MEMORANDUM

TO: Missouri Public Service Commission Official Case File, Case No. GR-2008-0387, Laclede Gas Company

FROM: David Sommerer, Manager - Procurement Analysis Department
Anne Allee, Regulatory Auditor - Procurement Analysis Department
Lesa Jenkins, P.E., Regulatory Engineer - Procurement Analysis Department
Kwang Choe, Ph.D., Regulatory Economist - Procurement Analysis Department

/s/ David M. Sommerer 12/31/09 ______________________________
Project Coordinator / Date

/s/ Robert S. Berlin 12/31/09 ______________________________
Staff Counsel's Office / Date

SUBJECT: Staff's Recommendation in Case No. GR-2008-0387, Laclede Gas Company's 2007-2008 Actual Cost Adjustment Filing

DATE: December 31, 2009

I. BACKGROUND

The Procurement Analysis Department (Staff) has reviewed Laclede Gas Company's (Company or Laclede or LCG) 2007-2008 Actual Cost Adjustment (ACA) filing. This filing was made on October 31, 2008, and is docketed as Case No. GR-2008-0387. The filing contains the Company's calculations of the ACA balances. The Staff's review included an analysis of billed revenues and actual gas costs for the period October 1, 2007 through September 30, 2008.

Laclede Gas Company serves approximately 629,029 residential, commercial and industrial customers in the St. Louis metropolitan area and the surrounding southeastern counties.

Staff conducted a reliability analysis for Laclede, including a review of estimated peak day requirements and the capacity levels to meet those requirements, peak day reserve margin and its rationale, and a review of normal and cold weather requirements. The Staff also reviewed Laclede's gas purchasing practices to determine the prudence of the Company's purchasing and operating decisions. (Laclede Gas Company is referred to as "LGC" and the marketing affiliate Laclede Energy Resources is "LER").

The following Table of Contents provides a guide to Staff's recommendations contained in sections I through VIII of this Memorandum:

Staff has proposed no adjustments at this time to the Company's filed October 31, 2008 ACA account balances, as shown on the table on page 16. However, Staff provides recommendations to LGC's gas purchasing practices. Discovery of LER information still pending in previous ACA periods may have an impact on this ACA period in terms of lost off-system sales margins, or the possibility of LER profits that may have been subsidized by LGC.

II. RELIABILITY AND GAS SUPPLY ANALYSIS

As a regulated gas corporation and a Local Distribution Company (LDC) providing natural gas service to Missouri customers, assuring reliability of supply is an essential company function. The Company is responsible for conducting reasonable long-range supply planning and for the decisions resulting from that planning. One purpose of the ACA process is to examine the Company's analysis and decisions to assure reliability of its gas supply, transportation, and storage capabilities. For this analysis, Staff reviews: the LDC's plans, methods of calculating, and decisions regarding its estimated peak day requirements and the capacity levels to meet those requirements, the LDC's peak day reserve margin and its rationale, and the Company's natural gas supply plans for various weather conditions.

Staff has the following comments and concerns about the Company's reliability and gas supply information:

1. <u>Upstream Pipeline Capacity Analysis</u>

   To support the quantity of upstream pipeline capacity needed, Laclede evaluated usage for a record cold day in March and included an evaluation for a cold day in February (GR-2008-0387, DR25) and also referred to its 2007/2008 Reliability Report. Because of constraints on the MRT's Unionville storage withdrawal and its on-system resources (Lange UGS and Propane), Laclede is concerned with late winter cold weather. Staff recommends the upstream pipeline capacity analysis be updated as follows.

a. CEGT Capacity for Peak Day

In the 2006/2007 ACA, GR-2008-0140, Staff recommended the Upstream Transportation Analysis show the capacity separately for CEGT and MRT. Laclede's response in GR-2008-0140 agreed to address Staff's comment and the 2007/2008 upstream analysis shows the CEGT volume separately, and then lists the required native supply on MRT. ** **

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Staff recommends Laclede respond to the Company's reliance on a secondary delivery point and the double counting of primary path capacity.

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b. Reserve Margin

In the 2006/2007 ACA, GR-2008-0140, Staff recommended the Upstream Transportation Analysis be updated to provide a justification of its reserve margin, rather than just assuming a particular percentage for the reserve margin.

