

Exhibit No.:

Issue:

Weather Mitigation Proposal

Witness:

Michael T. Cline

Type of Exhibit:

Direct Testimony

Sponsoring Party:

Laclede Gas Company

Case No.:

GR-2001-629; GT-2001-662

FILED²

OCT 16 2001

**Missouri Public
Service Commission**

LACLEDE GAS COMPANY

GR-2001-629; GT-2001-662

DIRECT TESTIMONY

OF

MICHAEL T. CLINE

PURPOSE OF TESTIMONY

Q. Please state your name and address.

A. My name is Michael T. Cline and my business address is 720 Olive Street, St.

Louis, MO 63101

Q. Are you the same Michael T. Cline who has previously caused direct testimony to be filed in this case?

A. Yes, I am.

Q. What is the purpose of your testimony?

A. I will explain the need for the Weather Mitigation Clause (“WMC”) the Company filed on April 20, 2001, as well as discuss the two other weather mitigation alternatives set forth in the specimen tariff sheets included in such filing. The Company’s filing is attached as Schedule 1 to my testimony. I will also describe and contrast, in summary form, the workings of the proposed WMC and the Company’s two alternatives, all three of which I consider to be weather mitigation measures. The Commission originally established Case No. GT-2001-662 to deal with the Company’s filing. However, on September 4, 2001, the Commission consolidated such case with the Company’s rate case, thus necessitating the filing of this testimony.

THE NEED FOR SOME FORM OF WEATHER MITIGATION

Q. What goals would implementation of some form of weather mitigation accomplish?

A. All of the weather mitigation alternatives proposed by the Company would alleviate the mismatching of revenues and costs that occurs under the Company's

existing rate design when the weather in the Company's service area is colder or warmer than normal and, in certain instances, the weather mitigation alternatives would reduce the bill volatility that occurs as a result of such weather variations.

Q. Please explain what you mean by the mismatching of revenues and costs that occurs under the Company's existing rate design.

A. Presently, over one-half of the non-gas revenues generated by the Company under the Residential General Service ("RG") and Commercial and Industrial General Service ("CG") rate schedules are derived from the Charge For Gas Used ("CGU"), a volumetric rate that varies based on the time of the year the gas is used (winter or summer) and the rate block into which the customer's usage falls. The balance of the RG and CG revenues are derived from the customer charge. The CGU is determined in the Company's general rate case proceedings based on normalized sales volumes, which, in turn, are based on normal weather. Because the CGU charge is volumetric in nature, the level of revenues received by the Company to recover its costs will in turn vary (i.e. be either higher or lower) from the level assumed when rates were established in the event it is colder or warmer than normal.

Q. Why does this result in a mismatch of costs and revenues?

A. A mismatch results because virtually all of the Company's costs, other than the cost of gas, are fixed. As described in more detail in the testimony filed by the Company in its past two general rate case proceedings, these costs do not fluctuate with the weather. For example, the Company does not reduce its employee levels, physical plant, number of utility trucks or other assets used to

3
1 provide service just because its sales volumes have decreased temporarily as a
2 result of one winter season being warmer than another. As a result, under the
3 existing rate structure, the reduction in sales volumes attributable to warmer than
4 normal weather, all other things being equal, will cause the Company to under-
5 recover its costs and fail to earn the return it was authorized in its last rate case.
6 Likewise, an increase in sales volumes attributable to colder than normal weather,
7 will cause the Company to over-recover its costs and earn in excess of its
8 authorized return. Stated another way, under the Company's existing rate design,
9 when the weather is either colder or warmer than normal, customers are
10 needlessly forced to pay for costs that do not exist or the Company is prevented
11 from recovering costs that have, in fact, been incurred. Implementation of any of
12 the weather mitigation measures proposed by the Company would significantly
13 alleviate this mismatch of revenues and costs.

14 Q. You also indicated that implementation of the weather mitigation measures
15 proposed by the Company would, in certain instances, also serve to reduce
16 customer bill volatility. Please explain.

17 A. One of the primary factors that increased customer bills last winter, particularly
18 during the early winter period, was the impact of record cold weather in
19 November and December on customer usage. As customers used more and more
20 gas because of this colder than normal weather, the volumetric component of the
21 Company's distribution rates required them to pay more in their bills.
22 Unfortunately, this occurred at the very same time that the same cold weather
23 factors were also driving up wholesale gas prices—a factor that also increased

1 customer bills. As I will explain later in my testimony, two of the Company's
2 proposed measures would help to alleviate this situation and contribute to more
3 stable bills by reducing the impact that weather would have on the magnitude of
4 customers' bills. Moreover, it would do so at the very time that such bill
5 mitigation is most needed. In short, such weather mitigation measures represent a
6 common sense step toward more bill stability -- a step that the Commission can
7 take immediately, and on its own, if it believes that promoting bill stability is a
8 worthwhile goal.

