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January 10, 2003

FILED³

JAN 10 2003

**Missouri Public
Service Commission**

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Missouri 65102

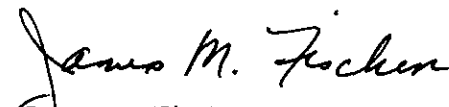
RE: *Laclede Gas Company's Purchased Gas Adjustment Tariff Revisions*
Case Nos. GR-2001-387 and GR-2000-622.

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter is an original and the appropriate number of copies of the Surrebuttal Testimony of Michael T. Cline and the Surrebuttal Testimony of Steven F. Matthews (HC) and (NP) versions filed on behalf of Laclede Gas Company.

Copies of the foregoing have been hand-delivered or mailed this date to the Office of the Public Counsel and Dana K. Joyce, General Counsel. Thank you for your attention to this matter.

Sincerely,


James M. Fischer

/jr

Enclosures

cc: Office of the Public Counsel
Dana K. Joyce, General Counsel

Exhibit No.:

Issue:

PSP Issues

Witness:

Steven F. Mathews

Type of Exhibit:

Surrebuttal Testimony

Sponsoring Party:

Laclede Gas Company

Case No.:

GR-2001-387/GR-2000-622

Date:

January 10, 2003

FILED³

JAN 10 2003

LACLEDE GAS COMPANY

GR-2001-387/GR-2000-622

**Missouri Public
Service Commission**

SURREBUTTAL TESTIMONY

OF

STEVEN F. MATHEWS

NP

****Denotes Highly Confidential Information****

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's)
Purchased Gas Adjustment Tariff Revisions)
to be Reviewed in Its 2000-2001 Actual) Case No. GR-2001-387
Cost Adjustment)

In the Matter of Laclede Gas Company's)
Purchase Gas Adjustment Factors to be)
Reviewed in Its 199-2000 Actual Cost) Case No. GR-2000-622
Adjustment)

AFFIDAVIT


STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

Steven F. Mathews, of lawful age, being first duly sworn, deposes and states:

1. My name is Steven F. Mathews. My business address is 720 Olive Street, St. Louis, Missouri 63101; and I am Assistant Vice President-Gas Supply of Laclede Gas Company.

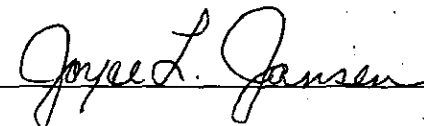
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony, including any Schedules attached thereto.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.



Steven F. Mathews

Subscribed and sworn to before me this 9th day January, 2003.



JOYCE L. JANSEN
Notary Public — Notary Seal
STATE OF MISSOURI
ST. CHARLES COUNTY
My Commission Expires: July 2, 2005

SURREBUTTAL TESTIMONY OF STEVEN F. MATHEWS

1

2 Q. What is your name and business address?

3 A. My name is Steven F. Mathews and my business address is 720 Olive Street, St.
4 Louis, Missouri 63101.

5 Q. Are you the same Steven F. Mathews who previously filed direct and rebuttal
6 testimony on behalf of Laclede Gas Company ("Laclede" or "Company") in this
7 proceeding?

8 A. Yes, I am.

9

Purpose of Testimony

10 Q. What is the purpose of your surrebuttal testimony?

11 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony
12 filed by David M. Sommerer on behalf of the Staff of the Missouri Public Service
13 Commission ("Staff"). In particular, I want to draw the Commission's attention
14 to Mr. Sommerer's failure to offer any factual rebuttal to certain key points that
15 Laclede made in its direct testimony in support of its position that Staff's
16 proposed adjustment relating to the Company's Price Stabilization Program
17 ("PSP") is inappropriate. Most notably, this includes Laclede's contention that
18 Staff's adjustment cannot even be reconciled with the criteria that Mr. Sommerer
19 himself has said should be used to determine the proper treatment of the financial
20 benefits achieved by the Company under the PSP, let alone with the criteria set
21 forth in the PSP Tariff and Program Description. I will also discuss how Mr.
22 Sommerer has once again attempted to obscure this failure by criticizing, in a

1 fundamentally unfair way, the overall merits of the PSP and the success that was
2 achieved by the Company under that Program.

