

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 15th
day of October, 1998.

In the Matter of Laclede Gas Company's	)	
Tariff Sheets Designed to Increase Rates	)	<u>Case No. GR-98-374</u>
Provided for Gas Service to Customers in	)	
the Missouri Service Area of the Company.	)	

ORDER APPROVING STIPULATION AND AGREEMENT

On February 27, 1998, Laclede Gas Company (Company) submitted to the Commission tariffs designed to produce an annual increase of approximately 5.2 percent (\$25.4 Million) for gas service provided to customers in the Missouri service area of the Company. Union Electric Company, doing business as AmerenUE, MRT Energy Marketing Company, the St. Louis Gas Users,¹ and O.C.A.W., AFL-CIO, through Gas Workers Local 5-6 were granted intervention.

On September 14, the parties filed a unanimous Stipulation and Agreement that resolved all issues in the case. The Stipulation and Agreement proposes no increase in rates, proposes changes to the Large Volume Transportation and Sales Service tariffs, proposes new depreciation rates, and proposes a number of changes in the way Laclede records certain items on its books.

¹The St. Louis Gas Users identified themselves as Adam's Mark, Anheuser-Busch Companies Inc., Barnes-Jewish Hospital, Chrysler Corporation, Emerson Electric Company, The Boeing Company, MEMC Electronic Materials, Solutia, Inc., Nooter Corporation, and Ralston Purina Company.

The changes to the Large Volume Transportation and Sales Service tariffs would allow Laclede to limit gas receipts during certain periods, increase the storage charge from \$0.005 to \$0.02 per therm, and increase the unauthorized use charge from \$1 to \$2 per therm. Although these changes will affect the amounts certain customers will pay, the parties anticipate that they will not result in an increase in revenue for Laclede.

Most of the accounting changes deal with pensions and other post-employment benefits (OPEBs), and with accounting authority orders (AAOs). The proposed changes for pensions and OPEBs would allow Laclede to use the actual market value of fund assets rather than the "Market Related Value" it previously used, and to use a new "smoothing" mechanism. The Stipulation and Agreement would create a rebuttable presumption that Laclede's cost calculations in the area of pensions and OPEBs are reasonable.

The provisions of the Stipulation and Agreement related to AAOs propose that Laclede be allowed to roll forward to Laclede's next rate case balances from prior AAOs created in GR-96-193. Laclede also would be allowed to defer until its next rate case or until a new AAO is granted the difference between OPEB contributions and the agreed-upon allowance for OPEB costs, and the difference between pension contributions and the agreed-upon allowance for pension costs. Laclede may defer costs incurred to achieve Year 2000 compliance, to replace service lines and mains, and to do leak surveys. Laclede would also be allowed to defer the cost to remediate or remove manufactured gas plant sites and to recover contributions from potentially liable third parties, and it would be required to book to deferral accounts any such contributions recovered. If

Laclede does not file a new rate case within two years, the deferrals (except the pension and OPEB deferrals) would be void.

Other provisions of the Stipulation and Agreement propose normalization of tax timing differences for OPEBs and pensions, and transfer of service from old to new mains. Laclede also agrees to keep records sufficient to track costs related to its unregulated activities, and to provide customer billing data in electronic format.

On October 9, the Commission convened a hearing at which Laclede, the Office of the Public Counsel, the St. Louis Gas Users, and the Commission Staff appeared. These parties presented and explained the terms of the Stipulation and Agreement, and answered Commission questions concerning it.

Pursuant to Section 536.060 RSMo 1994, the Commission may accept the Stipulation and Agreement as a resolution of the issues in this case. The Commission has reviewed the Stipulation and Agreement and evidence of record in this matter and finds that substantial and competent evidence of record exists to find the Stipulation and Agreement to be reasonable and in the public interest and will, therefore, approve it. Since the Commission is accepting the Stipulation and Agreement, it will reject the tariffs filed by Laclede Gas Company on February 27 that initiated this case.

The parties urge the Commission to approve the Stipulation and Agreement so that the tariffs to be filed pursuant to it become effective for service on and after October 15, or as soon thereafter as practicable. The Commission will direct Laclede to file the tariffs with a thirty day effective date, but will, for good cause, approve them as soon after they are filed as practicable.

IT IS THEREFORE ORDERED:

1. That the Stipulation and Agreement, Attachment A to this order, is hereby approved.
2. That the tariffs filed by Laclede Gas Company on February 27, 1998 are rejected.
3. That Laclede Gas Company shall file tariff sheets substantially similar to those attached to the Stipulation and Agreement as Attachment 1, bearing an effective date at least thirty days after the issue date.
4. That this order shall become effective on October 27, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray and Drainer, CC., concur.
Schemenauer, C., dissents.

