Exhibit No.:
Issues: Tariff Language
Witness: Thomas M. Imhoff
Sponsoring Party: MoPSC
Type of Exhibit: Rebuttal Testimony
Case No.: GT-2001-329
Date Testimony Prepared: May 3, 2001

MISSOURI PUBLIC SERVICE COMMISSION

OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

THOMAS M. IMHOFF

CASE NO. GT-2001-329

Jefferson City, Missouri
May, 2001

Exhibit No. 19
Date 6/18/01 Case No. GT-2001-329
Reporter KLM

REBUTTAL TESTIMONY

OF

THOMAS M. IMHOFF

LACLEDE GAS COMPANY

CASE NO. GT-2001-329

Q. Please state your name and business address.

A. Thomas M. Imhoff, P.O. Box 360, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am a Regulatory Auditor IV with the Missouri Public Service Commission (Commission).

Q. Please describe your educational background.

A. I attended Southwest Missouri State University at Springfield, Missouri, from which I received a Bachelor of Science degree in Business Administration, with a major in Accounting, in May 1981. In May 1987, I successfully completed the Uniform Certified Public Accountant (CPA) examination and subsequently received the CPA certificate. I am currently licensed as a CPA in the State of Missouri.

Q. What has been the nature of your duties with the Commission?

A. From October of 1981 to December 1997, I worked in the Accounting Department of the Commission, where my duties consisted of directing and assisting with various audits and examinations of the books and records of public utilities operating within the State of Missouri under the jurisdiction of the Commission. On January 5, 1998, I assumed my current position of Regulatory Auditor IV in the Gas Tariffs/Rate

Design Department, where my duties consist of analyzing applications, reviewing tariffs and making recommendations based upon those evaluations.

Q. Have you previously filed testimony before this Commission?

A. Yes. A list of cases in which I have filed testimony before this Commission is attached as Schedule 1 to my direct testimony.

Q. With reference to Case No. GT-2001-329, have you made an examination and study of the material filed by Laclede Gas Company (Laclede or Company) relating to its proposed experimental fixed price plan and modifications to its gas supply incentive plan?

A. Yes, in conjunction with other Staff.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to present tariff language commensurate with the Commission Staff's (Staff) position relating to Laclede's proposed experimental fixed price plan and modifications to its gas supply incentive plan (GSIP).

Q. Why is Staff submitting specimen tariff language in this case?

A. Staff has proposed three alternatives to Laclede's filing in this case. Staff witness Robert E. Schallenberg of the Utility Services Division discusses two Staff alternatives and Staff witness David M. Sommerer of the Procurement Analysis Department discusses alternative three relating to modification of the Company's existing GSIP. The specimen tariff language demonstrates how Staff's proposals could be put into place.

Q. Please identify the tariff language needed to reflect Staff's first alternative to Laclede's proposal?

A. Staff's first alternative is to terminate Laclede's Gas Supply Incentive Plan (GSIP), and for Laclede to use a comprehensive gas purchasing approach. Staff witness Schallenberg addresses this in his testimony. Transition tariff language reflecting the termination of Laclede's GSIP is reflected in Schedule 2. This language specifies how the termination of Laclede's GSIP will be accomplished. On September 30, 2001, Laclede's GSIP would cease to exist and Laclede's tariff sheets 23 through 28-b would no longer be needed. Thus, these tariff sheets would no longer be in effect. The language in Laclede's Tariff Sheet No. 21, paragraph 5 that reads ..."other than those revenues which are retained by the Company as described in Section D.1.a below." will also be eliminated as of September 30, 2001.

Q. Please identify the tariff language needed to reflect Staff's second alternative to Laclede's proposal.

A. Staff's proposed tariff language for the second alternative is outlined in Schedule 3 to this testimony. Staff witness Schallenberg will explain and provide the rationale for the Staff's proposed alternative incentive plan. The Staff's proposed Experimental Incentive Plan (EIP) is a positive reward system for superior gas purchasing. The EIP is designed to reward companies who lower their delivered cost of gas as detailed in Staff witness Schallenberg's testimony and outlined in Schedule 3 to this testimony.

Q. In the event that neither of Staff's first two proposals are acceptable, does Staff have another proposal?

A. Yes. Staff has a third alternative proposal that modifies Laclede's current GSIP. Staff witness Sommerer discusses the rationale and support for these modifications to Laclede's existing GSIP. Schedule 4 to this testimony provides the changes that Staff witness Sommerer outlines in his testimony. This third alternative changes Laclede's existing GSIP into one that establishes reasonable baselines before the Company achieves savings and can participate in any rewards. Staff witness Sommerer describes the Staff's rationale and support for this alternative.

Q. Do these modifications affect Laclede's current GSIP tariff language?

A. Yes.

Q. Please identify the tariff language changes that will put Staff witness Sommerer's proposals into effect.

A. The Staff's proposed GSIP tariff modifications to Laclede's tariffs are identified in the following order:

Schedule 4-1 outlines the Staff's proposed changes to Laclede's Sixth Revised Sheet No. 23. On Laclede's Sixth Revised Sheet No. 23, Paragraph D., <u>Gas Supply Incentive Plan, Effective October 1, 1999</u>, should change the year to **<u>2001</u>**. The first paragraph, line 2 should change the year 1999 to **2001**.

The second paragraph should be deleted in its entirety.

