

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

In the Matter of the Verified Application)	
and Petition of Laclede Gas Company)	<u>Case No. GO-2005-0351</u>
to Change its Infrastructure System)	Tariff No. YG-2005-0859
Replacement Surcharge)	

STIPULATION AND AGREEMENT

On April 4, 2005, Laclede Gas Company ("Laclede" or "Company") filed an application with the Missouri Public Service Commission pursuant to sections 393.1009, 393.1012, and 393.1015, RSMo., requesting that the Commission authorize it to change its Infrastructure System Replacement Surcharge ("ISRS"). Laclede also filed a proposed tariff sheet on the same date to effectuate the change in its ISRS.

On April 6, 2005, the Commission issued its Order Directing Notice and Setting Intervention Date in which it directed any party wishing to intervene in this matter to file an application to do so by April 26, 2005. No party sought to intervene.

As a result of discussions held subsequent to the Commission's Order, the parties have reached the following Stipulation and Agreement ("Stipulation") that resolves all issues for purposes of this case.

1. The undersigned parties agree that the Company shall be authorized to file a revised tariff sheet identical in form to the specimen tariff sheet set forth in Exhibit 1 hereto containing the ISRS charges for each of the Company's customer classes. For the Commission's convenience, such a tariff sheet shall be filed on this date for the Commission's concurrent consideration. Also attached as Exhibit 2 hereof is a supporting rate design calculation prepared by Staff.

2. These charges are designed to produce an overall annual increase in ISRS revenues equal to One Million One Hundred and Fifty Thousand Dollars (\$1,150,000), exclusive of any applicable license, occupation, franchise, gross receipts taxes or other similar taxes. This amount reflects a reduction of Seventy Two Thousand Dollars (\$72,000) to preliminarily true-up and eliminate, as of the end of the Company's April 2005 billing cycle, the small over-recovery associated with the Company's prior ISRS filings for the time period of December 2004 to April 2005.

3. When this ISRS revenue requirement is added to Laclede's existing ISRS revenue requirement from previously approved ISRS filings, the surcharge generated is designed to produce overall ISRS revenues equal to approximately Six Million One-hundred and Twenty Six Thousand Dollars (\$6,126,000) annually.

4. Because of the financial considerations underlying this Stipulation, Laclede respectfully requests that the Commission permit such tariff sheets to become effective for service rendered on or after July 1, 2005. No party objects to Laclede's request.

5. As noted in the last Stipulation and Agreement submitted in connection with a Laclede ISRS filing, Staff and Laclede have met to discuss whether they can resolve their differences regarding the sole point of contention in this proceeding, namely the appropriate way to calculate income taxes for purposes of determining ISRS revenues. Although no resolution of the issue has yet been reached, Staff and Laclede believe this settlement represents a reasonable, efficient and appropriate compromise of their differences.

6. The parties are entering into this Stipulation for settlement purposes only and none of the signatories to this Stipulation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation, method of calculating ISRS revenues, including the appropriate method for calculating applicable income taxes in determining such revenues, and none of the signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other Commission, judicial review or other proceeding, except as otherwise expressly specified herein.

7. This Stipulation has resulted from negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not approve this Stipulation and implementing tariff as soon as is reasonably practicable, or approves this Stipulation with modifications or conditions that a party to this proceeding objects to, then this Stipulation shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

8. In the event the Commission accepts the specific terms of this Stipulation, the parties waive, with respect to the issues resolved herein: their respective rights pursuant to Section 536.080.1 (RSMo. 2000) to present testimony, to cross-examine witnesses, and to present oral argument and written briefs; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 (RSMo. 2000); and their respective rights to judicial review of the Commission's Report and Order in this case pursuant to Section 386.510 (RSMo. 2000).

9. If requested, the Staff and Laclede shall make themselves available at any agenda meeting at which this Stipulation is considered by the Commission to answer any questions the Commission may have.

10. Counsel for the Office of the Public Counsel has reviewed this Stipulation and has advised the undersigned that Public Counsel neither opposes nor supports the terms of this Stipulation and Public Counsel will not object or request a hearing pursuant to 4 CSR 240-2.115(2)(B).