3 Q. Is testimony being submitted by any other Company witnesses?

4 A. Yes. Mr. Michael T. Cline will also respond to Mr. Sommerer's contention that
5 the terms of the PSP Tariff and Program Description lack clarity and therefore
6 permit the adoption of his new criteria for determining how the gains and savings
7 achieved by the Company under the Program should be treated.

8 **Failure to Reconcile Adjustment with Own Criteria**

9 Q. You previously stated that Mr. Sommerer had failed to rebut the Company's
10 contention that Staff's proposed adjustment cannot even be reconciled with the
11 criteria that Mr. Sommerer himself says should be used to determine the proper
12 treatment of the gains and savings achieved by Company under the PSP. Please
13 explain what you mean.

14 A. Mr. Sommerer has repeatedly stated that even under his view of the PSP Tariff
15 and Program Description, the Company should be entitled to retain a share of the
16 savings achieved under the Program if the Company's ** **
17 activity actually resulted in benefits for its customers. In both my direct and
18 rebuttal testimony, I demonstrated that such savings were, in fact, achieved by
19 Laclede as a direct consequence of its ** ** activity.
20 Specifically, I showed that ** ** Laclede was able
21 to generate enough proceeds to ultimately purchase nearly \$9 million in call
22 options. In other words, by engaging in such activity, Laclede more than doubled
23 the \$4 million in funding that it had been authorized to collect from customers

1 under the Program. And it was by creating this \$5 million in additional funding
2 as a direct result of ** that Laclede was
3 ultimately able to realize the \$28.5 million in total financial benefits achieved
4 under the Program. In contrast, had the Company *not* engaged in such
5 ** ** activity (but instead terminated its options purchases
6 once it had spent the \$4 million in funding authorized under the Program and then
7 held those options to expiration) it would have realized only about half of these
8 benefits.

9 Q. Did Mr. Sommerer dispute any of these facts in his rebuttal testimony?

10 A. No. Nowhere in his rebuttal testimony does Mr. Sommerer even question, let
11 alone dispute, Laclede's contention that its ** ** activity
12 produced almost \$5 million in additional funds which were then used to purchase
13 additional call options. In fact, as he did in his direct testimony, Mr. Sommerer
14 attaches yet another schedule to his rebuttal testimony confirming that \$8,992,450
15 was actually spent by the Company to purchase call options during the ACA
16 period. (See the figures presented under the column "Actual" in the row marked
17 "Options Cost" on pages 5 and 6 of Schedule 1).

18 Q. Does Mr. Sommerer dispute the Company's contention that these **

19 ** proceeds enabled Laclede to purchase additional call options and
20 thereby generate millions of dollars in additional financial benefits for its
21 customers compared to what would have been the case had Laclede not engaged
22 in such activities?

1 A. No. Once again he does not dispute any of these contentions because there is
2 simply no basis for doing so.

3 Q. How then does Mr. Sommerer conclude that additional savings were not achieved
4 as a result of the Company's ** ** activities?

5 A. He never does draw that conclusion, or even hint at it, and that's my point.
6 Simply put, there is nothing -- absolutely nothing -- in Mr. Sommerer's testimony
7 to dispute the fact that Laclede did indeed produce the very kind of
8 ** ** savings that Mr. Sommerer himself has stated qualifies
9 the Company to retain a portion of the savings which it generated under the
10 Program. In fact, the *only* response that Mr. Sommerer makes to the Company's
11 testimony regarding these benefits is to observe at page 2 of his rebuttal testimony
12 "[t]hat the Company had 'nearly \$9 million dollars' for the purchase of options
13 was because the customers had provided the entire funding of the program in the
14 first place."

15 Q. In your opinion, is this observation at all relevant or responsive to the issue at
16 hand?

17 A. No. It is nothing more than an attempt to change the subject and once again
18 change the criteria that is to be used to determine the proper treatment of the
19 savings achieved by the Company under the Program.

20 Q. In what way is Mr. Sommerer attempting to once again change the criteria for
21 determining the proper treatment of the savings achieved by the Company under
22 the PSP?

