

ORIGINAL COST RATE BASE

(Thousands of Dollars)

<u>Description</u>	<u>March 31, 2007</u>
Utility Plant in Service	\$1,150,238
Natural Gas Stored Underground - Non-Current	<u>5,884</u>
Subtotal of Plant	<u>\$1,156,122</u>
-Deduct	
Accumulated Provision for Depreciation of Gas Plant and Provision for Depletion and Amortization of Land, Land Rights and Other Gas Plant in Service	(\$438,388)
Customer Advances for Construction	<u>(1,005)</u>
Subtotal of Plant Deductions	<u>(\$439,393)</u>
Net Plant	\$716,729
Add:	
Special Deposits	\$10
Prepayments	4,745
Materials and Supplies	5,003
Prepaid Pension Asset	102,051
Gas Safety Deferral GR-2001-629	1,286
Gas Safety Deferral GR-2002-356	180
Gas Safety Deferral GR-2005-0284	601
Insulation Financing and EnergyWise Program Loans	876
Cash Working Capital	<u>21,824</u>
Total Working Capital	136,576
-Deduct:	
Customer Deposits	(11,600)
Deferred Income Taxes	<u>(140,285)</u>
Original Cost Rate Base	<u><u>\$701,420</u></u>

LACLEDE GAS COMPANY
SUMMARY OF LAG TIME FROM PAYMENT OF EXPENSE UNTIL REVENUE IS RECEIVED
TEST YEAR ENDED SEPTEMBER 30, 2006
(Thousands of Dollars)

	Normalized 12 Month Expenses	Average Daily Expense	Lag Days From Day of Expense To Day Paid	Net (Lead)/Lag Days from Day Exp. Paid To Day Rev. Rec'd	Cash Required For Operating Expenses
Gas Costs					
Natural Gas	696,092	1,901.891	40.7	10.0	19,057
L.P. - Peaking	7,132	19.486	31.5	19.2	375
L.P. - Subdivision	417	1.139	50.8	(0.1)	0
Total Gas Costs	<u>703,641</u>	<u>1,922.516</u>			<u>19,432</u>
Labor and Related Expenses					
Wages - Contract	50,321	137.489	12.0	38.7	5,324
- Management	25,165	68.757	16.2	34.5	2,373
- Missouri Natural	5,821	15.904	13.0	37.7	600
Group Insurance	8,745	23.893	(2.4)	53.1	1,269
401 (k) Contributions	2,231	6.096	13.2	37.5	229
Pensions and Other Postretirement Benefits	10,664	29.137	52.6	(1.9)	(55)
Total Labor and Related Expenses	<u>102,947</u>	<u>281.276</u>			<u>9,740</u>
Other Expenses					
Materials and Supplies	3,838	10.486	24.1	26.6	279
Transportation	5,759	15.735	22.2	28.5	449
Natural Gas Costs to Operations	386	1.055	35.4	15.3	16
Utilities	1,010	2.760	26.0	24.7	68
Postage	2,285	6.243	(6.1)	56.8	355
Misc. Customer Accounts Expense	4,662	12.738	42.0	8.7	111
Uncollectible Accounts - Actual	10,724	29.301	182.5	(131.8)	(3,861)
Uncollectible Accounts - Adjustment	(4,878)	(13.328)	0.0	50.7	(676)
Fees - Misc. Services	1,890	5.164	92.6	(41.9)	(216)
MoPSC Assessment	1,916	5.235	0.0	50.7	266
Rents	825	2.254	(1.2)	51.9	117
Miscellaneous Expense	49,678	135.732	30.0	20.7	2,812
Total Expense	<u>78,095</u>	<u>213.375</u>			<u>(280)</u>
Incidental Oil Sales - Expense	53	0.145	67.3	(16.6)	(2)
Subtotal of Above Expenses	<u>884,736</u>	<u>2,417.312</u>			<u>28,890</u>
Taxes (Other Than Deferred Taxes)					
Distribution - Income Taxes	3,177	8.680	62.5	(11.8)	(102)
- Gross Receipts Taxes	51,909	141.828	*	(7.9)	(1,120)
- Employment Taxes	6,472	17.683	16.1	34.6	612
- Property Taxes	11,497	31.413	182.5	(131.8)	(4,140)
- Other Taxes	720	1.967	(1.0)	51.7	102
Total Taxes	<u>73,775</u>	<u>201.571</u>			<u>(4,648)</u>
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION, AND DEFERRED TAXES	958,511	2,618.883			24,242
Sales Taxes	14,286	39.033	*	10.3	402
Employee Taxes Withheld	26,720	73.005	*	(4.1)	(299)
Interest Expense Offset - LTD	23,427	64.008	90.1	(39.4)	(2,521)
Interest Expense Offset - STD	-	0.000	12.4	38.3	0
TOTAL CASH WORKING CAPITAL ITEMS	<u>1,022,944</u>	<u>2,794.929</u>			<u>21,824</u>