Laclede's response in GR-2008-0140 agreed to address the appropriateness of the reserve margin. However, the Laclede Upstream Transportation Analysis (GR-2008-0387, DR25) simply shows a 2% reserve margin calculated as 2% of the sendout calculation. Laclede does not explain how such an assumed reserve ties to the standard error, the confidence interval of the regression analysis, or potential growth (positive or negative growth). Because of the timing of the ACA reviews, Laclede would not have had time to make a change for the 2007/2008 ACA.

Staff continues to recommend the Upstream Transportation Analysis be updated to provide a justification of its reserve margin, rather than relying on its assumption of a particular percentage for the reserve margin.

2. Laclede Underground Storage Resource

Laclede operates an underground aquifer natural gas storage field (Lange UGS) in the St. Louis area. Laclede relies on Lange UGS to provide natural gas for peak day requirements. In the prior five ACA reviews (2006/2007 ACA, GR-2008-0140; 2005/2006 ACA, GR-2006-0288; 2004/2005 ACA, GR-2005-0203; 2003/2004 ACA, GR-2004-0273; and 2002/2003 ACA, GR-2003-0224) ** ____
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________________ ** Staff has the same concern for the 2007/2008 ACA period.

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______________________________ ** The Company is currently undertaking an evaluation of the Lange field to assess the field's current and future capabilities (GR-2008-0140, DR13.5 and GR-2008-0387, DR10 – page 23 of The Laclede Group, Securities Exchange Commission Form 10-k for Fiscal Year ending 9/30/2008).

Based on the timeline for the consultant's evaluation of the storage field, a report should have been provided to Laclede at the end of July 2009 (9/19/08 NITEC letter, signed 11/24/08 by Kenneth J. Neises for Laclede; includes a timeline in 2-week increments with a report due at end of week 34-35). A NITEC letter, dated 2/2/09 signed 2/4/09 by Kenneth J. Neises for Laclede, includes an addendum to the project. Thus, the timeline may have been extended, but the due date is not listed. Staff will continue to monitor Laclede's evaluation of its storage resources in future ACA periods.

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3. <u>Charges for Natural Gas Used by Interruptible Customers during Period of Interruption</u>

   It is important that interruptible customers curtail gas usage during times of peak demand so Laclede is able to serve its firm customers, primarily its residential heating customers. The PGA charges in effect during this ACA period were only $2.00 per therm ($20.00 per dekatherm or per MMBtu) for natural gas used by interruptible customers during interruption. This rate is not tied to a penalty above a daily rate that could be obtained in the daily market. During periods of interruptions, there is a potential that prices in the daily market may be higher than $2.00 per therm. Thus, interruptible customers could be using and paying for natural gas from Laclede during periods of interruption at lower cost than could be obtained in the daily market.

   To encourage interruptible customers to curtail usage in times of peak demand, Staff recommends that Laclede revise its tariff to tie the charge for natural gas used during curtailments to the higher of $20 or the daily index price plus an adder. This same concern was expressed in the 2006/2007 ACA, GR-2008-0140, the 2005/2006 ACA, GR-2006-0288 and the 2004/2005 ACA, GR-2005-0203.

   In the response to the 2006/2007 ACA Laclede states it will address this matter in the next rate case. Laclede recently filed its new rate case (GR-2010-0171).

4. <u>Laclede's Gas Supply Plans</u>

   a. Update Laclede's Justification for its Supply Plans for Cost and Volumes

      Laclede conducted a study of base load, combination, and swing volumes which it provided with the 2003/2004 ACA review. (Data Request No. 106 and 106.1 – 106.5 responses in the 2003/2004 ACA, GR-2004-0273). Laclede has not updated this study in at least four years. Although the Study was provided in the 2003/2004 ACA review, there is no indication of when the study was developed.

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In its response to GR-2008-0387, DR No. 36.1 regarding nomination documentation, Laclede provided a document titled, "The Laclede Group, Inc. Sarbanes-Oxley 404 Compliance" for Natural Gas Supply Acquiring and Managing and Off System Sales Revenue which states, "The gas supply agreements must also have enough flexibility to accommodate both extreme cold and warm weather patterns given the large amount of usage and variations from these two different patterns. This analysis can also be found in the Company's reliability analysis mentioned above."

