

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

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

**STAFF'S RESPONSE**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through the Commission's General Counsel pursuant to § 386.071, RSMo, and Commission Rule 4 CSR 240-2.040(1), and, in Response to the Laclede's June 22, 2009 Response In Compliance With Commission Directive states:

1. This discovery dispute concerning Laclede's transactions with Laclede Energy Resources (LER) arose in the Actual Cost Accounting case as Staff reviewed the prudence of Laclede's gas purchasing practices.
2. Staff seeks to determine whether Laclede complied with the affiliate transactions rule in buying from and selling to its affiliate, LER.
3. Laclede should be able to produce documentation of transactions of both the commodity/gas and capacity/transportation that Laclede has sold to, or purchased, from LER.
4. Laclede has repeatedly pled it fully complied with the affiliate transactions rule. The issue then is: What is fair market value of the gas/transportation Laclede sold to LER and the cost of the gas/transportation Laclede purchased from LER?

5. Customers, who have paid for the gas or for the transportation, should receive the full benefit of gas or transportation sold to a third party. Laclede cannot, instead, benefit its affiliate by selling it gas or transportation capacity at a lower price.

6. Staff simply asks Laclede to produce a limited number of documents demonstrating whether it sold or purchased gas (or capacity) to LER at the fair market value or cost.

7. The most accurate way to determine fair market value is to compare the transactions with a contemporaneous resale by LER to a third party.

8. There is no question Laclede possesses these records. Kenneth Neises is a Vice President of both Laclede Gas and LER. The request should not be burdensome since Staff significantly reduced the number of documents it is seeking.

9. Staff requests the Commission order Laclede not to destroy any documents pertaining to this case, until after the case is closed. The affiliate transactions rules require Laclede to maintain records for six years, so it is possible Laclede might begin destroying these documents. Laclede's CAM provides for record retention of five (5) years, contrary to the affiliate transactions rules.

**WHEREFORE**, Staff prays that the Commission recognize this is an affiliate transactions rule compliance matter, which has arisen in an Actual Cost Accounting case, and order Laclede to produce the requested discovery to demonstrate compliance with the Commission's affiliate transactions rule; order

Laclede not to destroy any documents related to this inquiry even if the documents exceed the six year time requirement; and 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 a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **7<sup>th</sup> day of July, 2009**, on the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Lera L. Shemwell