

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

The Staff of the Missouri Public Service )  
Commission, )  
 )  
Complainant, )  
 )  
vs. )  
 )  
Laclede Gas Company, )  
 )  
Respondent. )

**Case No. GC-2011-0006**

**STAFF'S ANSWER TO  
LACLEDE'S COUNTERCLAIM**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through the Chief Staff Counsel, and for its Answer to the Counterclaim of Respondent Laclede Gas Company ("Laclede"), states as follows:

1. Admitted.
2. Admitted.
3. Denied, except that Staff admits that the Procurement Analysis Department under manager Mr. David Sommerer audits gas costs in proceedings involving Laclede and, where indicated, has recommended disallowances and sought discovery, all as necessary and required to enforce the Commission's Affiliate Transaction Rules at 4 CSR 240-40.015 and 4 CSR 240-40.016, and the laws of the State of Missouri.
4. Denied.
5. No response required as the Commission's duly promulgated rules speak for themselves.

6. Denied, except that Staff acknowledges that Laclede has a Cost Allocation Manual or CAM which it has never submitted to the Commission for approval and that the CAM was first developed pursuant to the Stipulation and Agreement adopted by the Commission in Case No. GM-2001-342 and since broken by Laclede.

7. Denied, except that Staff points out, regardless of whatever the CAM might say, Laclede has potentially used its transactions with its unregulated marketing affiliate LER as a subterfuge by which to add shareholder profit to its commodity costs that are passed on to ratepayers in the PGA/ACA process.

8. Denied, except that Staff admits that its position is that Laclede should buy gas from LER at LER's acquisition price.

9. Denied, except that Staff admits that its position is that any profit realized on sales of gas by Laclede to LER should inure to the benefit of ratepayers.

10. Denied.

11. Denied, except that Staff admits that Laclede has accurately quoted the transcript it cites.

12. Admitted.

13. Admitted.

14. Admitted.

15. Denied, because a utility's sale of gas to itself cannot be said to set a fair market price regardless of the use of an RFP process.

16. Denied, except that Staff admits that Mr. Sommerer's legal position is as described.

17. Denied, except that Staff admits that Laclede has accurately quoted Mr. Sommerer's testimony.

18. Admitted.

19. Denied.

20. Denied, except that Staff admits that Laclede has accurately quoted Mr. Sommerer's testimony.

21. Denied, except that Staff admits that Laclede has accurately quoted Mr. Sommerer's testimony.

22. Admitted.

23. Denied, except that Staff admits that Laclede has accurately quoted the cited Staff Recommendation.

24. Denied, except that Staff admits that Laclede has accurately quoted the cited Staff Recommendation.

25. Denied, except that Staff admits that Laclede has accurately quoted the cited Staff Recommendation.

26. Denied, except that Staff admits that Laclede has accurately quoted the cited Staff Recommendation.

27. Denied, except that Staff admits that Laclede has accurately quoted the cited Staff Recommendation.

28. Denied, except that Staff admits that Laclede has accurately quoted the cited Staff Recommendation and General Counsel Reed.

29. Denied, except that Staff reiterates that affiliate transactions may not properly be used as a subterfuge by which to add shareholders' profits to the commodity costs passed on to ratepayers through the PGA/ACA process.

30. No response is required as the Commission may make whatever order it pleases to its Staff.

31. No response is required as the Commission may make whatever order it pleases to its Staff; Staff further states that affiliate transactions must inevitably require an exacting scrutiny by Staff to ensure that ratepayers are not improperly charged.

32. Admitted.

33. Denied, as more fully explained in Staff's pending Motion to Dismiss.

34. Staff herein answers Laclede's Counterclaim without in any respect waiving its pending Motion to Dismiss that purported Counterclaim.

**WHEREFORE**, having fully answered, Staff prays that the Commission will dismiss Laclede's Counterclaim filed herein against the Staff, and grant such other and further relief as the Commission finds just in the premises.

Respectfully submitted,

s/ Kevin A. Thompson

**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 **25<sup>th</sup> day of October, 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\_\_\_\_\_