

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

In the Matter of Laclede Gas Company's Verified)	
Application for Authority to Issue and Sell First)	
Mortgage Bonds, Unsecured Debt and Preferred)	
Stock, in Connection with a Universal Shelf)	
Registration Statement, to Issue Common Stock and)	<u>Case No. GF-2009-0450</u>
Receive Capital Contributions, to issue or accept)	
Private Placement Securities, and to Enter Into)	
Capital Leases, all in a Total Amount Not to)	
Exceed \$600 Million.)	

RESPONSE TO ORDER DIRECTING FILING

COMES NOW the Staff of the Missouri Public Service Commission, by and through the Chief Staff Counsel, and for its Response to the Commission's Order of January 20, 2010, states as follows:

1. Staffs recommends that the Commission grant Laclede's request for an extension of its financing authority, subject to a cap of \$100 million dollars of debt financing. Staff believes the other conditions it proposes in recommendation filed on December 29, 2009, can be considered by the Commission in its deliberations for the instant case.

2. Staff recommends the cap of \$100 million based upon Staff's analysis shown in Schedule 1 attached to its recommendation that shows that Laclede's total anticipated total capital expenditure funding needs are \$90.45 million over the next three years. Because these capital needs can be funded with debt financing and equity financing, Staff does not believe imposing this \$100 million cap over a three month extension period will limit Laclede's financial flexibility. In

fact, Staff notes that according to Laclede's most recent SEC Form 10-K Filing it has never issued debt in excess of \$100 million in a single issuance.

3. Staff points out, as well, that the use of long-term debt to finance short-term operating needs may result in financial instability and higher costs. It is Staff's view that such a use of long-term debt financing is unlawful under § 393.200, RSMo. Staff advises the Commission to withhold authority from Laclede to use long-term debt financing in this manner.

WHEREFORE, Staff prays that the Commission will grant Laclede's application subject to the limitations and conditions set out herein and in its Recommendation filed on December 29, 2009.

Respectfully submitted,

s/ Kevin A. Thompson
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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 **22nd day of January, 2010**, 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/ Kevin A. Thompson