

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

AREA CODE 314
342-0532

MICHAEL C. PENDERGAST
ASSISTANT VICE PRESIDENT
ASSOCIATE GENERAL COUNSEL

FILED³

MAR 21 2001

Missouri Public
Service Commission

March 21, 2001

HAND DELIVERED

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Governor Office Building
200 Madison Street
P. O. Box 360
Jefferson City, MO 65102-0360

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Missouri Public
Service Commission

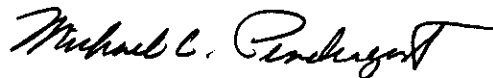
RE: Case No. GO-2000-394

Dear Mr. Roberts:

Enclosed for filing, please find the original and eight copies of the Motion for Expedited Treatment in the above-referenced case. Please see that this filing is brought to the attention of the appropriate Commission personnel.

Thank you for your consideration in this matter.

Sincerely,



Michael C. Pendergast

MCP:kz

cc: All parties of record

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MOTION FOR EXPEDITED TREATMENT

COMES NOW Laclede Gas Company (“Laclede” or “Company”) and for its Motion for Expedited Treatment, states as follows:

1. Contemporaneously with the submission of this Motion, Laclede has filed in the above-captioned case First Revised Tariff Sheet No. 28-g (hereinafter "the Revised Tariff Sheet"). The purpose of the Revised Tariff Sheet is to reduce the Required Price Protection volumes under the Company's Experimental Price Stabilization Program ("PSP" or "Program") from 70% to 40% in order to permit a reduction in the Program's Target Strike Price ("TSP") and Catastrophic Price Level ("CPL"). Pursuant to §393.140 (11) RSMo. (2000) and Rule 4 CSR 240-2.080(17) of the Commission's Rules of Practice and Procedure, Laclede is requesting that the Commission permit the Revised Tariff Sheet to become effective by April 1, 2001, or as soon thereafter as reasonably practicable.

2. By way of background, Laclede would note that at the on-the-record hearing held in this case on February 2, 2001, it advised the Commission that it was willing to make certain modifications to the PSP in order to enhance the Company's future ability under the Program to obtain meaningful price protection for its customers in the face of market prices that continue to remain at historically high levels. To that end,

the Company offered to supplement the \$4 million in funding currently provided under the Program for purchasing financial instruments. Specifically, the Company offered to contribute out of its share of the PSP benefits achieved this winter pursuant to its approved tariff, \$4 million in Program funding that would be added to the \$4 million provided by the Price Stabilization Charge for this coming winter. (Tr. 42, 50-51, 61). In an effort to address certain concerns raised by the Commission Staff, the Company also advised the Commission that it would not object to a modification that would reduce the window period for opting out of the Price Protection Incentive Component of the Program from 90 to 60 days. (Tr. 156-157). Finally, although it made no specific recommendation at the time, the Company also advised the Commission that if the market prices for financial instruments did not become more affordable, it might be necessary to seek, as it did last year, a reduction in the volumes that are to be covered by the Program so that price protection could be obtained at a more reasonable and meaningful level. (Tr. 49-50).

3. On February 13, 2001, the Commission issued its *Order Modifying the Experimental Price Stabilization Program* in which it, among other things, directed Laclede to make a tariff filing implementing its offer to contribute an additional \$4 million in funding to the Program for this coming winter and to reduce the window period from 90 to 60 days. Pursuant to that Order, the Company made a tariff filing on February 23, 2001 to implement both of these revisions.¹

4. Pursuant to the terms of the Program, both the TSP and CPL were also established earlier this month. As the Company advised might be the case at the

¹Subsequently, the Staff filed a Motion to Suspend Laclede's February 23, 2001 tariff filing. Laclede is today filing a separate response in opposition to Staff's Motion to Suspend.

February 2, 2001 on-the-record hearing, however, market prices in general, and the prices for financial instruments in particular, have remained at relatively high levels. These high price levels have, in turn, been reflected in the TSP and CPL that were established earlier this month.² As a result, even with the additional funding provided by the Company for a total of \$8 million, the TSP and CPL established for the third year of the PSP are \$9.50 per MMBtu and \$10.00 per MMBtu, respectively.

5. In the event there was a reoccurrence of the wholesale price spikes experienced last winter, purchases made at the \$9.50 per MMBtu TSP would provide some level of price protection given the nearly \$10.00 per MMBtu price paid for flowing supplies last January. Nevertheless, given how high prices would have to climb for customers to receive price protection even with this additional funding, Laclede believes that a further adjustment is necessary to lower the TSP. Absent even more funding, the only way to accomplish that goal is to reduce the overall volumes of flowing supply that must be covered by the Program. And that is what Laclede has proposed to do in its tariff filing.

6. By reducing the Required Price Protection volumes under the Program from 70% to 40%, the tariff revision proposed by the Company would result in a TSP of \$7.60 per MMBtu and a CPL of \$8.10 per MMBtu. With this substantially lower TSP, the likelihood that Laclede's customers will receive meaningful price protection would be significantly improved. Indeed, the success achieved by Laclede under the PSP this winter was accomplished under conditions where absolutely *no* minimum volume

² The TSP represents the maximum level of price protection that can be achieved at the time it is established, assuming the Company spends the total funding amount authorized under the Program to cover 70% of the Company's winter flowing volumes, while the CPL is calculated by adding \$.50 per MMBtu to the TSP.

requirement was in effect. In contrast, the tariff revision filed today not only continues to impose a significant volume requirement on the Company, but would also significantly lower the price at which the Company must obtain protection for its customers this winter.

7. To maximize the opportunities for obtaining favorable price protection, however, it is important that the Revised Tariff Sheet be approved on an expedited basis. The market price for natural gas, including the price of natural gas financial instruments, has been extremely volatile and any significant delay in the Company's ability to purchase financial instruments at the lower price levels proposed herein could negatively affect Laclede's customers. Moreover, to meet the 60-day window requirement, which will expire in early May, the Company must make substantial purchases of natural gas instruments in the very near future. Accordingly, Laclede requests that the Commission permit the Revised Tariff Sheet to become effective on April 1, 2001, or as soon thereafter as is reasonably practicable.

8. In compliance with Rule 4 CSR 240-2.080(17), Laclede would note that it prepared and filed the Revised Tariff Sheet as soon as it reasonably could after the establishment of the TSP and CPL earlier this month and Laclede's evaluation thereof.

Wherefore, for the foregoing reasons, Laclede respectfully requests that the Commission issue its order authorizing the Company's First Revised Tariff Sheet No. 28-g, as filed this date in Case No. GO-2000-394, to become effective by April 1, 2001 or as soon thereafter as is reasonably practicable.

Respectfully submitted,



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CERTIFICATE OF SERVICE

Michael C. Pendergast, Assistant Vice President and Associate General Counsel for Laclede Gas Company, hereby certifies that the foregoing Motion has been duly served upon the General Counsel of the Staff of the Public Service Commission, Office of the Public Counsel and all parties of record to this proceeding by placing a copy thereof in the United States mail, postage prepaid, or by hand delivery, on this 21st day of March, 2001.

