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March 19, 2001

The Honorable Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

Re: Case No. GO-2000-394

FILED²
MAR 19 2001
Missouri Public
Service Commission

Dear Judge Roberts:

Enclosed for filing please find the original and eight copies of a Motion for Opportunity to Respond Fully to Staff's Motion to Suspend.

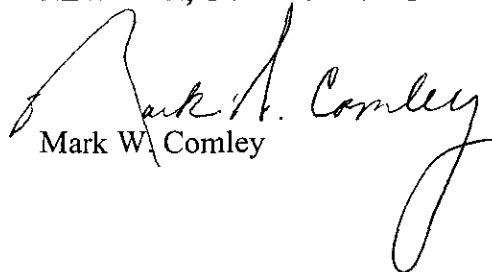
Would you please see that this filing is brought to the attention of the appropriate Commission personnel.

Thank you.

Sincerely,

NEWMAN, COMLEY & RUTH P.C.

By:


Mark W. Comley

MWC:ab

Enclosure

cc: Doug Micheel, Office of Public Counsel
Thomas Schwarz, General Counsel's Office
Michael C. Pendergast

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³
MAR 19 2001

In the matter Laclede Gas Company's)
Experimental Price Stabilization Fund.)

Case No. GO-2000-394
Missouri Public
Service Commission

MOTION FOR OPPORTUNITY TO RESPOND
FULLY TO STAFF'S MOTION TO SUSPEND

COMES NOW Laclede Gas Company ("Laclede" or "Company") and for its
Motion for Opportunity to Respond fully to Staff's Motion to Suspend, states as follows:

1. On March 14, 2001, the Staff of the Missouri Public Service Commission ("Staff") filed a Motion to Suspend the tariff filing that had been made by Laclede on February 23, 2001 to comply with the Commission's February 13, 2001 *Order Modifying the Experimental Price Stabilization Program* (the "Order"). According to Staff, Laclede's tariff filing should be suspended because it contains language that does not, in Staff's view, adequately reflect the Commission's directive in its Order that "Laclede file, no later than February 23, 2001, a tariff revision implementing its *offer* to contribute, for the third year of the [Experimental Price Stabilization] program, an additional \$4 million of its own funds to the \$4 million that is currently authorized." (See Ordered Paragraph No. 3 of the Order, *emphasis supplied*).

2. Laclede strongly disagrees with Staff's position and the assertions that have been made by Staff in support of it. Contrary to Staff's claim, the "offer" that the Company made in connection with this contribution, and that the Commission subsequently approved and directed the Company to implement, could not have been any clearer or more definitive. To the contrary, Laclede repeatedly advised the Commission at the February 2, 2001 hearing that was held by the Commission to consider Staff's

request to terminate Price Stabilization Program ("PSP"), that the Company was offering to supplement the \$4 million in funding currently provided under the Program out of the Company's share of the \$28.5 million in PSP benefits achieved this winter pursuant to the Program. (See e.g. Tr. 42, 50-51, 61). That is the offer the Company made, it is the offer the Commission approved in its Order, and it is the offer that was reflected in the tariff filing that the Staff now proposes the Commission suspend. Any suggestion to the contrary by Staff is not only inaccurate but also highly misleading.

3. The same is also true of Staff's assertion that Laclede's customers will be disadvantaged if the Commission does not suspend the tariff pending an ACA review of the hedging results achieved by the Company. By offering to contribute the amounts that the Company would have otherwise been permitted to retain under the PSP to buying additional price protection for its customers instead, Laclede believed that any future need to argue over this matter, whether in an ACA proceeding or otherwise, had been eliminated. More specifically, by making such an offer, Laclede was willing to make its customers the direct beneficiaries of all of the gains and savings achieved under the PSP, with some of those benefits taking the form of a direct pass through of dollars and others taking the form of increased price protection for its customers next winter. And by approving this offer and directing the Company to implement it, Laclede was convinced that the Commission was sanctioning this very method for ensuring that Laclede's customers would benefit from the \$4 million at issue here.

4. The fact that these funds will be used for the benefit of Laclede's customers, however, is apparently of little or no consequence to Staff. Rather than permit the Company to use those funds for the purchase of additional price protection for

its customers, as the Commission contemplated, Staff would rather put everything on hold while it slowly considers the theoretical issue of whether the \$4 million in PSP benefits which Laclede has offered to use on its customers' behalf has been properly allocated as a cost savings under the PSP or if it is instead more appropriately pigeonholed somewhere else.

5. Such an approach will do nothing to increase the value that Laclede's customers will ultimately receive from the PSP. To the contrary, by precluding Laclede from using such funds to purchase financial instruments on a timely basis, the Staff's thinly disguised attempt to overturn the Commission's February 13, 2001 Order will simply foreclose the opportunity to obtain any meaningful price protection at all. For without the \$4 million in additional funding provided by the Company's offer, as approved by the Commission and codified in the tariff filing, Laclede will be faced with purchasing financial instruments at a TSP of \$12.45 per MMBtu -- a price level that is nearly \$2.50 above the highest price paid by Laclede for flowing gas supplies this winter.¹ In other words, Staff's approach will achieve indirectly what the Staff was unable to achieve when it recommended that the PSP be discontinued, namely an evisceration of the Program as a vehicle for obtaining meaningful price protection for Laclede's customers. And what will the Company's customers receive in return? Nothing but the loss of an opportunity for meaningful price protection.

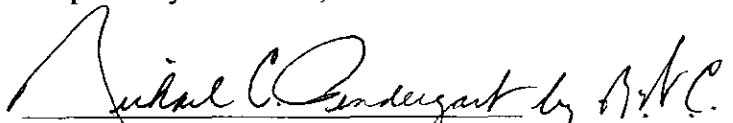
¹ Indeed, if any adjustments to the PSP are necessary, they are the kind of adjustments, such as a reduction in the volumes that are required to be protected under the program, that will lower rather than raise the level at which price protection can be achieved. In contrast to Staff, Laclede intends to propose such an adjustment in the near future to ensure that the level of price protection achieved under the program is enhanced rather than degraded.

6. In short, Staff's Motion to Suspend Tariff has nothing to do with protecting ratepayers. To the contrary, it promises to leave them unprotected for no good reason other than Staff's apparent desire to destroy any program with which it disagrees, including programs, like the PSP, that have produced real and substantial benefits for the Company's customers -- benefits that, by anyone's measure, far exceed the costs expended on such programs.

7. While Laclede believes that Staff's Motion to Suspend Tariff should be denied for these reasons, it has not had an opportunity, in the limited time available, to prepare a response that fully addresses the other extraneous issues that Staff has raised in its Motion. Laclede would accordingly request that it be given until noon on Wednesday, March 21, 2001 to respond fully to Staff's Motion.

Wherefore, for the foregoing reasons, Laclede respectfully requests that the Commission grant it until noon on March 21, 2001 to fully respond to Staff's March 14, 2001 Motion to Suspend.

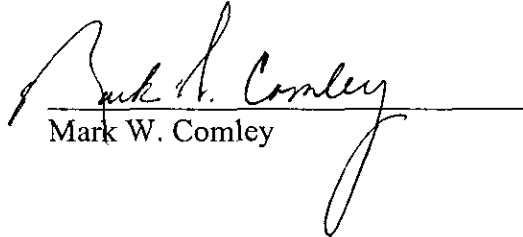
Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Michael C. Pendergast by A.K.C.", written over a horizontal line.

Michael C. Pendergast #31763
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Associate General Counsel
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CERTIFICATE OF SERVICE

The undersigned 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 19th day of March, 2001.


Mark W. Comley