* - Net (Lead)/Lag Days determined independently for these items

THE LACLEDE GROUP, INC.
CAPITAL STRUCTURE
September 30, 2006
(Thousands of Dollars)

	<u>Amount</u>	<u>Percent of Total</u>
Redeemable Preferred Stock:		
Authorized, 1,480,000 shares \$25 Par Value		
Issued and Outstanding		
5.0% Series B 31,951 shares	\$799	
4.56% Series C 5,894 shares	147	
Total Preferred Stock	<u>\$946</u>	<u>0.1%</u>
Common Equity:		
Common Stock	\$21,362	
Paid-in Capital	127,124	
Retained Earnings	250,495	
Accumulated other comprehensive income (loss)	3,655	
Total Common Stock Equity	<u>\$402,636</u>	<u>50.7%</u>
Long-Term Debt:		
First Mortgage Bonds:		
7.5% Series Due November 1, 2007	40,000	
6.5% Series Due November 15, 2010	25,000	
6.5% Series Due October 15, 2012	25,000	
5.5% Series Due May 1, 2019	50,000	
7% Series Due June 1, 2029	25,000	
7.9% Series Due September 15, 2030	30,000	
6% Series Due May 1, 2034	100,000	
6.15% Series Due June 1, 2036	55,000	
Long-Term Debt to Unconsolidated Affiliate Trust	46,400	
Unamortized Discount, Expense, and Loss On Reacquired Debt	(6,152)	
Total Long-Term Debt	<u>\$390,248</u>	<u>49.2%</u>
Short Term Debt:		
Average Short Term Debt	\$0	0.0%
Total Capitalization	<u>\$793,830</u>	<u>100.0%</u>

EMBEDDED COSTS OF DEBT
September 30, 2006

(Thousands of Dollars)

	<u>Amount Outstanding</u>	<u>Annualized Cost</u>
<u>Long-Term Debt</u>		
<u>First Mortgage Bonds</u>		
7.5% Series Due November 1, 2007	40,000	3,000.000
6.5% Series Due November 15, 2010	25,000	1,625.000
6.5% Series Due October 15, 2012	25,000	1,625.000
5.5% Series Due May 1, 2019	50,000	2,750.000
7% Series Due June 1, 2029	25,000	1,750.000
7.9% Series Due September 15, 2030	30,000	2,370.000
6% Series Due May 1, 2034	100,000	6,000.000
6.15% Series Due June 1, 2036	55,000	3,382.500
Long-Term Debt to Unconsolidated Affiliate Trust	46,400	3,572.800
Unamortized Discount, Expense, and Loss On Reacquired Debt	<u>(6,152)</u>	<u>364.671</u>
Total	<u><u>\$390,248</u></u>	<u><u>\$26,439.971</u></u>
Embedded Cost of Long-Term Debt		<u><u>6.78%</u></u>

EMBEDDED COST OF PREFERRED STOCK

September 30, 2006

(Thousands of Dollars)

	<u>Amount Outstanding</u>	<u>Annualized Cost</u>
<u>Redeemable Preferred Stock</u>		
5.0% Series B	\$799	\$39.950
4.56% Series C	<u>147</u>	<u>6.703</u>
Totals	<u>\$946</u>	<u>\$46.653</u>
Embedded Cost of Preferred Stock		<u>4.93%</u>