Mills, Deputy Chief Regulatory Law Judge

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

SEP 14 1998

Missouri Public
Service Commission

In the Matter of Laclede Gas)
Company's Tariff Sheets Designed)
to Increase Rates for Gas Service)
Provided to Customers in the Missouri)
Service Area of the Company.)

Case No. GR-98-374

STIPULATION AND AGREEMENT

On February 27, 1998, Laclede Gas Company ("Laclede" or "Company") submitted revised tariff sheets to the Missouri Public Service Commission ("Commission") reflecting increased rates for gas service provided to customers in its Missouri service area. The proposed tariff sheets contained a requested effective date of March 30, 1998, and were designed to produce an annual increase of approximately 5.2 percent (\$25.4 million) in charges for gas service.

By Order dated March 17, 1998, the Commission suspended the proposed tariff sheets and established a procedural schedule for interventions, the prefiling of direct testimony and exhibits by Laclede, and evidentiary hearings. Additional procedural dates were subsequently established by the Commission in its May 5, 1998 Order Granting Intervention and Establishing Procedural Schedule. In that same order, the Commission also granted Applications to Intervene filed by Union Electric Company d/b/a AmerenUE; St. Louis Gas Users (Adam's Mark, Anheuser-Busch Companies Inc., Barnes-Jewish Hospital, Chrysler Corporation, Emerson Electric Company, The Boeing Company, MEMC Electronic Materials, Solutia, Inc., Nooter Corporation, and Ralston Purina Company); and O.C.A.W., AFL-CIO through Gas Workers Local 5-6.¹

¹ By subsequent Order, MRT Energy Marketing Company was also permitted to intervene in this case.

By Order dated July 23, 1998, the Commission scheduled local public hearings in the City of St. Louis and St. Louis County, Missouri. In compliance with the Commission's July 23, 1998 Order, public hearings were held on September 8, 1998.

Pursuant to the procedural schedule established by the Commission, a prehearing conference was convened on August 24, 1998. Laclede, the Commission Staff ("Staff"), and the Office of the Public Counsel ("Public Counsel") appeared at and participated fully in the prehearing conference. Other parties participated on a more limited basis. As a result of the prehearing conference, the undersigned parties ("Parties") have reached the following stipulations and agreements:

1. The Parties agree that no changes shall be made in this proceeding to Laclede's rates, charges or tariff provisions, other than the modifications set forth in the form tariff sheets contained in Attachment 1 to this Stipulation and Agreement. The Parties therefore request that the Commission issue an Order:

- (A) approving this Stipulation and Agreement;
- (B) denying the tariffs filed by Laclede and directing Laclede to withdraw all of the revised tariff sheets filed by Laclede on February 27, 1998; and
- (C) ordering Laclede to file the revised tariff sheets set forth in Attachment 1 to become effective for service rendered on and after October 15, 1998, or as soon thereafter as practicable, recognizing that timely approval is essential to the effective implementation of this stipulation and agreement.

2. The tariff sheets set out in Attachment 1 hereto are proposed to be made effective for service rendered on and after October 15, 1998, or as soon thereafter as practicable, and reflect the following agreements by the Parties:

- (A) revisions to certain components of three rate schedules under which many large customers receive service, consisting of the Large Volume Service, Interruptible Service, and Large Volume Transportation and Sales Service

- ("LVTSS") rate schedules, which, when taken as a whole and combined with the potential effects of changes contained in Subparagraph (B) below, the Parties anticipate will result in no material revenue change to Laclede;
- (B) revisions to certain LVTSS terms and conditions including: 1) establishing the authority of the Company to limit gas receipts during certain periods; 2) a \$0.015 per therm increase in the Company's Storage Charge from \$0.005 to \$0.02 per therm; and 3) a \$1.00 per therm increase in the Unauthorized Use Charge from \$1.00 to \$2.00 per therm;
 - (C) codification of the Company's existing Budget Billing Plan and Usage Estimating Procedure; and
 - (D) revisions to provide additional emphasis on existing deposit criteria relating to home ownership and to clarify the circumstances under which deposits may be paid in installments.

3. The Parties agree, subject to the explicit terms of Paragraph 13 of this Stipulation and Agreement, that Laclede's depreciation rates for certain plant accounts shall be changed, effective July 1, 1998, to reflect the depreciation rates set forth in Attachment 2 to this Stipulation and Agreement.

