

FILED

DEC 3 2015

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Public
Service Commission

In the Matter of Laclede Gas Company's)
Verified Application to Re-Establish and Extend) Case No. GF-2015-0181
Extend the Financing Authority Previously)
Approved by the Commission.)

AFFIDAVIT

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

Lynn D. Rawlings, of lawful age, being first duly sworn, deposes and states:

1. My name is Lynn D. Rawlings and my business address is 700 Market, St. Louis, Missouri 63101. I am currently employed by Laclede Gas Company ("Laclede" or "Company") as Treasurer and Assistant Corporate Secretary.

2. I have served in my present position since 2006. In that position, I am responsible for overseeing or assisting other Company personnel in overseeing the Company's cash management, short-term borrowing, long-term borrowing, establishment of bank lines of credit, compliance with debt covenants, rating agency and bank relationship management, and credit analysis for commercial customers.

3. In my position, I am very familiar with the measures that Laclede has taken over the years to maintain a strong credit rating in the financial markets and the importance of such ratings to our ability to attract capital on favorable terms for the benefit of our utility customers. Among others, those measures have included taking a very conservative approach over the years to the use of our financing authority and capacity; a strategy that has resulted in a balanced capital structure, a sterling reputation in the capital markets, and an overall credit rating of A3/A-

4. I am concerned that the Commission Staff's recommendation in this case to temporarily reduce the financing authority available to the Company, from the current amount of \$370 million to \$100 million, could have an adverse impact on how the Company's financial health is viewed by the investment community. We routinely disclose in our SEC filings what our approved amount of authorization is, and we would have to disclose similarly such a reduction should it be approved by the Commission. I am concerned that individual and institutional investors might misperceive such a reduction as a sign that something might be amiss with the Company's financial condition.

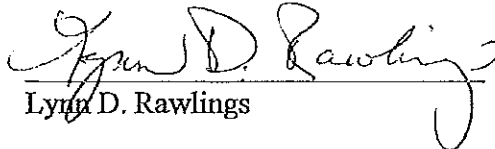
Laclede Exhibit No. 3
Date 11-18-15 Reporter TV
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5. I am equally concerned that ordering a significant reduction in the amount of financing authority available when there has been no evidence presented to suggest that such authority has been misused in the past, might cause analysts and investors to perceive the regulatory environment in Missouri as having greater risk and less certainty when it comes to addressing fundamental issues affecting the financial capacity of the utilities it regulated. The ratings by third-party analyst groups, such as SNL, who "grade" each state's regulatory environment, can and do have a meaningful impact on the credit ratings that such analysts assign a utility, especially when the regulatory environment affects a significant portion of the utility's business operations, as is the case with the Missouri Commission and Laclede. Such credit ratings have a very direct, real and meaningful impact on our cost of capital and our customers' rates.

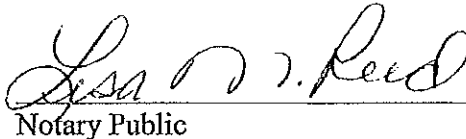
6. The \$100 million dollar limitation proposed by Staff also ignores the fact that long-term financing is not done (at least by most companies, including Laclede Gas) on a monthly basis, but is done from time to time in larger denominations. While the Company did not include any near-term financings in its projections in this case, it is quite possible that conditions would change (such as rising interest rates) that would cause the Company to want to issue some long-term debt sooner, potentially within Staff's 90-day window. The market penalizes smaller issuances by charging an "illiquidity premium" (a higher interest rate) on bond issuances that are less than \$250 million, and often an even higher premium on issuance less than \$100 million.

7. For all of these reasons, I believe that imposing such limitation, even on a temporary basis, should be avoided.

8. I hereby swear and affirm that the statements above are true and correct to the best of my knowledge and belief.


Lynn D. Rawlings

Subscribed and sworn to before me this 19th day of June, 2015.


Notary Public

