

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

AREA CODE 314
342-0532

MICHAEL C. PENDERGAST
ASSOCIATE GENERAL COUNSEL

FILED

MAR 15 1999

March 15, 1999

Missouri Public
Service Commission

HAND-DELIVERED

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Harry S Truman Building
301 W. High Street, 5th Floor
Jefferson City, MO 65101

RE: Case No. GR-99-315

Dear Mr. Roberts:

Enclosed for filing in the above-referenced case, please find an original and fourteen copies of a Response of Laclede Gas Company to Staff's Motion for Procedural Schedule in Laclede's General Rate Case No. GR-99-315 and Renewed Request for On-The-Record Presentation to Discuss a Comprehensive Resolution of all Procedural Issues in Captioned Dockets. 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:jaa

cc: All Parties of Record

Enclosure

FILED

MAR 15 1999

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Public
Service Commission

In the Matter of Laclede Gas Company's)
Tariff to Revise Natural Gas Rate) Case No. GR-99-315
Schedules.)

In the Matter of the Laclede Gas)
Company's Tariff Sheets to Extend and)
Revise the Company's Gas Supply) Case No. GT-99-303
Incentive Plan.)

In the Matter of Laclede Gas Company's)
Tariff Sheets Designed to Extend for)
an Additional Period the Experimental) Case No. GO-98-484
Price Stabilization Fund.)

**RESPONSE OF LACLEDE GAS COMPANY TO STAFF'S MOTION
FOR PROCEDURAL SCHEDULE IN LACLEDE'S GENERAL RATE CASE
NO. GR-99-315 AND RENEWED REQUEST FOR ON-THE-RECORD
PRESENTATION TO DISCUSS A COMPREHENSIVE RESOLUTION OF ALL
PROCEDURAL ISSUES IN CAPTIONED DOCKETS.**

COMES NOW Laclede Gas Company ("Laclede" or "Company")
and in support of its Response to Staff's Motion for
Procedural Schedule in Laclede's General Rate Case No.
GR-99-315 and Renewed Request for On-The-Record Presentation
to Discuss a Comprehensive Resolution of All Procedural
Issues in Captioned Dockets, states as follows:

1. Laclede currently has three ratemaking dockets
before this Commission. They include a general rate case
proceeding which is scheduled for hearing beginning August 9,
1999 (Case No. GR-99-315); a proceeding involving the
Company's tariff proposal to extend and revise its Gas Supply
Incentive Plan ("GSIP II") which is scheduled to commence
hearings on August 23, 1999 (Case No. GT-99-303), and the
proceeding involving the Company's request to implement an
incentive Price Stabilization Program ("Incentive Hedging

12.

Program") which was heard on August 10, 1998, and submitted for Commission decision on October 5, 1998.

2. The schedule established by the Commission to consider the Company's GSIP II proposal is substantially more elongated than that originally proposed by the Company, due in part to requests by the Commission Staff ("Staff") and the Office of the Public Counsel ("Public Counsel") for additional time to evaluate the Company's proposal and prepare possible alternatives thereto. In view of this development, the Company filed a Motion and Request for an On-the-Record Presentation on February 19, 1999 in Case Nos. GO-98-484 and GT-99-303 in which it acknowledged the scheduling constraints imposed by the Commission's heavy case load and its understanding as to why those constraints did not permit adoption of the schedule originally proposed by the Company. At the same time, however, the Company also recognized that there was a critical need to know what standards would actually govern its gas procurement and hedging activities which must be conducted this spring and summer for the upcoming winter heating season. Given the magnitude of the ratepayer benefits previously achieved by the Company under the existing GSIP, the Company reacted to these circumstances by proposing a relatively simple and straightforward solution. Specifically, Laclede requested that the Commission permit the Company to extend its existing GSIP for an additional term of one year, and issue a decision in Case No. GO-98-484 as soon as possible. The Company also requested that the Commission schedule an on-the-record

presentation so that the Company could further explain why such actions were necessary and appropriate.

