

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

In the Matter of Laclede Gas	)	
Company's Purchased Gas	)	<b><u>Case No. GR-2007-0179</u></b>
Adjustment Tariff Filing	)	<b><u>Tariff No. JG-2007-0317</u></b>

**VERIFIED APPLICATION FOR VARIANCE**

COMES NOW Laclede Gas Company ("Laclede" or "Company") and, pursuant to 4 CSR 240.-2.080(16) and 240-3.015(1) and 2.060(4), respectfully requests the Missouri Public Service Commission ("Commission") grant Laclede a variance from certain billing provisions contained in the PGA Clause on Tariff Sheet No. 21 of the tariffs applicable to customers previously served by Fidelity Natural Gas, Inc. ("Fidelity"), so that Laclede may bring the benefits of lower gas costs more quickly to the former customer of Fidelity than would otherwise be permitted by such tariff provisions. In support of this Application, Laclede states as follows:

**INTRODUCTION**

1. Laclede is a public utility incorporated under the laws of the State of Missouri, with its principal office located at 720 Olive Street, St. Louis, Missouri 63101.
2. A Certificate of Good Standing evidencing Laclede's standing to do business in Missouri was submitted in Case No. GF-2000-843 and is hereby incorporated by reference herein for all purposes. Laclede remains in good standing as of the date of this filing.
3. Laclede is engaged in the business of distributing and transporting natural gas (and to a limited extent distributing liquefied petroleum gas) to customers in the City

of St. Louis and the Counties of St. Louis, St. Charles, Crawford, Jefferson, Franklin, Iron, Ste. Genevieve, St. Francois, Madison, and Butler in Eastern Missouri, as a gas corporation subject to the jurisdiction of the Commission.

4. Laclede has no pending actions or final unsatisfied judgments or decisions against it within the past three years from any state or federal agency or court that involve customer service or rates, other than those pending before this Commission.

5. Laclede is current on its annual report and assessment fee obligations to the Commission, and no such report or assessment fee is overdue.

6. Effective February 28, 2006, Laclede purchased certain assets of Fidelity and, pursuant to the Commission's February 21, 2006 Order in Case No. GM-2006-0183, Laclede adopted Fidelity's tariffs.

7. On November 3, 2006, Laclede Gas Company filed a proposed tariff sheet to reduce its PGA rate for its customers in the area previously served by Fidelity from \$1.1983 per Ccf to \$0.8499 Ccf. On November 9, 2006, the Commission approved the proposed reduction, effective November 20, 2006.

8. In the past, Fidelity was unable to prorate its bills to reflect changes in its PGA tariffs. Until Laclede is able to incorporate the customers previously served by Fidelity into its rate structure and billing system -- an action that Laclede has proposed in its recently filed general rate case proceeding -- it also cannot prorate. As an alternative to prorating PGA changes, the tariff provision applicable to Fidelity's former customers requires the Company to bill for service to these customers at the old rate until all service being billed in a particular cycle has been rendered after the effective date of the new rate. (See Sheet No. 21) which is attached hereto. As a practical matter, this provision

would require Laclede to base most of its December bills to the former Fidelity customers on the higher PGA rate that was in effect prior to November 20, 2006. Laclede believes, however, that it would be more appropriate given where gas prices are today to give these customers the benefit of the lower PGA rate for any and all service covered by their December billings. Laclede accordingly requests that the Commission grant a variance from this tariff provision so that Laclede may do so.

#### **GOOD CAUSE FOR THE VARIANCE AND EXPEDITED TREATMENT**

9. Good cause exists for the Commission to grant the variance in that it will allow Laclede to provide the benefits of lower gas costs to the former Fidelity customers more quickly than would otherwise be allowed by the tariff. For the same reasons, Laclede believes that expedited treatment of this request is appropriate and therefore requests that the Commission act on this request no later than December 12, 2006. Laclede filed this request as soon as possible after its review of current gas prices and consultations with the Commission Staff regarding the nature and procedural process for implementing such a request.

