

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

The Staff of the Missouri Public Service Commission,)	
)	
Complainant,)	
v.)	Case No. GC-2011-0006
)	
Laclede Gas Company,)	
Respondent.)	

LACLEDE GAS COMPANY’S REPLY TO STAFF’S SUGGESTIONS

COMES NOW Laclede Gas Company (“Laclede” or “Company”), and files this Reply to the Staff’s Suggestions in Opposition to Laclede’s Reply, stating as follows:

1. The following cases all arose out of a handful of gas supply transactions between a gas utility and its marketing affiliate:

GR-2005-0203	Laclede ACA Case
GR-2006-0288	Laclede ACA Case
GR-2008-0140	Laclede ACA Case
GR-2008-0364	Atmos ACA Case
GR-2008-0387	Laclede ACA Case
GC-2011-0006	Staff vs. Laclede Complaint Case
GC-2011-0098	Staff vs. Laclede, LER, and Laclede Group Complaint Case

2. This morass of litigation all originates from the fact that Staff refuses to review affiliate transactions in accordance with the Affiliate Transaction Rules (Rules) or the Company’s Cost Allocation Manual (CAM), and declines to direct its discovery at determining compliance with the pricing standards in the Rules and the CAM.

3. On October 26, 2010, Laclede asked the Commission to take notice of Staff’s October 25 Answer in this case, in which Staff admitted that it has ignored the CAM, departed from the Rules, and seeks to effectively eliminate affiliate transactions.

4. On October 27, the Commission asked Staff to respond to these allegations. Staff has filed two pleadings since October 27. In neither pleading did Staff

disprove or even deny its wrongdoing. In its October 28 filing, Staff employed circular logic in effectively confirming its violations. In its November 2 pleading, Staff dodged the issue, suggesting that the subject of its violations does not belong in this case and that the Commission should open a workshop or investigatory docket.

5. No one benefits from this burgeoning mess of litigation. Laclede believes that it could all be solved by the Commission's addressing the root cause of these matters: the pricing standards for affiliate transactions. Laclede requests that the Commission take notice of the Staff's admitted divergence from the standards determined by the Commission, and require Staff to adhere to the Rules. Laclede has admittedly been frustrated by Staff's refusal to respect the Rules' pricing standards. Laclede is anxious to demonstrate its compliance with those standards and believes this case and the other related controversies would fade away if all parties would play by the same Rules.

Respectfully submitted,

/s/Michael C. Pendergast

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Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing Response was served on the Staff and on the Office of Public Counsel on this 3rd day of November, 2010 by United States mail, hand-delivery, email, or facsimile.

/s/ Gerry Lynch