9 Q. Did this mismatching of revenues and costs contribute to Laclede's record
10 percentage increase in quarterly earnings for the period ending December 31,
11 2000?

12 A. Yes, and this illustrates another important policy goal that would be served by
13 implementing any of the Company's proposals, namely addressing customer
14 concerns as to why their bills are increasing. Almost all of the Company's
15 earnings increase for the quarterly period ending December 31, 2000 increase was
16 attributable to the impact of weather-related increases in its distribution
17 throughput. Of particular concern to some during this past winter was the fact
18 that Laclede was making "record profits" at the very time its customers' bills
19 were increasing; implying, of course, that there was something amiss about a
20 regulatory system that would permit such a result to occur. Adoption of the kind
21 of weather mitigation proposals submitted by the Company in this case is
22 intended to decouple the Company's earnings from the vagaries of weather and
23 eliminate or substantially reduce these profit concerns in the future.

1 Q. Would implementation of the Company's weather mitigation proposals also help
2 the Company to cope with the financial impact of factors that are beyond its
3 control?

4 A. Yes. And it is entirely reasonable to do so when that factor is weather.
5 Subjecting a utility, like Laclede, to millions of dollars in earnings erosion due to
6 warmer than normal weather furthers absolutely no principle of economic
7 efficiency or other recognizable goal of sound ratemaking. Instead, it simply
8 deprives the utility of any opportunity to recover the legitimate costs it has
9 incurred to serve its customers. Moreover, it does so based on an external and
10 unpredictable factor that the utility has no practical way to avoid and that, in the
11 case of inclining cost utilities like Laclede, it would be difficult to offset with cost
12 reductions in other areas. Furthermore, it clearly weakens the Company's
13 financial ability to perform its functions to the satisfaction of its customers and
14 shareholders. Adoption of the kind of weather mitigation proposals filed by the
15 Company in this case would correct this obvious deficiency by helping to prevent
16 the Company from being financially damaged on a routine basis as a result of
17 events it is powerless to influence, let alone control.

18 Q. Are there any other reasons for adopting one or more of the weather mitigation
19 proposals submitted by the Company?

20 A. Yes. Such action would do nothing more than prevent the level of revenues that
21 the Commission found to be appropriate when setting Laclede's rates from
22 changing solely because the weather actually experienced by the Company turns
23 out to be different than what the Commission assumed when determining that

1 revenue level. In other words, the Company's proposals give force and effect to
2 the Commission's ratemaking determinations in this area by ensuring that the
3 Company's revenues remain true to the weather assumptions that were made by
4 the Commission when setting the Company's rates. I do not see how it could be
5 contrary to public policy to perpetuate in practice what the Commission has found
6 to be just and reasonable in theory. Nor can I understand how anyone would
7 claim that public policy is better served by maintaining an approach that, due
8 solely to the uncontrollable vagaries of the weather, virtually guarantees a result
9 different from what the Commission has just determined to be just and
10 reasonable. For all of these reasons, the Company believes the need for, and
11 merits of, any of its weather mitigation proposals, is both clear and compelling.

12 PROPOSED WEATHER MITIGATION CLAUSE-TYPE I

13 Q. Please explain how the Company's proposed WMC would work.

14 A. The WMC proposed by the Company would adjust the bills of those customers
15 served under the Company's RG and CG rate schedules during the November
16 through April period to offset the impact of colder or warmer than normal weather
17 on the amount the Company charges customers for the distribution of natural gas.
18 The formula used to calculate such adjustment is set forth on Sheet No. 41. Such
19 formula, which is identical to the formula used by most other companies with
20 weather trackers, results in a separate rate or Weather Mitigation Rate ("WMR")
21 that applies to all customers who are billed under the same rate schedule and in
22 the same billing period.

1 Q. When would a customer have knowledge of the WMR that would apply to such
2 customer's gas bill?

3 A. Because the WMR is dependent on the amount by which actual degree days vary
4 from normal degree days during the customer's billing cycle, such rate will not be
5 known until the completion of such billing cycle. Nevertheless, the Company
6 would make such rate available to the Commission at least two days prior to
7 mailing customers' bills. At that time the Company would also post the WMR on
8 its web site and prominently display the WMR in each of the Company's business
9 offices.

10 Q. Who are the other companies that have weather trackers?

11 A. According to a recent survey performed by the American Gas Association
12 ("AGA"), as of April 2000 weather clauses were in use by approximately 40
13 LDCs in over 20 states and Canadian provinces. Even though some companies
14 had such clauses as far back as 1980, the average period of time that most clauses
15 have been in effect is in excess of eight years. Thus, these clauses appear to have
16 gained widespread acceptance in many jurisdictions throughout North America.