Under D.1.a. the following bases should be used:

<u>Capacity Release Revenues</u>	**<u>Company Retention</u>**
First $1,750,000	**0%**
Amounts over $1,750,000	**10% of amount above $1,750,000**

instead of the bases currently in effect below

Capacity Release Revenues	Company Retention
First $1,500,000	10%
Next $1,500,000 to $2,500,000	$150,000 plus 20% of amount above $1,500,000
Amounts over $2,500,000	$350,000 plus 30% of amount above $2,500,000

Q. What changes is Staff proposing to Laclede's Fourth Revised Sheet No. 24?

A. Schedule 4-2 outlines the Staff's proposed changes to Laclede's Fourth Revised Sheet No. 24.

The heading that reads, Gas Supply Incentive Plan, Effective October 1, 1999, should change the year to **2001**.

On Paragraph D, section b, line 2, the 30% should be changed to 5% and the $13,000,000 on line 6 should be changed to **$20,000,000**.

The following tariff language should be added at the end of Paragraph D.b: **Mississippi River Transport's (MRT) total current discounted transportation rate to the Company shall be used as its current baseline.**

Schedule 4-2A outlines the Staff's proposed tariff language that is to be inserted on Schedule 4-2. Paragraph D.c.(ii) should be deleted in its entirety and be replaced with the following language: **The demand cost benchmark component shall be equal to 1 cent per MMBtu.**

Q. What changes is Staff proposing to Laclede's Third Revised Sheet No. 25?

A. Schedule 4-3 outlines Staff's proposed changes to Laclede's Third Revised Sheet No. 25.

The heading that reads, Gas Supply Incentive Plan, Effective October 1, 1999, should change the year to **2001**.

Paragraph D.c.(iii) **should be deleted in its entirety.**

The following tariff language should be added at the end of Paragraph D.c.(iv): **When the commodity cost benchmark component exceeds $5.50 per MMBtu, no savings or sharing shall occur.**

Schedule 4-3A outlines the Staff's proposed tariff language that is to be inserted on Schedule 4-3.

Q. What changes is Staff proposing to Laclede's Third Revised Sheet No. 26?

A. Schedule 4-4 outlines Staff's proposed changes to Laclede's Third Revised Sheet No. 26.

The heading that reads, Gas Supply Incentive Plan, Effective October 1, 1999, should change the year to **2001**.

Paragraph D.c.(vi) should end the sentence at on-system requirements, **deleting the end of the sentence "excluding the commodity cost of Firm Fixed Price supplies." The deleted sentence would be replaced with: All costs will be subject to a prudence review.**

Paragraph D.c.(vi) (1) and (2) **should delete the portion of the last sentence that reads: "...and such actual costs are deemed to be prudent."**

Paragraph D.c.(vi)(3) **should delete the portion of the last sentence that reads: "... shall be subject to a prudence review.**

Paragraph D.c.(vii) should be deleted in its entirety.

Q. What changes is Staff proposing to Laclede's Third Revised Sheet No. 27?

A. Staff is proposing to **delete the entire tariff sheet.**

Q. What changes is Staff proposing to Laclede's Third Revised Sheet No. 28?

A. Schedule 4-6 outlines Staff's proposed changes to Laclede's Third Revised Sheet No. 28.

The heading that reads, Gas Supply Incentive Plan, Effective October 1, 1999, should change the year to **2001**.

Paragraph D.c.(viii) **should delete the portion of the last sentence that reads: "..., including volumes purchased on a firm Fixed Price basis, ...".**

The tariff language in **Schedule 5 should be inserted after** Paragraph D.c.(viii).

Paragraph D.d., line 2, the **30%** should be replaced with 5%.

Paragraph D.d. line 8, tariff language must be added after the sentence ending ...Company's incentive plan. **The new language should read: No sharing will occur until Laclede achieves savings of at least $1,917,000.**

Schedule 4-6A outlines the Staff's proposed tariff language that is to be inserted on Schedule 4-6.

Paragraph D.d. line 9 the word **maximum** should be replaced with the word **actual.**

Paragraph D.d. line 9 should replace the portion of the sentence that reads: **"...rates approved by the responsible regulatory authority" with ...rates paid by Laclede to its pipeline supplier.**

Schedule 4-6B outlines the Staff's proposed tariff language that is to be inserted on Schedule 4-6.

Q. What changes is Staff proposing to Laclede's Fourth Revised Sheet No. 28-a?

A. Schedule 4-7 outlines Staff's proposed changes to Laclede's Fourth Revised Sheet No. 28-a.

Paragraph D. 5. should change the date of September 30, 2001, to **September 30, 2002**, and change the date of October 1, 2000 to **October 1, 2001**.

Q. What changes is Staff proposing to Laclede's Second Revised Sheet No. 28-b?

A. Schedule 4-8 outlines Staff's proposed changes to Laclede's Second Revised Sheet No. 28-b.

Paragraph D. c. **should be deleted in its entirety**.