4. Laclede shall continue to book, for financial purposes, expense levels associated with pensions and post-retirement benefits other than pensions ("OPEBs") in accordance with Financial Accounting Standards Board Statements ("FAS") 87, 88, and 106, respectively. Effective for expenses recorded for the quarter beginning July 1, 1998, such expense calculations, and Laclede's accounting therefor, shall reflect the actual Market Value of the pension fund assets rather than the Market-Related Value previously used by Laclede. Laclede shall also continue to amortize any unrecognized net gains and losses over a five-year period. Use of a new, prospective "smoothing" mechanism will also be implemented as described in Attachment 3 to this Stipulation

and Agreement. In addition, gains and losses shall be calculated on a first-dollar basis for all pension lump-sum settlements, to the extent permitted by FAS 88. The Parties further agree that the rates resulting from this Stipulation and Agreement make provision for recovery of pension costs on a FAS 87 and 88 basis for all qualified pension plans and recovery of OPEB costs on a FAS 106 basis.

5. For purposes of this case, the cost calculations for pensions and OPEBs as then used by Laclede's actuaries and accountants shall be deemed to be based on sound assumptions for ratemaking purposes. Notwithstanding this presumption, the Parties shall have the right to review and challenge such actuarial assumptions in any future general rate proceedings involving Laclede's gas rates, and this provision shall in no way bind the Parties in any future proceeding, provided that any rate-making adjustments relating to or arising from a challenge to such actuarial assumptions shall only be made on a prospective basis.

6. The balances resulting from the four accounting authority orders granted in Case No. GR-96-193 (as such balances existed on June 30, 1998) shall be rolled forward, and Laclede shall be permitted to seek rate recovery of these amounts in its next general rate case proceeding. The Staff and Public Counsel also reserve the right to challenge the recovery in future rates of any costs deferred under this Paragraph 6.

7. Notwithstanding any other provision of this Stipulation and Agreement to the contrary, the Parties agree that Laclede shall be granted accounting authorization to continue to defer and book to Account 182.3 for inclusion in the rates established in Laclede's next general rate case proceeding the following amounts incurred, received or recorded by Laclede between June 30, 1998, and the earlier of: a) the effective date of the rates established in Laclede's next general rate case proceeding; or b) the beginning of the deferral period of any subsequent accounting authority order granted by the Commission for such costs (the "Deferral Period"):

- (A) The difference, net of any applicable tax effects, between: 1) the cumulative contributions made by Laclede to its external OPEB funding mechanisms during the Deferral Period; and 2) the cumulative allowance for OPEB costs established for ratemaking purposes during the Deferral Period as calculated in accordance with the method set forth in Attachment 4 to this Stipulation and Agreement; and
- (B) The difference, net of any applicable tax effects, between: 1) the cumulative payments made by Laclede in connection with its Supplemental Retirement Benefit Plan ("SERP") and Directors' pension plan during the Deferral Period; and 2) the cumulative allowance for SERP and Directors' pension costs established for ratemaking purposes during the Deferral Period as calculated in accordance with the method set forth in Attachment 4 to this Stipulation and Agreement.

8. The Parties agree that Laclede shall be granted accounting authorization to defer, or to continue to defer, and book to Account 182.3 the following amounts incurred, received or recorded by Laclede during the Deferral Period:

Safety Replacement Program ("SRP")

- (A) All costs incurred by Laclede during the Deferral Period: 1) to replace Company service and yard lines and to move and reset and/or replace meters in connection therewith; 2) to replace cast iron mains and to transfer services from the old main to the new main in connection therewith; 3) to replace and/or cathodically protect unprotected steel mains and to transfer services from the old main to the new main in connection therewith; and 4) to survey buried fuel lines for leaks. These costs include, without limitation, property taxes, depreciation expenses, and all other expenses and carrying costs (at the overall rate of interest

calculated pursuant to the Federal Energy Regulatory Commission formula for computing Allowance for Funds Used During Construction ("AFUDC") as set out at 18 CFR Part 201, minus one percentage point);

Manufactured Gas Plant("MGP")

- (B) All costs incurred or payments received by Laclede during the Deferral Period (including, but not limited to, all legal and consulting fees) in connection with: 1) the investigation, assessment, removal, disposal, storage, remediation or other treatment of residues, substances, materials, and/or property that are associated with former manufactured gas operations or located on former manufactured gas plant sites; 2) the dismantling and/or removal of facilities formerly utilized in manufactured gas operations; 3) efforts to recover such costs from potentially responsible third parties and insurance companies; and 4) reimbursement and recoveries of costs from third parties and insurance companies.

