

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 21st day of  
February, 2006.

In the Matter of the Joint Application of Fidelity )  
Natural Gas, Inc., and Laclede Gas Company )  
for an Order Authorizing the Sale and Transfer of )  
Certain Assets of Fidelity Natural Gas, Inc., )  
Located in Missouri to Laclede Gas Company )  
and Either Authorizing the Transfer of Existing )  
Certificates of Public Convenience and )  
Necessity or Granting a New Certificate of Public )  
Convenience and Necessity to Laclede Gas )  
Company in Conjunction with Same )

**Case No. GM-2006-0183**

**ORDER APPROVING UNANIMOUS STIPULATION AND  
AGREEMENT FOR THE SALE OF ASSETS AND GRANTING A  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

Issue Date: February 21, 2006

Effective Date: February 24, 2006

Syllabus: This order approves the sale of assets of Fidelity Natural Gas, Inc., to Laclede Gas Company with certain conditions agreed to by the parties and grants a certificate of convenience and necessity to Laclede Gas Company to operate in the service area of Fidelity Natural Gas, Inc.

On October 21, 2005, Fidelity Natural Gas, Inc., (Fidelity) and Laclede Gas Company (Laclede) filed a joint application seeking the Commission's authority for Fidelity to sell and transfer to Laclede certain assets of Fidelity located in Missouri. They also requested that the Commission approve the transfer of, or grant new, certificates of public

convenience and necessity, allowing Laclede to provide gas service as a public utility in the service areas currently served by Fidelity.

On October 25, 2005, the Commission notified the general public and potentially interested parties of their opportunity to intervene. No party sought to intervene or request a hearing.

On February 1, 2006, the Commission conducted a local public hearing in Sullivan, Missouri. On February 14 all parties to the case, the Staff of the Commission, the Office of Public Counsel, Fidelity, and Laclede, filed a Unanimous Stipulation and Agreement disposing of all issues in the case. A copy of the stipulation is attached to this order and is incorporated herein by this reference. The Staff filed Suggestions in Support of the Unanimous Stipulation and Agreement on February 17, 2006, setting forth its reasons for support of the Stipulation and Agreement.

Fidelity is a gas corporation and public utility organized under the law of Missouri with its principal place of business in Sullivan, Missouri. Fidelity provides natural gas service to approximately 1,300 residential, commercial, and industrial customers in the City of Sullivan, Village of Oak Grove, and unincorporated portions of Crawford and Franklin counties in Missouri.

Laclede is a gas corporation and public utility organized under the laws of Missouri with its principal place of business in St. Louis, Missouri. Laclede serves approximately 630,000 residential, commercial, and industrial natural gas customers in the City of St. Louis and the Missouri counties of St. Louis, St. Charles, Crawford, Jefferson, Franklin, Iron, Ste. Genevieve, St. Francois, Madison, and Butler.

On September 1, 2005, Fidelity and Laclede entered into a Purchase and Sale agreement (the “sale agreement”) wherein Fidelity will sell to Laclede all assets necessary to operate the gas business conducted by Fidelity. Those assets are fully described in Appendix 1, which is attached to the joint application and marked “proprietary.” Following approval of the sale, Laclede will operate the natural gas business formerly conducted by Fidelity as part of Laclede’s Missouri Natural division.

Fidelity and Laclede state in their joint application that they expect no material impact on the tax revenues of the political subdivisions in which their structures, facilities, or equipment are located. They further assert that no Commission approval will be necessary for financing the transaction. Finally, they argue that the proposed transaction will not be detrimental to the public interest.

Section 393.190 RSMo (2000), requires approval by the Commission before a regulated utility disposes of all or any part of its system. According to the sale agreement between the parties, Fidelity plans to sell all of its assets necessary to engage in the natural gas business. The Commission will approve such a sale of assets if it is shown that the sale is not detrimental to the public interest.

Upon review of the application and attachments filed by Fidelity and Laclede, the Unanimous Stipulation and Agreement, and the Staff’s recommendation, the Commission finds that the sale of Fidelity’s assets, described in Appendix 1 to the joint application, is not detrimental to the public interest and will be approved subject to a number of conditions agreed to in the Unanimous Stipulation and Agreement. The Commission further finds that Laclede should be granted a certificate of convenience and necessity to operate the natural gas business in the service area currently served by Fidelity.

**IT IS ORDERED THAT:**

1. The Unanimous Stipulation and Agreement filed on February 14, 2006, attached hereto and incorporated herein, is approved and the signatory parties are ordered to comply with its terms.

2. The sale of assets by Fidelity Natural Gas, Inc., to Laclede Gas Company described in their sale agreement of September 1, 2005, is approved, subject to the conditions set forth in the Unanimous Stipulation and Agreement filed on February 14, 2006.

3. Fidelity and Laclede are authorized to perform in accordance with the terms of their sale agreement and enter into and execute any documents reasonably necessary to the performance of the sale agreement.

4. Fidelity is authorized to transfer to Laclede all property rights, privileges, immunities and obligations of Fidelity, as described in the sale agreement between the parties.

5. Laclede is granted a certificate of convenience and necessity to conduct natural gas service in the service area currently served by Fidelity.

6. Fidelity is authorized to terminate its responsibilities as a gas corporation in Missouri effective on the effective date of this order.

7. Laclede is authorized to provide gas service in the areas previously served by Fidelity in accordance with the existing rules, regulations, rates, and tariffs of Fidelity as may be on file with and approved by the Commission from the effective date of the sale agreement until the effective date of a Commission order in Laclede's next general rate case or until the Commission orders otherwise.

8. This order shall become effective on February 24, 2006.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written in a cursive style.

Colleen M. Dale  
Secretary

(S E A L)

Davis, Chm., Murray, Gaw, Clayton and Appling, CC., concur

Reed, Regulatory Law Judge