Paragraph D.d. line 3 should change the date **September 30, 2001 to September 30, 2002**.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

IN THE MATTER OF LACLEDE GAS COMPANY'S TARIFF FILING TO IMPLEMENT AN EXPERIMENTAL FIXED PRICE PLAN AND OTHER MODIFICATIONS TO ITS GAS SUPPLY INCENTIVE PLAN	))))))	Case No. GT-2001-329

AFFIDAVIT OF THOMAS M. IMHOFF

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Thomas M. Imhoff, of lawful age, on his oath states: that he has participated in the preparation of the foregoing written testimony in question and answer form, consisting of 8 pages of testimony to be presented in the above case, that the answers in the attached written testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

Thomas M. Imhoff
Thomas M. Imhoff

Subscribed and sworn to before me this 1st day of May, 2001.

Dawn L. Hake
Notary Public

DAWN L. HAKE
Notary Public – State of Missouri
County of Cole
My Commission Expires Jan 9, 2005

My commission expires My Commission Expires Jan 9, 2005

LACLEDE GAS COMPANY
CASE NO. GT-2001-329

Summary of Cases in which prepared testimony was presented by:
THOMAS M. IMHOFF

Company Name	Case No.
Terre-Du-Lac Utilities	SR-82-69
Terre-Du-Lac Utilities	WR-82-70
Bowling Green Gas Company	GR-82-104
Atlas Mobilfone Inc.	TR-82-123
Missouri Edison Company	GR-82-197
Missouri Edison Company	ER-82-198
Great River Gas Company	GR-82-235
Citizens Electric Company	ER-83-61
General Telephone Company of the Midwest	TR-83-164
Missouri Telephone Company	TR-83-334
Mobilpage Inc.	TR-83-350
Union Electric Company	ER-84-168
Missouri-American Water Company	WR-85-16
Great River Gas Company	GR-85-136
Grand River Mutual Telephone Company	TR-85-242
ALLTEL Missouri, Inc.	TR-86-14
Continental Telephone Company	TR-86-55
General Telephone Company of the Midwest	TC-87-57
St. Joseph Light & Power Company	GR-88-115
St. Joseph Light & Power Company	HR-88-116
Camelot Utilities, Inc.	WA-89-1
GTE North Incorporated	TR-89-182
The Empire District Electric Company	ER-90-138
Capital Utilities, Inc.	SA-90-224
St. Joseph Light & Power Company	EA-90-252
Kansas City Power & Light Company	EA-90-252
Sho-Me Power Corporation	ER-91-298
St. Joseph Light & Power Company	EC-92-214
St. Joseph Light & Power Company	ER-93-41
St. Joseph Light & Power Company	GR-93-42
Citizens Telephone Company	TR-93-268
The Empire District Electric Company	ER-94-174
Missouri-American Water Company	WR-95-205
Missouri-American Water Company	SR-95-206
Union Electric Company	EM-96-149
The Empire District Electric Company	ER-97-81
Missouri Gas Energy	GR-98-140
Laclede Gas Company	GR-98-374
Laclede Gas Company	GR-99-315
Atmos Energy Corporation	GM-2000-312
Ameren UE	GR-2000-512
Missouri Gas Energy	GR-2001-292

This Plan shall terminate effective September 30, 2001. The Company shall implement a Comprehensive Gas Purchasing plan (CGPP) that incorporates risk management, a warm winter baseline, extreme cold winter consumption and a summer and winter purchase strategy.

The CGPP shall also include a comprehensive discussion of all major contract changes, a schedule showing how the Company economically dispatches gas on a monthly basis, and copies of all current transportation, storage, and bundled agreements.

EXPERIMENTAL INCENTIVE PLAN

D. This Section D establishes an Experimental Incentive Plan (EIP) mechanism, effective October 1, 2001, whereby the Company receives a percentage of the lesser of either the Delivered Cost of Gas (DCOG) or ½ of its percentage decrease in its DCOG, if it meets certain conditions.

1. The overall DCOG must be less than the previous Actual Cost Adjustment (ACA) 3-year historical average. The Mcf unit rate will be computed by taking the total DCOG and dividing it by Total Sales Volumes (TSF) for the ACA period. The average rate per Mcf will be computed by district.
2. The Company's district must rank in the top four districts in the State of Missouri in order to qualify for an incentive percentage. To establish rankings and incentive percentages, the percentage change in the DCOGs of all Local Distribution Company (LDCs) districts from the prior year will be compared. If the Company's district is ranked in the top 4 districts, the following incentive percentage will be applied to their respective DCOG or ½ of the percentage change in their respective DCOGs, whichever is less:

District Ranking	Incentive Percentage
1	2.00%
2	1.00%
3	0.50%
4	0.25%

3. The Company's district will be based on its most recent Purchased Gas Adjustment (PGA) tariff filing effective on or before May 1, 2001. A new district cannot be created without prior Commission approval.
4. The Company shall file its ACA on the costs it actually incurred during the ACA period. The Company shall not impute any incentive that it believes it has earned within the context of its ACA filing. Any rewards given off of this proposal will be decided and granted within the context of the Company's next winter PGA/ACA filing.

If an unusual and unforeseen event occurs which would have a significant impact on purchased gas costs, such as, an act of God, a significant change in federal or state laws or regulations, including tax laws, or a significant change in gas supply market or system operating conditions, the Company, Commission Staff, the Office of Public Counsel and any other party shall have the right at any time to make a filing seeking to either terminate or modify the EIP. The operation of the EIP may also be suspended by the Commission, pending further action by the Commission on whether to terminate or modify the EIP, in the event and at such time as legislation materially affecting the operation of EIP is passed by the Missouri General Assembly and implemented in accordance with the terms of such legislation.

