

Exhibit No. 226

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

AREA CODE 314
342-0532

MICHAEL C. PENDERGAST
ASSISTANT VICE PRESIDENT
ASSOCIATE GENERAL COUNSEL

November 30, 2000

VIA FEDERAL EXPRESS

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Governor Office Building
200 Madison Street
Jefferson City, MO 65102-0360

Re: Case No. GM-²⁰⁰¹~~2000~~-342
Corporate Restructuring

FILED²
DEC 1 2000
Missouri Public
Service Commission

Dear Mr. Roberts:

On behalf of Laclede Gas Company, I have enclosed for filing the original and eight copies of a Verified Application in the above case. Please see that this filing is brought to the attention of the appropriate Commission personnel.

Please file-stamp the additional copy of this Application and return the same in the pre-addressed stamped envelope provided.

Thank you for your consideration in this matter.

Sincerely,



Michael C. Pendergast

MCP:kz
Enclosure

cc: Office of the Public Counsel

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

FILED

DEC 1 2000

Missouri Public
Service Commission

In the Matter of the Application of Laclede)
Gas Company for an Order Authorizing)
Its Plan to Restructure Itself Into a Holding)
Company, Regulated Utility Company, and)
Unregulated Subsidiaries.)

2001-
GM-2001-342

VERIFIED APPLICATION

COMES NOW Laclede Gas Company ("Laclede" or "Company"), pursuant to Sections 393.190, 393.200, 393.210 and 393.250 RSMo,¹ and 4 CSR 240-2.060(1), (8), (11) and (12), and respectfully requests, on behalf of itself and its subsidiaries, an order from the Missouri Public Service Commission ("Commission") granting Laclede authorization, to the extent necessary, to restructure itself, merge, and form subsidiary companies (the "Proposed Restructuring"), as more fully described herein.

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. A Certificate of Good Standing evidencing Laclede's corporate status in Missouri is attached hereto, and made a part hereof, as Exhibit 1. 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.

¹ All statutory references are to Revised Statutes of Missouri 1994, unless otherwise noted.

2. All communications, correspondence and pleadings in regard to this Application should be addressed to:

Douglas H. Yaeger
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3. Laclede has no pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court that involve customer service or rates.

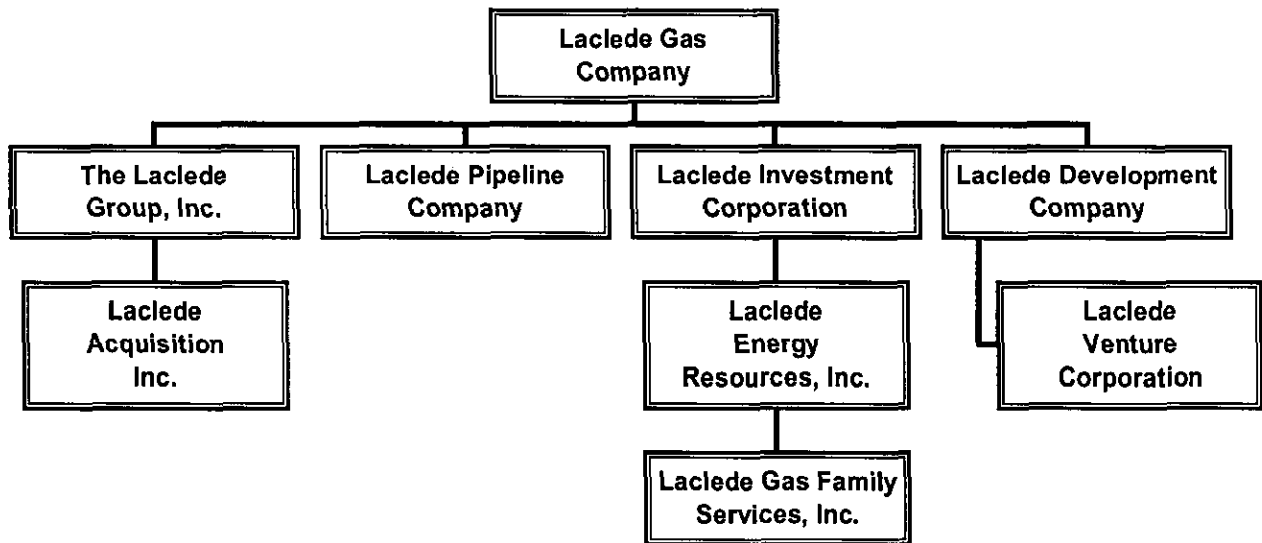
4. Laclede is current on its annual report and assessment fee obligations to the Commission, and no such report or assessment fee is overdue.