Year 2000 ("Y2K")

- (C) All costs incurred or to be incurred by Laclede through the end of the Deferral Period to replace, enhance, and/or modify its information systems and computerized voice and data systems in connection with the Company's efforts to make such systems Y2K compliant, which efforts shall be capitalized and charged to the appropriate gas plant accounts, including, without limitation, property taxes, depreciation and amortization expense, and all other expenses, and carrying costs (at the overall rate of interest calculated pursuant to the Federal Energy Regulatory Commission formula for computing AFUDC as set out at 18 CFR Part 201).

9. The Parties agree that the accounting authorizations set forth in Paragraphs

6 and 8 of this Stipulation and Agreement shall become null and void in the event that Laclede does not file tariff sheets proposing a general rate increase within two (2) years of the effective date of any Commission order approving this Stipulation and Agreement. The Parties reserve the right to challenge the recovery in future rates of any costs deferred pursuant to Paragraph 8 of this Stipulation and Agreement on any grounds including, but not limited to, an argument that the costs deferred are not material or extraordinary.

10. The Parties agree that Laclede shall, for booking purposes, be authorized to continue to normalize the income tax timing differences inherent in:

- (A) the recognition of pension costs on a FAS 87 and FAS 88 basis, and OPEB costs on a FAS 106 basis, as authorized in Paragraph 4 of this Stipulation and Agreement;
- (B) the prior adoption and continuation of the deferred accounting referenced in Paragraphs 4 through 9 of this Stipulation and Agreement; and
- (C) the transfer of all other services from old to new mains, by recording and recognizing in any future rates deferred income tax expense for such differences, provided that the Parties shall have the right to review and propose a different treatment of such timing differences in Laclede's next general rate case proceeding.

11. Laclede agrees to maintain its books and records in a manner that will permit any costs that are related to Laclede's unregulated activities and affiliated companies, to be tracked on a going-forward basis. Specifically, Laclede agrees to:

- (A) conduct a study to identify the employee time and materials of its regulated activities currently used in its unregulated activities;
- (B) document the appropriate allocation basis or other means to allocate a proper level of such employee time and materials and related expense to

unregulated activities; and

- (C) provide the Staff with the results of such study and the allocation factors and other means to be used going forward.

12. Laclede further agrees to provide Staff with actual customer billing data in a readable electronic format, such as a computer tape or CD, containing customer billing data for all of its residential accounts, with the names and addresses of the customers masked. The data must include actual customer billing data for all of Laclede's residential accounts for the most recent twelve (12) months and/or test year. If requested in writing by Staff, Laclede will provide Staff with such customer billing data within a reasonable time from the date requested, not to exceed thirty (30) calendar days. Such information shall be maintained on a confidential basis by the Staff.

13. None of the signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation, depreciation, revenue related methodology, any service or payment standard, and none of the signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in this or any other proceeding, except as otherwise expressly specified herein.

14. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission: a) does not approve this Stipulation and Agreement in sufficient time to permit the tariff sheets to become effective on or before October 15, 1998 or as soon thereafter as practicable; or b) approves this Stipulation and Agreement with modifications or conditions that a Party to this proceeding objects to prior to the effective date of the Order approving this Stipulation and Agreement, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the

agreements or provisions hereof.

15. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties waive, with respect to the issues resolved herein: their respective rights pursuant to Section 536.080.1 (RSMo. 1994) to present testimony, to cross-examine witnesses, and to present oral argument and written briefs; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 (RSMo. 1994); and their respective rights to judicial review pursuant to Section 386.510 (RSMo. 1994); and the customary ten (10) day period between the issuance of the Commission's Report and Order and the effective date.

16. The Parties agree that all of the prefiled testimony submitted by Laclede, Staff, Public Counsel, AmerenUE, and the St. Louis Gas Users shall be received into evidence without the necessity of their respective witnesses taking the stand.