1 A. Faced with a clear demonstration that Laclede has satisfied the criteria that Mr.
2 Sommerer previously said should be used to determine the Company's
3 entitlement to a share of Program savings -- namely whether Laclede achieved
4 real savings as a result of its intermediate activities -- Mr. Sommerer now seems
5 to be suggesting that such savings may nevertheless be ignored since the initial \$4
6 million in Program funding came from customers. Under this new criteria, it
7 apparently makes no difference whether the Company was able to more than
8 double that funding amount -- and in the process generate millions of dollars in
9 additional financial benefits for its customers -- as a result of its **

10 ** activities. Nor does it matter what the explicit language of the PSP
11 Tariff and Program Description provides in terms of the Company's right to retain
12 a share of the savings generated as a result of its ** **
13 activities or even what criteria Mr. Sommerer himself has previously said should
14 govern the resolution of this issue. Instead, all that apparently matters under Mr.
15 Sommerer's latest approach to this issue is whether the initial funding for the
16 Program came from ratepayers.

17 Q. Is such an approach reasonable or appropriate?

18 A. No. It represents yet another in a series of improper efforts by the Staff to
19 retroactively revise the rules of the Program in whatever way is necessary to
20 deprive Laclede of its right to retain a modest share of the significant benefits it
21 achieved for its customers under that Program. With this latest "ratepayer
22 funding" rationale, however, Mr. Sommerer has now carried that effort to such an
23 extreme that it would effectively preclude *any* sharing of Program savings under

any circumstances since, from its very inception, the Program has always contemplated and included a certain level of ratepayer funding. Such wholesale efforts to completely eviscerate the terms of an approved Commission program that produced tens of millions of dollars in financial benefits for the Company's customers should be rejected by the Commission.

Failure to Reconcile Adjustment with PSP Tariff and Program Description

Q. Although you disagree with the ever evolving criteria that Mr. Sommerer has said should be used to determine the Company's entitlement to a share of the savings it generated under the Program, isn't he correct when he states at page 4 of his rebuttal testimony that additional criteria is necessary because of a "lack of clarity in the program tariff and description regarding the definitions of 'savings'"?

A. No. As discussed in more detail by Laclede witness Cline, Mr. Sommerer is not correct on this point. Contrary to Mr. Sommerer's contention, there has never been a problem on either the Company's part or on the Staff's part in understanding how savings under the Program are to be determined and allocated between the Company and its customers. In fact, the Company determined both the amount and allocation of such Program savings in this case in exactly the same way that it did in the ACA period immediately preceding this one, Case No. GR-2000-622.

Q. Were the Company's calculations of these Program savings provided to the Staff during the course of that ACA proceeding?

1 A. Yes. In response to a Staff Data Request, a worksheet showing how the Program
2 savings were determined and allocated pursuant to the terms of the Program was
3 provided to Staff.

4 Q. Did the Staff express any concerns or misgivings regarding its ability to determine
5 whether the savings had been determined and allocated in compliance with the
6 PSP Tariff and Program Description?

7 A. No. At no time during the course of the ACA proceeding or in its final
8 recommendation in that proceeding, did the Staff express any concerns regarding
9 the Company's calculation of these savings or any uncertainty over how they
10 were supposed to be determined and allocated pursuant to the language of the PSP
11 Tariff and Program Description.

12 Q. But isn't it true, as Mr. Sommerer suggests at page 4 of his rebuttal testimony,
13 that an internal auditor for the Company suggested the possible use of a different
14 method for calculating and allocating Program savings that could have been more
15 beneficial to the Company?

16 A. Consistent with their primary responsibilities to examine and verify the accuracy
17 and effectiveness of the Company's financial procedures, a question was raised by
18 an internal auditor regarding whether or not the Company could adopt an
19 accounting change that would have calculated Program savings in a different
20 manner. I should note that the accounting change being contemplated by the
21 auditor would have been more advantageous to the Company's bottom line, in
22 that it would have permitted Laclede to increase its share of the savings by more
23 than \$1.4 million. As Schedule 1 to Mr. Sommer's rebuttal testimony shows,