A review of the 2006/2007 Reliability Report found Section I.C. of the 2007/2008 Reliability Analysis (GR-2008-0387, DR No. 33), lists the Maximum and Minimum Projected Sendout for each month of October through April and a seasonal total for October through April, but it does not show how Laclede structures its supply (volumes of base load, combination, and swing natural gas) to meet the maximum and minimum monthly requirements. The Laclede Reliability Report does not address daily variability, other than the 1935/1936 cold weather pattern which does not address the needed structure of supply (volumes of base load, combination, and swing natural gas). Daily warm weather variability is not addressed.

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In the 2006/2007 ACA, GR-2008-0140, Staff recommended Laclede provide an updated study to Staff explaining how it structures its base load, combination, and swing agreements to assure that MRT storage tolerances are met and how the supply is adequately structured to meet warm and cold winter requirements. Staff also recommended in the 2005/2006 ACA, GR-2006-0288, and the 2004/2005 ACA, GR-2005-0203, that Laclede update the base load/combination/swing study and Staff made recommendations to be considered for the update.

Laclede's response to Staff's recommendation in GR-2008-0140 states:

> Laclede does not believe it would be constructive to either update this study or try to pigeonhole in advance the relative amounts of baseload, combination and swing gas. Laclede cannot approach the RFP process with a preconceived intention of buying a certain amount of combination versus swing volumes. Instead, Laclede evaluates the state of the market each year by gauging the proposals made in the RFP process and applying its judgment to pursue the most cost effective combination of these products. The result of this approach is demonstrated in Staff's observation on page 9 of the Memorandum that contracted volumes of baseload, combination and swing gas diverged from Laclede's study. Hence, performing further baseload/combination/swing studies is not a useful exercise.

Staff continues to recommend that Laclede update its justification for its supply planning. The award of supply agreements based on applying its **judgment** to pursue the most cost effective combination of these products does not explain the prudency of those costs or volumes. Staff is not suggesting that such a study be structured the same as the study provided in the 2003/2004 ACA. However, supply plans should be updated routinely to address questions raised about cost, including reservation charges, and volumes to assure that MRT storage tolerances are met and the supply is adequately structured to meet warm and cold winter requirements.

b. Target Dates for Physical Supply Volumes

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c. Gas Purchases for On-System and GSC Schedule Documentation

GR-2008-0387, DR16 requests information verifying on-system customers have paid the lowest cost of gas at the time the off-system sale was made. Laclede provides its GSC Schedule for each day of the year documenting by pipeline the supplier, costs, contract demand, and nomination. It also provides its daily GSC Schedule for Off-System Sales (OSS) documenting by pipeline the purchaser, volumes, sales price, costs, margin on the sale, and comments regarding the source of gas for the OSS. A handwritten label is included for some of the OSS transactions. The labeling is explained in a separate document for letters A through L, giving twelve reasons why the costs assigned to OSS are higher than the on-system supply costs.

Staff conducted a check of the November OSS to determine whether on-system customers paid the lowest cost of gas at the time of the OSS. Staff found transactions on eleven dates in November where Laclede (1) used lower priced gas for the OSS (rather than using the lower priced gas on-system) or (2) made a spot purchase at a higher price rather than increasing the nomination for a lower priced swing agreement (would have resulted in lower cost for on-system and OSS). These differences were not material. However, because these differences <u>could be</u> material under other circumstances, Staff recommends Laclede evaluate its process to address these findings.

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III. AFFILIATE TRANSACTIONS AND FAIR MARKET VALUE

In the past ACA periods, Staff has made adjustments to the Company's gas costs for affiliate transactions between LER and LGC. Staff is not proposing a dollar adjustment for affiliate transactions in this ACA period at this time. However Staff recommends holding this ACA case open pending the LER discovery dispute in Cases GR-2005-0203 and GR-2006-0288 which may impact this ACA period in terms of lost off-system sales margins, or impacts regarding LER profits that may have been subsidized by LGC.

Although Staff has not proposed a dollar adjustment related to affiliate transactions in the ACA period under review, Staff continues to have concerns with LGC's affiliate transactions.