17. Within ten (10) business days following the filing of this Stipulation and Agreement, the Staff shall file and submit to the Commission a memorandum explaining its rationale for entering into this Stipulation and Agreement. Each Party of record shall be served with a copy of the memorandum and shall be entitled to submit to the Commission, within five (5) business days of receipt of Staff's memorandum, a responsive memorandum that shall also be served on all Parties. All memoranda submitted by the individual Parties shall be filed with the Commission and shall become a part of the record of this proceeding but shall not bind or prejudice the Party submitting such memorandum in any future proceeding, whether or not the Commission approves this Stipulation and Agreement. The contents of any individual memorandum provided by any Party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation and Agreement. The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission

requests, provided that the Staff shall, to the extent reasonably practicable, promptly provide other Parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

Wherefore, for the foregoing reasons, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation and Agreement and authorizing the implementation thereof, including, without limitation:

- A. the revised tariff sheets referenced in Paragraphs 1 and 2 of this Stipulation and Agreement and set forth in Attachment 1 hereto, effective for service rendered on and after October 15, 1998;
- B. the revised depreciation rates referenced in Paragraph 3 of this Stipulation and Agreement and set forth in Attachment 2 hereto, effective July 1, 1998; and
- C. the accounting treatment and deferral authorizations referenced and described in Paragraph 4 through Paragraph 10 of this Stipulation and Agreement and Attachments 3 and 4 hereto, effective July 1, 1998.

Respectfully submitted,



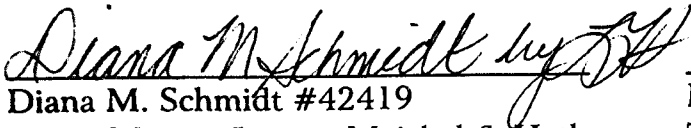
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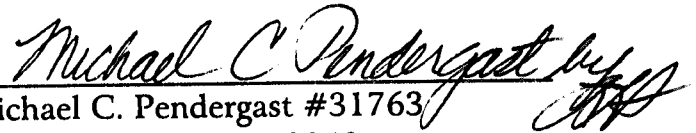
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ATTORNEY FOR AMEREN UE

Attachment 1

Please see the attached tariff sheets.

Laclede Gas Company
Name of Issuing Corporation or MunicipalityFor Refer to Sheet No. R-1
Community, Town or City

RULES AND REGULATIONS

TABLE OF CONTENTS

<u>Rule No.</u>	<u>Beginning Sheet Number</u>
1. Definitions	R-3
2. General	R-4
3. Applications	R-5
4. Rate Changes	R-5
5. Deposits	R-5
6. Rendering and Payment of Bills	R-6
7. Adjustment for Heat Content	R-7
8. Metering for Billing	R-7
9. Resale	R-8
10. Meter Tests and Billing Adjustments	R-8
11. Piping and Equipment	R-10
12. Customer's Liability	R-10
13. Tampering Prohibited	R-12
14. Discontinuance of Service	R-12
15. Reconnection of Service	R-13
16. Company Inspection of Customer Premises	R-14
17. Temporary Service	R-15
18. Auxiliary Service	R-15
19. Extension of Distribution Facilities	R-15
20. Limitations Upon Company's Obligation to Supply Gas Service	R-20
21. Emergency Curtailment Plan	R-24
22. Meter Reading Non-Access Charge	R-26
23. Collection Trip Charge	R-26
24. Insulation Financing Program.	R-27
25. Disputes.	R-29
26. Settlement Agreement and Extension Agreement.	R-31
27. Cold Weather Maintenance of Service	R-32
28. Promotional Practices	R-37
29. Budget Billing Plan	R-39
30. Usage Estimating Procedure.	R-40

DATE OF ISSUE
month day yearDATE EFFECTIVE October 15, 1998
month day yearISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101
name of officer title address

Laclede Gas Company
Name of Issuing Corporation or Municipality

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

..... RULES AND REGULATIONS
.....

5. Deposits (Continued)

Residential

(C) The customer is unable to establish an acceptable credit rating under these standards:

1. Owns or is purchasing a home; and
2. Is and has been regularly employed on a full-time basis for at least one (1) year; or
3. Has an adequate regular source of income; or
4. Can provide adequate credit references from a commercial credit source.

(D) The customer fails to provide proof of identity upon request. Proof of identity is to include official picture identification or other verifiable documentation of identity, and correct social security number.

(2) The Company may require a deposit or guarantee as a condition of continued residential service if--

(A) The service of the customer has been discontinued by the Company for nonpayment of a delinquent account not in dispute;

(B) In an unauthorized manner, the customer interfered with or diverted the service of the Company situated on or about or delivered to the customer's premises; or

(C) The customer has failed to pay an undisputed bill on or before the delinquent date for five (5) billing periods out of twelve (12) consecutive monthly billing periods. Prior to requiring a customer to post a deposit under this subsection, the utility shall send the customer a written notice explaining the utility's right to require a deposit or include such explanation with each written discontinuance notice.