1 however, the auditor ultimately concluded that the Company's existing
2 calculation of Program savings was appropriate -- a result that could have only
3 been reached based on a determination that such a calculation was consistent with
4 the PSP Tariff and Program Description. Indeed, the auditor noted that the
5 Company's method of calculation had not only been done in a "conservative"
6 manner designed to "furnish the greatest benefit to ratepayers," but that it had also
7 "been reviewed at different times and approved by the MOPSC." In view of these
8 findings, I fail to see how these internal documents lend any support at all to
9 Staff's position. To the contrary, they only serve to confirm that the Company
10 has calculated Program savings in a manner that has been both consistent over
11 time and in full compliance with both its and the Commission Staff's prior
12 understandings of how such calculations must be made under the PSP Tariff and
13 Program Description. They also show that the Company has done so even though
14 it might have been possible to hypothesize a calculation that would have been
15 more financially favorable to the Company. Given these considerations, Mr.
16 Sommerer's claim regarding a lack of clarity over how savings are to be
17 determined under the Program should be rejected for what it is -- a belated and
18 unsupported pretext for substituting Staff's after-the-fact view of how Program
19 savings should be determined for the method that was actually prescribed by the
20 PSP Tariff and Program Description.

21 **Mischaracterization of the Success of the PSP Program**

22 Q. Beginning at page 3 of his rebuttal testimony Mr. Sommerer indicates that
23 because the Company declared the Price Protection Incentive inoperable during

1 the ACA year and therefore did not guarantee a certain level of price protection,
2 that the PSP Program was in "complete disarray." He goes on to suggest that use
3 of Staff's method for calculating and allocating Program savings is therefore
4 necessary in order for the Program to make sense. How do you respond?

5 A. In support of his position, Mr. Sommerer quotes isolated portions of the
6 Company's testimony and briefs in Case No. GO-98-484 while conveniently
7 ignoring others that are inconsistent with the point he is trying to make. What he
8 does not do, however, is cite anything from the PSP Tariff and Program
9 Description that would in any way support his position.

10 Q. Why is his failure to do so significant?

11 A. Regardless of what Mr. Sommerer believes may or may not make sense today
12 based on his hindsight review and how the Program may have evolved during the
13 course of Case No. GO-98-484, it is the final PSP Tariff and Program
14 Description, as approved by the Commission, that ultimately governs the proper
15 treatment of the savings achieved by the Company under that Program. There is
16 simply nothing in either of those documents -- and Mr. Sommerer references
17 nothing in them -- to indicate that the Company's exercise of its right to declare
18 the Price Protection Incentive features of the PSP inoperable for the second year
19 of the Program affects in any way the operation of the Program's Overall Cost
20 Reduction Incentive.

21 Q. Is that conclusion also supported by the actions that were taken regarding the
22 Program subsequent to the Company's declaration?

1 A. Yes. As I indicated in my rebuttal testimony, after the Company declared the
2 Price Protection Incentive inoperable for the second year, it sought to make
3 certain revisions to the Program in order to obtain additional flexibility and
4 resources to address the significant increases that had occurred in the wholesale
5 prices for natural gas. The only modification to the Program that the parties were
6 ultimately able to agree upon was one that eliminated the volume level
7 requirement for which call options had to be purchased under the Program.
8 Notably, the September 1, 2000 Stipulation and Agreement reflecting this
9 modification stated that "... all remaining provisions of the existing PSP currently
10 in effect will remain in full force and effect."

11 Q. Did these remaining provisions that were to remain in effect include those relating
12 to the Overall Cost Reduction Incentive?

13 A. Yes. And this was also reconfirmed by the tariff that the Company filed on
14 October 5, 2000 to implement the Stipulation and Agreement once it was
15 approved by the Commission. As shown by Schedule 1 to my surrebuttal
16 testimony, this tariff continued to state that the Company's procurement of natural
17 gas financial instruments under the PSP would be "subject to the incentive
18 features described below" as well as the parameters of the Program Description,
19 both of which contain and describe the Overall Cost Reduction Incentive. The
20 only caveat to this general language was a new provision stating that the Program
21 Description continued to set forth the parameters of the PSP Program "[e]xcept as
22 modified by the terms of the September 1, 2000 Unanimous Stipulation and
23 Agreement approved by the Commission in Case No. GO-2000-394, and subject

1 to the Company's notice of opting out of the *price protection incentive* features in
2 year two" (emphasis supplied). Clearly, if opting out of the price protection
3 incentive feature of the Program had any effect at all on the Overall Cost
4 Reduction Incentive, such an effect would have also been reflected in this tariff.

5 Q. Does Mr. Sommerer ever try to reconcile his theories with this specific tariff
6 language?

7 A. No. Once again, Mr. Sommerer makes no effort in his rebuttal testimony to
8 square his views with the specific tariff language that governs this issue and that
9 clearly mandates the Company's treatment of the savings that were generated
10 under the Overall Cost Reduction Incentive.