Laclede Gas Company
Mo. PSC Case No. GR-2007-
Operating Income Statement
Schedule 4, Page 1 of 1

LACLEDE GAS COMPANY
Test Year and Pro Forma Utility Operating Income Statements
Year Ended September 30, 2006

(Thousands of Dollars)

	<u>Income per Books</u>		<u>Normalization & Annualization Adjustments</u>	<u>Pro Forma Income</u>
Operating Revenues				
Gas Service Revenues				
Residential Sales	\$689,347			\$689,347
Commercial & Small Industrial Sales	284,174			284,174
Interruptible Sales	5,644			5,644
Transportation Sales	15,257			15,257
Late Payment Charges	4,702			4,702
Other Operating Revenues	141,887			141,887
Revenue Adjustments		-1-	(\$837,534)	(837,534)
Total Operating Revenues	<u>\$1,141,011</u>		<u>(\$837,534)</u>	<u>\$303,477</u>
Operating Expenses				
Natural Gas Supply Expense	\$821,721	-2-	(\$822,061)	(\$340)
Other Operation Expenses				
Manufactured Gas Production	149			149
Underground Storage	1,318			1,318
Other Storage	119			119
Distribution	29,834	-3-	812	30,646
Customer Accounts	38,924	-4-	4,570	43,494
Sales	3,880			3,880
Administrative and General	53,956	-5-	(654)	53,302
Total Operation Expenses	<u>\$949,901</u>		<u>(\$817,333)</u>	<u>\$132,568</u>
Maintenance	\$21,198			\$21,198
Wage and Salary Incr. Appl. To Oper. & Mtce.		-6-	\$1,606	1,606
Miscellaneous Expense Adjustments		-7-	(7)	(7)
Depreciation and Amortization	30,904	-8-	3,762	34,666
Taxes, Other Than Income Taxes	71,038	-9-	(500)	70,538
Income Taxes- Federal, Net of ITC,				0
State and City	9,587	-10-	(4,367)	5,220
Total Operating Expenses	<u>\$1,082,628</u>		<u>(\$816,840)</u>	<u>\$265,788</u>
Total Utility Operating Income	<u>\$58,383</u>		<u>(\$20,694)</u>	<u>\$37,689</u>

LACLEDE GAS COMPANY
Summary of Normalization and Annualization
Adjustments to Items of Income and Expense
Year Ended September 30, 2006

Adjustment Number	(Thousands of Dollars)	
	<u>Increase</u>	<u>Decrease</u>
1. Operating Revenues:		
a. Adjust revenues for weather. (Krieger)	5,364	
b. Adjust revenues for weather - large volume and transportation. (Krieger)	37	
c. Adjust revenues for firm sales service load changes. (Krieger)		68
d. Adjust revenues for firm transportation and sales service load changes. (Krieger)		75
e. Adjust revenues for basic transportation and sales service load changes. (Krieger)		337
f. Adjust revenues for interruptible sales service load changes. (Krieger)	8	
g. Adjust basic transportation revenues to a normalized level of unauthorized use charges. (Krieger)	67	
h. Adjust revenues to a normalized level of demand charges. (Krieger)		11
i. Adjust revenues for the effect of the unrealized portion of customer changes through March, 2007. (Krieger)	824	
j. Adjust revenues to remove Infrastructure System Replacement Surcharge revenues. (Krieger)		617
k. Adjust 12 months ended September 30, 2006 to billed basis revenues. (Krieger)		2,491
l. Adjust 12 months ended September 30, 2006 for off-system sales and capacity release revenues. (Krieger)		139,501
m. Adjust revenues for Insulation Financing and EnergyWise program interest income. (DeWitte)	60	
n. Adjust revenues to remove billed gas costs. (Krieger)		701,315
o. Annualization of general rate increase. (Krieger)	235	
p. Annualization and tariff rate adjustment for Fidelity revenues. (Krieger)	286	
Total Adjustment to Operating Revenues		<u><u>\$837,534</u></u>

LACLEDE GAS COMPANY
Summary of Normalization and Annualization
Adjustments to Items of Income and Expense
Year Ended September 30, 2006