5. Because there will be no transfers of Company-owned utility assets in connection with the Proposed Restructuring, there will not be any impact on the tax revenues of any political subdivision where utility structures, facilities or equipment is located.

SUMMARY OF RESTRUCTURING PLAN

6. Under its present corporate structure, Laclede Gas Company is the parent corporation of a number of unregulated subsidiaries, including Laclede Development Company, which has its own subsidiary Laclede Venture Corp.; Laclede Investment Corporation, which has two subsidiaries, Laclede Energy Resources, Inc. and Laclede Gas Family Services, Inc.; and Laclede Pipeline Company. Laclede has also created two other subsidiaries, The Laclede Group, Inc., and its subsidiary, Laclede Acquisition Inc., to facilitate the Proposed Restructuring. Thus, Laclede's present corporate structure is as follows:

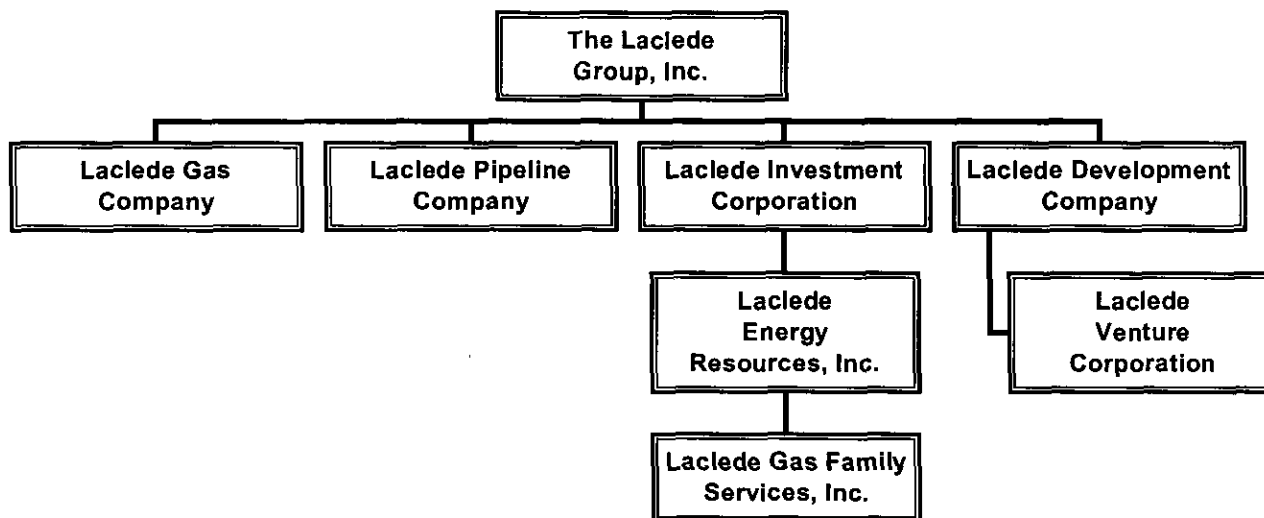
Present Corporate Structure



7. Following the Proposed Restructuring, The Laclede Group, Inc. would become the parent holding company. Laclede Gas Company and the remaining unregulated subsidiaries would, in turn, become separate and independent subsidiaries of The Laclede Group, Inc. This Proposed Restructuring would be accomplished pursuant to a procedure commonly known as a "Reverse Triangular Merger." Under that procedure, Laclede Acquisition Inc. would be merged

into Laclede Gas Company. Upon completion of the merger, Laclede Acquisition Inc. would no longer exist. The Laclede Group, Inc. would then hold all of the common stock of Laclede Gas Company as well as the other subsidiaries. Upon completion of the Proposed Restructuring, the Company would be structured as follows:

