

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

In the Matter of Laclede Gas Company's)	
Purchased Gas Adjustment for 2004-2005)	<u>Case No. GR-2005-0203</u>
)	
In the Matter of Laclede Gas Company's)	<u>Case No. GR-2006-0288</u>
Purchased Gas Adjustment for 2005-2006)	

STAFF'S RESPONSE TO COMMISSION ORDER

COMES NOW the Staff of the Missouri Public Service Commission, by and through Staff Counsel and in Response to the Commission's September 14, 2010 *Order Directing Staff Filing*, attaches a list of the documents Staff, requested in its investigation of the prudence of Laclede's gas purchasing and states that Laclede has not provided many of the documents requested, which the Commission ordered Laclede to produce. In support of that statement Staff states:

1. This discovery dispute arose as Staff has attempted to determine whether Laclede has engaged in cross-subsidization of its currently non-regulated affiliate Laclede Energy Resources (LER).

2. The question is whether the regulated company has engaged in transactions with LER which increased the cost of natural gas to Laclede's captive customers.

3. While there are many issues related to whether Laclede made prudent gas supply decisions for its customers, the primary discovery issue remaining concerns Laclede's affiliate practices.

4. In the Stipulation and Agreement which resulted from GM-2001-342, The Laclede Group specifically affirmed "that it does not intend to take any action that

has a material possibility of having a detrimental effect on Laclede Gas Company's utility customers, but agrees that, should such detrimental effects nevertheless (sec) occur, nothing in the approval nor implementation of the Proposed Restructuring shall impair the Commission's ability to protect such customers from such detrimental effects." (*see* p. 5 of the Stipulation and Agreement at Attachment B.)

5. Staff has requested documents essential to assuring that Laclede's holding company structure has not had a detrimental impact on Laclede's captive customers by causing these customers to pay more for natural gas.

6. With The Laclede Group having made the above assurance to the Commission, nothing should impair Laclede Gas' ability to produce the requested documentation.

7. The attached spread sheet (Attachment A) explains the documents Staff has requested and Laclede's response.

8. The Staff recommends the Commission find Laclede has not complied with the Commission's orders, specifically including, but not limited to, the Commission's November 4, 2009 *Order Directing Laclede to Produce Information*, and direct the General Counsel to continue with its pursuit of penalties in Cole County Circuit Court for Laclede's refusal to comply with this Commission's orders.

WHEREFORE, Staff asks the Commission accept Staff's pleading and attachments in response to the Commission's Order and specifically recognize Laclede's non-compliance with the Commission's November 4, 2009 *Order Directing Laclede to Produce Information*, order the General Counsel to pursue penalties in Circuit Court and grant such other and further relief as may be just in the circumstances.

Respectfully submitted,

/s/ Lera L. Shemwell
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 30th day of September, 2010.

/s/ Lera L. Shemwell