

LACLEDE GAS COMPANY
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April 5, 2000

VIA FEDERAL EXPRESS

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

FILED²
APR 06 2000
Missouri Public
Service Commission

RE: Case No. GR-99-315

Dear Mr. Roberts:

Enclosed for filing on behalf of Laclede Gas Company, please find an original and fourteen copies of a Request for Ruling on Application for Rehearing and Motion for Reconsideration. Please see that this filing is brought to the attention of the appropriate Commission personnel.

Please file-stamp the additional copy of this pleading and return the same in the pre-addressed, stamped envelope provided.

Thank you for your consideration in this matter.

Sincerely,



Thomas M. Byrne

TMB:jaa

cc: All parties of record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

APR 06 2000

Missouri Public
Service Commission

In the Matter of Laclede Gas Company's Tariff)
to Revise Natural Gas Rate Schedules)

Case No. GR-99-315

**REQUEST FOR RULING ON APPLICATION FOR REHEARING
AND MOTION FOR RECONSIDERATION**

COMES NOW Laclede Gas Company ("Laclede" or "Company"), and for its Request for Ruling on Application for Rehearing and Motion for Reconsideration, states as follows:

1. On December 14, 1999 the Commission issued its Report and Order in the above-referenced proceeding in which it approved a partial stipulation and agreement, and decided several issues which had been contested during the hearings held in this proceeding. Among other things, the Commission's Report and Order adopted the Staff's proposed treatment of net salvage costs used in the calculation of Laclede's depreciation rates. Under this approach, the depreciation rates would incorporate the net salvage costs currently being experienced by the Company, rather than the future net salvage costs spread over the life of assets which are currently in service.

2. On December 23, 1999, Laclede filed an Application for Rehearing and Motion for Reconsideration requesting that the Commission reconsider its decision to adopt the Staff's position on the net salvage issue. Among other things, Laclede stated that the Commission's decision on this issue represented a significant and unwarranted policy change from its traditional treatment of depreciation expense in previous rate cases, as well as a substantial departure from the conventional depreciation calculation employed by virtually every other similar regulatory body in the country. Moreover, Laclede pointed out that the record evidence

in this proceeding clearly indicated that the treatment of net salvage costs adopted in the Report and Order was contrary to the logical underpinnings of depreciation theory, violated Generally Accepted Accounting Principles, and enjoyed no support from any recognized depreciation authority. Laclede argued that if the Commission adopted this new treatment of net salvage costs as its general policy, it would unfairly deprive not just Laclede, but other affected utilities, of the timely recovery of their investment in utility plant.

3. On January 6, 2000, Union Electric Company ("UE") filed Suggestions In Support of Laclede's Application for Rehearing and Motion for Reconsideration. In its filing, UE supported Laclede's position regarding the Commission's treatment of net salvage costs and requested that the Commission reconsider its decision on this issue. UE pointed out that the Commission's decision represents a dramatic departure from the previous treatment, and it is philosophically flawed because it does not spread net salvage costs in a uniform and predictable manner over the lives of long-lived utility assets, as depreciation is supposed to do. Moreover, UE stated that the Commission's decision places an inequitable burden not just on utilities, but on future ratepayers who will, in effect, have to subsidize the use of utility assets by current customers.

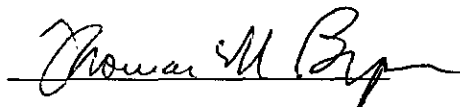
4. As of the date of this filing, the Commission has not yet ruled on Laclede's Application for Rehearing and Motion for Reconsideration, as supported by UE's Suggestions. Laclede respectfully requests that the Commission issue an order addressing these pleadings at its earliest convenience. Laclede believes that the issue addressed by Laclede's and UE's pleadings, the timing of utilities' recovery of millions of dollars of utility investment in plant, is of critical importance to the regulated community, and to ratepayers, who will be adversely

affected by the intergenerational inequity which, as demonstrated by the record evidence in this proceeding, is inherent in the Staff's approach to this issue.

5. Laclede is obviously hopeful that the Commission will see the merit of the arguments presented in Laclede's and UE's filings, grant rehearing on this issue, and return to the traditional and universally accepted treatment of net salvage. But even if the Commission decides to deny rehearing on this issue, it is important that the Commission issue an order making a final decision in the near future, in order to eliminate the existing uncertainty regarding the Commission's policy on this important issue, and to permit Laclede to pursue its statutory right to judicial review of the decision, if necessary. (See Section 386.510 RSMo. 1994.) This issue is simply too important to Laclede, other utilities in Missouri, and to ratepayers to remain in legal limbo for the indefinite future.

WHEREFORE, for the reasons stated herein, Laclede respectfully requests that the Commission issue an order addressing the Application for Rehearing and Request for Reconsideration filed by Laclede at its earliest convenience.

Respectfully submitted,



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CERTIFICATE OF SERVICE

Thomas M. Byrne, Associate Counsel for Laclede Gas Company, hereby certifies that the foregoing Request for Ruling on Application for Rehearing and Motion for Reconsideration has been duly served upon all parties of record to this proceeding by placing a copy thereof in the United States mail, postage prepaid, or by hand delivery, on this 5th day of April, 2000.