WHEREFORE, for the foregoing reasons, the undersigned parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/ Lera L. Shemwell

Lera L. Shemwell
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STAFF OF THE MISSOURI
PUBLIC SERVICE COMMISSION

/s/ Michael C. Pendergast

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LACLEDE GAS COMPANY

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 31st day of May, 2005.

/s/ Lera L. Shemwell

P.S.C. MO. No. 5 Consolidated, Fourth Revised Sheet No. 12
CANCELLING P.S.C. MO. No. 5 Consolidated, Third Revised Sheet No. 12

Name of Issuing Corporation or Municipality

Community, Town or City

SCHEDULE OF RATES

INFRASTRUCTURE SYSTEM REPLACEMENT SURCHARGE (“ISRS”)

Description: The ISRS is designed to recover the costs associated with the Company's eligible infrastructure replacements in accordance with the provisions of Sections 393.1009 to 393.1015, RSMo.

Applicability: In addition to the other charges provided for in the Company's tariff, a monthly ISRS shall be added to each customer's bill for service rendered on and after the effective date of the ISRS.

Schedule of Surcharges: The amount of the ISRS by rate schedule is as follows:

Per Bill Per Month

Residential General Service (RG)	\$.77
Residential Seasonal Air Conditioning Service (RA)	\$.77
Commercial & Industrial General Service-Class I (C1)	\$ 1.01
Commercial & Industrial General Service-Class II (C2)	\$ 1.10
Commercial & Industrial General Service-Class III (C3)	\$ 1.50
Commercial & Industrial Seasonal Service-Class I	\$ 1.01
Commercial & Industrial Seasonal Service-Class II	\$ 1.10
Commercial & Industrial Seasonal Service-Class III	\$ 1.50
Large Volume Service (LV)	\$38.32
Interruptible Service (IN)	\$33.85
General L.P. Gas Service (LP)	\$.70
Unmetered Gas Light Service (SL)	\$.25
Vehicular Fuel Rate (VF)	\$.96
Large Volume Transportation and Sales Service (LVTSS)	\$75.55
LVTSS – Other (*)	\$57.48

(*) Single customers with multiple accounts located on contiguous property.

DATE OF ISSUE May 31, 2005

DATE EFFECTIVE July 1, 2005

ISSUED BY	K.J. Neises	Executive Vice President,	720 Olive St.,	St. Louis, MO 63101
	Name of Officer	Title	Address	

LACLEDE GAS COMPANY**CASE NO. GO-2005-0351**

ISRS RATE DESIGN

ISRS RATE FILING NO.3

Staff's Total ISRS Revenue Calculation
(Composite ISRS 1+2+3)**\$6,126,000**

Customer Rate Class	Cust # Sept. 03	Customer Charge	Ratio To Res	Weighted Cust #	Customer Percentage	ISRS Charge	ISRS Revenues
Residential	591,387	12.00	1.0000	591,387	88.7815%	\$0.77	\$5,438,756
Com & Ind. Class 1	30,231	15.75	1.3125	39,678	5.9567%	\$1.01	\$364,905
Com & Ind. Class 2	9,295	17.25	1.4375	13,362	2.0059%	\$1.10	\$122,881
Com & Ind. Class 3	676	23.50	1.9583	1,324	0.1987%	\$1.50	\$12,175
Large Volume	93	600.00	50.0000	4,650	0.6981%	\$38.32	\$42,764
Interruptible	16	530.00	44.1667	707	0.1061%	\$33.85	\$6,499
Transportation	148	1,183.00	98.5833	14,590	2.1904%	\$75.55	\$134,182
Transportation - Other	3	900.00	75.0000	225	0.0338%	\$57.48	\$2,069
Gas Light	114	3.90	0.3250	37	0.0056%	\$0.25	\$341
<i>Vehicular Fuel</i>	4	15.00	1.2500	5	0.0008%	\$0.96	\$46
Liquid Propane	164	11.00	0.9167	150	0.0226%	\$0.70	\$1,383
TOTAL	<u>632,131</u>			<u>666,115</u>	<u>100.0000%</u>		<u>\$6,126,000</u>