17 Q. Do all of these clauses operate the same way?

18 A. There are two distinct types of weather clauses used by LDCs which the AGA
19 classifies as either Type 1 or Type 2. A Type 1 clause, which is used by the
20 majority of companies, is one in which the company makes a contemporaneous
21 adjustment to customers' bills for weather variations from normal. A Type 2
22 weather clause, on the other hand, is one in which during the winter the Company
23 records and accumulates in a deferred revenue account the differences due to

1 weather variations from normal and, similar to the operation of an Actual Cost
2 Adjustment under a PGA clause, increases or decreases customers' bills over a
3 subsequent amortization period to offset such weather variation. The WMC
4 proposed by the Company is modeled after the Type 1 weather clause.

5 Q. Why is the Company proposing the use of a Type I weather clause?

6 A. The Company believes that it would be advantageous from the standpoint of bill
7 stability to adjust bills immediately for weather variations from normal rather than
8 in some future billing periods.

9 Q. Please explain.

10 A. As I previously discussed, if the events of last winter demonstrated anything, it
11 was that weather-related increases in usage, when combined with rising wholesale
12 gas prices, can have a dramatic and, for some customers, truly challenging impact
13 on their bills for natural gas service. The Type I WMC would at least partially
14 mitigate the upward increases in customers' bills by addressing the usage side of
15 the equation as it applies to the Company's distribution costs. Specifically, by
16 ensuring that the amounts collected by the Company through the distribution
17 component of its rates will not increase (or increase as much) merely because the
18 weather happens to be colder than normal, adoption of the Company's proposed
19 Type I weather clause would reduce the amounts that customers have to pay for
20 gas service during the kind of record cold weather that was experienced last
21 November and December. Moreover, such a clause would provide relief at the
22 very time that those same weather factors are likely to be increasing customers'
23 bills as a result of the higher wholesale gas prices and the increased consumption

1 of the commodity itself that typically accompanies colder weather. While it may
2 only be a modest step in the direction of greater bill stability, what could possibly
3 be wrong with a mechanism that does nothing more than ease the financial burden
4 on utility customers when such relief is most needed?

5 Q. How did the Company derive the parameters set forth on Sheet No. 41?

6 A. The Company determined the various parameters or inputs used in the formula on
7 Sheet No. 41 based on the weather normalization work done to establish rates in
8 the Company's last general rate case proceeding, Case No. GR-99-315. However,
9 it should be noted that the Company will work with both the Staff and Office of
10 the Public Counsel to revise these parameters if necessary based on positions
11 presented by all of the parties in this case regarding such parameters.

12 ALTERNATIVE NO.1-TYPE 2 WEATHER CLAUSE

13 Q. Please explain the alternatives to the Type I weather clause proposed by the
14 Company.

15 A. The Company's second choice is to implement a Type 2 WMC (Alternative No. 1
16 To Proposed Tariff Sheets). The advantage of the Type 2 WMC is that a specific
17 set of rates (one rate that would correspond to each category of general service
18 customers that are weather normalized by both the Company and the Staff in a
19 general rate case) would be on file with the Commission and apply to future sales
20 much in the same way that current PGA adjustments apply to future sales. The
21 major disadvantage of such an approach is that it does not correct bills for weather
22 variations from normal in the same winter period. Nevertheless, customers
23 eventually receive adjustments to their gas bills as a result of the Company's over

or under collection of distribution costs in a prior period and such an approach is an improvement compared to the present rate structure.

ALTERNATIVE NO. 2-REVISED BLOCK RATE STRUCTURE

Q. What is the Company's third proposal for mitigating the effects of weather on the Company and its customers?

A. The Company has developed a revised rate structure for its RG and CG rate schedules that, while not as effective as a WMC in mitigating the impact of weather on customer bills, would represent a significant improvement over the existing rate structure. Such revised rate structure is incorporated in the second set of alternative tariff sheets (Alternative No. 2 To Proposed Tariff Sheets). The revised rate structure would encompass both the creation of some additional rate schedules and modifications to the block rate structure of the existing RG and CG rate schedules.

Q. Please explain.

A. Specifically, for residential customers currently served under the RG rate schedule, the Company proposes to reinstate a separate rate schedule for customers who do not use gas for space heating. Such a rate schedule was in place prior to August 1990 and since that time, even though space heating and non-space heating residential customers have been billed under the same rate schedule, the Company has continued to separately identify such customers within its billing system. Since such customers are not as weather sensitive as space heating customers, a flat CGU would apply to their usage on a year-round basis. However, for residential space heating customers during the winter

months, the CGU for the first rate block (first 65 therms) would be substantially increased while the CGU for the second rate block (over 65 therms) would be substantially reduced. Since, as discussed above, the Company's distribution costs are virtually fixed, it follows that the vast majority of such costs should be recovered in a rate block that is not particularly weather sensitive so that the amounts paid by customers to cover the Company's distribution costs are relatively stable from one winter season to the next.

