

**BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI**

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-_____

JOINT APPLICATION

COME NOW Fidelity Natural Gas, Inc. ("Fidelity") and Laclede Gas Company ("Laclede") (collectively "Joint Applicants") by and through their counsel, and for their Application pursuant to Section 393.190, RSMo 2000,¹ and 4 CSR 240-2.060 and 4 CSR 240-3.210, hereby request authority for Fidelity to sell and transfer to Laclede certain assets of Fidelity located in Missouri. In support thereof, Joint Applicants respectfully state as follows:

1. Fidelity is a "gas corporation" and a "public utility" pursuant to Section 386.020(18) and (42), RSMo (2000). It is organized and exists under the laws of the State of Missouri, with its principal place of business located at 64 N. Clark, Sullivan, MO 63080. Currently, Fidelity provides natural gas service to approximately 1,300 residential, commercial and industrial customers in the City of Sullivan, the Village of Oak Grove, and certain unincorporated portions of Crawford and Franklin counties, Missouri, all pursuant to

¹All statutory references are to Revised Statutes of Missouri 2000, unless otherwise indicated.

local franchise ordinances and certificates of convenience and necessity granted by this Commission.

2. Laclede is a "gas corporation" and a "public utility" pursuant to Section 386.020(18) and (42), RSMo (2000). It is organized and exists under the laws of the State of Missouri, with its principle place of business located at 720 Olive Street, St. Louis, MO, 63101. Currently, Laclede provides natural gas service to approximately 630,000 residential, commercial and industrial customers in the City of St. Louis and the Counties of St. Louis, St. Charles, Crawford, Jefferson, Franklin, Iron, Ste. Genevieve, St. Francois, Madison, and Butler in Eastern Missouri, all pursuant to local franchise ordinances and certificates of convenience and necessity granted by this Commission.

3. A Certificate of Incorporation evidencing Fidelity's standing to do business in Missouri was submitted in Case No. GA-91-299 and is hereby incorporated by reference herein for all purposes. A Certificate of Good Standing evidencing Laclede's standing to do business in Missouri was submitted in Case No. GF-2000-843 and is hereby incorporated by reference herein for all purposes. The information on such Certificates is currently applicable and correct.

4. All correspondence, pleadings, orders, and documents in this proceeding should be addressed to:

Sheldon K. Stock, Esq.
Attorney and Secretary
Fidelity Natural Gas, Inc.
10 S. Broadway #2000
St. Louis, MO 63102
Telephone: (314) 241-9090
Email: sks@greensfelder.com

James M. Fischer, Esq.
Fischer & Dority, P.C.
101 Madison Street, Suite 400

Jefferson City, Missouri 65101
Telephone: (573) 636-6758
Email: jfischerpc@aol.com

Michael C. Pendergast
Vice President and Associate General Counsel
Laclede Gas Company
720 Olive St., Suite 1520
St. Louis, Missouri 63101
Telephone: (314) 342-0532
Email: Mpendergast@lacledegas.com

5. Neither Fidelity nor Laclede have any pending actions or final unsatisfied judgments or decisions against them from any state or federal agency or court that involve customer service or rates.

6. Both Fidelity and Laclede are current on their annual report and assessment fee obligations to the Commission, and no such report or assessment fee is overdue.

7. Pursuant to a Purchase and Sale Agreement between Fidelity and Laclede, dated as of September 1, 2005 (the "Agreement"), which is attached hereto as Appendix 1 and incorporated herein by reference, Fidelity and Laclede have agreed upon the terms and conditions under which certain assets of Fidelity will be sold and transferred to Laclede (the "Sale"). The assets are more fully described in the Agreement. Following the Sale, Laclede will operate the natural gas business formerly conducted by Fidelity as part of its Missouri Natural division, subject to the rates, regulations and tariffs authorized and in effect for Laclede. The manner of providing natural gas services to customers in Fidelity's service area in Missouri will remain largely unchanged.

8. A certified copy of the resolution of the Fidelity Board of Directors authorizing the consummation of the transactions contemplated by this Application is attached hereto as Appendix 2 and incorporated herein by reference.

9. A certified copy of the resolution of the Board of Directors of Laclede authorizing the consummation of the transactions contemplated by this Application is attached hereto as Appendix 3 and incorporated herein by reference.

10. The proposed sale of the assets of Fidelity is not detrimental to the public interest. Current customers of Fidelity would receive a modest and immediate reduction in the rates they pay for distribution services by virtue of the fact that they would be taking service under the tariffed rates of Laclede, which are slightly lower than Fidelity's. Depending on the market price of gas this winter, Fidelity customers may also receive a significant and immediate benefit in the form of lower gas costs once the transaction is completed. And over the long term, it is likely that Fidelity's customers will benefit from reduced gas costs as well, given Laclede's relatively greater size as a purchaser in the wholesale market for natural gas, its broader array of storage, transportation and other gas supply assets, and its superior access to more diverse supply sources. The larger number of Laclede service personnel and facilities available in the areas around Sullivan, Missouri, will also allow Laclede to meet or exceed quality of service expectations for those customers located in Fidelity's current service area.