Unless terminated with the above section, the EIP shall become effective October 1, 2001 and continue to be in effect through September 30, 2002. At this time, the EIP shall terminate and the Company shall go back to traditional ratemaking.

P.S.C. MO. No. 5 Consolidated, Sixth Revised Sheet No. 23

CANCELLING P.S.C. MO. No. 5 Consolidated, Fifth Revised Sheet No. 23

Laclede Gas Company For Refer to Sheet No. 1

Name of Issuing Corporation or Municipality — Community, Town or City

SCHEDULE OF RATES

SEP 14 1999

MO. PUBLIC SERVICE COMM

D. Gas Supply Incentive Plan, Effective October 1, ~~1999~~ Change to 2001

This Section D establishes a Gas Supply Incentive Plan ("GSIP") mechanism, effective October 1, ~~1999,~~ Change to 2001 whereby the Company and its customers share in specified savings and revenues realized by the Company in acquiring, utilizing and managing its system gas supply assets.

Delete ~~The GSIP recognizes that the Company has agreed to bear the risk of certain increases in its gas supply procurement costs and is designed to provide the Company with incentives to minimize the costs incurred in the acquisition, and to maximize revenues generated from the management and utilization, of such assets.~~

1. The Company shall retain in an Incentive Revenue ("IR") Account a portion of certain savings the Company realizes in connection with the acquisition and management of its gas supply and transportation portfolio

a. The Company shall credit its Deferred Purchased Gas Cost Accounts for the difference between the total revenues it realizes from the release of pipeline transmission or pipeline storage capacity to another party and that portion of such revenues which the Company shall retain in the IR Account according to the following percentages:

Capacity Release Revenues	Company Retention %
Change to $1,750,000 First ~~$1,500,000~~	Change to 0% ~~10%~~
Delete ~~Next $1,500,000 to $2,500,000~~ INSERT Amounts over $1,750,000	Delete ~~$150,000 plus~~ Change to 10% ~~20%~~ of amount above ~~$1,500,000~~ Change to $1,750,000
Delete ~~Amounts over $2,500,000~~	Delete ~~$350,000 plus 30% of amount above $2,500,000~~

Missouri Public Service Commission

99-303

FILED OCT 01 1999

DATE OF ISSUE September 14, 1999 (month day year) DATE EFFECTIVE October 1, 1999 (month day year)

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101 (name of officer, title)

Schedule 4-1

P.S.C. MO. No. 5 Consolidated, Fourth Revised Sheet No. 24

CANCELLING P.S.C. MO. No. 5 Consolidated, Third Revised Sheet No. 24

RECEIVED

Laclede Gas Company SEP 14 1999 For Refer to Sheet No. 1
Name of Issuing Corporation or Municipality Community, Town or City

SCHEDULE OF RATES

Change to 2001

D. Gas Supply Incentive Plan, Effective October 1, ~~1999~~ (Continued)

Change 30% to 5%

b. The Company shall debit the Incentive Adjustment ("IA") Account and credit the IR Account for ~~30%~~ of the amount by which the Company's firm transportation discounts, on any interstate or intrastate pipeline, including discounts for firm transportation which may be bundled with gas supply, exceed an annual baseline of ~~$13,000,000.~~ In the event the maximum rates used to initially calculate the debit to the IA Account shall have been approved by the responsible regulatory authority on an interim basis subject to refund, the IA Account will be subsequently adjusted, if necessary, to reflect the finally approved rates for the time during which the interim rates were in effect. INSERT A

Change to $20,000,000

c. The Company shall debit or credit the IA Account and credit or debit the IR Account with a portion of the decrease or increase, respectively, in the costs the Company incurs to purchase natural gas supplies ("Procurement Costs") for system supply purposes in accordance with the following procedure and definitions:

(i) A benchmark cost of gas shall be established for each month of the Company's ACA year which shall consist of a demand cost component, and a commodity cost component for all gas supplies other than those firm supplies purchased on a fixed price basis ("Other Supplies").

Insert

(ii) The demand cost benchmark component shall be equal to 1¢ per MMBtu. ~~one-twelfth of the sum of the annualized demand costs for each type of gas supply contract the Company requires: baseload, combination and swing. Baseload contracts require the Company to purchase its contracted quantities of gas each day of the contract period(s). Combination contracts provide daily nomination flexibility between zero and the maximum contracted quantity and have an annual minimum contractual requirement of 70% of the aggregate monthly maximum quantities during each year. Swing contracts provide daily nomination flexibility between zero and the maximum contracted quantity and have no annual minimum or monthly contractual requirement.~~

Delete

Missouri Public Service Commission
99-303
FILED OCT 01 1999

DATE OF ISSUE September 14, 1999 DATE EFFECTIVE October 1, 1999
month day year month day year

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101
name of officer title address

Schedule 4-2

INSERT A

Mississippi River Transport's (MRT) total current discounted transportation rate to the Company shall be used as its current baseline.