Q. How has the Company revised its CG rate schedule?

A. Presently, approximately 40,000 commercial and industrial customers with widely varying usage characteristics are billed under a single CG rate schedule with two rate blocks, 0 to 100 therms and over 100 therms. Simply increasing the CGU for the first rate block in order to make the bills to these customers less weather sensitive would shift revenue responsibility from higher use customers to lower use customers. Thus, in order to minimize the revenue shifts that would otherwise occur, the Company proposes to subdivide such schedule into three new separate rate schedules based on the annual consumption of the CG customers. Separate rate schedules and rate blocks have been established so as to make the revenues of the customers in each rate schedule less weather sensitive while at the same time maintaining the existing revenue responsibility of each rate schedule as a whole. In addition, based on a study of the data the Company has gathered in accordance with the settlement in Case No. GR-99-315, the Company has proposed varying levels of customer charges for each of the three new rate schedules for existing CG customers.

1 Q. Would the revised block rate structure discussed above be as effective as either
2 the Type I or Type II weather clauses in mitigating the effects of weather
3 variations from normal?

4 A. No, one of the disadvantages of such an approach is that it would only adjust for
5 approximately 60% of the Company's weather variations from normal.
6 Nevertheless, adoption of such rate structure would eliminate a substantial portion
7 of the mismatching of revenues and costs that would otherwise occur under the
8 Company's existing rate design. In addition, a major advantage of such an
9 approach, and one of the main reasons I proposed it, is that it would provide at
10 least a partial solution in this area through a rate design change that is free of any
11 of the legal challenges that have previously been leveled against clauses like those
12 contained in the first two alternatives. Based on advice from legal counsel, the
13 Company believes that no such claims can be raised regarding this alternative.

14 Q. Does this conclude your testimony?

15 A. Yes, it does.

JOYCE L. JANSEN
Notary Public — Notary Seal
STATE OF MISSOURI
ST. CHARLES COUNTY,
My Commission Expires: July 2, 2005

PROPOSED TARIFF SHEETS

P.S.C. MO. No. 5 Consolidated, Fourth Revised Sheet No. 1-a
CANCELLING P.S.C. MO. No. 5 Consolidated, Third Revised Sheet No. 1-a

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

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DATE OF ISSUE

April 20, 2001

Month Day Year

DATE EFFECTIVE

July 19, 2001

Month Day Year

ISSUED BY

K. J. Neises,

Senior Vice President,

720 Olive St.,

St. Louis, MO 63101

Name of Officer

Title

Address

P.S.C. MO. No. 5 Consolidated, Thirteenth Revised Sheet No. 2
CANCELLING P.S.C. MO. No. 5 Consolidated, Twelfth Revised Sheet No. 2

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

RESIDENTIAL GENERAL SERVICE (RG)

Availability – This rate schedule is available for all gas service rendered by the Company to residential customers, including space heating service.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

Customer Charge – per month	\$12.00	
	Summer - Billing Months of <u>May-October</u>	Winter - Billing Months of <u>November-April</u>
Charge for Gas Used – per therm		
For the first 65 therms used per month	13.233¢	15.818¢
For all therms used in excess of 65 therms	9.978¢	12.562¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

Weather Mitigation Adjustment --The charge for gas used shall be subject to the Weather Mitigation Rate ("WMR") which is computed by the Company for each billing cycle during the winter billing months in accordance with the formula set forth in the Company's Weather Mitigation Clause that begins on Sheet No. 41. For each billing cycle, at least two days prior to mailing customers' bills the Company shall submit the WMR to the Missouri Public Service Commission, post the WMR on the Company's web site and prominently display the WMR for the duration of the winter in each of the Company's business offices.

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DATE EFFECTIVE

July 19, 2001

Month Day Year

ISSUED BY

K. J. Neises,

Senior Vice President,

720 Olive St.,

St. Louis, MO 63101

Name of Officer

Title

Address

P.S.C. MO. No. 5 Consolidated, Ninth Revised Sheet No. 3
CANCELLING P.S.C. MO. No. 5 Consolidated, Eighth Revised Sheet No. 3

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

COMMERCIAL & INDUSTRIAL GENERAL SERVICE (CG)

Availability – This rate schedule is available for all gas service rendered by the Company to commercial or industrial customers, including space heating service.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

Customer Charge – per month	\$15.00	
	Summer - Billing Months of <u>May-October</u>	Winter - Billing Months of <u>November-April</u>
Charge for Gas Used – per therm		
For the first 100 therms used per month	12.062¢	14.647¢
For all therms used in excess of 100 therms	9.778¢	12.362¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

Weather Mitigation Adjustment --The charge for gas used shall be subject to the Weather Mitigation Rate ("WMR") which is computed by the Company for each billing cycle during the winter billing months in accordance with the formula set forth in the Company's Weather Mitigation Clause that begins on Sheet No. 41. For each billing cycle, at least two days prior to mailing customers' bills the Company shall submit the WMR to the Missouri Public Service Commission, post the WMR on the Company's web site and prominently display the WMR for the duration of the winter in each of the Company's business offices.

