

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File,  
Case No. GR-2006-0288, File No. YG-2007-0296  
Laclede Gas Company

FROM: James A. Gray, Energy Department – Tariffs/Rate Design

/s/ James A. Gray 11/7/06                      /s/ Lera Shemwell 11/7/06  
Utility Operations Division/Date              General Counsel's Office/Date

SUBJECT: Staff Recommendation on Laclede Gas Company's Scheduled Winter Season PGA Filing Effective November 16, 2006

DATE: November 6, 2006

On October 31, 2006, Laclede Gas Company (Laclede or Company) of St. Louis, Missouri filed a tariff sheet proposed to become effective November 16, 2006. The tariff sheet was filed to reflect scheduled changes in Laclede's PGA factors as the result of an estimated change in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (ACA) factor. On November 2, 2006, Laclede filed a substitute tariff sheet to reflect further estimated reduction in the cost of gas for the upcoming winter season.

This filing will decrease the firm PGA factor from the current PGA level that has been in effect since January 11, 2006. This filing will decrease the current PGA rate from \$1.02936 per-therm to a proposed rate of \$0.90497 per-therm. This reflects a decrease of \$0.12439 per therm. This filing represents an approximate 12% decrease from the existing PGA rate.

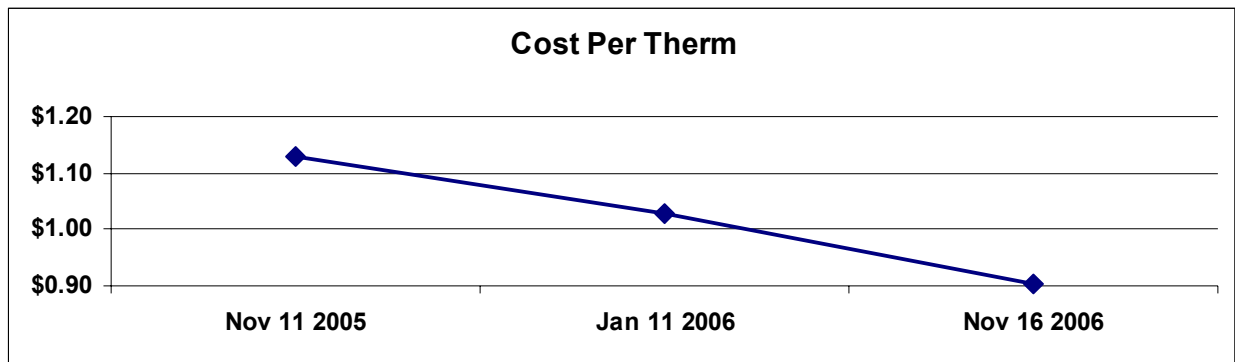
Case No. GR-2006-0288, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2005-2006 ACA filing. Case Nos. GR-2004-0273 and GR-2005-0203 were established to track the Company's PGA factors to be reviewed in its 2003-2004, and 2004-2005 ACA filings, respectively. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2004-0273, GR-2005-0203, and GR-2006-0288.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2007.

Staff has verified that the Company has filed its 2005 annual report and is not delinquent on any of its 2006 assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

The Staff has reviewed this PGA filing and has determined that it was calculated in conformance with Laclede's PGA Clause. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty days notice is demonstrated by Laclede's Commission approved PGA clause allowing for ten (10) business days notice for PGA change filings.

While this PGA filing reflects a decrease in Laclede's PGA rate, Laclede's previous two filings also reflected two decreases in their PGA rate. In comparison with last winter's rates, Laclede's current PGA filing represents a significant reduction of estimated winter bill levels. The last three PGA rates for Laclede (between November 1, 2005 and November 10, 2006) are as follows:



Therefore, Staff recommends that the following tariff sheet, filed on October 31, 2006, and as substituted on November 2, 2006, be approved, interim subject to refund:

P.S.C. MO. No.5 Consolidated  
Two Hundred and Ninth Revised Sheet No. 29, Cancelling Two Hundred and Eighth Revised Sheet  
No. 29

**BEFORE THE PUBLIC SERVICE COMMISSION**

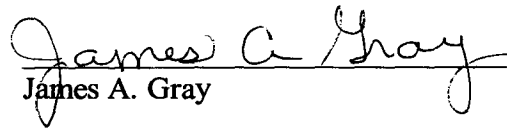
**OF THE STATE OF MISSOURI**

In the Matter of the Purchased Gas Adjustment        )  
filing of Laclede Gas Company's                        )       Case No. GR-2006-0288

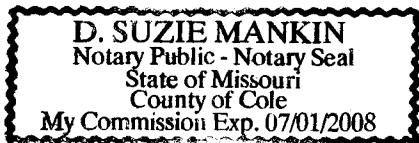
**AFFIDAVIT OF JAMES A. GRAY**

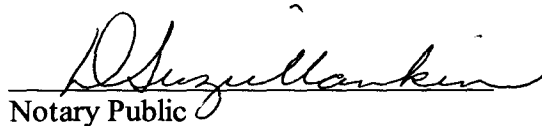
STATE OF MISSOURI        )  
                                      )       ss.  
COUNTY OF COLE        )

James A. Gray, is of lawful age, and on his oath states: that he has participated in the preparation of the foregoing written report, consisting of 2 pages to be presented in the above case; that the information in the attached written report were given by him; that he has knowledge of the matters set forth in such report; and that such matters are true to the best of his knowledge and belief.

  
James A. Gray

Subscribed and sworn to before me this 7<sup>th</sup> day of November, 2006.



  
Notary Public