1. Assessing Fair Market Value for Affiliated Transactions

   One way of assessing the fair market value of affiliated agreements is to look at the elements of the underlying supply that was used to fulfill LER's obligation to provide firm service. Staff could not determine, from the information provided, if the underlying gas packages bought by LER were firm or interruptible packages of gas. By definition, the transactions between LGC and LER are not arms-length. A dollar of profit for LER impacts Laclede Group's earnings. Profit or losses for other suppliers not affiliated with Laclede do not impact Laclede Group's earnings. LER and LGC share limited resources regarding access to liquidity and counterparty credit exposures. The same cannot be said for unaffiliated transactions. At some point in Laclede Group's organizational structure, there is common oversight of both LGC and LER. The same cannot be said of unaffiliated transactions. The nature and design of compensation and bonuses can have a bearing on LER's and LGC's common transactions. The same cannot be said of unaffiliated transactions. The time and quantity of day to day nominations can impact the profitability of affiliated LER and LGC transactions. That is not the case with unaffiliated transactions. Thus, the documentation supporting affiliated transactions needs to be clearly identified and provided to Staff to determine the true market value for those transactions.

   The Cost Allocation Manual that Laclede refers to narrowly defines what constitutes fair market value. Just because an affiliate transaction is at index prices, it does not mean that this is the fair market value of the service being received. One example might be where LER sold LGC gas from its interruptible storage at a firm daily price. The fair market value of the gas may be more appropriately stated as the price LER paid to acquire the supply. That is LER's fair market value and that should be LGC's fair market value. LER should not be allowed to obtain interruptible supply and sell it to LGC as firm. In the same manner, LER could be in an over-supplied position. In this situation, LER might sell daily spot gas (presumably at fair market value) to LGC at a point on an upstream pipeline that is convenient to LER. This transaction may not be in LGC's interest.

2. Controls to Assure Affiliated Transactions Are Not Receiving Preferential Treatment

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The primary control cited by Laclede to prevent preferential treatment to LER is the Cost Allocation Manual (CAM) developed by Laclede, which is not consistent with the affiliated transaction rule.

IV. PURCHASING DECISIONS THAT MAY IMPACT CUSTOMER COSTS

1. Off-System Sales Location

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2. Supply Pricing Potentially Impacted by Flexibility Now Granted to Marketing Companies

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V. FERC REPORTING - OFF-SYSTEM SALES AND CAPACITY RELEASE TRANSACTIONS

In the 2005/2006 ACA, Case No. GR-2006-0288, the Staff expressed concerns over off-system sales and capacity release transactions that possibly violated Federal Energy Regulatory Commission (FERC) regulations and policies regarding capacity release. The Laclede Fiscal Year

Ended September 30, 2009 Form 10-K filed with the Securities and Exchange Commission (SEC) contained the following information regarding this issue:

> The Company commenced an internal review of the questions raised by the MoPSC Staff and notified the FERC Staff that it took this action. Subsequently, as a result of the internal review, the Company has provided the FERC Staff with a report regarding compliance of sales and capacity release activities with the FERC's regulations and policies. On July 23, 2008, the FERC Staff requested additional information, which the Company provided and on February 11, 2009, the FERC Staff submitted follow-up questions to which the Company responded on February 25, 2009. On March 2, 2009, FERC Staff requested clarification of certain aspects of the Company's February 25, 2009 response, which the Company clarified on March 4, 2009.

The Staff will continue to monitor Laclede's actions related to FERC decisions that may impact Laclede's customers.

VI. MISSOURI PIPELINE COMPANY CHARGES

During this ACA period, Laclede had firm transportation service agreements with Missouri Pipeline Company (MPC), an intrastate pipeline. On June 1, 2008, the names of MPC and Missouri Gas Company (MGC) changed to MoGas Pipeline when it became regulated by the Federal Energy Regulatory Commission (FERC). Prior to MoGas becoming FERC regulated, on June 21, 2006, the Staff filed a complaint against MPC and MGC in Case No. GC-2006-0491. The complaint alleged that, through their transactions with an affiliate, MPC and MGC lowered the maximum transportation rates they could charge non-affiliates. Laclede is a non-affiliate.

The Commission issued its initial Order in Case No. GC-2006-0491 on August 28, 2007, with an effective date of September 7, 2007. This Order was withdrawn on October 4, 2007, and reissued October 11, 2007, with an effective date of October 21, 2007. Although the Commission's Revised Order was effective October 21, 2007, the Order found that, by operation of their tariff, MPC and MGC had lowered their maximum firm reservation rates beginning in May 1, 2005. The Commission further found when on July 1, 2003, MGC lowered rates for its affiliate Omega, it also lowered both its firm and interruptible commodity rates for all non-affiliates. MPC and MGC, now MoGas Pipeline, implemented new rates effective June 1, 2008 when it became FERC regulated. The Commission is participating in the current MoGas rate case at FERC.

