

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Laclede)
Gas Company for an Accounting Authority Order)
Authorizing the Company to Defer for Future Recovery) Case No. GU-2007-0138
the Costs of Complying With the Permanent)
Amendment to the Commission’s Cold Weather Rule)

NON-UNANIMOUS STIPULATION AND AGREEMENT

COME NOW the Staff of the Missouri Public Service Commission (“Staff”) and Laclede Gas Company ("Laclede" or "Company") (collectively, “the Signatories”) and, pursuant to 4 CSR 240-13.055(14) and 4 CSR 240-2.115, file this Non-Unanimous Stipulation and Agreement. In support thereof, the Signatories state as follows:

1. On December 13, 2005, the Commission issued its Order Approving Emergency Amendment (the “Emergency Amendment”), in which it amended, effective January 1, 2006, Commission Rule 4 CSR 240-13.055, entitled “Cold Weather Maintenance of Service,” and known as the “Cold Weather Rule.”

2. On August 11, 2006, the Commission issued its Order of Rulemaking in Case No. GX-2006-0434, effective November 1, 2006, in which it adopted on a permanent basis (the "Permanent Amendment") a number of the provisions that had been placed into effect as part of the Emergency Amendment.

3. In addition to permitting customers to reconnect or maintain service by paying the lesser of 50% or \$500 of preexisting arrears, the Permanent Amendment also sets forth terms explaining how gas utilities should calculate and recover the costs of complying with the Permanent Amendment. *See* 4 CSR 240-13.055(14)(F) and (G). The Permanent Amendment also specifies that gas utilities may calculate and defer costs

under the Emergency Amendment upon the same terms as those set forth in the Permanent Amendment. 4 CSR 240-13.055(14)(F)4.

4. On September 29, 2006, Laclede filed applications for accounting authority orders (“AAOs”) in Case Nos. GU-2007-0137 and GU-2007-0138 to defer for future recovery the costs of complying with the Emergency Amendment and the Permanent Amendment, respectively. The Commission granted both AAOs on December 7, 2006.

5. On October 31, 2006, Laclede filed its Request for Determination of the Cost of Compliance with the Emergency Amendment in Case No. GU-2007-0137. On December 1, 2006, Laclede filed its request for a general rate increase in Case No. GR-2007-0208 (the “Rate Case”). Since Laclede would not begin to recover the costs deferred through the Emergency Amendment AAO until the Rate Case was processed anyway, it was deemed more efficient to determine Laclede’s cost of compliance with the Emergency Amendment in the Rate Case itself, rather than in an additional and separate proceeding. Accordingly, on March 14, 2007, Case No. GU-2007-0137 was consolidated with the Rate Case, and the Rate Case was designated as the lead case. The amount and amortization of the cost of compliance with the Emergency Amendment was agreed upon by the parties and eventually included in the Unanimous Stipulation and Agreement in the Rate Case, which was approved by the Commission on July 19, 2007.

6. However, because the Rate Case was administered before Laclede could determine its costs to comply with the Permanent Amendment for the winter of 2006-07, cost recovery for that winter was not included in the settlement of the Rate Case. Pursuant to 4 CSR 240-13.055(14)(G)2, Laclede therefore filed on October 31, 2007 a

subsequent request for determination of the cost of compliance with the Permanent Amendment for the winter of 2006-07. Consistent with the requirements of 4 CSR 240-13.055(14)(G)2, Laclede included in its filing all supporting information required to make a determination of the cost of compliance with the Permanent Amendment, including specific information for each customer account that was extended a cold weather rule agreement during the relevant period. Except for the inclusion of administrative costs (which have now been eliminated), the cost of compliance reflected in the filing was calculated by Laclede using the same method that was used by the parties to calculate the cost of compliance with the Emergency Amendment in the Rate Case.

7. Subsequent to the filing, the Staff, Public Counsel and Company met on a number of occasions in an effort to reach agreement on a proper calculation of the compliance costs associated with the Permanent Amendment. As a result of those discussions, the Signatories agree as follows:

(a) Laclede should be authorized to recover in its next general rate case proceeding compliance costs associated with the Permanent Amendment in the amount of \$2,494,311. Additional interest at Laclede's annual short-term borrowing rate shall accumulate beginning September 30, 2007.

(b) Such compliance cost amount, plus interest, shall be amortized in rates over up to a five year period beginning with the effective date of the new rates established in Laclede's next general rate case proceeding.

WHEREFORE, the Staff of the Missouri Public Service Commission and Laclede Gas Company respectfully request that the Commission issue its Order

authorizing Laclede: (a) to recover in its next general rate case proceeding compliance costs associated with the Permanent Amendment in the amount of \$2,494,311, as of September 30, 2007; (b) to accumulate additional interest, at Laclede's annual short-term borrowing rate on such amount beginning September 30, 2007; and (c) to amortize such amounts in rates over up to a five-year period beginning with the effective date of the new rates established in Laclede's next general rate case proceeding.

Respectfully requested,

<p><u>/s/ Lera L. Shemwell</u> Lera L. Shemwell Deputy General Counsel Missouri Bar No. 43792 Attorney for the Staff of the Missouri Public Service Commission P. O. Box 360 Jefferson City, MO 65102 (573) 751-7431 (Telephone) (573) 751-9285 (Fax) lera.shemwel@psc.mo.gov</p>	<p><u>/s/ Michael C. Pendergast</u> Michael C. Pendergast #31763 Vice President and Associate General Counsel Rick Zucker #49211 Assistant General Counsel</p> <p>Laclede Gas Company 720 Olive Street, Room 1520 St. Louis, MO 63101 (314) 342-0532 Phone (314) 421-1979 Fax mpendergast@lacledegas.com rzucker@lacledegas.com</p>
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Request has been duly served on the General Counsel of the Staff of the Missouri Public Service Commission and on the Office of the Public Counsel on this 28th day of February, 2008, by hand-delivery, facsimile, electronic mail, or by placing a copy of such Request, postage prepaid, in the United States mail.

/s/ Lera Shemwell
Lera Shemwell