

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

The Staff of the Missouri Public Service Commission,)	
)	
Complainant,)	
)	
v.)	Case No. GC-2011-0098
)	
Laclede Gas Company, Laclede Energy Resources and The Laclede Group,)	
)	
Respondents.)	

**JOINT ANSWER AND AFFIRMATIVE DEFENSES OF
LACLEDE ENERGY RESOURCES, INC. AND THE LACLEDE GROUP, INC.
TO SECOND AMENDED COMPLAINT**

COME NOW Laclede Energy Resources, Inc. (“LER”), and The Laclede Group, Inc. (“LG”) by respective counsel, and submit this Answer to the Second Amended Complaint filed by the Staff of the Missouri Public Service Commission (“Staff”):

INTRODUCTION

LER and LG incorporate their Motion to Dismiss the Second Amended Complaint by reference herein. The Second Amended Complaint fails to set forth any allegation against either LER or LG, even if assumed to be true, that could state a claim upon which relief could be granted. Most allegations made by Staff address only Laclede Gas Company. The Staff claims it “supports the [affiliate transaction] rules as written....” As shown by the Motion to Dismiss, the Staff ignored and even edited the plain language of the Affiliate Transaction Rules (the “Rules”) to attempt to portray lawful joint corporate oversight and governance activity as something more nefarious. The allegations of the Second Amended Complaint fail to state a claim against either LG or LER and they should be dismissed from this matter.

To the extent necessary, LER and LG deny the remainder of the Second Amended Complaint “Introduction” and request that the Second Amended Complaint be dismissed.

COMPLAINANT

1. LER and LG admit that the Complainant is the Missouri Public Service Commission Staff (“Staff”), states that the statutes and rules speak for themselves, and deny the remainder of the allegations of paragraph 1.

RESPONDENT

2. LER and LG state that the allegations of paragraph 2 are not directed to them; and, further, to the extent that any answer is required, that LER and LG are without sufficient information to either admit or deny the allegations of paragraph 2 and therefore deny the same.

3. LER and LG state that the allegations of paragraph 3 are not directed to them.

4. LER and LG state that the allegations of paragraph 4 are not directed to them, further state that the statutes referenced therein speak for themselves, and deny the remainder of paragraph 4.

5. LER and LG admit the allegations of paragraph 5.

6. LER and LG state that the SEC Form 10-K speaks for itself, admits that LG subsidiaries are wholly owned, and deny the remainder of paragraph 6.

7. LER and LG admit the allegations of paragraph 7.

COUNT I

8. LER and LG state that the statutes and rules speak for themselves and deny the remainder of paragraph 8.

9. LER and LG state that the allegations of paragraph 9 are not directed to them, and that paragraph 9 offers a legal conclusion to which no response is required. To the extent that any answer is required, LER and LG deny the allegations of paragraph 9.

10. LER and LG state that the rules cited speak for themselves and deny the remainder of paragraph 10.

11. Paragraph 11 states a legal conclusion to which no response is required. To the extent that any answer is required, LER and LG deny the allegations of paragraph 11.

12. LER and LG state that the Stipulation and Agreement in Case No. GM-2001-342 speaks for itself and deny the remainder of paragraph 12.

13. LER and LG deny that the Second Amended Complaint fully and accurately quotes from the Stipulation and Agreement in Case No. GM-2001-342 and deny the remaining allegations of paragraph 13.

14. Paragraph 14 states a legal conclusion to which no response is required. To the extent that any answer is required, LER and LG state that they comply with applicable laws and deny the remainder of paragraph 14.

15. LER and LG state that the Rules and the Atmos case speak for themselves and deny the remainder of paragraph 15.

16. LER and LG state that the Rules speak for themselves and deny the remainder of paragraph 16.

17. LER and LG state that the Rules speak for themselves and deny the remainder of paragraph 17.

18. LER and LG state that this paragraph is not directed to them; that the Rules speak for themselves; and deny the remainder of paragraph 18.

19. LER and LG state that the Rules and the Stipulation and Agreement in Case No. GM-2010-342 speak for themselves and deny the remainder of paragraph 19.

20. Paragraph 20 states a legal conclusion to which no response is required. To the extent that any answer is required, LER and LG deny the allegations of paragraph 20.

COUNT II

21. LER and LG adopt by reference their answers to paragraphs 1 – 20 as if fully set forth herein.

22. LER and LG state that this paragraph is not directed to them, that the Cost Allocation Manual speaks for itself, and deny the remainder of paragraph 22.