Laclede Gas Company For Refer to Sheet No. 1
Name of Issuing Corporation or Municipality — Community, Town or City

SCHEDULE OF RATES

Change to 2001

D. Gas Supply Incentive Plan, Effective October 1, ~~1999~~ (Continued)

Delete

(iii) For purposes of establishing the demand cost benchmark component in (ii) above, the annualized demand charges for each type of gas supply contract shall be determined by multiplying the Company's annual design supply requirements for each type of supply contract by the associated average demand cost per MMBtu. The design supply requirements are as follows:

Contract Type	Annual Design Supply Requirements
Baseload	33.2 Bcf
Combination	70.4 Bcf
Swing	14.1 Bcf

The average demand cost per MMBtu for each type of supply contract shall be the average demand cost per MMBtu of the following three geographic supply regions from which the Company purchases gas: Mid-continent, Gulf Coast and North Louisiana/East Texas. The average demand cost per MMBtu for each supply region, which shall be determined annually through the issuance of a Request For Proposal ("RFP") prior to the start of each ACA year, shall be the weighted average demand cost per MMBtu of all the proposals received by the Company, pursuant to the RFP, for each type of supply contract within each supply region, exclusive of the volumes associated with the highest-priced 10% of all volumes for such type of contract and supply region.

(iv) The commodity cost benchmark component for all Other Supplies shall be computed by multiplying total natural gas volumes purchased for on-system requirements, exclusive of any volumes purchased by the Company on a firm, fixed price ("Firm Fixed Price") basis, by the Weighted Average Spot Cost of Gas ("WACOG"). The WACOG shall be developed by using Inside FERC Gas Market Report first-of-the-month indices and weighting the "Reliant Gas Transmission-East" and "Trunkline-Louisiana" indices by 60% and 40% respectively. INSERT B

(v) A cumulative benchmark cost of gas shall be computed by summing the benchmark cost of gas for all months of the year or portion thereof.

RECEIVED SEP 14 1999 MO. PUBLIC SERVICE COMM

Missouri Public Service Commission 99-303 FILED OCT 01 1999

DATE OF ISSUE September 14, 1999 (month day year) DATE EFFECTIVE October 1, 1999 (month day year)

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101
name of officer — title — address

INSERT B

When the commodity cost benchmark component exceeds $5.50 per MMBtu, no savings or sharing shall occur.

Laclede Gas Company — Name of Issuing Corporation or Municipality — For — Refer to Sheet No. 1 — Community, Town or City

SCHEDULE OF RATES

D. Gas Supply Incentive Plan, Effective October 1, ~~1999~~ Change to 2001 (Continued)

(vi) At the end of each ACA year, the Company shall compare the cumulative benchmark cost defined above to actual cumulative costs for the Company's on-system requirements. ~~excluding the~~ Delete
Delete – ~~commodity cost of Firm Fixed Price supplies.~~
INSERT All costs will be subject to a prudence review

(1) If the Company's cumulative actual cost is greater than the cumulative benchmark cost of gas but less than or equal to 104% of such cumulative benchmark cost of gas, the IA Account is not affected. ~~and such actual costs are deemed to be prudent.~~ – Delete

(2) If the Company's cumulative actual cost is greater than 104% of the cumulative benchmark cost of gas but less than or equal to 110% of such cumulative benchmark cost of gas, the IA Account is credited and the IR Account is debited with 50% of the difference between such cumulative actual cost of gas and 104% of the benchmark cost of gas. ~~and such actual costs are~~ – Delete
Delete – ~~deemed to be prudent.~~

(3) If the Company's cumulative actual cost is greater than 110% of the cumulative benchmark cost of gas, the IA Account is credited and the IR Account is debited with 50% of the maximum difference computed in (2) above and those costs in excess of 110% of the benchmark cost of gas. ~~shall be subject to~~ – Delete
Delete – ~~a prudence review.~~

(4) If the Company's cumulative actual cost is less than the cumulative benchmark cost of gas, the IA Account is debited and the IR Account is credited with 50% of the difference, subject to the maximum described in (viii) below.

Delete ~~(vii) With respect to commodity costs for Firm Fixed Price gas supplies the Company shall retain a portion of certain savings it may realize by purchasing gas at prices below historical levels. Accordingly, for supplies that are purchased below a Fixed Target Price ("FTP"), the Company shall debit the IA Account and credit the IR Account for the following percentage share of any savings as defined in (vii)(2) below, subject to the maximum described in (viii) below:~~

DATE OF ISSUE October 4, 1999 (month day year) DATE EFFECTIVE November 5, 1999 (month day year)

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101 (name of officer, title, address)

P.S.C. MO. No. 5 Consolidated, Third Revised Sheet No. 27

CANCELLING P.S.C. MO. No. 5 Consolidated, Second Revised Sheet No. 27

Missouri Public Service Commission

Laclede Gas Company — Name of Issuing Corporation or Municipality — RECD OCT 05 1999 — Refer to Sheet No. 1 — Community, Town or City

SCHEDULE OF RATES

b. Gas Supply Incentive Plan, Effective October 1, 1999 (Continued)

From $.000 up to and including $.100 per MMBtu,	10%
From $.100 up to and including $.200 per MMBtu,	20%
From $.200 up to and including $.300 per MMBtu,	30%
From $.300 up to and including $.400 per MMBtu,	40%
Greater Than $.400 per MMBtu	50%

(1) The FTP shall be equal to the Five Year Historical ("New York Mercantile Exchange") NYMEX Price for the winter or summer season in which fixed price supplies are purchased less the difference between the last day NYMEX settlement price for the month in which such supplies are purchased and the index at the point of purchase for such month ("Index"). The Index shall be the Inside FERC Gas Market Report first-of-the-month index or, if such index is not available, the Gas Daily monthly index. Each year a Five Year Historical NYMEX Price shall be established for each winter (November through March) and summer (April through October) procurement season based on ~~the average last day NYMEX settlement price for each month of~~ the applicable season for the five years immediately preceding the start of such season.

