

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

In the Matter of Laclede Gas Company's)	
Purchased Gas Adjustment (PGA) to be)	Case No. GR-2005-0203 and
Audited in its 2004-2005 and 2005-2006)	GR-2006-0288
Actual Cost Adjustment)	

STAFF'S REPLY TO LACLEDE'S RESPONSE

COMES NOW, the Staff of the Public Service Commission, and in reply to Laclede's response to the Motion to Compel states:

1. Staff's request for documentation that supports bonus calculation information is not moot until Laclede provides the requested documents. Although Laclede stated in its response it will provide the bonus related information, as of the date and time of this filing, Laclede has not done so. If Laclede provides all of the requested information in Staff's September 18 Motion to Compel, then Staff will advise the Commission of that fact.

2. Laclede seems to argue that the documents requested by Staff are not relevant to Staff's ACA analysis. But the prudence standard requires the Staff to determine whether Laclede is acting to benefit LER at the expense of Laclede's customers. This analysis necessarily involves an assessment of ** _____

_____ **.

Both logical and legal relevance are established. The documents are logically relevant because they tend to prove facts in issue: ** _____

**.

The documents are legally relevant because their probative value regarding Laclede’s prudence and compliance with the Commission’s affiliate transactions rules outweighs any prejudicial effect to Laclede. The probative value of the evidence outweighs any danger of unfair prejudice, confusion of the issues, undue delay, waste of time, cumulateness or violations of confidentiality.¹

3. Laclede states that “any reasonable examination of the actual evidence in this proceeding will demonstrate – and demonstrate conclusively – that [Laclede] has complied fully with the Commission’s affiliate transactions rules....”² The proof of such a statement is in the documents requested by the Staff.

4. The Staff rejects the argument that one must conclude that Staff is “inept” if one is to “believe that the information [Staff] now seeks is actually relevant or necessary to its audit of Laclede’s gas costs.”³ The Staff made its disallowances based upon reasonable and defensible information. However, documents provided by Laclede subsequent to the December 2006 recommendation have only served to deepen Staff’s concern over the areas discussed in the December 2006 and December 2007 Staff memorandums. Any delay in the progress of these cases is by Laclede’s own choosing. It took over a year for Laclede to provide a simple copy of invoices related to the affiliated transaction. Laclede provided an arbitrary cost calculation supporting the transaction only after the Staff made its disallowance in December 2006. Additionally,

¹ *Jackson v. Mills*, 142 S.W.3d 237, 240 (Mo. App. WD 2004).

² *Laclede Gas Company’s Response to Staff’s Motion to Compel and Request to Establish Hearing Dates*, p. 10, para. 17, filed September 29, 2008.

³ *Id.*, p. 12, fn. 4.

WHEREFORE, the Staff prays that the Commission issue an order compelling discovery.

Respectfully submitted,

/s/ Steven C. Reed

Steven C. Reed
Litigation Counsel
Missouri Bar No. 40616

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-3015 (Telephone)
(573) 751-9285 (Fax)
steven.reed@psc.mo.gov (e-mail)

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, e-mailed or transmitted by facsimile to all counsel and parties of record this 7th day of October, 2008.

/s/ Steven C. Reed