#### **REQUEST FOR RELIEF**

WHEREFORE, for the foregoing reasons, Laclede Gas Company respectfully requests that the Commission issue its Order by December 12, 2006, granting Laclede a variance from certain billing provisions contained in the PGA Clause on Tariff Sheet No. 21 of the tariffs of Fidelity Natural Gas, Inc. so that Laclede may issue December bills to the former Fidelity customers at the PGA rate approved by the Commission effective November 20, 2006, and thereby bring the benefits of lower gas costs more quickly to the former customer of Fidelity.

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 Verified Application for Variance was served on General Counsel of the Staff of the Missouri Public Service Commission and the Office of Public Counsel on this 6th day of December, 2006 by electronic service, hand-delivery or by placing a copy of such Application, postage prepaid, in the United States mail.


/s/ Gerry Lynch

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

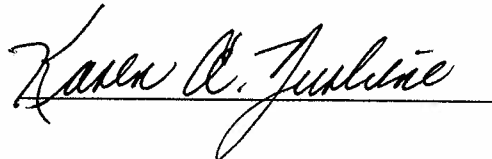
State of Missouri       )  
                                  ) SS.  
City of St. Louis       )

**VERIFICATION**

I, Michael C. Pendergast, Vice President-Associate General Counsel of Laclede Gas Company, being first duly sworn verify that I am familiar with the foregoing Verified Application for Variance filed on behalf of Laclede; and that the matters set forth therein are true and correct to the best of my knowledge, information and belief.

  
Michael C. Pendergast

Subscribed and sworn to before me this 6th day of December, 2006.



My Commission expires: 2-18-2008

KAREN A. ZURLIENE  
NOTARY PUBLIC - NOTARY SEAL  
STATE OF MISSOURI, CITY OF ST. LOUIS  
MY COMMISSION EXPIRES FEBRUARY 18, 2008

FORM NO. 13 P.S.C. MO No. 1

Cancelling P.S.C. No. 1

4<sup>th</sup> (original)

(revised)

(original)

3<sup>rd</sup> (revised)

Sheet No. 21

Sheet No. 21

Fidelity Natural Gas, Inc.  
Name of Issuing Corporation

All Communities and Rural Areas  
For Receiving Natural Gas Service  
Community, Town or City

#### PURCHASED GAS ADJUSTMENT CLAUSE

##### I. PGA Filing Requirements and Applicability:

The Purchased Gas Adjustment (PGA) Clause applies to all sales and transportation services provided under all natural gas rate schedules and contracts. For purposes of this clause the term "cost of gas" shall include the cost paid to suppliers for the purchase, transportation and storage of gas.

As an alternative to proration, the Company may bill its customers the newly effective rates only when all service being billed is service taken after the effective date of the new rates. As long as any of the service periods being billed a customer contains service taken prior to the period before the new rates are effective, the Company can change only the old rates.

All PGA factors are subject to review and approval by the Commission. All PGA factors are interim and subject to adjustment as part of the ACA review. Any PGA filing shall not be approved unless it has first been on file with the Commission for a period of ten (10) business days. The PGA factors approved by the Commission shall remain in effect until the next PGA becomes effective hereunder, or until otherwise changed by law or order of the Commission. Each PGA factor filed hereunder shall cancel and supersede the previously effective PGA factors and shall reflect the current purchased gas cost to be effective thenceforth.

All necessary supporting documentation must be provided with the PGA filings, including worksheets showing the calculation of the estimate of the Company's gas costs, volumes purchased for resale, the projected monthly demand levels, supply options, transportation demand levels, transportation options, storage options, and other miscellaneous charges and revenues that affect the PGA rate calculation.

The Company shall file a "Total PGA" factor which shall consist of two parts:

- a) The Purchased Gas Adjustment "RPGA" factor as defined in Section II; and
- b) The Actual Cost Adjustment "ACA" which results from the corrections made through the Deferred Purchased Gas Cost-Actual Cost Adjustment Accounts, described in Section III of this clause.

DATE OF ISSUE August 20, 2003  
month day year

DATE EFFECTIVE September 19, 2003  
month day year

ISSUED BY Dave Beier  
Name of Officer

Vice-President  
Title

64 N. Clark Ave. Sullivan, MO 63080  
Address

Filed  
MO PSC