Delete

(2) Gas cost savings for purposes of this section shall be the amount by which the actual Index applicable to the delivery point and month of purchase for each Firm Fixed Price purchase exceeds the Company's actual commodity cost for such supplies; however, such savings shall not be greater than the difference between the FTP and the Company's actual commodity cost for such supplies whenever the Index applicable to the delivery point and month of purchase is greater than the FTP;

(3) Gas cost savings shall be deemed to be zero whenever the Index applicable to the delivery point and month of purchase is less than the Company's actual commodity cost for such supplies;

Missouri Public Service Commission
99-303
FILED NOV 05 1999

DATE OF ISSUE October 4, 1999 (month day year) DATE EFFECTIVE November 4, 1999 (month day year)

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Schedule 4-5

Laclede Gas Company — Name of Issuing Corporation or Municipality

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

SCHEDULE OF RATES

Change to 2001

D. Gas Supply Incentive Plan, Effective October 1, ~~1999~~ (Continued)

(viii) In no event shall the combined impact on the IA and IR accounts described in (vi)(4) and (vii)(2) exceed 3% of the Total Index-Based Benchmark Cost of Gas. Such benchmark shall be equal to the sum of the Index-Based Benchmark Commodity Cost of Gas for each month of the ACA year plus the annualized demand charge benchmark defined in (iii) above. The Index-Based Benchmark Commodity Cost of Gas shall be equal to the product of total natural gas volumes purchased by the Company for system supply purposes during each month, ~~including volumes purchased on a Firm Fixed Price basis~~, and the WACOG defined in (iv) above. — Delete

Delete —

INSERT SCHEDULE 5 LANGUAGE HERE.

Change the 30% to 5%

d. The Company shall debit or credit the IA Account and credit or debit the IR Account with ~~30%~~ 5% of the decrease or increase, respectively, in the fixed cost of all transmission and storage services purchased by the Company from interstate or intra-state pipelines, exclusive of the amount, if any, of such decrease or increase that is attributable to a change in the planned utilization of Company-owned storage or other peaking facilities, the cost of which is not covered by the Company's incentive plan. — INSERT C Purchases of such services shall be based on the ~~maximum~~ actual rates INSERT D approved by the responsible regulatory authority and shall include the fixed cost of transportation whenever such is bundled with gas supply. The cost associated with any increase in storage service purchased by the Company shall be reduced by the net gas supply savings resulting from the Company's ability to capture the difference in gas prices between storage injection and withdrawal periods. The transportation contracts in effect during the 1998-1999 ACA period shall be used for determining the amount of fixed costs from which such decrease or increase shall be measured, ("Base Period Cost"), unless otherwise provided by Section D.4. below. Such Base Period Cost shall be adjusted for the following reasons, subject to a prudence review conducted by the Staff with respect to item (ii) below:

maximum should change to actual

i) a change in the maximum rates, charges, surcharges and fees approved by the responsible regulatory body applicable to such service, including rates, charges, surcharges and fees which may not have been in effect in the 1998-1999 ACA period; and

ii) an increase in transportation or storage service required by the Company to meet changes in its load requirements.

DATE OF ISSUE October 4, 1999 (month day year) DATE EFFECTIVE November 5, 1999 (month day year)

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101 (name of officer, title, address)

INSERT C

No sharing will occur until Laclede achieves savings of at least $1,917,000.

INSERT D

paid by Laclede to its pipeline supplier.

Laclede Gas Company — For — Refer to Sheet No. 1

Name of Issuing Corporation or Municipality — Community, Town or City

SCHEDULE OF RATES

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D. Gas Supply Incentive Plan

2. The debits and credits to the IA Account shall be allocated to the applicable customer classifications, based on the volumes sold and/or transported during the ACA period. Debits from item 1.b. and 1.d. shall be allocated to the Company's firm sales and firm transportation customers consistent with the allocation of capacity reservation charges set forth in Section A.2.b. The debit or credits from item 1.c. shall be allocated to the Company's on-system firm sales only.

3. For each ACA year, the debits and credits recorded in the IA Account including any balance from the previous year shall be accumulated to produce a cumulative balance of incentive adjustments. For purposes of computing new ACA factors for the subsequent twelve-month period beginning with the effective date of the Winter PGA, such cumulative incentive adjustment balances shall be combined with the appropriate Deferred Purchased Gas Costs Account balances. The Company shall separately record that portion of ACA revenue recovery which is attributable to recovery of the IA Account balances. Any remaining balance shall be reflected in the subsequent ACA computations.

4. If an unusual event occurs which would have a significant adverse impact on purchased gas costs, such as, an act of God, a significant change in federal or state laws or regulations, including tax laws, or a significant change in gas supply market or system operating conditions, the Company reserves the right at any time to make a filing seeking to either terminate or modify the GSIP, including modification to the Base Period Cost described in 1.d. above.