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K. J. Neises,

Senior Vice President,

720 Olive St., St. Louis, MO 63101

Name of Officer

Title

Address

P.S.C. MO. No. 5 Consolidated, Original Sheet No. 41
CANCELLING All Previous Schedules.

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

WEATHER MITIGATION CLAUSE

1. During the billing months of November through April, a Weather Mitigation Rate ("WMR") shall apply to all therms billed to customers under the Company's RG and CG rate schedules. Such rate, which shall be determined separately for each billing cycle and for each customer category set forth in the table below, shall be calculated in accordance with the following formula and parameters:

$$2. \text{ WMR} = \text{CGU} \times \frac{\text{UCDD} \times (\text{NBCDD} - \text{ABCDD})}{\text{BU} + (\text{UCDD} \times \text{ABCDD})}$$

where:

CGU = The second block Charge For Gas Used for the applicable rate schedule

UCDD = Use per customer per degree day established in the resolution of the Company's most recent general rate case

ABCDD = Actual degree days occurring during customer's billing cycle

NBCDD = Normal degree days during the billing cycle based on 4,718 annual degree days or the annual degree days established in the resolution of the Company's most recent general rate case

BU = Base use established in the resolution of the Company's most recent general rate case

DATE OF ISSUE

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July 19, 2001

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ISSUED BY

K.J. Neises,

Senior Vice President

720 Olive St., St. Louis, MO 63101

Name of Officer

Title

Address

**P.S.C. MO. No. 5 Consolidated, Original Sheet No. 42
CANCELLING All Previous Schedules.**

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

WEATHER MITIGATION CLAUSE (continued)

Category	Division	Revenue Class	Rate Schedule	UCDD (therms)	BU (therms)
1	Laclede	Residential	RG	.148	26.3
2	Laclede	Commercial	CG	.821	121.0
3	Laclede	Industrial	CG	2.645	410.5
4	Mo. Natural	Residential	RG	.106	23.5
5	Mo. Natural	Commercial	CG	.377	116.0
6	Mo. Natural	Industrial	CG	3.021	686.7
7	St. Charles	Residential	RG	.114	25.4
8	St. Charles	Commercial	CG	.549	129.7
9	St. Charles	Industrial	CG	6.925	777.3
10	Midwest	Residential	RG	.100	24.4
11	Midwest	Commercial	CG	.472	117.4
12	Midwest	Industrial	CG	4.982	782.9

3. For each billing cycle, at least two days prior to mailing customers' bills, the Company shall submit to the Missouri Public Service Commission a schedule of the WMRs applicable to such cycle. Such WMRs shall also be prominently displayed in each of the Company's business offices and posted on the Company's web site.
4. The applicable WMR shall apply to all therms in a customer's billing cycle and shall remain in effect until superseded by a new WMR, if any, in the subsequent billing period.

DATE OF ISSUE

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July 19, 2001

Month Day Year

ISSUED BY

K.J. Neises,

Senior Vice President

720 Olive St., St. Louis, MO 63101

Name of Officer

Title

Address

ALTERNATIVE NO. 1 TO PROPOSED TARIFF SHEETS

For

Laclede Gas Company

Name of Issuing Corporation or Municipality

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES**RESIDENTIAL GENERAL SERVICE (RG)**

Availability – This rate schedule is available for all gas service rendered by the Company to residential customers, including space heating service.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

Customer Charge – per month	\$12.00	
	Summer - Billing Months of <u>May-October</u>	Winter – Billing Months of <u>November-April</u>
Charge for Gas Used – per therm		
For the first 65 therms used per month	13.233¢	15.818¢
For all therms used in excess of 65 therms	9.978¢	12.562¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

Weather Mitigation Adjustment --The charge for gas used shall be subject to the Weather Mitigation Factor as set out in Sheet No. 43.

DATE OF ISSUE

Month Day Year

DATE EFFECTIVE

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

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

COMMERCIAL & INDUSTRIAL GENERAL SERVICE (CG)

Availability – This rate schedule is available for all gas service rendered by the Company to commercial or industrial customers, including space heating service.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

Customer Charge – per month	\$15.00	
	Summer -	Winter -
	Billing	Billing
	Months of	Months of
	<u>May-October</u>	<u>November-April</u>
Charge for Gas Used – per therm		
For the first 100 therms used per month	12.062¢	14.647¢
For all therms used in excess of 100 therms	9.778¢	12.362¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

Weather Mitigation Adjustment --The charge for gas used shall be subject to the Weather Mitigation Factor as set out in Sheet No. 43.

