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April 7, 2003

Secretary of the Commission
Missouri Public Service Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Missouri 65102-0360

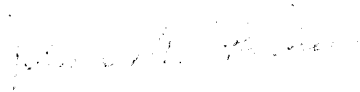
RE: *Laclede Gas Company*
Case No. GT-2003-0032

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter are the original and eight (8) copies of Laclede Gas Company's Statement of Positions. A copy of the foregoing document has been hand-delivered or mailed this date to parties of record.

Thank you for your attention to this matter.

Sincerely,



James M. Fischer

/jr
Enclosure(s)

cc: Office of the Public Counsel
Dan Joyce, General Counsel
Richard S. Brownlee III

Case No. GT-2003-0032

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Issue A: Does the Statute, Stipulation and Agreement, or the Tariff require eligible school entities to take or pay for interstate pipeline capacity acquired by Laclede to serve the requirements of the eligible school entities?

Laclede's Position:

Yes. The term "Statute" refers to Section 393.310 RSMo Supp. 2002. Section 393.310.5 of the Statute provides, among other things, that the aggregation program (in this case, Laclede's School District Aggregation Service) must not have any negative financial impact on Laclede or its customers. Laclede maintains that the schools that participate in the aggregation program (known as eligible school entities, or "ESEs") must pay for the pipeline capacity previously acquired by Laclede to serve them. To the extent that the ESEs do not pay for such capacity, the cost of it will be borne by Laclede, or by its customers through the PGA. This is precisely the type of negative financial impact that the Statute proscribes. (See Laclede witness Cline's Supplemental Direct Testimony at 3-4.)

Accordingly, Laclede believes that the only proper issue for the Commission to decide is the amount and cost of pipeline capacity that the ESEs must be responsible for in order to avoid a negative financial impact on Laclede or its customers. Moreover, any attempt to raise other issues, including whether the "negative financial impact" clause of Paragraph 5 of the Statute applies to capacity previously acquired by Laclede to serve the ESEs or whether Paragraph 4 of the Statute provides that the aggregation program may be a transportation-only service, would be improper, because such matters were agreed to by the parties in the Stipulation and Agreement and corresponding tariff approved by the Commission in this case, and were not raised for relitigation by any party prior to March 17, 2003. Specifically, the October 11, 2002, Stipulation and Agreement in this case expressly stated that the tariff agreed upon by the parties was "designed to preclude negative financial impacts" on Laclede and its customers by providing for

“future adjustments to program charges to collect potential under-recoveries of *incremental costs caused by the program.*” (emphasis supplied. See Sections 7C(2) and (3)). The incremental costs thus are not solely aggregation and balancing costs, but are any incremental costs caused by the program. Section J on Sheet 44 of the tariff sheets approved by the Commission in its October 17, 2002 Order Approving Stipulation and Agreement (Sheets 41-45, referred to herein as the “Tariff”) provides for this adjusted charge so as to ensure “that this aggregation program will not have any negative impact on the Company or its other customers...” The Stipulation and Agreement, and Section A on Tariff Sheet 41, also provided, consistent with the statute, that Laclede was to resell the gas to the schools rather than provide a transportation-only service.

Although the Stipulation and Agreement and the Tariff afforded parties the opportunity to propose revisions to program provisions that had been agreed upon by the parties in the Stipulation and Agreement, it did so only to the extent such revisions were raised and discussed by the parties in meetings or discussions held prior to the filing of testimony on March 17, 2003. (See Section E on Sheet 43 of the Tariff). As stated by Laclede witness Cline, and not contested by any party, the only issue discussed by the parties at the meeting contemplated by Tariff Section E that took place on December 11, 2002, or at any time subsequent to that meeting and prior to the filing of testimony on March 17, 2003, was the amount and price of pipeline capacity for which the schools must be responsible to avoid a negative financial impact on Laclede or its customers. (See Cline supplemental direct testimony, page 2). Since no other issue was subsequently raised by any party, any attempt to raise such issues now would be a violation of the Stipulation and Agreement entered into by the parties on October 11, 2002, and therefore not a proper subject for Commission consideration.