3. Although no party has opposed the Company's motion for a prompt decision on its Incentive Hedging Proposal, both Staff and Public Counsel opposed the Company's request for a one-year extension of its existing GSIP. Incredibly, the Staff also urged the Commission to reject the Company's request for an on-the-record presentation, apparently wanting to deny the Company any opportunity whatsoever to discuss these matters directly with the Commission. See STAFF'S REPLY TO LACLEDE'S FEBRUARY 19, 1999 MOTION in Case Nos. GO-98-484 and GT-99-303, p. 2.

4. At virtually the same time Staff filed its Reply opposing Laclede's request for an on-the-record presentation, Staff also filed a Motion in Laclede's rate case in which it requested a six week delay of the hearing currently scheduled by the Commission in that case. See Staff's March 4, 1999 MOTION TO ESTABLISH PROCEDURAL SCHEDULE in Case No. GR-99-315. As it had in opposing expeditious consideration of Laclede's GSIP II proposal, Staff once again cited its heavy case load as a justification for its proposed extension of the hearing dates in Laclede's rate case.

5. In scheduling the hearing dates in Laclede's rate case proceeding, the Commission noted that its goal was "to ensure this matter is heard as expeditiously as possible." See Suspension Order and Notice, Case No. GR-99-315, p. 1. Such a result is, of course, also mandated by those statutory provisions which require the Commission to grant rate

increase requests "...preference over all other questions pending before it and decide the same as speedily as possible." See Section 393.150.2 (RSMo. 1994). Since the procedural schedule requested by Staff would clearly frustrate the Commission's efforts to accomplish this goal, Laclede is extremely reluctant to agree to such an extension.

6. The Company is respectful of Staff's heavy case load. The Company is also burdened with a substantial work load, including the heavy responsibility to procure the gas supplies and services necessary to heat the homes and run the businesses of its more than 610,000 customers and to obtain the critical rate relief required to meet the Company's other public service obligations. This responsibility has to be balanced against the needs of Staff.

7. While the Company remains willing to work with Staff in addressing these substantive and scheduling issues in a constructive manner, that effort has to be a two way endeavor. To that end, the Company is willing to go along with an extension of the procedural schedule in Laclede's rate case, but only if the Company in exchange receives a one-year extension of its existing GSIP. Under such circumstances, Laclede would also be willing to extend, through appropriate tariff filings, the statutory operation of law date for its GSIP II proposal in the event such action would be helpful to the Commission. Laclede believes that such approach makes sense since it would free up additional time for the Commission and Staff to evaluate both the Company's rate case and GSIP II filings, while extending for

another year an incentive program that has provided substantial benefits for Laclede's customers and that, if extended, will provide the Company with known standards against which Laclede can conduct its gas procurement efforts for the upcoming heating season. In so doing, the Company believes that this proposal fairly balances the resource constraints of both the Commission and the Staff with the rights and responsibilities of the Company, while fully protecting the interests of the Company's customers. To ensure that the Commission is thoroughly satisfied as to the merits of such an approach, however, the Company believes it is imperative that the Commission schedule an on-the-record presentation for all the reasons previously noted in the Company's request for such a presentation.

WHEREFORE, for the foregoing reasons, Laclede respectfully requests that the Commission defer ruling on Staff's Motion for Procedural Schedule in Case No. GR-99-315 pending completion of the on-the-record presentation previously requested by the Company and further renews its request that such presentation be scheduled.

Respectfully submitted,



Michael C. Pendergast
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Associate General Counsel
Laclede Gas Company
720 Olive Street, Room 1520
St. Louis, MO 63101
(314) 342-0532

CERTIFICATE OF SERVICE

Michael C. Pendergast, Associate General Counsel for Laclede Gas Company, hereby certifies that the foregoing Response of Laclede Gas Company to Staff's Motion for Procedural Schedule in Laclede's General Rate Case No. GR-99-315 and Renewed Request for On-The-Record Presentation to Discuss a Comprehensive Resolution of all Procedural Issues in Captioned Dockets in this case has been duly served upon all parties of record to this proceeding by placing a copy thereof in the United States mail, postage prepaid, on this 15th day of March, 1999.

Michael C. Pendergast