

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of the Joint Applica- )  
tion of Southern Union Company )  
d/b/a Missouri Gas Energy, The )  
Laclede Group, Inc., and Laclede )  
Gas Company for an Order Authoriz- )  
ing the Sale, Transfer, and Assign- )  
ment of Certain Assets and Liabili- )  
ties from Southern Union Company to )  
Laclede Gas Company and, in )  
Connection Therewith, Certain other )  
Related Transactions )

GM-2013-0254

RESPONSE OF MIDWEST GAS USERS' ASSOCIATION  
REGARDING MOTION FOR ADDITIONAL EXTENSION

Comes now Intervenor MIDWEST GAS USERS' ASSOCIATION ("Midwest") and comments on the Motion filed yesterday by Staff and Applicants as follows:

1. The Motion requests that an additional extension of time be filed so as to further defer the filing of a procedural schedule in this matter.

2. This Motion follows an earlier motion (March 21, 2013) seeking essentially the same relief, *i.e.*, deferral of the responsibility to submit a proposed procedural schedule. The Commission granted that extension the following day.

3. This application for merger or acquisition was submitted to the Commission for its consideration on January 14, 2013. Laclede's pending rate case (GR-2013-0171) was filed the preceding December 21, 2012.

4. On February 5, 2013 a proposed procedural schedule was filed in the rate case. This initial proposal was rejected by the Commission on February 13 and a revised schedule later approved on March 13, 2013. All these dates are known or should be known to Laclede.

5. The Motion recites that the parties have met and conferred and "continue to discuss issues related to the Joint Application." We are aware of at least two such convened meetings. If there were others, they have been held without notice to us. Representatives of Midwest attended both these known meetings. They were filled with promises and representations by Laclede complete with complicated PowerPoint presentations with proposed organizational charts, personnel assignments, and the like. Significantly, none of these sessions presented enforceable or quantifiable commitments on the part of Laclede with respect to its proposed operations in Kansas City or, for that matter, its continued operations in St. Louis. Instead, the presentations were marked by statements that Staff should "know" both companies and should therefore be able to come to conclusions regarding the application more rapidly.

6. Other parties, including Staff, however, noted that because both companies and their operations **were** known, caution was suggested and the importance of due diligence and thorough investigation emphasized.

7. These parties, existing customers, proposed customers, and the Commission itself, must necessarily be largely

dependent on the experience of Staff and the results of its investigation. Staff must be provided time to initiate and conclude those investigations. Staff, however, finds itself in the unenviable position of being sandwiched between a rate case (with an operation of law date) and this case which has no similar date, but as to which Laclede will doubtless insist must be hurried because both companies are "known" and interest rates are currently low.

8. It is our understanding that the same Staff personnel are involved in both cases. And Staff is currently under an obligation to file testimony in the rate case on May 17 and its personnel cannot truly become engaged in investigation of this case at least until that testimony has been submitted.

9. Laclede has become adept at creating these time pressures to its advantage. The filing dates for the rate case and this application should not go unnoticed. Consistent with this approach, Laclede strenuously resists discussing a procedural schedule in this case and, instead, prefers to rely on a series of conferences and informal meetings combined with vague assurances of its intentions. Some of these intentions have not yet even been determined by Laclede. The informal meetings remind this writer of a baseball trade with "a player to be named later." Staff, we believe, while doubtless feeling this pressure, is reluctant to advise its "boss" that these time pressures necessarily impact the job that can be done.

10. A procedural schedule is a roadmap for case processing. It provides deadlines and checkpoints for the processing of a case. Here, because of the established schedule in the rate case, intelligent development of that procedural schedule, assumes major importance. Such development has been postponed long enough. Status reports piled upon status reports will not do. Customers of all classes depend on safe and adequate service from both these public utilities.

11. To be clear, Midwest **does not oppose** the brief requested **extension this time**. However, we believe that, if the Commission determines to approve this extension, **the Commission should also order the parties to submit a procedural schedule at the conclusion of the extension period** -- not just another "status report" that doubtless will say that the parties are continuing to meet and confer. Nothing in a procedural schedule prevents such discussions or settlements that narrow or eliminate issues. Indeed, many procedural schedules that we have seen encourage that explicitly through scheduled conferences and implicitly by setting dates. Any procedural schedule developed should certainly take into account the established schedule for the pending rate case and demands on Staff personnel as well as the simple fact that this case carries no operation of law date while the rate case does.

12. Laclede will doubtless argue that delay will increase the borrowing cost. Perhaps they have a direct line into the Federal Reserve Board that we lack and will so advise

the parties. To the contrary, it appears that the Federal Reserve Board has every intention of continuing to hold interest rates at historic lows, thereby preserving the present "recovery," at least until November of 2014. Does Laclede have a private revelation regarding the Federal Reserve Board's intentions? There should be no rush to judgment here. Staff should be given time simply to do its job; other parties, the public, and the Commission depend on the quality of that work. An intelligent procedural schedule will help.


13. Another advantage of establishing a firm procedural is to establish discovery procedures, pleading and document exchanges, and even simpler issues such as the format of data request responses. It has become somewhat customary for the Commission to issue a discovery order in its cases setting out a series of conferences in which any discovery issues can be worked out or at least identified. Midwest does not feel that the need for discovery with verified responses from the involved utilities needs to be justified. Yet Laclede resists discussion of such a schedule in this case, apparently preferring to rely on vague and unenforceable promises of customer service, supply undertakings, and the like. But when pressed, Laclede's generic response is that these arrangements haven't yet been firmed up, that the Staff and the other parties "know" both companies and should rely on their respective undertakings to make good things happen for customers. Right. "Trust, but verify" is a better approach. A

procedural schedule and the associated discovery procedures provide the mechanism for that verification.

WHEREFORE, Midwest respectfully encourages the Commission to direct the parties to submit a procedural schedule at the end of the suggested extension. and to reject the continuation of a series of "status reports."

Respectfully submitted,

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ATTORNEYS FOR MIDWEST GAS USERS'  
ASSOCIATION

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by U.S. mail, postage prepaid, or by attachment to e-mail, addressed to all parties by their attorneys of record as disclosed by the pleadings and orders herein according to the record maintained by the Secretary of the Commission in EFIS.



Stuart W. Conrad

Dated: April 17, 2013