23. LER and LG state that paragraph 23 is not directed to them, and that paragraph 23 states a legal conclusion to which no response is required. To the extent that any answer is required, LER and LG deny the allegations of paragraph 23.

24. LER and LG state that paragraph 24 is not directed to them, To the extent that any answer is required, LER and LG deny the allegations of paragraph 24.

25. Paragraph 25 states a legal conclusion to which no response is required. To the extent that any answer is required, LER and LG deny the allegations of paragraph 25.

26. LER and LG state that paragraph 26 is not directed to them, and that paragraph 26 states a legal conclusion to which no response is required. To the extent that any answer is required, LER and LG state that the Rules speak for themselves and deny the remainder of paragraph 26.

27. LER and LG state that this paragraph is not directed to them and deny the remainder of paragraph 27.

28. LER and LG state that paragraph 28 is not directed to them, and that paragraph 28 states a legal conclusion to which no response is required. To the extent that any answer is required, LER and LG deny the allegations of paragraph 28.

29. LER and LG state that this paragraph is not directed to them; that the Rules speak for themselves; and deny the remainder of paragraph 29.

30. LER and LG state that this paragraph is not directed to them; that the Rules speak for themselves; and deny the remainder of paragraph 30.

31. LER and LG state that this paragraph is not directed to them and therefore deny the allegations of paragraph 31.

COUNT III

32. LER and LG adopt by reference their answers to paragraphs 1 – 31 as if fully set forth herein.

33. LER and LG state that the allegations of this paragraph are not directed to them and therefore deny the same.

34. LER and LG state that the allegations of this paragraph are not directed to them; that the Rules speak for themselves; and deny the remainder of paragraph 34.

35. LER and LG state that the allegations of paragraph 35 are not directed to them and therefore deny the same.

COUNT IV

36. LER and LG adopt by reference their answers to paragraphs 1 – 35 as if fully set forth herein.

37. LER and LG state that the allegations of paragraph 37 are not directed to them, and that the Rules speak for themselves. To the extent an answer is required, LG and LER deny the allegations of paragraph 37.

38. LER and LG state that the allegations of paragraph 38 are not directed to them. To the extent an answer is required, LG and LER deny the allegations of paragraph 38.

39. LER and LG state that the allegations of paragraph 39 are not directed to them and deny the same.

COUNT V

40. LER and LG adopt their answers to paragraphs 1 – 39 as if fully set forth herein.

41. LER and LG state that paragraph 41 is not directed to them, and that the Rules speak for themselves. To the extent that any answer is required, LER and LG deny the allegations of paragraph 41.

42. LER and LG state that the paragraph 42 does not accurately quote from the Rules; state that the Rules speak for themselves; and deny the remainder of paragraph 42.

43. LER and LG state that the Rules define corporate support services and speak for themselves and deny the remainder of paragraph 43.

44. LER and LG state that the Rules speak for themselves and are without sufficient information to either admit or deny the remaining allegations and therefore deny the same.

45. LER and LG deny the allegations of paragraph 45.

46. LER and LG deny the allegations of paragraph 46.

AFFIRMATIVE DEFENSES

1. The Second Amended Complaint fails to state a claim upon which relief can be granted in that it fails to make any allegation of wrong-doing directed to LER and/or LG and

further contains no facts from which any alleged breach of any jurisdictional duty could be found.

2. The Commission lacks jurisdiction over LER and/or LG based on the absence of any facts alleged which might or could show any violation of any law or regulation by LER and/or LG.

3. The Commission lacks jurisdiction over LER and/or LG in that the PSC is an administrative body with only “such powers as are expressly conferred by statute and reasonably incidental thereto.” Union Elec. Co. v. Public Service Comm’n, 591 S.W.2d 134, 137 (Mo. App. 1979). The PSC regulates the provision of gas utility service in the State of Missouri. The PSC has no regulatory jurisdiction over the affairs of LER and/or LG, except as it pertains to transactions they may have with Gas Company. As demonstrated by the complete absence of any factual allegation against LER and/or LG of any rule violation, the present action is a mere pretext designed to conduct an unlawful and impermissible regulatory audit of LER.

WHEREFORE, having fully answered, LER and LG respectfully request to be dismissed from this Second Amended Complaint and for such other and further relief as may be warranted under the circumstances.

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CERTIFICATE OF SERVICE

The above pleading has been served upon parties of record by First Class Mail, facsimile, and or electronic mail this 2 Day of December, 2010.

/s/ William J. Niehoff