(3) Deposits for gas service assessed under the provisions of subsection (2)(A) or (C) of this rule during the months of November, December and January may be paid, if the customer is unable to pay the entire deposit, by installments over a six (6)-month period.

DATE OF ISSUE
month day year

DATE EFFECTIVE October 15, 1998
month day year

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101
name of officer title address

..... Laclede Gas Company For Refer to Sheet No. R-1
 Name of Issuing Corporation or Municipality Community, Town or City

..... RULES AND REGULATIONS

5. Deposits (Continued)

Residential

existence or nonexistence of a deposit on the customer's bill, in which event the receipt shall not be required unless requested by the customer. The receipt shall contain the following minimum information:

1. Name of customer;
2. Date of payment;
3. Amount of payment;
4. Identifiable name, signature and title of the Company employee receiving payment; and
5. Statement of the terms and conditions governing the payment, retention and return of deposits;

(F) The Company shall provide means where a person entitled to a return of a deposit is not deprived of the deposit refund even though s/he may be unable to produce the original receipt for the deposit; provided, s/he can produce adequate identification to ensure that s/he is the customer entitled to refund of the deposit;

(G) No deposit or guarantee or additional deposit or guarantee shall be required by the Company because of race, sex, creed, national origin, marital status, age, number of dependents, source of income, disability or geographical area of residence; and

(H) A customer required to make a deposit under subsection (2) (A) or (C) of this rule may pay the deposit in installments unless the Company can show a likelihood that the customer does not intend to pay for the service.

(5) In lieu of a deposit, the Company may accept a written guarantee. The limit of the guarantee shall not exceed the amount of a cash deposit.

(6) A guarantor shall be released upon satisfactory payment of all undisputed utility charges during the last twelve (12) billing months. Payment of a charge is satisfactory if received prior to the date upon which the charge becomes delinquent provided it is not in dispute. Payment of a disputed bill shall be satisfactory if made within ten (10) days of resolution or withdrawal of the dispute.

DATE OF ISSUE
 month day year

DATE EFFECTIVE October 15, 1998
 month day year

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101
 name of officer title address

CANCELLING All Previous Schedules

Laclede Gas Company

Name of Issuing Corporation or Municipality

For Refer to Sheet No. R-1

Community, Town or City

RULES AND REGULATIONS

29. Budget Billing Plan

The Company may offer a Budget Billing Plan ("Budget") to eligible customers, served under either the General Service, Seasonal Air Conditioning Service or General L.P. Gas Service rate schedules. Residential and small commercial customers, with no arrears, are eligible.

Under the Budget, an account is billed levelized monthly amounts, approximately equal to one-twelfth of the customer's projected annual bill, plus or minus an amount reflecting any beginning utility account balance. A customer's Budget amount is based on the recent twelve months of historical annual usage at the location where the customer receives gas service as adjusted for weather conditions, changes in gas rates, or other factors, such as, but not limited to, customer load changes. Where a customer does not have a twelve month consumption history at such location, the Company may choose to utilize either the usage history of the former occupant or other available information or factors, such as, but not limited to, system averages. The Company normally solicits participation in the Budget plan in July. However, if an eligible customer requests to be billed under the Budget at any other time during the year, a shortened Budget is established to coincide with the review of all Budget plan amounts in July.

The Budget accounts are reviewed by the Company in January and July of each year. Any utility account balance is rolled-in to the computation of the new Budget amount. A budget amount increase which is indicated during the January review becomes fully effective during February. A Budget amount decrease which is indicated during the January review is implemented such that 50% of the decrease is effective in February. A Budget amount decrease which is indicated during the July review is fully effective in August.

A customer may terminate their Budget any time upon request to the Company. The Company may terminate a customer's Budget after giving notice if the customer has been delinquent for two (2) consecutive billing periods. Upon termination, any Budget balance shall be applied to the customer's subsequent bill.

DATE OF ISSUE

DATE EFFECTIVE October 15, 1998

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

CANCELLING All Previous Schedules

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. R-1

Community, Town or City

..... RULES AND REGULATIONS

30. Usage Estimating Procedure

The usage estimating procedure utilized by Laclede involves the development and periodic review of factors for each customer based on past usage for the premise where possible, and upon system averages where this is not possible.

For customers with heating usage two factors are developed: The Normal Base Load Adjustment Factor ("Norm") and the Average Use Per Degree Day ("ADD").

