

**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 TO
STAFF'S MOTION FOR RECONSIDERTAION**

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

1. The Commission should carefully and fully deliberate upon its recent decision to deny the Staff's discovery request in summary fashion. The determination that the information sought by the Staff "is not reasonably calculated to lead to the discovery of admissible evidence" is unfounded. In the trial of this ACA case, documents showing what ** _____ ** will be admitted into evidence in order to show that Laclede entered into an imprudent contract and ** _____ **. ** In fact, *the* ** _____ ** *documents not only lead to the discovery of admissible evidence, the documents themselves will be admitted into evidence to show the contract between LER and Laclede was imprudent.* The fact that Laclede may have a similar priced contract with a non-affiliate does not mean that the LER-Laclede contract was prudent. The non-affiliate contract relied upon by Laclede is different, has different provisions, and the Commission will have to decide if Laclede's defense has merit.

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2. Likewise, the documents showing ** _____
_____ ** will not only lead to the discovery of admissible
evidence, *the* ** _____

_____.

_____.** Without the LER documents, the Staff
and the Commission will never know the answer to these questions and will be unable to
make an informed decision concerning the prudence of Laclede's gas purchasing
practices.

3. The Commission should also consider the lasting effect of Laclede
intentionally refusing to abide by three orders of the Commission spanning several
months. The Commission's current Order fails to address Laclede's disregard for the
Commission's authority. The Commission must carefully consider the message it is
sending to Laclede regarding the Commission's authority when it issues an Order that
does not deal with Laclede's disrespectful behavior.

4. Finally, the Commission did not address Laclede's obvious refusal to
abide by the terms of the Stipulation and Agreement entered into by Laclede *In the
Matter of the Application of Laclede Gas Company for an Order Authorizing Its Plan to
Restructure Itself Into a Holding Company, Regulated Utility Company, and Unregulated
Subsidiaries*, Case No. GM-2001-342. Laclede's objection leading it to refuse to abide
by the Commission's third order compelling discovery and resulting in the Commission

scheduling an oral argument was that Laclede did not have **possession** of the documents.

The Stipulation and Agreement on page 9 states:

“Laclede Gas Company and The Laclede Group, Inc. shall also provide Staff and Public Counsel any other such information...relevant to the Commission’s **ratemaking, financing, safety, quality of service and other regulatory authority** over Laclede Gas Company; provided that Laclede Gas Company and any affiliated or subsidiary of the Laclede Group, Inc. shall have the right to object to such production of records...on any basis under applicable law and Commission rules, **excluding any objection that such records and personnel of affiliates or subsidiaries: (a) are not within the possession or control of Laclede Gas Company;** or (b) are either not relevant or are not subject to the Commission’s jurisdiction and statutory authority by virtue of or as a result of the implementation of the Proposed Restructuring.”¹ (emphasis added).

WHEREFORE, the Staff prays that the Commission reconsider its denial of discovery to the Staff and issue an order an order compelling discovery.

Respectfully submitted,

/s/ Lera Shemwell

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¹ GM-2001-342 order issued August 14, 2001. Stipulation and agreement filed July 9, 2001.

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 22nd day of May, 2009.

/s/ Lera Shemwell