11 Q. Do you have any additional comments regarding Mr. Sommerer's statements that
12 Laclede "revoked" its guarantee to provide price protection and that as a result of
13 declaring the Price Protection Incentive inoperable Laclede had a "huge financial
14 incentive" to liquidate options early?

15 A. As Mr. Sommerer well knows and as Staff has previously acknowledged, Laclede
16 properly exercised its right to declare the Price Protection Incentive inoperable in
17 response to radical changes in the market price for natural gas. Short of exposing
18 itself to financial ruin, it was the only step that the Company could take. As I
19 indicated in my rebuttal testimony, however, the Company continued to react
20 swiftly to the unexpected price increase by pursuing other measures designed to
21 protect its customers, including its effort to increase the level of funding
22 necessary to provide protection. And even when Staff and Public Counsel
23 opposed the Company's request to seek additional funding -- a position that in

1 retrospect turned out to be detrimental to the interests of the Company's
2 customers -- the Company did the best it could with the limited resources it had to
3 acquire price protection. In doing so, everyone involved in procuring these
4 instruments for Laclede, including me, was instructed to have one objective and
5 one objective only -- to produce the best overall result possible for its customers
6 with the money available to us, regardless of whether that meant trading the
7 options early or holding them until their expiration. That we faithfully and
8 successfully adhered to that objective is reflected in the fact that we managed to
9 turn \$4 million in Program funding into tens of millions of dollars in financial
10 benefits for our customers, and that of the \$28.5 million in savings achieved by
11 Laclede, fully \$11.5 million, or 40%, was attributed to the Price Protection
12 Incentive. Stated another way, Laclede held \$11.5 million in options until at least
13 three business days prior to expiration, even though it was not eligible to share in
14 the gains from these options. Given these tremendous results, and the obstacles
15 that the Company had to overcome to achieve them -- including some that were
16 erected by the Commission Staff -- it is exceedingly difficult to give any credence
17 at all to Mr. Sommerer's armchair observations as to how the Company might
18 have done even better.

19 Q. In response to Laclede's claim to have saved its customers \$30 million by not
20 locking in fixed prices during the winter of 2001-2002, Mr. Sommerer, on page 5
21 of his rebuttal testimony, accuses Laclede of constructing scenarios in hindsight to
22 show that it created savings. What is your response?

1 A. I agree with Mr. Sommerer that it is improper to construct scenarios in hindsight
2 to create a standard for evaluating savings. This is precisely Laclede's point. In
3 attempting to compare Laclede's option liquidations against the value of such
4 options at expiration, Staff has constructed a scenario in hindsight which it then
5 uses to assert that Laclede achieved no savings. In contrast, Laclede's scenario is
6 not constructed in hindsight. In early 2001, witness Sommerer himself advocated
7 the purchase of fixed price instruments as a hedge against gas prices for the 2001-
8 2002 winter. By buying less expensive call options rather than these fixed price
9 instruments during 2001, however, Laclede managed to avoid \$30 million in gas
10 costs. Further, while Staff uses its hindsight scenario to attempt to eliminate \$4.9
11 million in incentive funds earned by Laclede, Laclede's scenario is meant for
12 illustrative purposes only; Laclede has not asked to be compensated for the value
13 it created by not locking into fixed prices in 2001. Finally, with respect to the
14 2000-2001 Overall Cost Reduction Incentive, Staff's hindsight scenario for
15 determining savings is tortured, while Laclede's formula is basic and practical
16 common sense.

17 Q. Are there any other reasons why the Commission should reject Staff's proposed
18 adjustment?

19 A. Yes. No matter how often and how much Mr. Sommerer may choose to criticize
20 the PSP and downplay the results that were achieved by the Company under that
21 Program, the fact remains that it produced far more in financial benefits for the
22 Company's customers than would have been the case under any alternative that
23 Staff had placed on the table at the time. Under such circumstances, it would be

1 particularly inappropriate for the Commission to adopt Staff's proposed
2 adjustment, even if such a result could somehow be reconciled with the PSP
3 Tariff and Program Description that was in effect at the time. While it is always
4 possible to construct scenarios under which a better result could have been
5 achieved, the Company's performance under the PSP was significantly better and
6 produced vastly superior results compared to anything that would have been
7 achieved had Staff's own contemporaneous recommendations and programs been
8 pursued instead. To reward that superior performance with the kind of
9 after-the-fact and unsupported financial penalty that Staff has proposed in this
10 case would be grossly unfair and send exactly the wrong message to Laclede and
11 other utilities regarding the consequences of taking actions that, while not favored
12 by the Staff, turn out favorably for customers.