11. The proposed transaction will also not have a detrimental impact on Laclede's customers. Even at Laclede's slightly lower margin rates (and with full inclusion in its rate base of the net book value of the assets being purchased), the revenues produced by Fidelity's existing customer base should be sufficient to provide a reasonable return contribution to Laclede's cost of service over the life of the facilities. And any impact on Laclede's gas costs from the transaction should be immaterial given the relative size of Fidelity's and Laclede's gas supply and transportation portfolios.

12. No material impact is expected on the tax revenues of the Missouri political subdivisions in which any structures, facilities, or equipment of Fidelity and Laclede are located.

13. No Commission approval will be necessary for the financing of the transaction. Pursuant to 4 CSR 240-3.210(1)(E), a pro forma balance sheet, income statement and capital structure, with adjustments showing the impact of the purchase upon the indebtedness and capitalization of Laclede, is attached hereto as Appendix 4 and incorporated herein by reference.

14. Fidelity and Laclede request a review of the Application by the Commission Staff to enable it to receive the Order of the Commission authorizing the Sale by January 1, 2006, if possible.

WHEREFORE, Fidelity Natural Gas, Inc. and Laclede Gas Company respectfully request that the Commission issue an Order approving the transactions described herein, including:

(a) Sale of certain Missouri assets of Fidelity, as more fully described in the Agreement, to Laclede;

(b) Authorizing Fidelity and Laclede to enter into, execute and perform in accordance with the terms of the Agreement and all other documents reasonably necessary and incidental to the performance of the Sale that is the subject of this Application;

(c) Authorizing Fidelity, through the Sale, to transfer to Laclede all the property rights, privileges, immunities and obligations of Fidelity, including, but not limited to the Certificates of Public Convenience and Necessity, works or systems or franchises, as described in the Agreement, effective as of the date of the closing of the transaction;

(d) Authorizing Laclede to provide gas service as a public utility subject to the jurisdiction of the Commission in the service areas presently served by Fidelity in Missouri by transfer of such certificates or pursuant to a new Certificate or Certificates of Public Convenience and Necessity, if necessary;

(e) Authorizing Fidelity to terminate its responsibilities as a gas corporation in Missouri;

(f) Authorizing Laclede to provide gas service in the areas previously served by Fidelity in accordance with the rules, regulations, rates, and tariffs of Laclede as may be on file with and approved by the Commission on the effective date of the Sale;

(g) Authorizing the inclusion of the Fidelity assets in Laclede's rate base at the depreciated, net book value of such assets at the time of Laclede's next general rate case proceeding; and

(h) Granting such other relief as the Commission may be deem to be necessary to accomplish the purpose of this Joint Application and to consummate the Sale.

Respectfully submitted,

/s/ James M. Fischer

James M. Fischer Mo. Bar No. 27543
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Jefferson City, Missouri 65101
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Fax: (573) 636-0383
Email: jfischerpc@aol.com

/s/ Sheldon K. Stock

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Fax: (314) 241-8624
Email: sks@greensfelder.com

ATTORNEY FOR
FIDELITY NATURAL GAS, INC.

/s/ Michael C. Pendergast

Michael C. Pendergast, #31763
Vice President & Associate General Counsel
Rick Zucker, #49211
Assistant General Counsel-Regulatory

Laclede Gas Company
720 Olive Street, Room 1520
St. Louis, MO 63101
Telephone: (314) 342-0532
Facsimile: (314) 421-1979
E-mail: mpendergast@lacledegas.com
rzucker@lacledegas.com

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been emailed, hand-delivered or mailed, postage prepaid, by U.S. Mail, First Class, this 21st day of October 2005, to:

Office of the Public Counsel
P.O. Box 2230
Jefferson City, MO 65102

General Counsel's Office
P. O. Box 360
Jefferson City, MO 65102

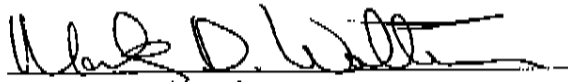
/s/ James M. Fischer

James M. Fischer


VERIFICATION

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

Mark D. Waltermire, being first duly sworn, on his oath and in his capacity as Vice-President-Operations and Marketing of the Laclede Gas Company; and that he is authorized to execute this Application on behalf of Laclede Gas Company, and has knowledge of the matters stated herein, and that said matters are true and correct to the best of his knowledge and belief.


Mark D. Waltermire

Subscribed and sworn to before me this 20 day of October, 2005.


Notary Public

My Commission Expires: DEBORAH A. NELSON
NOTARY PUBLIC NOTARY SEAL
STATE OF MISSOURI, CITY OF ST. LOUIS
MY COMMISSION EXPIRES AUG. 25, 2008



VERIFICATION

STATE OF MISSOURI)
) ss.
COUNTY OF FRANKLIN)

David N. Beier, being first duly sworn, on his oath and in his capacity as Vice-President - Regulatory, of Fidelity Natural Gas, Inc., states that he is authorized to execute this Application on behalf of Fidelity Natural Gas, Inc. and has knowledge of the matters stated herein, and that said matters are true and correct to the best of his knowledge and belief.