Change to 2002

5. Unless terminated in accordance with Section D.4., the GSIP shall continue in effect through September 30, ~~2001~~, subject to the following terms and conditions which shall become effective October 1, ~~2000~~. – Change to 2001

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JUL 14 2000

MISSOURI Public Service Commission

DATE OF ISSUE June 12, 2000 (Month Day Year) — DATE EFFECTIVE July 14, 2000 (Month Day Year)

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive St., St. Louis, MO 63101

Name of Officer — Title — Address

Laclede Gas Company — For — Refer to Sheet No. 1
Name of Issuing Corporation or Municipality — Community, Town or City

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SCHEDULE OF RATES

D. Gas Supply Incentive Plan

a. With respect to Section D.1.a., the Company shall continue to share in capacity release revenues to the extent that the maximum daily quantities ("MDQs") of the Company's firm transportation contracts with Mississippi River Transmission Corporation ("MRT") do not exceed the Company's MDQs on MRT during the 1998-1999 ACA period.

b. With respect to Sections D.1.b. and D.1.d., MRT shall be excluded from the pipelines that are covered by such sections.

Delete ~~c. With respect to Section D.1.c.(viii), the combined impact on the IA and IR accounts shall not exceed $5,300,000 for the twelve month period ending September 30, 2001~~.

d. If the sum of the credits to the IR Account described in Sections D.1.a. through D.1.d., before the adjustment described in this paragraph, exceed $9.0 million for the twelve month period ending September 30, ~~2001,~~ such credits and related accounting entries shall be adjusted proportionately so that the total of such credits, after adjustment, equal $9.0 million for such period.

Change to 2002

e. If an unusual and unforeseen event occurs which would have a significant impact on purchased gas costs, such as, an act of God, a significant change in federal or state laws or regulations, including tax laws, or a significant change in gas supply market or system operating conditions, the Company, Commission Staff, the Office of the Public Counsel and any other proper party shall have the right at any time to make a filing seeking to either terminate or modify the GSIP, including modifications to the Base Period Cost described in 1.d. above, provided that such filing shall not seek to terminate or modify in any manner, either directly or indirectly, the maximum amounts by which the Company may credit the IR account pursuant to Sections D.5.c. and d. The operation of the GSIP may also be suspended by the Commission, pending further action by the Commission on whether to terminate or modify the GSIP, in the event and at such time as legislation materially affecting the operation of the GSIP is passed by the Missouri General Assembly and implemented in accordance with the terms of such legislation.

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ISSUED BY K.J. Neises, Senior Vice President, 720 Olive St., St. Louis, MO 63101
Name of Officer — Title — Address

Laclede Gas Company For Refer to Sheet No. 1
Name of Issuing Corporation or Municipality Community, Town or City

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SCHEDULE OF RATES

E. Filing Requirements & Applicability

1. The Company shall make two scheduled PGA filings each year: A Winter PGA and a Summer PGA. The Winter PGA shall be filed between October 15 and November 4 and the Summer PGA shall be filed between March 15 and April 4.

2. In addition, between the effective dates of the Winter and Summer PGA filings the Company may make an Unscheduled PGA filing provided that at the time of such filing, there is: (a) a projected under recovery in the Company's Deferred Carrying Cost Balance ("DCCB"), as defined in Section C.6., equal to or greater than fifteen percent of the Company's average annual cost of gas for the three most recent ACA periods or (b) a projected over recovery equal to or greater than ten percent of such average gas cost. The projected under or over recovery shall be determined by adding: (1) the actual net over or under recovery amount in the DCCB at the time the Unscheduled PGA filing is made to (2) the estimated DCCB-related over or under recovery amount which, based on the Company's estimated costs at the time of the Unscheduled PGA filing, would otherwise occur in the ensuing monthly period absent the filing. At the time of the Unscheduled PGA Filing the Company may implement Unscheduled PGA Filing Adjustment ("UFA") factors for sales customers other than those customers served under the LVTSS rate schedule in order to recover or refund the DCCB estimated balance at the time of such filing. Separate UFA factors shall be computed for each of the sales classifications by dividing such DCCB for each such classification by the corresponding estimated sales volume for the period of time between the effective date of the UFA factors and the next Summer PGA filing, provided that such factors shall not exceed $.05 per therm. Such factors shall remain in effect until the next Summer PGA filing. Any DCCB amount existing at the time of the next Winter PGA filing, including interest, shall be included in the determination of the new ACA factors for non-LVTSS sales customers to be effective in such PGA filing.

3. With the exception of the CPGA factor applicable to LVTSS customers, at least ten business days before applying any Purchased Gas Adjustment(s), the Company shall file with the Commission an Adjustment Statement showing:

a. The computation of the revised CPGA, refund, ACA and UFA factors:

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DATE OF ISSUE July 23, 1997 (month day year) DATE EFFECTIVE October 15, 1997 (month day year)

K.J. Neises

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101
name of officer title address

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Laclede Gas Company For Refer to Sheet No. JUL 23 1997
Name of Issuing Corporation or Municipality Community, Town or City

MISSOURI

SCHEDULE OF RATES Public Service Commission

E. Filing Requirements & Applicability (Continued)

b. A revised PGA Tariff Sheet No. 29 setting forth the rate classes of the Company to which the Purchased Gas Adjustment(s) is to be applied, the net amount per therm, expressed to the nearest .001¢ to be used in computing the Total Purchased Gas Adjustment (sum of CPGA, refund, ACA and UFA) applicable to customers' bills under each rate schedule, and the effective date of such adjustment.

c. The Company shall also file with the Commission, as soon as available, copies of any orders or other pertinent information applicable to the wholesale rate(s) charged the Company by its suppliers. Any supporting material disclosing market-specific information will be designated "Highly Confidential" and will only be made available to the Missouri Public Service Commission or to any party that executes a non-disclosure statement.

