Public Counsel Data Request **No. 5004**

LACLEDE GAS COMPANY
CASE NO. GT-2001-329

Requested By: Douglas E. Micheel

Requested From: Bruce Henning

Date of Request: May 31, 2001

Information Requested: At p. 4, lines 4-5, Mr. Henning states "[i]f a pipeline is convinced that an LDC is in a captive position, the pipeline will be unwilling to offer significant discounts." In Mr. Henning's opinion, when is an LDC in a "captive" position regarding a pipeline?

This Response Includes:

☒ Printed Materials ___Total Pages ☒ Magnetic Media ___Number of disks or tapes

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LIST PRINTED MATERIALS AND/OR FILES INCLUDED:

SEE COMPANY'S RESPONSE ON THE ATTACHED SHEET

The information provided to the Office of the Public Counsel in response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Office of the Public Counsel if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information.

DATE RECEIVED:____________________ SIGNED BY:____________________________

TITLE____________________________

Exhibit No. 39
Date 6/18/01 Case No. GT-2001-329
Reporter KRM

Laclede Gas Company
GSIP-III
Case No. GT-2001-329
Office of the Public Counsel
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A. An LDC is in a "captive" position when the LDC has no economic alternative to the service received from a pipeline.

To some extent, most LDCs are captive on a peak-day for at least some portion of their system requirements. At that time, there may be little or no excess capacity available for sale in the capacity release market or on another pipeline capable of delivering gas to the LDC at the location where it is needed.

A significant number of LDCs are captive during on a year round basis. In capacity constrained markets, an LDC may have no alternative other than to sign a maximum rate annual contract for a term of five years in order to assure that the LDC will be able to retain the needed capacity. Under FERC regulation, a "right of first refusal" is granted to shippers with firm contracts with a term of one year or greater. But to exercise this right, the shipper must be willing to match any maximum rate offer for a term of up to five years.