DATE OF ISSUE

Month Day Year

DATE EFFECTIVE

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

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

WEATHER MITIGATION CLAUSE

1. The Company shall maintain a Weather Mitigation Account ("WMA") which shall be credited by the amount of increased non-gas revenues attributable to colder than normal weather and debited by the amount of decreased non-gas revenues attributable to warmer than normal weather as such revenue increases and decreases are computed below.
2. Each month, during the November through April period, the Company shall compute such non-gas revenue increases and decreases for each of the customer categories set forth below through the use of the following formula and parameters:
3.
$$\text{NON-GAS REVENUE INCREASE/(DECREASE)} = \text{CGU} \times \text{UCDD} \times (\text{ABCDD} - \text{NBCDD}) \times \text{CUST}$$

where:

CGU = The second block Charge For Gas Used for the applicable rate schedule

UCDD = Use per customer per degree day established in the resolution of the Company's most recent general rate case

ABCDD = Actual average billing cycle degree days for all twenty-one cycles during a billing month

NBCDD = Normal average billing cycle degree days for all twenty-one cycles during a billing month based on 4,718 annual degree days or the annual degree days established in the resolution of the Company's most recent general rate case

CUST = Total number of customers billed during the month in the applicable customer category.

DATE OF ISSUE

Month Day Year

DATE EFFECTIVE

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

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES**WEATHER MITIGATION CLAUSE (continued)**

<u>Category</u>	<u>Division</u>	<u>Revenue Class</u>	<u>Rate Schedule</u>	<u>UCDD (therms)</u>
1	Laclede	Residential	RG	.148
2	Laclede	Commercial	CG	.821
3	Laclede	Industrial	CG	2.645
4	Mo. Natural	Residential	RG	.106'
5	Mo. Natural	Commercial	CG	.377
6	Mo. Natural	Industrial	CG	3.021
7	St. Charles	Residential	RG	.114
8	St. Charles	Commercial	CG	.549
9	St. Charles	Industrial	CG	6.925
10	Midwest	Residential	RG	.100
11	Midwest	Commercial	CG	.472
12	Midwest	Industrial	CG	4.982

4. For each November through April period, the increases and decreases described above and any balance or credit for the previous year shall be accumulated to produce a cumulative balance of excess or deficiency of non-gas revenues for each customer category. A Weather Mitigation Factor ("WMF") for each such category, which shall be implemented concurrent with the Company's Winter PGA rates, shall be computed by dividing such balance by the total estimated sales volumes for such category during the subsequent November through April period. The WMFs shall be applied to all therms sold to customers in the applicable customer category and shall remain in effect until the effective date of the Company's Summer PGA. All actual WMF revenue recovered for each category shall be debited or credited to the appropriate customer category balance within the WMA and any remaining balance shall be reflected in the subsequent WMF computations.
5. The WMFs shall be effective on a pro-rata basis beginning with the effective date of the revised Sheet No. 43 and shall be fully effective one month thereafter.

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Month Day Year

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ISSUED BY

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

Name of Officer

Title

Address

ALTERNATIVE NO. 1 TO PROPOSED TARIFF SHEETS - FOR SPECIMEN PURPOSES ONLY

Sheet No. 43

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES**WEATHER MITIGATION CLAUSE (continued)**

In accordance with the Company's Weather Mitigation Clause contained in Sheet Nos. 41 through 42, inclusive, the following adjustments per therm will become effective on and after the effective date of this tariff.

<u>Category</u>	<u>Division</u>	<u>Revenue Class</u>	<u>Rate Schedule</u>	<u>WMF (\$/therm)</u>
1	Laclede	Residential	RG	
2	Laclede	Commercial	CG	
3	Laclede	Industrial	CG	
4	Mo. Natural	Residential	RG	
5	Mo. Natural	Commercial	CG	
6	Mo. Natural	Industrial	CG	
7	St. Charles	Residential	RG	
8	St. Charles	Commercial	CG	
9	St. Charles	Industrial	CG	
10	Midwest	Residential	RG	
11	Midwest	Commercial	CG	
12	Midwest	Industrial	CG	

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K.J. Neises,

Senior Vice President

720 Olive St., St. Louis, MO 63101

Name of Officer

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ALTERNATIVE NO. 2 TO PROPOSED TARIFF SHEETS

ALTERNATIVE NO. 2 TO PROPOSED TARIFF SHEETS - FOR SPECIMEN PURPOSES ONLY

Sheet No. 1-a

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

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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
Name of Issuing Corporation or Municipality

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

SCHEDULE OF RATES

RESIDENTIAL NON-SPACE HEATING SERVICE (RN)

Availability – This rate schedule is available for all gas service rendered by the Company to residential customers, unless the customer qualifies for the Residential Space Heating Service or Residential Seasonal Air Conditioning Service.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