Adjustment Number	(Thousands of Dollars)	
	<u>Increase</u>	<u>Decrease</u>
2. Natural Gas Supply Expense:		
a. Adjust 12 months ended September 30, 2006 to billed basis gas costs. (Krieger)		2,552
b. Adjust 12 months ended September 30, 2006 for off system sales. (Krieger)		124,038
c. Adjust to remove billed gas costs. (Krieger)		695,471
Total Adjustments to Natural Gas Supply Expense		<u>\$822,061</u>
3. Distribution Expenses:		
a. Adjust for increase in service initiation fee rate. (Buck)		531
b. Adjust for reduction in number of service initiation fees. (Fallert)	1,343	
Total Adjustment to Distribution Expenses	<u>\$812</u>	
4. Customer Accounts Expenses:		
a. Adjust the provision for uncollectible accounts. (Fallert)		1,679
b. Adjust for interest on customer deposits. (DeWitte)	1,073	
c. Adjust for cost of bill redesign. (Buck)	814	
d. Adjust for AMR meter reading costs. (Fallert)	4,895	
e. Adjust for increase in reconnection fee. (Buck)		533
Total Adjustment to Customer Accounts Expenses	<u>\$4,570</u>	
5. Administrative and General Expenses:		
a. Adjust pension expense to pro-forma levels. (Fallert)	\$957	
b. Adjust FAS 106 expense to Fiscal 2007 levels based on current accounting policy. (Fallert)		681

LACLEDE GAS COMPANY
Summary of Normalization and Annualization
Adjustments to Items of Income and Expense
Year Ended September 30, 2006

Adjustment Number	(Thousands of Dollars)	
	<u>Increase</u>	<u>Decrease</u>
c. Adjust for increased 401(k) expense. (Fallert)	57	
d. Adjust for dental insurance. (DeWitte)	6	
e. Adjust for vision care. (DeWitte)	12	
f. Adjust for increased Missouri Public Service Commission assessment. (DeWitte)	46	
g. Adjust for rent. (DeWitte)	3	
h. Adjust injuries and damages provision to a pro-forma payments basis. (Buck)	429	
i. Adjust for rate case expenses. (DeWitte)		8
j. Adjust for elimination of Equity Compensation. (Fallert)		949
k. Adjust for elimination of dues and other expenses. (Buck)		602
l. Adjust for directors' fees. (Fallert)	76	
Total Adjustments to Administrative and General Expenses		<u>\$654</u>
6. Wages and Salaries Applicable to Operation and Maintenance:		
Adjust wages and salaries to normalized levels. (Fallert)	<u>\$1,606</u>	

LACLEDE GAS COMPANY
Summary of Normalization and Annualization
Adjustments to Items of Income and Expense
Year Ended September 30, 2006

		(Thousands of Dollars)	
Adjustment Number		<u>Increase</u>	<u>Decrease</u>
7.	Miscellaneous Expense Adjustments:		
a.	Adjust for allocation of merchandising salaries and expense to non-utility operations. (Fallert)		\$7
	Total Miscellaneous Adjustments		<u>\$7</u>
8.	Depreciation and Amortization Expenses:		
	Adjust for unrealized portion of expenses to reflect additional utility plant in service at March 31, 2007 at current depreciation rates.		
a.	Depreciation (Krieger)	3,151	
b.	Amortization (Krieger)	817	
c.	Adjust for actual cost of removal as an item of expense. (Krieger)		206
	Total Adjustments to Depreciation and Amortization Expenses	<u>\$3,762</u>	

LACLEDE GAS COMPANY
Summary of Normalization and Annualization
Adjustments to Items of Income and Expense
Year Ended September 30, 2006