4. The resulting increases or decreases in charges for gas service resulting from an increase or decrease in the CPGA, ACA, refund and UFA factors shall be effective on a pro-rata basis beginning with the effective date of the revised Tariff Sheet No. 29, or the effective date provided by paragraph A.5, and shall be fully effective one month thereafter, provided that any such proposed increase or decrease in charges satisfies the terms of Section E hereof.

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97-401
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DATE OF ISSUE July 23, 1997 (month day year) DATE EFFECTIVE October 15, 1997 (month day year)

K.J. Neises

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101
name of officer title

GAS SUPPLY INCENTIVE PLAN

The Company shall credit its Deferred Purchased Gas Cost Accounts for 90% of off-system sales net revenues as such revenues are defined and accounted for below. The Company will credit its IR Account for 10% of such revenues which revenues shall be retained by the Company. No sharing shall occur until the company's net off-system sales profits exceed $1,800,000.

Definitions

Off-system marketing Sales (OS-Sales) are herein defined as any company sale of gas, or gas bundled with pipeline transportation, made to parties other than the Company's transportation customers or their agents. OS-Sales shall not be made where ultimate consumption is for consumers who receive regular local distribution company ("LDC") gas sales or LDC transportation service from the Company. OS-Sales shall not be made to any affiliate of the Company and none of the provisions of this Section D.l.d. shall apply to any company non-regulated marketing affiliate.

Off-system Sale Revenues (OS-Revenues) are the actual revenues received by the Company from an OS-Sale.

Cost of Gas Supply (CGS) is the commodity cost related to the purchase of gas supply, exclusive of transportation costs.

Off-system Cost of Gas Supply (OS-CGS) is the commodity cost related to the purchase of gas supply, exclusive of transportation costs, for a proposed OS-Sale. The OS-CGS is equal to the highest CGS from the CGS-Schedule (as defined below) associated with the quantity of actual OS-Sales for the pipeline on which the sale is made. The total OS-CGS to be booked as a cost to the OS-Sales Accounts shall be equal to the sum of the multiplication of the gas cost of each individual transaction by the associated quantities actually sold as shown on the CGS-Schedule.

Off-system Cost of Transportation (OS-CT) is the incremental cost of transportation related to the delivery of the gas supply for an OS-Sale to the point of delivery. The OS-COT shall include all commodity related transportation costs, including fuel, associated with the OS-Sale. The OS-COT shall not include non-commodity related LDC system supply transportation costs.

Off-system Net Revenue (OS-Net-Revenue) is equal to OS-Revenues minus OS-CGS and OS-COT.

Accounting

The Company shall maintain separate revenue and expense accounts to record its OS-Sales transactions, which accounts shall be audited and subject to modification by the Commission at the same time the Company's other gas costs for system supply purposes are reviewed pursuant to the ACA process. Each OS-Sales transaction shall be accounted for and analyzed separately.

Record Keeping

For the first day of each month and for each day where a subsequent change in the cost of gas supplies or in the cost of delivery thereafter occurs, the Company shall construct and retain a CGS-Schedule. This CGS-Schedule shall provide contract volumes' scheduled volumes, available volumes, unit commodity cost of gas, and unit transportation costs associated with the delivery of gas to the Company's city gate for all of the Company's gas supply contracts. The CGS-Schedule will also provide information relating to any OS-Sales. This information will include the location of sale, volume sold, sales price, total revenue from the sale, the unit commodity cost of gas used for the sale, unit transportation costs to point of sale, any other costs or cost reductions associated with the sale (eg. avoided penalty costs) and the total costs associated with the sale.

To the extent that the CGS-Schedule costs associated with the OS-Sales are different than the costs accrued for each transaction, the Company will prepare and retain a complete explanation and related records regarding such difference. If the CGS associated with the volumes of gas distributed to Company's system sales customers is at a higher cost than the OS-CGS for the OS-Sale, the Company shall document all reasons for each such occurrence and shall retain the documentation explaining such costing.

For purposes of allocation to the Deferred Purchased Gas Cost Accounts, 50% of the foregoing net revenues shall be deemed to be gas supply related and allocable to firm sales customers only and 50% shall be deemed to be transportation capacity related and allocable to both firm sales customers and firm transportation customers, consistent with the allocation of capacity reservation charges set forth in Section A.2.b., unless the net revenues from OS-Sales do not include the provision of transportation service, in which case 100% of such net revenues shall be allocable to firm sales customers.

Limitation On Sales

The Company's OS-Sales shall be made on an as-available basis. The term of each sale shall not exceed one month.

The Company shall make no individual OS-Sales where a negative margin results.

If the Company uses its transportation agreement to deliver the Off-system Supply (OS-Supply), the Company shall allocate a reasonable amount of capacity release to the transaction to help mitigate the underlying reservation charges. The amount so allocated shall be no less than the current market rate for capacity release. The Company shall document this analysis for each transaction. No OS-Sales shall be made at a margin less than capacity release revenue.