Proposed Corporate Structure



8. Even after forming a holding company, the profile of Laclede Gas Company's regulated distribution business will remain essentially the same. It will continue to construct, operate and maintain its natural gas distribution system, enhance the efficiency of its operations, and compete against alternative forms of energy and providers.

9. The Laclede Group, Inc.'s unregulated subsidiaries will continue to engage in unregulated business segments and, like other unregulated firms, will obtain debt and equity financing outside of the normal regulatory process. Following the Proposed Restructuring, the unregulated subsidiaries will engage only in businesses that are not regulated by the Commission.

10. A copy of the agreement and plan of merger and reorganization, as required by Commission Rule 4 CSR 240-2.060(8)(1)(A), is attached hereto, and made a part hereof, as Exhibit 2.

11. A certified copy of the resolutions by Laclede's Board of Directors authorizing the proposed restructuring and the transactions necessary to effectuate it, as required by Commission Rule 4 CSR 240-2.060(8)(1)(B), is attached hereto, and made a part hereof, as Exhibit 3.

12. The proforma balance sheets and income statements of Laclede Gas Company Consolidated before the Proposed Restructuring and Laclede Gas Company after the Proposed Restructuring, as required by Commission Rule 4 CSR 240-2.060(8)(1)(C), is attached hereto, and made a part hereof, as Exhibit 4.

REASONS FOR PROPOSED RESTRUCTURING

13. The primary purpose of the Proposed Restructuring is to establish an optimal corporate structure that will permit Laclede to more effectively pursue both its regulated utility obligations as well as the unregulated business opportunities afforded by increased competition in the energy industry and other developments.

14. By creating a corporate structure that more clearly provides for separation of traditional utility functions from unregulated business activities going forward, the Proposed Restructuring will reinforce the financial strength of the regulated utility by ensuring that the business risk of the unregulated operations of The Laclede Group, Inc. and its subsidiaries will not be transferred to Laclede Gas Company's utility operations. Indeed, as part of the Proposed Restructuring, Laclede Gas Company will obtain additional legal protection from the liabilities of the unregulated subsidiaries of The Laclede Group, Inc. and, similarly, each of The Laclede

Group, Inc.'s unregulated subsidiaries will obtain additional legal protection from the liabilities of each other unregulated subsidiary and from the liabilities of Laclede Gas Company. A structure which provides future separation between regulated and unregulated activities will also serve to allay further any concern by the Commission that the assets and operations of the regulated distribution company not be used to subsidize the operations of any unregulated businesses. At the same time, customers of the regulated utility will continue to receive the same reliable, high quality service that they have enjoyed in the past.

15. Such separation will also benefit The Laclede Group, Inc.'s unregulated subsidiaries by providing them with additional financial and operational flexibility to pursue unregulated business opportunities, to develop new products and services and to meet new competitors in the energy related fields on equal regulatory terms. The new structure will allow the use of financing techniques that are more suited to the particular requirements, characteristics and risks of The Laclede Group, Inc.'s unregulated businesses, separate from the creditworthiness of Laclede Gas Company.

STANDARD OF REVIEW

16. The Commission should enter its Order approving the Proposed Restructuring if it finds that so doing will not be detrimental to the public interest. State ex.rel. City of St. Louis v. Public Service Commission, 73 S.W.2d 393, 400 (Mo. banc 1934); State ex.rel. Martigney Creek Sewer Company, 537 S.W.2d 388, 399 (Mo. banc 1970). This Application and attached Exhibits clearly demonstrate that this standard is satisfied.

