

**Laclede Gas Company**  
**Timeline of Key Affiliate Transaction Events**

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- 4/26/99 PSC files proposed affiliate transaction rules with SOS and opens the following cases to accept comments: EX-99-442 (electric affiliates), HX-99-443 (steam heating affiliates), GX-99-444 (gas affiliates) and GX-99-445 (gas marketing affiliates).
- 7/1/99 Laclede & LDCs file joint comments in GX-99-444 and GX-99-445 opposing the PSC's proposed affiliate transaction rules. Specifically, the LDCs opposed the rule provisions that would (among other things):
- "impose an asymmetrical pricing standard under which assets or services would have to be transferred between a utility and its affiliate ... at either market value or fully distributed cost, depending on which approach was least favorable to the utility"
  - "impose a requirement prohibiting a utility from providing any "preferential" service, information or treatment, to an affiliate"
  - "require the utility to describe and document not only those costs of an affiliate that are subject to allocation to an affiliate transaction, but also those costs of the affiliate that are not subject to such an allocation."
  - "impose other extensive recordkeeping and evidentiary requirements, including the obligation to develop and keep a Cost Allocation Manual, the requirement to maintain data on each affiliate transaction, and the obligation to continually track how affiliate transactions may be affecting the cost and quality of utility service"

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- 1/3/00 PSC Order of Rulemaking published in Missouri Register adopting new affiliate transaction rules. (Missouri Register Vol. 25, No. 1).
- 2/7/00 Gas LDCs file Petition for Writ of Review/Motion for Stay (Cole County Case No. 00CV323156).
- 2/25/00 Circuit Court of Cole County grants motion to stay application of new affiliate transaction rules.

- 9/11/00 Circuit Court of Cole County affirms new affiliate transaction rules.
- 9/28/00 Laclede Board of Directors Meeting - approve "Resolutions Regarding Company Structure" authorizing Laclede to pursue reorganization.
- 10/3/00 Circuit Court of Cole County issues **order/judgment** maintaining the stay on the new affiliate transaction rules "until the conclusion of final judicial review of the Orders of the Commission".
- 10/28/00 "Agreement and Plan of Merger and Reorganization" entered between Laclede, The Laclede Group, Inc., and Laclede Acquisition, Inc.
- 12/04/00 Laclede files Application with PSC to restructure into a holding company, regulated utility company, and unregulated subsidiaries through a triangular merger. (Case Number GM-2001-342).

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- 4/23/01 Laclede files testimony proposing a Cost Allocation Manual (Krieger CAM) (Krieger Direct Testimony, GM-2001-342). The Krieger CAM includes:
- Asymmetrical Pricing provision on affiliate transactions: **If provided to Laclede by an affiliate, it shall be charged at the lesser of the fair market price or the fully distributed cost to Laclede Gas Company to provide the goods or services for itself. If provided by Laclede to an affiliate, shall be at tariff rate, or if no tariff rate, at the fully distributed cost to Laclede, unless an alternative method for determining such charges is provided by law.**
  - Intervening law provision: Krieger CAM methodologies are "general guidelines" and "shall not be applicable in the event another methodology is prescribed by law for allocating costs to or pricing such services."
- 7/19/01 Unanimous Stipulation and Agreement between Laclede Gas Company, OPC, Staff, Missouri Energy Group, The Laclede Group, Inc., Local 5-6 and Local 5-194 that would authorize Laclede's reorganization.
- Transfer of **good/services** between Laclede and affiliates shall be conducted per a CAM, to be submitted on April 15, 2003, and annually thereafter.
  - "The CAM shall be in the form" in Patricia **Krieger's** testimony, revised and supplemented within 120 days of approval of the Stipulation to

include "information as required to administer, audit and verify the Transfer Pricing and Costing Methodologies set forth in Section VIII of the CAM or such other Transfer Pricing and Costing Methodologies as may become applicable to the Company in the future"

- 8/14/01 PSC Order Approving Stipulation and Agreement and Approving Plan to Restructure (GM-2001-342).
- 10/1/01 Laclede finalizes reorganization.
- 12/26/01 Laclede provides Staff, OPC and unions with a copy of its "revised" CAM:
- Includes same asymmetrical pricing provision.
  - Includes NEW "Gas supply purchases" and "Gas supply sales" sections (not in Krieger CAM) establishing fair market price (rather than lesser of fair market price or fully distributed cost) as the price for gas sold to or purchased from affiliates.
  - Includes Intervening Law provision: "The methodologies set forth in this CAM provide general guidelines to govern how Laclede Gas Company will allocate costs to or pay for services received from or provided to affiliates. Such guidelines shall not be applicable in the event another methodology is prescribed by law for allocating costs to or pricing such services."
- 12/26/01 Court of Appeals (WD) dismisses utility appeal of affiliate transaction rules for lack of jurisdiction. Utilities appeal to Supreme Court.

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- 11/7/02 Supreme Court hears oral argument.

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- 4/22/03 Missouri Supreme Court affirms PSC's affiliate transaction rules.
- 5/27/03 Missouri Supreme Court denies LDC motion for rehearing. Opinion & mandate sent. Circuit Court stay of rules expires. Affiliate Transaction Rules now applicable to LDCs.