The Norm represents the non-heating use per day. It is calculated from past actual usage during the summer months and is adjusted, where necessary, by a Normalization Adjustment Factor ("NAF") to compensate for changes in base load during certain months of the year. Estimated base load usage is the product of the Norm, the number of days in the month and, where necessary, the appropriate NAF.

The ADD is a factor that accounts for weather sensitive consumption which is calculated by dividing past actual heating usage by the degree days of the same time period. Such actual heating usage is determined by subtracting base usage from the total usage for the past period. Estimated heating usage is the product of the ADD factor and the number of degree days in the period for which usage is estimated.

Total estimated usage is the sum of the estimated base load and the estimated heating load for the period.

For accounts without heating usage, Laclede uses only the Norm for each customer, calculated in the same manner as for customers with heating usage, but a different NAF is applied.

DATE OF ISSUE
month day year

DATE EFFECTIVE October 15, 1998
month day year

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101
name of officer title address

Laclede Gas Company

Refer to Sheet No. 1

Name of Issuing Corporation or Municipality

For

Community, Town or City

SCHEDULE OF RATES

LARGE VOLUME SERVICE (LV)

Availability - Service under this rate schedule is available for qualifying firm gas uses including cogeneration and for boiler plant use where gas is the exclusive boiler plant fuel. Service under this rate schedule is available to customers contracting for separately metered gas service for a minimum term of one year with a billing demand equal to, or greater than, 250 therms and an annual usage equal to, or greater than 60,000 therms.

Rate - The monthly charge shall consist of a customer charge, a demand charge, and a commodity charge as set forth below:

Customer Charge - per month	\$500
Demand Charge - per billing demand therm	50¢
Commodity Charge - per therm	
For the first 36,000 therms used per month	30.641¢
For all therms used in excess of 36,000 therms	29.917¢

Minimum Monthly Charge - The Customer Charge plus the Demand Charge.

Terms of Payment - Customer's monthly bills will be computed at both the net and gross rates. Gross rates will be two percent (2%) higher than net rates. The net bill is payable on or prior to due date stated thereon. After this date, the gross bill is payable.

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. The above tariff rates are based on wholesale gas rates which produce a system average gas cost of 28.489¢ per therm.

DATE OF ISSUE

DATE EFFECTIVE October 15, 1998

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

Laclede Gas Company

Refer to Sheet No. 1

Name of Issuing Corporation or Municipality

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Community, Town or City

SCHEDULE OF RATES

INTERRUPTIBLE SERVICE (IN)

Under certain conditions, and from time to time, the Company has excess gas to sell. When the Company has such gas available for resale, it will make short-term contracts for the sale thereof.

Availability - This rate schedule is available to customers contracting for separately metered interruptible gas service for a minimum term of one year with a demand equal to, or greater than, 10,000 cubic feet per hour.

Net Rate - The monthly charge shall consist of a customer charge and a commodity charge as set forth below:

Customer Charge - per month	\$475
Commodity Charge	
First 100,000 therms - per month - per therm	29.852¢
Over 100,000 therms - per month - per therm	28.413¢

Charge For Gas Used During Interruption

All gas used during any period of interruption - per therm	58.473¢
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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. The above tariff rates are based on wholesale gas rates which produce a system average gas cost of 23.570¢ per therm.

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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Laclede Gas Company

Refer to Sheet No. 1

Name of Issuing Corporation or Municipality

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Community, Town or City

SCHEDULE OF RATES

D. Gas Supply Incentive Plan (Continued)

For purposes of allocation to the Deferred Purchased Gas Cost Accounts, 50% of the foregoing net revenues shall be deemed to be gas supply related and allocable to firm sales customers only and 50% shall be deemed to be transportation capacity related and allocable to both firm sales customers and firm transportation customers, consistent with the allocation of capacity reservation charges set forth in Section A.2.b., unless the net revenues from OF-Sales do not include the provision of transportation service, in which case 100% of such net revenues shall be allocable to firm sales customers.

Limitation On Sales

The Company's OF-Sales shall be made on an as-available basis. The term of each sale shall not exceed one month.

The Company shall make no individual OF-Sales where a negative margin results.

2. The debits and credits to the IA Account shall be allocated to the applicable customer classifications, based on the volumes sold and/or transported during the ACA period. Debits from item 1.b. shall be allocated to the Company's firm sales and firm transportation customers consistent with the allocation of capacity reservation charges set forth in Section A.2.b. The debit or credits from item 1.c. shall be allocated to the Company's on-system firm sales only.

