

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

The Staff of the Missouri Public Service Commission,)	
)	
Complainant,)	
)	
v.)	Case No. GC-2011-0098
)	
Laclede Gas Company, Laclede Energy Resources and The Laclede Group,)	
)	
Respondents.)	

**JOINT ANSWER AND AFFIRMATIVE DEFENSES OF
LACLEDE ENERGY RESOURCES, INC. AND THE LACLEDE GROUP, INC.**

COME NOW Laclede Energy Resources, Inc. (“LER”), and The Laclede Group, Inc. (“LG”), by respective counsel, and submit this Answer to the Complaint filed by the Staff of the Missouri Public Service Commission (“Staff”):

INTRODUCTION¹

LER and LG incorporate the Motion to Dismiss, filed contemporaneously herewith, by reference herein. The Staff Complaint fails to set forth any allegation against either LER or LG, even if assumed to be true, that could state a claim upon which relief could be granted. Most allegations raised by Staff address only Laclede Gas Company. The Staff Complaint makes only two allegations against LER and just one involving LG, none of which are factually or legally sufficient to state a claim upon which relief can be granted.

¹ With the exception of the “Introduction,” LER and LG omit the headings used by Staff in its Complaint as the same are not numbered or otherwise in proper form and consist of unsupported argument. To the extent necessary, LER denies any factual allegations or legal conclusions contained in the headings.

The Staff claims that “The Laclede Group, Laclede and LER share common management resulting in, among other things, improper sharing of information in violation of the Rules prohibition against preferential treatment of affiliates.” (Complaint, Introduction, p. 1). Second, in paragraphs 40 – 46, Staff claims that LER as an affiliate may have access to information about Laclede that is not available to non-affiliates. (Complaint, pars. 40 – 46, pp. 10 – 11). Staff makes no attempt to support the first allegation with any claims of specific wrong-doing and cites to perfectly legal corporate support services as its only evidence of support for the second allegation. Where the Complainant either fails to provide even bare-bones allegations of some violation of law or alleges only performance of legal conduct, the Complaint fails to state a claim upon which relief can be granted. See, ITT Commercial Finance Corp. v. Mid-America Marine Supply Corp., 854 S.W.2d 371 (Mo. banc. 1993).

To the extent necessary, LER and LG deny the remainder of the Complaint “Introduction” and request that the Complaint be dismissed.

1. LER and LG admit the allegations of paragraph 1.
2. LER and LG state that the allegations of paragraph two are not directed to them; and, further, to the extent that any answer is required, that LER and LG are without sufficient information to either admit or deny the allegations of paragraph two and therefore deny the same.
3. LER and LG admit the allegations of paragraph 3.
4. LER and LG state that the allegations of paragraph four are not directed to them; and, further, to the extent that any answer is required, LER and LG state that the web site speaks for itself, and deny the remainder of paragraph 4.
5. LER and LG admit the allegations of paragraph 5.

6. LER and LG state that the SEC Form 10-K speaks for itself and deny the remainder of paragraph 6.

7. LER and LG admit the allegations of paragraph 7.

8. LER and LG state that the SEC Form 10-K speaks for itself and are without sufficient information to admit or deny that the Form 10-K is accurately quoted.

9. LER and LG state that the SEC Form 10-K speaks for itself and are without sufficient information to admit or deny that the Form 10-K is accurately quoted.

10. LER and LG state that the terms in paragraph 10 that LER “markets natural gas and related activities both on system...” in this context are unclear and confusing. LER and LG further state that the SEC Form 10-K speaks for itself and deny the remainder of paragraph 10.

11. LER and LG state that the allegation in paragraph 11 is not directed to them and on that basis deny it.

12. The allegations of paragraph 12 are legal conclusions to which no answer is required. To the extent that any answer is required, then LER and LG state that the statutes speak for themselves and deny the remainder of paragraph 12.

13. The allegations of paragraph 13 are legal conclusions to which no answer is required. To the extent that any answer is required, then LER and LG state that the statutes and Rules speak for themselves and deny the remainder of paragraph 13.

14. The allegations of paragraph 14 are legal conclusions to which no answer is required. To the extent that any answer is required, then LER and LG state that the case cited speaks for itself and deny the remainder of paragraph 14.

15. The allegations of paragraph 15 are legal conclusions to which no answer is required. To the extent that any answer is required, then LER and LG state that the case cited speaks for itself and deny the remainder of paragraph 15.

16. LER and LG state that the allegations of paragraph 16 are not directed to them. To the extent an answer is required, LER and LG state that the pleadings filed in Case No. GM-2001-342 speak for themselves and deny the remainder of paragraph 16.

17. LER and LG state that the allegations of paragraph 17 are not directed to them. To the extent an answer is required, LER and LG state that the case cited speaks for itself and deny the remainder of paragraph 17.

18. LER and LG state that the allegations of paragraph 18 are not directed to them. To the extent an answer is required, LER and LG state that the materials in Case No. GM-2001-342 speak for themselves and deny the remainder of paragraph 18.

19. LER and LG state that the allegations of paragraph 19 are not directed to them. To the extent an answer is required, LER and LG state that the materials in Case No. GM-2001-0342 speak for themselves and deny the remainder of paragraph 19.