MPC and MGC appealed the Commission's Order in GC-2006-0491 to the Cole County Circuit Court. On October 10, 2008, the Circuit Court affirmed the Commission's decision. The Western District Court of Appeals affirmed the Commission's decision on December 22, 2009.

The months of this ACA period are October 2007 through September 2008. The lower rates not only affect October 2007 through May 2008 of this ACA period, but also impact the rates charged in prior ACA periods back to the 2004/2005 ACA. The ACA cases for 2004/2005, 2005/2006 and 2006/07 remain open.

Despite the Commission's Order, MPC continued to bill Laclede rates that exceeded the maximum rates ordered by the Commission. These MPC transportation charges are included in Laclede's ACA calculation for this review. The amount of the overpayment for this period is calculated by comparing the rates authorized by the Commission to the rates paid by Laclede. Staff calculated the overpayment for this ACA period to be $841,946.86.

The Staff expects Laclede to take action to ensure its customers pay only the authorized maximum MPC transportation rates. Therefore, the Staff recommends the Commission hold this ACA case open to monitor and evaluate Laclede's actions with regard to the overcharges paid to MPC for the 2007/2008 ACA and prior periods.

VII. HEDGING

The Staff reviewed the Company's Risk Management Strategy and its hedging transactions applicable to the 2007-2008 ACA periods. The Staff also reviewed monthly hedged coverage. Laclede's hedged coverage comes from financial instruments and from storage withdrawals. Weather during the winter period of November 2007 through March 2008 was near normal.

Staff has the following comments and concerns about Laclede's hedging practice and documentation:

1. Limited or Partial Hedging

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2. Time and Price Driven Hedging

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Staff recommends Laclede include a report that would allow a straightforward assessment of how much of the Company's monthly hedge targets (expected volume component, price driven and time driven, etc.) are actually achieved for that month and cumulatively in a clear summary form.

3. Hedge Documentation

Although the Company provided a copy of its Risk Management Strategy along with some explanations of the workings of each financial instrument and additional notes regarding certain transactions, Laclede did not provide Staff sufficient hedge documentation details regarding the rationale for some of its hedging transactions. Examples include the following:

> The Company evaluation of the market conditions that either support initiating the hedge or liquidating the hedge position were not clearly provided. In particular, the Staff did not find any detailed explanation as to how the Company initiated liquidating the hedge position before expiration. This should include explanations on whether the purpose of these date specific transactions is to lower the cost of the initial hedge coverage.

The Company has increasingly used various financial hedges, but reasons for using some of the instruments are not fully explained in the documentation provided to the Staff. For

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Staff recommends Laclede provide greater detail on each financial hedging transaction executed, its rationale supporting its decision at the time of the specific transaction and a narrative of the interplay between the hedging purchase or liquidation, and the Risk Management Strategy. The documentation should include, but not be limited to, an explanation of how each hedging transaction and the Risk Management Strategy are specifically related and an explanation of the circumstances under which actual hedging execution varies from the Risk Management Strategy when that occurs. This should also include all reports that tie the Company's actual hedge results to the targets stated in the Company's Risk Management Strategy and a specific identification of instruments that are used in conjunction to create a particular hedge strategy in a clear summary form. The documentation should include Laclede's evaluation of the market conditions at the time of specific transactions that either support initiating the hedge or liquidating the hedge position. This market evaluation of the market conditions or reports should be tied to specific transactions.

4. <u>Performance Evaluation of Hedge Program</u>

Staff recommends the Company develop and provide an evaluation of the financial hedging performance in addition to the reporting of the hedging outcome. An analysis of what factor(s) may have been attributable to the gains/losses from the financial instruments could provide Laclede effective hedging guidance on a going forward basis. The Company should assess and evaluate the outcome of its hedges for the 2008-2009 ACA and beyond. The analysis should include but not be limited to whether the hedging implementation was consistent with the hedging plan, identifying the benefits/costs based on the results from the hedging strategy, and thus evaluating any potential improvements on the future hedging plan and its implementation.

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________________ ** The Staff will continue to monitor the operation of the program for the 2008-2009 ACA periods.