Even if the Commission were to decide to reconsider these subjects, Laclede asserts that, for the reasons stated in the first paragraph of Laclede's position on this issue, Paragraph 5 of the Statute requires ESEs to be responsible for the pipeline capacity previously acquired by Laclede to serve them. In addition, Paragraph 4 of the Statute requires ESEs to be resale customers of the gas utility. As further stated above, consistent with the Statute, the Stipulation and Agreement and the Tariff both confirm these positions.

Issue B: If so, which of the competing tariff proposals for the treatment of capacity costs under the Program may and should the Commission adopt?

Laclede's Position:

The Commission may and should adopt Laclede's tariff proposal. MSBA's tariff proposal violates the Statute, in addition to the Stipulation and Agreement and the Tariff, and should not be adopted by the Commission.

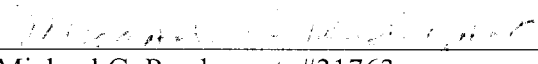
Laclede's tariff proposal changes only Section E under the current Tariff, relating to transportation capacity. Generally, capacity planners must arrange for pipeline capacity, in combination with other resources, that is sufficient to meet the peak needs of their customers. Accordingly, in determining the pipeline capacity acquired by Laclede to serve the ESEs, the unit of measure chosen was a percentage of the ESE's average daily usage during the peak month that occurred in the 24 months ending September 30, 2002 (herein referred to as the average peak month usage, or "APMU"). As stated on page 4 of Mr. Cline's supplemental direct testimony, this measure was similar to those used for other LDC school aggregation programs. Laclede generally agreed with the schools and other LDCs that 150% of the APMU approximated the capacity needed on a peak day. (See Acquila's Tariff Sheet No. 32.7, which approximates 150% APMU).

As set forth in Schedule 1 to Mr. Cline's supplemental direct testimony, however, the Company is proposing that ESEs only be held responsible for an average capacity amount equal to 114% of their APMU, with 150% being applicable in the months of November through March and 88% being applicable in the non-winter months of April through October. The cost of this capacity should be at the same rate paid by Laclede for capacity on Mississippi River Transmission ("MRT") pipelines, that is, MRT's maximum FERC-approved tariff rate, less a pro-rata share of the system-wide discount Laclede receives from MRT (See Tariff Sections E and F).

By reducing the average amount of capacity the schools must take to 114% of the APMU, and by allowing such capacity to be split between a capacity amount of 150% during the winter months and only 88% during the non-winter months, such an approach gives the ESE's the benefit of the fact that Laclede uses storage and peak shaving capabilities, in addition to firm transportation capacity, to meet the peak requirements of its customers. Moreover, Laclede's approach does so in a way that is economically beneficial to the ESE's. (See Cline supplemental direct testimony at 3-5). Specifically, Laclede could have taken the position that the ESEs should be responsible for 114% of the APMU for the entire year, just as Laclede is responsible for paying for such capacity year round. However, because the ESEs need more than the 114% of the APMU during the winter to meet peak day needs, and because they generally need less than the average during the non-winter months, Laclede has attempted to accommodate these needs to the extent possible without shedding costs onto its other customers. Laclede believes that it can provide this accommodation without causing a negative financial impact to itself or its customers.

MSBA's tariff proposal, which allows ESEs to avoid responsibility for all of the pipeline capacity acquired by Laclede to serve them, causes the aggregation program to shift pipeline capacity costs onto Laclede or its customers, thus violating the provisions of the Statute, the Stipulation and Agreement and the Tariff that the aggregation program not have any negative financial impact on Laclede or its customers.

Respectfully submitted,

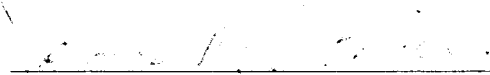

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Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing Position Statement was served on all counsel of record in this case on this 7th day of April 2003 by hand-delivery, electronic mail or by placing a copy of such Statement, postage prepaid, in the United States mail.


James M. Fischer