20. LER and LG incorporate their responses to paragraphs 1 – 19 as if fully set forth herein.

21. LER and LG state that the allegations of paragraph 21 are not directed to them. To the extent an answer is required, LER and LG deny the allegations of paragraph 21.

22. LER and LG are without sufficient information to admit or deny the allegations of paragraph 22 and therefore deny the same.

23. LER and LG are without sufficient information to admit or deny the allegations of paragraph 23 and therefore deny the same.

24. LER and LG deny the allegations of paragraph 24.

25. LER and LG state that the allegations of paragraph 25 are not directed to them.

To the extent an answer is required, LER and LG deny the allegations of paragraph 25.

26. LER and LG are without sufficient information to admit or deny the allegations of paragraph 26 and therefore deny the same.

27. LER and LG are without sufficient information to admit or deny the allegations of paragraph 27 and therefore deny the same.

28. LER and LG are without sufficient information to admit or deny the allegations of paragraph 28 and therefore deny the same.

29. LER and LG deny the allegations of paragraph 29.

30. LER and LG state that the allegations of paragraph 30 are not directed to them.

To the extent an answer is required, LER and LG state that the CAM speaks for itself and deny the remainder of paragraph 30.

31. LER and LG deny the allegations of paragraph 31, including footnotes.

32. LER and LG deny the allegations of paragraph 32.

33. LER and LG state that the allegations of paragraph 33 are not directed to them.

To the extent an answer is required, LER and LG state that the CAM speaks for itself and deny the remainder of paragraph 33.

34. LER and LG state that the allegations of paragraph 34 are not directed to them.

To the extent an answer is required, LER and LG state that the CAM speaks for itself and deny the remainder of paragraph 34.

35. LER and LG state that the allegations of paragraph 35 are not directed to them and consists of a legal conclusion. To the extent an answer is required, LER and LG state that the CAM speaks for itself and deny the remainder of paragraph 35.

36. LER and LG state that the allegations of paragraph 36 are not directed to them. To the extent an answer is required, LER and LG state that the regulation speaks for itself and deny the remainder of paragraph 36.

37. LER and LG are without sufficient information to admit or deny the allegations of paragraph 37 and therefore deny the same.

38. LER and LG are without sufficient information to admit or deny the allegations of paragraph 38 and therefore deny the same.

39. LER and LG are without sufficient information to admit or deny the allegations of paragraph 39 and therefore deny the same. LER and LG further state that if FDC is the same as FMV, there should be no need to request a waiver.

40. LER and LG deny the allegations of paragraph 40.

41. LER and LG deny the allegations of paragraph 41.

42. LER and LG deny the allegations of paragraph 42.

43. LER and LG state that there are certain corporate officers and directors in common with Laclede Gas, as permitted by Rule, and deny the remainder of paragraph 43.

44. LER and LG deny the allegations of paragraph 44.

45. LER and LG admit that at times they have used the same attorneys as Laclede but deny the remainder of paragraph 45.

46. LER and LG deny the allegations of paragraph 46.

AFFIRMATIVE DEFENSES

1. The Complaint fails to state a claim upon which relief can be granted in that it fails to make any allegation of wrong-doing directed to LER and/or LG and further contains no facts from which any alleged breach of any jurisdictional duty could be deduced.

2. The Commission lacks jurisdiction over LER and/or LG based on the absence of any facts alleged which might or could show any violation of any law or regulation by LER and/or LG.

3. The Commission lacks jurisdiction over LER and/or LG in that the PSC” is an administrative body with only “such powers as are expressly conferred by statute and reasonably incidental thereto.” Union Elec. Co. v. Public Service Comm’n, 591 S.W.2d 134, 137 (Mo. App. 1979). The PSC regulates the provision of gas utility service in the State of Missouri. The PSC has no regulatory jurisdiction over the affairs of LER and/or LG, except as it pertains to transactions they may have with Gas Company. As demonstrated by the complete absence of any factual allegation against LER and/or LG of any rule violation, the present action is a mere pretext designed to conduct an unlawful and impermissible regulatory audit of LER.

WHEREFORE, having fully answered, LER and LG respectfully request to be dismissed from this Complaint and for such other and further relief as may be warranted under the circumstances.

MATHIS, MARIFIAN & RICHTER, LTD.

By /s/ William J. Niehoff
William J. Niehoff #36448MO
23 Public Square, Suite 300
P.O. Box 307
Belleville, Illinois 62220
(618) 234-9800 Phone
(618) 234-9786 Fax
wniehoff@mmrltd.com

Attorney for Laclede Energy Resources, Inc.

And

THE LACLEDE GROUP, INC.

By 
Mark C. Darrell#57280
720 Olive Street, Suite 1504
Saint Louis, Missouri 63101
(314) 342-0520 Phone
(314) 421-1979 Fax
mdarrell@lacledegas.com

Attorney for The Laclede Group, Inc.

CERTIFICATE OF SERVICE

The above pleading has been served upon parties of record by First Class Mail, facsimile, and or electronic mail this 8th Day of November, 2010.

/s/ William J. Niehoff