Staff provided similar comments in the 2003/2004 ACA, GR-2004-0273, in the 2004/2005 ACA, GR-2005-0203, in the 2005/2006 ACA, GR-2006-0288, and also in the 2006-2007 ACA, GR-2008-0140. Laclede agreed in its responses to the previous ACA recommendation to provide information on a prospective basis. Although the Company provided some additional information for the 2007/2008 ACA, it should also address the above comments for the 2008-2009 ACA periods forward.

VIII. RECOMMENDATIONS

1. Based on the analysis discussed above, Staff recommends that Laclede do the following:

   a. For the 2007/08 ACA period, Staff has not proposed a dollar adjustment to the Company filed September 30, 2008 ACA account balances shown in the table below. However, Staff proposes to reserve its recommendation on the ACA balances pending the LER discovery dispute and Laclede's actions with regard to the MPC overcharges. An over-recovery is the amount owed to the customers by the Company and is shown in the table as a negative number. An under-recovery is an amount owed to the Company by the customers and is shown in the table as a positive number.

	Firm Sales non-LVTSS	**Firm Sales LVTSS**	**Interruptible Sales**	**LP Sales**	**Firm Transportation**	**Vehicular Fuel**
ACA Balance per Filing	$ 31,558,923	$ 91,133	$ 439,938	$ 261,889	$ 83,933	$ 21,396
2004/05 Adjustment	$ (1,677,493)	$ (4,265)	$ (13,455)			
2005/06 Adjustment	$ (2,810,399)	$ (9,216)	$ (25,783)			
2006/07 Adjustment	$ (1,447,386)	$ (6,337)	$ (10,037)			
2007/08 Adjustment	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Staff Recommended ACA Balance	**$ 25,623,645**	**$ 71,315**	**$ 390,663**	**$ 261,889**	**$ 83,933**	**$ 21,396**

   b. Respond within thirty days to the comments made by Staff in the Reliability and Gas Supply Analysis section regarding (1) Upstream pipeline capacity analysis (CEGT capacity for peak day; and reserve margin); (2) Laclede's underground storage resource; (3) Charges for natural gas used by interruptible customers during period of interruption; and (4) Gas supply plans (update justification for supply plans for cost and volumes; target dates for physical supply volumes; and gas purchases for on-system and GSC schedule documentation).

   c. Respond within thirty days to the comments made by Staff in the Hedging section.

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d. Document and provide to the Staff at the start of each ACA review, for the 2008-2009 ACA period and forward, information to address the Staff comments in the Hedging section related to: (1) Limited or Partial Hedging; (2) Time and Price Driven Hedging; (3) Hedge Documentation; and (4) Performance of Hedge Program.

e. Respond to the recommendations herein within 30 days.

2. Staff recommends this case remain open for the following reasons:

a. Because the LER discovery dispute remains pending in previous ACA periods, the conclusion of such discovery disputes may impact this ACA period in terms of lost off-system sales margins or LER profits that may have been subsidized by LGC.

b. To monitor and evaluate the Laclede's actions with regard to the overcharges paid to Missouri Pipeline Company for the 2007/2008 ACA and prior periods.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company 2008 PGA Filing	))	Case No. GR-2008-0387

AFFIDAVIT OF DAVID M. SOMMERER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

David M. Sommerer, being of lawful age, on his oath states: that as a utility Regulatory Manager in the Procurement Analysis Department of the Utility Services Division, he has participated in the preparation of the foregoing report, consisting of 17 pages to be presented in the above case; that he has verified that the following Staff Memorandum was prepared by himself and Staff of the Commission that have knowledge of the matters set forth as described below; that he has verified with each of the Staff members listed below that the matters set forth in the Staff Memorandum are true and correct to the best of his knowledge and belief,

David Sommerer, Manager – Affiliate Transactions
Anne Allee, Regulatory Auditor – Billed Revenues and Actual Gas Costs
Lesa Jenkins, P.E., Regulatory Engineer – Reliability and Gas Supply Analysis
Kwang Choe, Ph.D., Regulatory Economist - Hedging

that he has knowledge of the matters set forth in such report and that such matters are true to the best of his knowledge and belief.

David M. Sommerer
David M. Sommerer

Subscribed and sworn to before me this 31st day of December, 2009.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 08, 2012
Commission Number: 08412071

D Suzie Mankin
Notary Public