

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

In the matter of the verified application of Laclede Gas)
Company for an order establishing replacement)
requirements for the final phase of its soft copper service) Case No. GS-2008-0038
line replacement program previously approved pursuant)
to Case No. GO 99-155)

**LACLEDE GAS COMPANY'S RESPONSE
TO STAFF RECOMMENDATION**

COMES NOW Laclede Gas Company ("Laclede" or "Company") and, pursuant to the Commission's Order Directing Filing issued in this case on August 17, 2007, submits its response to the Recommendation filed by the Staff of the Commission ("Staff") on September 6, 2007. In support thereof, Laclede states as follows:

1. On August 8, 2007, Laclede filed its Verified Application to establish replacement requirements for the final phase of its direct buried soft copper service line replacement program. In the application, Laclede proposed to accelerate the replacement of soft copper lines in Pressure Region I and to reduce the remaining replacement requirement to an average of 6,000 services per year, due to the relatively higher replacement expense and low leakage risk of the remaining services. Laclede also proposed that it receive credit for the replacements made in excess of the pre-existing requirement, prorated evenly over program years eight through eleven. The Company noted that it has performed above and beyond the requirements of the replacement program in several respects.

2. On September 6, 2007, the Staff filed its Recommendation in this case. In its Recommendation, the Staff agreed with Laclede's proposal to accelerate the

replacement of direct buried soft copper lines in Pressure Region I. The Staff also recommended that the replacement requirement for all lines be modified to an average of 7,000 lines per year, beginning with the current program year ending in February of 2008 and subject to Laclede's right to seek additional program modifications next year upon completion of the next leak survey of such lines. Staff acknowledged that Laclede has exceeded the requirements of the replacement program in several respects, and recommended that Laclede continue to do so.

3. In response, Laclede states that while it continues to believe that the proposal set forth in its Verified Application was reasonable and fully consistent with public safety, it is willing to accept the modified program terms set forth in Staff's Recommendation. In doing so, Laclede expressly reserves the right to renew its request for additional modification in the terms of the program next year upon completion of its next leak survey of direct buried copper service lines.

WHEREFORE, for the foregoing reasons, Laclede Gas Company respectfully requests that the Commission issue an order, effective as soon as reasonably practicable, (a) establishing an accelerated replacement deadline of February 2009 for all buried soft copper service lines in Pressure Region I; (b) establishing a new average annual replacement rate of 7,000 direct buried soft copper service line replacements commencing in the current program year ending February 2008.

Respectfully submitted,

/s/ Michael C. Pendergast

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Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing Application was served on the General Counsel of the Staff of the Missouri Public Service Commission and the Office of the Public Counsel on this 13th day of September, 2007 by hand-delivery or by placing a copy of such Application, postage prepaid, in the United States mails.

Gerry Lynch