Customer Charge – per month \$12.00

Charge for Gas Used – per therm 14.296¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

DATE OF ISSUE

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K.J. Neises,

Senior Vice President,

720 Olive St.,

St. Louis, MO 63101

Name of Officer

Title

Address

ALTERNATIVE NO. 2 TO PROPOSED TARIFF SHEETS - FOR SPECIMEN PURPOSES ONLY

Sheet No. 2-a

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

RESIDENTIAL SPACE HEATING SERVICE (RH)

Availability – This rate schedule is available for all gas service rendered by the Company to residential customers where gas is used exclusively for all space heating service.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

Customer Charge – per month

\$12.00

Summer -

Billing

Months of

May-October

Winter -

Billing

Months of

November-April

Charge for Gas Used – per therm

For the first 65 therms used per month

12.966¢

26.640¢

For all therms used in excess of 65 therms

12.966¢

3.848¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

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K.J. Neises,

Senior Vice President,

720 Olive St., St. Louis, MO 63101

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For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

COMMERCIAL & INDUSTRIAL GENERAL SERVICE -CLASS I (CGI)

Availability – This rate schedule is available for all gas service rendered by the Company to commercial or industrial customers, including space heating service, whose annual consumption, as described below, is less than 5,000 therms.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

Customer Charge – per month	\$13.50	
	Summer - Billing Months of <u>May-October</u>	Winter - Billing Months of <u>November-April</u>
Charge for Gas Used – per therm		
For the first 100 therms used per month	16.086¢	26.030¢
For all therms used in excess of 100 therms	16.086¢	6.980¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

Annual Consumption – Annual consumption for purposes of the "Availability" section in Sheet Nos. 3, 3-a and 3-b shall be based on the twelve months ended August 2000, except for new customers not connected to the Company's system during such period, in which case, the Company shall use estimated consumption, if the customer has not been connected to the Company's system for a full twelve months, or consumption for the first twelve month period in which the customer was connected to the Company's system. Unless the customer's annual consumption changes by more than 30% from the amount initially used to establish the appropriate rate schedule, such rate schedule shall be used for billing such customer until annual consumption is re-determined in the Company's subsequent rate case. If annual consumption changes by more than 30% such annual consumption shall be used beginning with the customer's next bill for purposes of the "Availability" section in Sheet Nos. 3, 3-a and 3-b.

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ISSUED BY

K.J. Neises,

Senior Vice President,

720 Olive St., St. Louis, MO 63101

Name of Officer

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Laclede Gas Company

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For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

COMMERCIAL & INDUSTRIAL GENERAL SERVICE -CLASS II (CGII)

Availability – This rate schedule is available for all gas service rendered by the Company to commercial or industrial customers, including space heating service, whose annual consumption, as described below, is greater than or equal to 5,000 therms and less than 50,000 therms.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

Customer Charge – per month	\$20.00	
	Summer - Billing Months of <u>May-October</u>	Winter - Billing Months of <u>November-April</u>
Charge for Gas Used – per therm		
For the first 1,000 therms used per month	8.995¢	26.450¢
For all therms used in excess of 1,000 therms	8.995¢	1.911¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

Annual Consumption – Annual consumption for purposes of the "Availability" section in Sheet Nos. 3, 3-a and 3-b shall be based on the twelve months ended August 2000, except for new customers not connected to the Company's system during such period, in which case, the Company shall use estimated consumption, if the customer has not been connected to the Company's system for a full twelve months, or consumption for the first twelve month period in which the customer was connected to the Company's system. Unless the customer's annual consumption changes by more than 30% from the amount initially used to establish the appropriate rate schedule, such rate schedule shall be used for billing such customer until annual consumption is re-determined in the Company's subsequent rate case. If annual consumption changes by more than 30% such annual consumption shall be used beginning with the customer's next bill for purposes of the "Availability" section in Sheet Nos. 3, 3-a and 3-b.

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K.J. Neises,

Senior Vice President,

720 Olive St., St. Louis, MO 63101

Name of Officer

Title

Address

ALTERNATIVE NO. 2 TO PROPOSED TARIFF SHEETS - FOR SPECIMEN PURPOSES ONLY

Original Sheet No. 3-b

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES**COMMERCIAL & INDUSTRIAL GENERAL SERVICE -CLASS III (CGIII)**

Availability – This rate schedule is available for all gas service rendered by the Company to commercial or industrial customers, including space heating service, whose annual consumption, as described below, is greater than or equal to 50,000 therms.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

Customer Charge – per month	\$32.00	
	Summer - Billing Months of May-October	Winter - Billing Months of November-April
Charge for Gas Used – per therm		
For the first 6,000 therms used per month	9.141¢	23.530¢
For all therms used in excess of 6,000 therms	9.141¢	4.305¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

