE IT RESOLVED THAT:

1. The officers of this Corporation be, and each of them hereby is, authorized and empowered to do all acts and things which, in their or his or her judgment, are necessary or appropriate: (A) to apply to the Missouri Public Service Commission for authority to issue and sell, from the date of the requisite order or orders and thereafter, additional long-term debt consisting of first mortgage bonds, debentures, medium-term notes, subordinated debentures and/or other debt securities or instruments of indebtedness having maturities in excess of 270 days (hereinafter collectively referred to as "Debt Securities") and additional common stock, par value \$1 per share, with attached common stock purchase rights (hereinafter collectively referred to as "Equity Securities") in an aggregate amount not to exceed \$350 million, and to present documentary evidence in support of such application to the Missouri Public Service Commission; (B) to prepare and file with the Securities and Exchange Commission ("SEC"), on behalf of this Corporation, pursuant to the then applicable rule or rules of the General Rules and Regulations of the SEC (including Rules 415 and 430A) under the Securities Act of 1933, as amended, at such time or times and for such dollar amounts as they deem appropriate, but not to exceed \$350 million in aggregate amount of Debt Securities and Equity Securities, one or more Registration Statements on Form S-3 (or any then applicable and appropriate SEC form) and any necessary amendments thereto or supplements to the prospectuses contained therein, together with any and all other documents required as exhibits thereto and any and all other documents which, in their

opinion, may be necessary or desirable with respect to the registration, issuance or sale of Debt Securities and/or Equity Securities, subject to the necessity for further action by the Board of Directors approving any pricing and method of offering of each issue of Debt Securities and/or Equity Securities; (C) to qualify or register the offer and sale of Debt Securities and Equity Securities under the securities acts and/or under the "blue sky" laws of any state or states; (D) to consent, on behalf of this Corporation, to service of process in connection with any registration of the Debt Securities and Equity Securities; and (E) to list any of the Debt Securities and/or Equity Securities on any stock exchange as such officers may deem desirable in connection with any offer and sale of such securities.

2. Any Registration Statements to be filed with the SEC with respect to the Debt Securities and Equity Securities shall name as alternative agents for service, D. H. Yaeger, G. T. McNeive, Jr., and M. C. Kullman, any one (or more) of whom is hereby authorized to do all things that may properly be done by such agent.

3. Each officer and director who, in connection with the Debt Securities and Equity Securities herein authorized, may execute or be required to execute any Registration Statements of this Corporation to be filed with the SEC, or any amendment thereto (whether on behalf of this Corporation or as any officer or director thereof, or otherwise), is hereby authorized to execute a power of attorney appointing D. H. Yaeger, G. T. McNeive, Jr., and M. C. Kullman, and each of them, severally, as true and lawful attorneys-in-fact, to execute in his or her name, place, and stead (in any such capacity) any such Registration Statements and any and all amendments thereto, and all instruments necessary or advisable in connection therewith, and to file the same with the SEC, each of said attorneys-in-fact to have power to act with or without the others.

4. P. A. Seamands, the Chief Engineer of this Corporation, be, and he hereby is, appointed as the engineer to give any requisite Engineer's Certificates, including, without limitation, the Engineer's Certificate required pursuant to Section 6.06 of the Mortgage and Deed of Trust of this Corporation dated as of February 1, 1945, as supplemented and as may be supplemented (hereinafter referred to as the "Mortgage"), with respect to any principal amount of the Debt Securities to be issued in the form of first mortgage bonds which are to be authenticated upon the basis of property additions.

5. G. T. McNeive, Jr., Senior Vice President-Finance and General Counsel of this Corporation, or M. C. Kullman, Secretary and Associate Counsel of this Corporation, be, and each of them acting separately is, hereby appointed as counsel to give any and all requisite opinions in connection with the Debt Securities and Equity Securities herein authorized, including, without limitation, the opinions required pursuant to Sections 6.06, 7.01 and 9.10 of the Mortgage and as may be required under any indenture to be executed by this Corporation regarding unsecured Debt Securities (hereinafter referred to as the "Unsecured Indenture") as such indenture may be supplemented from time to time.

6. During the effective term of the Registration Statements, any sale of Debt Securities to be issued in the form of first mortgage bonds shall include, without limitation, terms substantially similar to those in the form of the Twenty-Fifth Supplemental Indenture presented at this meeting, reflecting the terms of any particular borrowing, including without limitation, any sinking fund or redemption provisions (and one or more additional, similar, sequentially numbered, supplemental indentures).

7. During the effective term of the Registration Statements, any sale of unsecured Debt Securities shall include, without limitation, terms substantially similar to those included in the form of Unsecured Indenture presented at this meeting.

8. The forms referred to in Paragraphs 6 and 7 are hereby approved, together with such variations and changes therein as any officer of this Corporation shall deem reasonable and appropriate to make, it being part of the intention of this resolution that, subject to the necessity for further action by the Board of Directors approving any pricing and method of offering of each issue of Debt Securities, the execution by any officer of this Corporation of a Twenty-Fifth Supplemental Indenture (and/or any additional, similar, sequentially numbered, supplemental indentures) or of the Unsecured Indenture (and/or any additional sequentially numbered supplemental indentures) shall conclusively evidence the approval by such officer of any variations and changes contained therein; and the copies of said forms of Twenty-Fifth Supplemental Indenture and Unsecured Indenture presented to this meeting, identified by the signature of the Secretary as being the copies so presented, shall be filed with the permanent records of this Corporation.

9. Subject to the necessity for further action by this Board of Directors as to the approval of any pricing and method of offering of each issue of Debt Securities and/or Equity Securities, the officers of this Corporation be, and each of them is, hereby authorized at any time, and from time to time, to do all the acts and things, including without limitation, the entering into of negotiations regarding any negotiated sales and/or the solicitations of bids for any sales of Debt Securities and/or Equity Securities, and to execute on behalf of this Corporation all instruments, contracts, documents (such as, but not limited to, bid solicitation letters), and certificates, of any and every kind, that may in

the judgment of the officer doing or executing the same, be necessary or appropriate to carry out the general plan of financing by means of the issuance and sale of Debt Securities and/or Equity Securities, or that may in their or his or her judgment be necessary or appropriate in connection with the same, or in any manner in relation thereto, including (but without limiting the generality of the foregoing) the making of amendments to any Registration Statement or to any prospectus relating to any Debt Securities and/or Equity Securities, the making of solicitations of bids for the sale of any Debt Securities and/or Equity Securities and/or the entering into of negotiations for sales of any Debt Securities and/or Equity Securities.

10. The officers of this Corporation be, and they hereby are, authorized and directed to do or cause to be done all such other acts and things as they may deem necessary or desirable in order to carry into effect the purposes and intent of the foregoing resolutions.