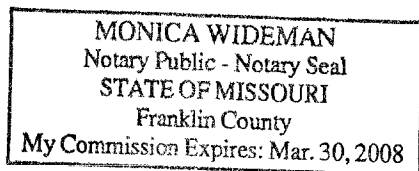
David N. Beier

David N. Beier

Subscribed and sworn to before me this 12th day of October, 2005.

Monica Wideman
Notary Public

My Commission Expires: March 30, 2008



APPENDIX 1

Proprietary

Filed Under Seal

APPENDIX 2

**CERTIFICATE OF CORPORATE RESOLUTIONS
OF
FIDELITY NATURAL GAS, INC.**

I, Sheldon K. Stock, hereby certify that I am the duly elected and incumbent Secretary of Fidelity Natural Gas, Inc., a Missouri corporation, and that the following is a true and correct copy of the resolutions adopted by the Board of Directors of Fidelity Natural Gas, Inc. on August 17, 2005, as filed in the corporate book of the Company and that said resolution has not been revoked or amended.

WHEREAS, there have been negotiations between this Corporation and Laclede Gas Company for the sale of the Corporation's assets to Laclede Gas; and

WHEREAS, it will be necessary for certain officers to execute various documents including to authorize and consummate the proposed transaction including the Purchase and Sale Agreement and various auxiliary and supplemental documents such as assignments, vehicle titles, licenses, etc.

NOW, THEREFORE, BE IT RESOLVED, if the President is not available to sign any of the documents for the transaction, then John Colbert, Michael Davis, or Sheldon Stock, are each individually authorized to execute the Purchase and Sale Agreement and any auxiliary or supplemental documents necessary to authorize the transaction and to effectuate the transfer of the assets to Laclede Gas Company.

RESOLVED, That this unanimous consent be filed by the Secretary of the Corporation with its minutes.

IN WITNESS WHEREOF, Sheldon K. Stock as Secretary of the Company has executed this Certificate this 17th day of August, 2005.

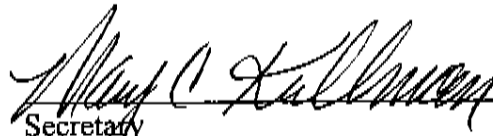

Sheldon K. Stock, Secretary

APPENDIX 3

I, Mary C. Kullman, Secretary of Laclede Gas Company, a Missouri corporation,
do hereby certify that the attached is a true and correct copy of resolutions adopted by the
Board of Directors of said Company by written consent in lieu of meeting on
October 19, 2005, and that said resolutions are in full force and effect.

IN WITNESS WHEREOF, I have set my hand and the seal of Laclede Gas
Company this 20th day of October, 2005.




Secretary

WHEREAS, Fidelity Natural Gas, Inc. is the owner of certain natural gas distribution facilities and related assets that it desires to sell; and

WHEREAS, this Corporation desires to acquire such facilities and related assets from Fidelity Natural Gas, Inc.; and

WHEREAS, this Corporation's sole shareholder, The Laclede Group, Inc., has authorized the expenditure of up to \$2.5 million to acquire such assets.

THEREFORE, BE IT RESOLVED, that the Purchase and Sale Agreement to acquire the assets of Fidelity Natural Gas, Inc. ("Agreement"), a copy of which was previously furnished to this Corporation's directors and is filed with the Corporation's records, and the transactions and actions contemplated therein (the "Transactions") are hereby approved;

FURTHER RESOLVED, that the President, any Vice President or Treasurer of the Corporation, acting together or individually, is hereby authorized and directed to execute and deliver, in the name and on behalf of the Corporation, any and all other documents or instruments to be executed and delivered in connection with the Agreement and the Transactions contemplated thereby;

FURTHER RESOLVED, that this Corporation's officers are authorized and directed to do and perform, or cause to be done and performed, all such acts and deeds and to make, execute and deliver, or cause to be made, executed and delivered, all such agreements, undertakings, documents, instruments, waivers, amendments or certificates in the name and on behalf of the Corporation or otherwise as such officer may deem necessary or appropriate to effectuate and carry out fully the purpose and intent of the foregoing resolutions; and

FURTHER RESOLVED, that this Corporation's Secretary or its Assistant Secretary, acting individually as authorized representatives of the Corporation hereunder, be and hereby are authorized, directed and empowered to execute and deliver, in the name and on behalf of the Corporation, any and all documents and related items to be executed and delivered in connection with the transactions contemplated in the Agreement, and to take such actions on behalf of the Corporation as she/he or they shall deem necessary or desirable to effect the Transactions the approval of which shall be conclusively established by her, his or their execution and delivery thereof; and

FURTHER RESOLVED, that any actions taken by this Corporation's officers prior to the date of these resolutions that are within the authority conferred by these resolutions, including, without limitation, the negotiation and execution of the letter of intent, are ratified, affirmed and approved in all respects as the acts and deeds of this Corporation.

APPENDIX 4

Proprietary

Filed Under Seal