THE PROPOSED RESTRUCTURING WILL NOT BE DETRIMENTAL TO THE PUBLIC INTEREST

17. The Proposed Restructuring will not be detrimental to the public interest for the following reasons:

18. First, very little, if any, aspect of the way that customers receive natural gas service from Laclede will change. After the Proposed Restructuring, Laclede Gas Company will remain intact as a regulated public utility subject to oversight by the Commission, just as it is today. Accordingly, the Commission will continue to exercise its broad powers to review and approve charges paid by customers of Laclede.

19. Second, the Proposed Restructuring does not involve any transfer of utility-owned assets or any significant transfer of utility employees to the new holding company or to any subsidiary or affiliate. The fulfillment of the principal reason for the Proposed Restructuring, to provide a structure for separation of non-utility operations from utility operations going forward, will in no way diminish the jurisdiction of the Commission. Current law recognizes that a regulated company is authorized to engage in non-utility operations so long as these are “substantially kept separate” from utility operations. (Section 393.140(12) RSMo. 1994). The Proposed Restructuring will create an additional organizational separation between non-utility and utility operations and thus provide more assurance that the “substantially kept separate” requirements of Section 393.140 continue to be satisfied.

20. Third, ratepayers will be protected from any harm associated with affiliate transactions between Laclede Gas Company and the holding company or other non-utility subsidiaries. Laclede has developed and will continue to use accounting procedures in connection with the Proposed Restructuring that will ensure a proper allocation of costs or pricing of transactions between regulated and unregulated operations, as determined in conformity with all applicable current or future laws or regulations.

21. Fourth, Laclede also commits that, pursuant to applicable current or future laws or regulations, it will provide access to the books and records of its affiliates as necessary to determine whether any charges to, or payments from, Laclede Gas Company are reasonable.

22. Fifth, there will be no dilution of talent or diversion of management attention from the provision of regulated services. As previously noted, Laclede Gas Company will remain by far the largest of the subsidiary companies and will employ or otherwise engage all personnel necessary to safely and effectively provide utility services. Thus, continued high quality and cost effective service to regulated customers will remain the principal business of Laclede Gas Company and its parent company.

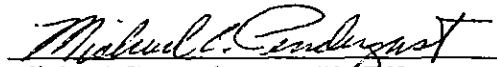
REQUEST FOR RELIEF

WHEREFORE, for the foregoing reasons, Laclede Gas Company respectfully requests that the Commission issue its Order granting:

- a) Laclede authorization to complete the Proposed Restructuring and to form a holding company as described herein and in the attached Exhibits;
- b) Laclede authorization to transfer the stock of Laclede Gas Company to The Laclede Group, Inc. and merge these companies as more fully described in this Application and Exhibits;
- c) The Laclede Group, Inc. authorization to hold more than 10% of the common stock of the Laclede Gas Company; all other approvals necessary to implement the Proposed Restructuring described herein; and,

d) such other and further relief as may be deemed necessary and appropriate to accomplish the purposes of this Application and to consummate the Proposed Restructuring as described herein.

Respectfully Submitted,



Michael C. Pendergast, #31763
Assistant Vice President & Associate General
Counsel
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And


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E-mail: wniehoff@mmerg.com

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

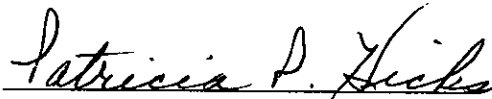
State of Missouri)
) SS.
City of St. Louis)

VERIFICATION

I, Gerald T. McNeive, Jr., Senior Vice President-Finance & General Counsel for Laclede Gas Company, being first duly sworn verify that I am familiar with the foregoing Verified Application 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.


Gerald T. McNeive, Jr.

Subscribed and sworn to before me this 30th day of November, 2000.



My Commission expires:

06/27/02

PATRICIA P. HICKS
Notary Public — Notary Seal
STATE OF MISSOURI
City of St. Louis
My Commission Expires: June 27, 2002