

GR-2001-387

**FILED**

AUG 09 2002

Missouri Public  
Service Commission

**EXHIBIT 1**

P.S.C. MO. No. 5 Consolidated, Second Revised Sheet No. 28-e

CANCELLING P.S.C. MO. No. 5 Consolidated, First Revised Sheet No. 28-e

Laclede Gas Company

Name of Issuing Corporation or Municipality

Refer to Sheet No. 1

For Community, Town or City

## SCHEDULE OF RATES

G. Experimental Price Stabilization Fund

1. Overview - For purposes of reducing the impact of natural gas price volatility on the Company's customers, the Company shall maintain a Price Stabilization Fund ("PSF") for the procurement of certain natural gas financial instruments, which procurement shall be subject to the incentive features described below. The parameters of the PSF are included in the Description of the Incentive Price Stabilization Program filed by the Company on June 25, 1999 in Case No. GO-98-484, which description has been designated "Highly Confidential" and is only available to the Missouri Public Service Commission or to any proper party that executes a non-disclosure statement. Accordingly, the definitions of certain terms have not been disclosed herein but are available in such description.

2. Accounting for Expenses and Revenues - The PSF shall be debited with all costs and expenses associated with the Company's procurement of financial instruments and credited with all gains realized from such instruments, subject to the provisions of the Price Protection Incentive and the Overall Cost Reduction Incentive set forth below.

Effective with the Company's 1999 Winter PGA rates, the Company shall include a Price Stabilization Charge in the Commodity-Related unit gas component set forth in paragraph A.2.c. of this clause, as such charge applies to all rate schedules other than LVTSS. Such charge shall be designed to recover from customers the Maximum Recovery Amount ("MRA") established by the Commission in Case No. GO-98-484 for purposes of procuring natural gas financial instruments. The PSF shall be credited with all revenues collected through such charge.

DATE OF ISSUE June 25, 1999  
month day yearDATE EFFECTIVE July 26, 1999  
month day yearISSUED BY J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101  
name of officer title address

P.S.C. MO. No. 5 Consolidated, Original Sheet No. 28-f

CANCELLING All Previous Schedules.

Laclede Gas Company  
Name of Issuing Corporation or MunicipalityFor Refer to Sheet No. 1  
Community, Town or City

## SCHEDULE OF RATES

G. Experimental Price Stabilization Fund

3. Price Protection Incentive - To provide an incentive for the Company to procure natural gas financial instruments with the greatest amount of price protection, the Company and all customers other than those billed under the LVTSS rate schedule shall share certain gains and costs as follows:

- a) 100% of Type I Gains shall be credited to the PSF;
- b) 75% of Type II Gains shall be credited to the PSF and the remaining 25% shall be credited to the IR Account;
- c) 60% of Type III Gains shall be credited to the PSF and the remaining 40% shall be credited to the IR Account; and
- d) The IR Account shall be debited and the IA Account shall be credited for 100% of Type I Costs.

The foregoing gains and costs shall be calculated in conformance with the parameters approved by the Commission in Case No. GO-98-484.

4. Overall Cost Reduction Incentive - To provide an incentive for the Company to reduce the overall cost of price stabilization, at the end of each ACA year the Company shall account for any differences between the MRA and the net cost of price stabilization ("Actual Cost") for the preceding heating season, exclusive of the gains and costs covered by Section G.3, in accordance with the following schedule:

- a) If the Actual Cost exceeds the MRA, the IA Account shall be credited and the IR Account shall be debited for 100% of such excess;
- b) If the Actual Cost is less than the MRA, the IA Account shall be debited and the IR Account shall be credited for 40% of the difference between the MRA and the Actual Cost so long as such difference is less than \$6,666,666.66; and
- c) If the difference computed in 4.b) above is greater than or equal to \$6,666,666.66, the IA Account shall be debited and the IR Account shall be credited for \$2,666,666.66 plus 60% of the amount by which such difference exceeds \$6,666,666.66.

DATE OF ISSUE June 25, 1999  
month day yearDATE EFFECTIVE July 26, 1999  
month day yearISSUED BY K. J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101  
Name of officer title address

P.S.C. MO. No. 5 Consolidated, Original Sheet No. 28-g

CANCELLING All Previous Schedules.

Laclede Gas Company

Name of Lending Corporation or Municipality

Refer to Sheet No. 1

For Community, Town or City

## SCHEDULE OF RATES

G. Experimental Price Stabilization Fund

5. Carrying Costs - At the end of each month carrying costs shall be applied to any balance in the PSF at a simple rate of interest equal to the prime bank lending rate as published in The Wall Street Journal on the first day of such month) minus one percentage point.

6. Reconciliation - At the end of each ACA year, any debit or credit balance in the PSF applicable to the preceding heating season, including interest, shall be charged or returned to the Company's non-LVTSS sales customers through the ACA factor established in the next Winter PGA filing. Also, any debits or credits recorded in the IA Account, including any balance from the previous ACA year, shall be accumulated and combined with the appropriate Deferred Purchased Gas Cost Account balances. The Company shall separately record that portion of ACA revenue recovery which is attributable to recovery of the balance in the IA Account. Any remaining balance shall be reflected in subsequent ACA computations.

7. Term - The Incentive Price Stabilization Program shall apply to the procurement and liquidation of certain financial instruments for the three heating seasons commencing with the 1999/2000 season, subject to revisions, if any, ordered by the Commission in accordance with the terms of the Program.

DATE OF ISSUE June 25, 1999  
month day yearDATE EFFECTIVE July 26, 1999  
month day year

ISSUED BY

K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101  
name of officer title address

Laclede Gas Company  
Description of Incentive Price Stabilization Program

\* \*

Authorized Financial Instruments: Laclede shall only be authorized under this program to purchase or sell\*\*\_\_\_\_\_

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Maximum Recovery Amount ("MRA") for the Program: \*\*

✱ ✱

Term of the Program: Effective for 3 years. The Commission has the right, but not the obligation, to review the program annually and revise it to correct major deficiencies on or before February 15.

**NON-PROPRIETARY**

Incentive Mechanism:

## 1. Establishing Price Parameters

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### A. Determination of TSP and CPL

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\* \*

Laclede shall provide written notification to the Commission on or before the first day of the month immediately following the \*\*

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### Specifics of Calculating the TSP

1.

★ ★

★ ★

ii.

iii.

A. Realized gains from \*\*

- 3

## NON-PROPRIETARY

B. Unprotected cost increases which occur when the  
 \*\* \_\_\_\_\_ \*\* exceeds the CPL.

i. Laclede shall credit ratepayers 100% of the  
 difference between the lower of the \*\* \_\_\_\_\_

\_\_\_\_\_ \*\* and the CPL. (Type I Cost).

ii. However, in no event shall the Company be  
 required to provide a credit if during the 90  
 days immediately following the establishment  
 of the TSP, market conditions change radically  
 and Laclede determines it is necessary to  
 purchase the \*\* \_\_\_\_\_ \*\*  
 above the CPL.

3. Overall Cost Reduction Incentive

Savings achieved through reductions in the cost of the  
 program below the MRA as a result of favorable  
 \*\* \_\_\_\_\_

shall be shared by the Company and its customers  
 according to the following schedule.

<u>Cost Saving Increment</u>	<u>Share of Savings</u>	
	<u>Customers</u>	<u>Company</u>
Up to \$6,666,666.66	60%	40%
Additional Savings	40%	60%