LACLEDE GAS COMPANY
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August 31, 2005

Ms. Colleen M. Dale
Secretary, Missouri Public Service Commission
Governor Office Building
200 Madison Street
P. O. Box 360
Jefferson City, MO 65102-0360

Re: GR-2005-0284; Laclede Gas Company Rate Case

Dear Ms. Dale:

Transmitted on this date for electronic filing with the Missouri Public Service Commission ("Commission") is a Stipulation and Agreement (the "Agreement"), and implementing tariff sheets, that fully resolve all issues raised in the above referenced case. As originally filed on February 18, 2005, the tariff sheets proposed by Laclede would have increased existing annual revenues by approximately $34 million and resulted in an average increase of $4.02 per month for the typical residential customer.[1]

Under the Agreement negotiated by the parties:

- Laclede's base rates would be increased by $10.5 million, of which $6.1 million is already being billed to customers in the form of Infrastructure System Replacement Surcharges (ISRS). The current surcharges will be eliminated with the implementation of the new base rates. In addition, Laclede's Purchased Gas Adjustment (PGA) rates would be increased by $4.1 million to recover the costs Laclede incurs to finance its investment in gas supplies that it injects underground in the summer for its use during the winter. Together, the base and PGA rate increases will raise existing rates by $8.5 million annually, which would result in an overall average increase of approximately $1.05 for the typical residential customer.

- There will be no increase in the customer charge for residential and small business customers.

- Laclede would contribute $1 million annually to fund a new low-income energy assistance program to help the Company's most vulnerable customers with their

[1]The $34 million increase consisted of an increase in permanent rates of $39 million, minus $5 million that Laclede was already recovering under its Infrastructure System Replacement Surcharge ("ISRS").

utility bills in exchange for their commitment to conserve energy and improve their payment performance.

- The annual funding of Laclede's existing low income weatherization program would be increased from $300,000 to $500,000 annually, and Laclede would contribute an additional annual amount of $300,000 to fund various energy efficiency programs that customers can use to reduce their consumption of natural gas and save on their utility bills.

- The parties would work to implement a new method for better targeting when new customers should be required to pay a deposit – a method that should result in fewer deposits being assessed.

In addition to these features, the Agreement also provides for the continuation of Laclede's existing weather mitigation rate design, implementation of higher depreciation rates, and certain revisions to Laclede's Gas Supply Incentive Plan. Further, in exchange for a reduction in the Company's overall revenue requirement, Laclede would retain revenues it realizes in connection with the release of pipeline capacity and the sale of gas to off-system customers. In the event Laclede is able to achieve net revenues in excess of $12 million annually, such additional revenues would be shared with the Company's customers.

Thank you for bringing this filing to the Commission's attention.

Very truly yours,

/s/ Michael C. Pendergast
Michael C. Pendergast

cc: Parties to Case No. GR-2005-0284