Annual Consumption – Annual consumption for purposes of the "Availability" section in Sheet Nos. 3, 3-a and 3-b shall be based on the twelve months ended August 2000, except for new customers not connected to the Company's system during such period, in which case, the Company shall use estimated consumption, if the customer has not been connected to the Company's system for a full twelve months, or consumption for the first twelve month period in which the customer was connected to the Company's system. Unless the customer's annual consumption changes by more than 30% from the amount initially used to establish the appropriate rate schedule, such rate schedule shall be used for billing such customer until annual consumption is re-determined in the Company's subsequent rate case. If annual consumption changes by more than 30% such annual consumption shall be used beginning with the customer's next bill for purposes of the "Availability" section in Sheet Nos. 3, 3-a and 3-b.

DATE OF ISSUE

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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

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

RESIDENTIAL SEASONAL AIR CONDITIONING SERVICE (RA)

Availability – This rate schedule is available for all gas service to residential air conditioning customers during the six consecutive billing months of May through October, provided that the quantity of gas used during such period for air conditioning purposes is at least twice the quantity of gas used for all other purposes during such period. All gas used by the customer for the balance of the year shall be billed under the Residential General Service rate.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

Customer Charge – per month \$12.00

Charge For Gas Used – per therm 12.966¢
for all therms used per month

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

DATE OF ISSUE

Month Day Year

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Month Day Year

ISSUED BY

K.J. Neises,

Senior Vice President,

720 Olive St., St. Louis, MO 63101

Name of Officer

Title

Address

ALTERNATIVE NO. 2 TO PROPOSED TARIFF SHEETS - FOR SPECIMEN PURPOSES ONLY

Sheet No. 4-a

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

COMMERCIAL & INDUSTRIAL SEASONAL AIR CONDITIONING SERVICE (CA)

Availability – This rate schedule is available for all gas service to commercial and industrial air conditioning customers during the six consecutive billing months of May through October, provided that the quantity of gas used during such period for air conditioning purposes is at least twice the quantity of gas used for all other purposes during such period. All gas used by the customer for the balance of the year shall be billed under the applicable Commercial and Industrial General Service rate schedule.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

	<u>Class I</u>	<u>Class II</u>	<u>Class III</u>
Customer Charge – per month	\$13.50	\$20.00	\$32.00
Charge For Gas Used – per therm	16.086¢	8.995¢	9.141¢

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 29.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

DATE OF ISSUE

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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

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

PURCHASED GAS ADJUSTMENT CLAUSEAdjustment Statement

In accordance with the Company's Purchased Gas Adjustment Clause contained in Sheet Nos. 15 through 28-g, inclusive and the Company's Purchased L.P. Gas Adjustment Clause contained on Sheet No. 8, the following adjustments per therm or per gallon, where applicable, will become effective on and after the effective date of this tariff.

<u>Sales Classification</u>	<u>Current PGA</u>	<u>ACA</u>	<u>UFA</u>	<u>Refund</u>	<u>Total Adjustment</u>
Firm Other Than LVTSS	65.952¢	1.812¢	0.000¢	(.025¢)	67.739¢
LVTSS	*	4.033¢	-	(.025¢)	*
Seas. & Int.	58.677¢	3.842¢	0.000¢	(0.000¢)	62.519¢
L.P.	74.550¢	20.366¢	-	-	94.916¢

Firm Other Than LVTSS sales are rendered under Residential Non-Space Heating Service Rate (Sheet No. 2), Residential Space Heating Service (Sheet No. 2-a), Commercial & Industrial General Service (Sheet Nos. 3, 3-a and 3-b), the Large Volume Service Rate (Sheet No. 5), the Unmetered Gas Light Service Rate (Sheet No. 9), Vehicular Fuel Rate (Sheet No. 11) and all special contracts for firm service.

LVTSS sales are rendered under the Large Volume Transportation and Sales Service Rate (Sheet No. 34).

Seasonal and Interruptible sales are rendered under the Residential Air Conditioning Service Rate (Sheet No. 4), Commercial & Industrial Seasonal Air Conditioning Rate (Sheet No. 4-a) and the Interruptible Service Rate (Sheet No. 7).

L.P. Gas sales are rendered under the General L.P. Gas Service Rate (Sheet No. 8).

* Revised each month in accordance with Section A.5 of the PGA clause.

Additional Transportation Charges, ACA Factors and Refunds

<u>Customer Groups</u>	<u>TOP</u>	<u>Capacity Reservation</u>	<u>Other Non-Commodity</u>	<u>ACA</u>	<u>Refund</u>
Firm	-	4.610¢	-	1.037¢	.000¢
Basic - Firm Sales Prior to 11/15/89	-	-	-	.000¢	.000¢
Basic - Other	-	-	-	.000¢	(.000¢)

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ISSUED BY

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

Name of Officer

Title

Address