

**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 RESPONSE TO  
LACLEDE'S MOTION TO TAKE NOTICE**

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

1. No response is required to Laclede's first allegation because the Commission's Affiliate Transaction Rules at 4 CSR 240-40.015 and 4 CSR 240-40.016 speak for themselves.

2. Admitted, except that Staff denies that it "ignored" the Commission's Affiliate Transaction Rules. As for Laclede's unapproved Cost Allocation Manual (CAM), Staff responds that it is obligated to follow the laws of the State of Missouri and the Commission's duly promulgated rules. Additionally, Staff points out that it does not believe that Laclede's CAM complies with the Commission's Affiliate Transaction Rules.

3. Staff admits that it answered Paragraphs 8 and 9 of the Counterclaim as indicated by Laclede but denies that those answers conflict with the

Commission's Affiliate Transaction Rules. In further response, Staff points out with respect to its answer to Paragraph 8 of the Counterclaim, that in the face of Laclede's continued refusal to comply with Staff's discovery requests and the Commission's discovery orders, Staff can only conclude that LER's acquisition price is equal to the fair market price. In further response, Staff points out that its answer to Paragraph 9 of the Counterclaim says nothing about either fair market price or fully distributed price, but states only that any profit realized on such transactions should inure to the benefit of the ratepayers who bought the gas in the first place.

4. Staff vigorously denies Laclede's assertion that it is seeking to prohibit transactions that the Commission's rules explicitly permit. Rather, Staff is attempting to *police* those transactions despite Laclede's obdurate and unlawful opposition. After all, the Commission's rules do not allow every affiliate transaction, but only certain transactions – those that are priced as the rules require. Staff has no choice but to attempt to gather the information necessary for the Commission to determine whether Laclede is in compliance with the Commission's rules and whether the transactions in question were priced appropriately or not. As usual, Laclede's tactic is to put Staff on trial in order to deflect attention from its own conduct.

**WHEREFORE**, having fully responded as ordered, 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

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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 **28<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