13 Q. Does this conclude your surrebuttal testimony?

14 A. Yes, it does.

LACLEDE GAS COMPANY
720 OLIVE STREET
ST. LOUIS, MISSOURI 63101

AREA CODE 314
342-0532

SCHEDULE 1

Page 1

OCT 16 2000

MICHAEL C. PENDERGAST
ASSISTANT VICE PRESIDENT
ASSOCIATE GENERAL COUNSEL

October 5, 2000

FILED³

OCT 05 2000

Missouri Public
Service Commission

VIA HAND DELIVERY

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Governor Office Building
200 Madison Street
Jefferson City, MO 65101

FILED³

OCT 05 2000

RE: Case No. GO-2000-394

Missouri Public
Service Commission

Dear Mr. Roberts:

On behalf of Laclede Gas Company ("Laclede" or "Company") I have enclosed for filing in the above-referenced case the original and three copies of tariff sheet P.S.C. MO. No. 5 Consolidated, Third Revised Sheet No. 28-e, cancelling P.S.C. MO. No. 5 Consolidated, Second Revised Sheet No. 28-e. The tariff sheet is being filed by Laclede in compliance with the Commission's September 28, 2000 Order Granting Motion to Stay Setting of Procedural Schedule and Approving Unanimous Stipulation and Agreement.

I have also enclosed for filing on behalf of Laclede the original and eight (8) copies of a Motion to Permit Tariff Sheet to Become Effective in Less Than Thirty Days Notice.

Thank you for bringing these filings to the attention of the appropriate Commission personnel.

Sincerely,



Michael C. Pendergast

MCP/jlj
Enclosure

cc: Office of Public Counsel
General Counsel

200100417

Laclede Gas Company
Name of Issuing Corporation or Municipality

For Refer to Sheet No. 1
Community, Town or City

RECEIVED

OCT 05 2000

SCHEDULE OF RATES

MISSOURI
Public Service Commission

G. Experimental Price Stabilization Fund

1. Overview – For purposes of reducing the impact of natural gas price volatility on the Company's customers, the Company shall maintain a Price Stabilization Fund ("PSF") for the procurement of certain natural gas financial instruments, which procurement shall be subject to the incentive features described below. Except as modified by the terms of the September 1, 2000 Unanimous Stipulation and Agreement approved by the Commission in Case No. GO-2000-394, and subject to the Company's notice of opting out of the price protection incentive features in year two, the parameters of the PSF are included in the Description of the Incentive Price Stabilization Program filed by the Company on June 25, 1999 in Case No. GO-98-484, which description has been designated "Highly Confidential" and is only available to the Missouri Public Service Commission or to any proper party that executes a non-disclosure statement. Accordingly, the definitions of certain terms have not been disclosed herein but are available in such description.

2. Accounting for Expenses and Revenues – The PSF shall be debited with all costs and expenses associated with the Company's procurement of financial instruments and credited with all gains realized from such instruments, subject to the provisions of the Price Protection Incentive and the Overall Cost Reduction Incentive set forth below.

Effective with the Company's 1999 Winter PGA rates, the Company shall include a Price Stabilization Charge in the Commodity-Related unit gas component set forth in paragraph A.2.c. of this clause, as such charge applies to all rate schedules other than LVTSS. Such charge shall be designed to recover from customers the Maximum Recovery Amount ("MRA") established by the Commission in Case No. GO-98-484 for purposes of procuring natural gas financial instruments. The PSF shall be credited with all revenues collected through such charge. Consistent with Section G.7 and subject to the provisions therein, such charge shall be terminated effective with the Company's 2002 Winter PGA rates.

FILED

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OCT 12 2000

MISSOURI
Public Service Commission

DATE OF ISSUE

October 5, 2000

DATE EFFECTIVE

November 5, 2000

ISSUED BY

K.J. Neises,

Senior Vice President,

720 Olive St.,

St. Louis, MO 63101

Name of Officer

Title

Address