		(Thousands of Dollars)	
Adjustment Number		<u>Increase</u>	<u>Decrease</u>
9.	Taxes Other Than Income Taxes:		
a.	Adjust Property Taxes and Manufacturers License expense to Calendar 2006 actuals and for the unrealized portion applicable to increased net utility plant at March 31, 2007. (Fallert)		989
b.	Adjust FICA Tax to reflect liability for normalized wages and salaries. (Fallert)	89	
c.	Adjust Unemployment Taxes for increased wages and salaries. (Fallert)	82	
d.	Adjust for City of St. Louis Payroll Expense Tax on increased wages and salaries. (Fallert)	4	
e.	Adjust for the effect of gross receipts tax related to timing differences. (Krieger)	363	
f.	Adjust Missouri Franchise Tax Expense. (Fallert)		49
	Total Adjustments to Taxes Other Than Income Taxes		<u>\$500</u>
10.	Income Taxes:		
	Adjust Federal, State, and City Earnings income taxes for the effect of adjustments to revenues and expenses. (Fallert)		<u>\$4,367</u>

LACLEDE GAS COMPANY
Calculation of Taxable Income For Utility Operations

<u>Description</u>	<u>(Thousands of Dollars)</u>	
Operating Revenues		\$303,477
Operating Expenses		<u>(260,569)</u>
Net operating income before income taxes		\$42,908
Add:		
Contributions in aid of construction	\$1,678	
Miscellaneous non-deductible expenses	<u>577</u>	
Total additions		2,255
Deduct:		
Administrative and general expenses capitalized	(\$8,176)	
Tax depreciation in excess of book depreciation	(2,372)	
Deductible software expenses	(499)	
Transfer of services	(685)	
Deductible cost of removal	(1,809)	
Bond premium net	106	
Deductible interest	<u>(23,427)</u>	
Total deductions		<u>(36,862)</u>
Taxable income		<u><u>\$8,301</u></u>

LACLEDE GAS COMPANY
Calculation of Taxable Income For Utility Operations

<u>Description</u>	(Thousands of Dollars)
<u>City income tax</u>	
Taxable income	\$8,301
City income tax rate	0.40%
	<u>\$33</u>
City income tax credit	(8)
Total City income tax	<u><u>\$25</u></u>
 <u>State income tax</u>	
Taxable income	\$8,301
Less: City income tax	(25)
Federal income tax	(1,380)
Bonus depreciation	<u>(627)</u>
State taxable income	\$6,270
State income tax rate	6.25%
State income tax	<u><u>\$392</u></u>
 <u>Federal income tax</u>	
Taxable income	\$8,301
Less: City income tax	(25)
State income tax	<u>(392)</u>
Federal taxable income	\$7,885
Federal income tax rate	35.0%
Federal income tax	<u><u>\$2,760</u></u>

Laclede Gas Company
Mo. PSC Case No. GR-2007-
Income Taxes
Schedule 6, Page 3 of 3

LACLEDE GAS COMPANY
Taxes Chargeable to Operations

<u>Description</u>	(Thousands of Dollars)	
<u>Current provision</u>		
Federal	\$2,760	
State	392	
City	25	
Total current provision		\$3,177
Deferred income tax provision		2,280
Investment tax credit amortization		<u>(237)</u>
Total income taxes		<u><u>\$5,220</u></u>

Rate of Return on Original Cost Rate Base
And Related Return on Common Equity
(Thousands of Dollars)

1.	Rate of Return at Proposed Rates on Original Cost Rate Base		
	Normalized Utility Operating Income (Section C, Sch. 1)		\$37,689
	Proposed Rate Increase	\$44,862	
	Less: Income Taxes Associated with Increased Revenues	<u>17,332</u>	
	Increase in Utility Operating Income from Proposed Rate Increase		<u>27,530</u>
	Pro Forma Utility Operating Income at Proposed Rates		65,219
	Original Cost Rate Base (Section A, Sch. 1)		<u>701,420</u>
	Rate of Return at Proposed Rates on Original Cost Rate Base		<u>9.298%</u>
2.	Related Return on Common Equity		
		Capitalization Ratios (%)	Weighted Cost (%)
		(Section B, Sch. 1, P. 1)	
	Long Term Debt	49.2%	3.336%
	Short Term Debt	0.0%	0.000%
	Preferred Stock	0.1%	0.005%
	Subtotal		<u>3.341%</u>
	Common Equity	50.7%	<u>5.957%</u>
	Rate of Return at Proposed Rate on Original Cost Rate Base		<u>9.298%</u>