3. For each ACA year, the debits and credits recorded in the IA Account including any balance from the previous year shall be accumulated to produce a cumulative balance of incentive adjustments. For purposes of computing new ACA factors for the subsequent twelve-month period beginning with the effective date of the Winter PGA, such cumulative incentive adjustment balances shall be combined with the appropriate Deferred Purchased Gas Costs Account balances. The Company shall separately record that portion of ACA revenue recovery which is attributable to recovery of the IA Account balances. Any remaining balance shall be reflected in the subsequent ACA computations.

DATE OF ISSUE month day year

DATE EFFECTIVE October 15, 1998 month day year

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101 name of officer title address

Laclede Gas Company
Name of Issuing Corporation or MunicipalityFor Refer to Sheet No. 1
Community, Town or City

SCHEDULE OF RATES

B. CHARACTER OF SERVICE (Continued)

5. Authorized Overrun Provision - When requested by the Customer, and authorized by the Company in its sole discretion, the Customer's DSQ on any day may be increased to a level not to exceed 110% of the currently effective billing demand, without causing an increase in such billing demand.
6. Period of Excess Receipts - Effective at the beginning of any day, as such term is defined in Paragraph 1.1 of Section D hereof, and with the same notice requirements as in B.1. above, any Customer may be ordered to limit its DSQ to 115% of the deliveries made to such Customer. When such limitation order is in effect, the Company will purchase from such Customer any excess receipts at 70% of the lesser of the first of the month index or the daily index published in the Gas Daily for MRT west leg deliveries. Such purchases by the Company shall be used to satisfy the Company's system supply requirements.

C. RATES

The monthly charge per each separately metered location shall consist of the charges set forth below:

Customer Charge - per month	\$790
Reservation Charge - per billing demand therm	45¢
Transportation Charge - per therm transported *	
For the first 36,000 therms transported per month.....	1.724¢
For all therms transported in excess of 36,000 therms.....	1.000¢
Commodity Charge - per therm sold *	
For the first 36,000 therms sold per month.....	30.213¢
For all therms sold in excess of 36,000 therms.....	29.489¢
Storage Charge - per therm for any full or partial month.....	2.00¢
Authorized Overrun Charge - per therm transported.....	3.709¢

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month day yearDATE EFFECTIVE October 15, 1998
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name of officer address

Laclede Gas Company

Name of Issuing Corporation or Municipality

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Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

C. RATES (Continued)

Determination of Billing Demand - The billing demand for each month shall be the greater of a) the Customer's contracted for billing demand for each separately metered service or b) the maximum amount of gas (in therms) transported and/or purchased for each separately metered service during any consecutive period of 24 hours during the months of November through March when the Company has restricted Basic Service deliveries to the DSQ. Notwithstanding the foregoing provisions, the billing demand for any month shall not be less than the highest billing demand for any of the last preceding 11 months.

Purchased Gas Adjustment (PGA) - The charge for all therms sold to the Customer shall be subject to an adjustment per therm for increases and decreases in the Company's cost of purchased gas applicable to LVTSS, equal to the CPGA made effective in accordance with paragraph A.5, plus the ACA, UFA and refund factors set out on Sheet No. 29. The commodity charge per therm sold as specified in this rate schedule is based on wholesale gas rates which produce a system average gas cost of 28.489¢ per therm.

Unauthorized Use Charge - On any day, the Company may order a Customer contracting for Basic Service to limit its use to the DSQ. When such limitation order is in effect, the Customer will be charged an unauthorized use charge of \$2.00 per therm for all gas used in excess of the DSQ. This unauthorized use charge is in addition to the other applicable charges set forth herein, and is subject to the service discontinuance rights of the Company set forth under Section B(1) hereof.

D. TERMS AND CONDITIONS

1. DEFINITIONS - The following terms when used in this tariff, in the Contract and in transactions relating to such tariff or contract shall have the following meanings:

1.1 A "day" shall be a period of twenty-four (24) consecutive hours commencing at nine o'clock (9:00) a.m. Central Clock Time ("CT").

1.2 A "month" shall be a period of one calendar month commencing at nine o'clock (9:00) a.m. CT on the first day of such month.

1.3 A "year" shall be a period of three hundred sixty-five (365) consecutive days commencing and ending at nine o'clock (9:00) a.m. CT, provided that any such year which contains the date of February 29 shall consist of three hundred sixty-six (366) consecutive days.

DATE OF ISSUE

DATE EFFECTIVE October 15, 1998

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

Laclede Gas Company

Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1

Community, Town or City

SCHEDULE OF RATES

5.2 By at least 10:00 a.m. on the second work day prior to the first day of each month, the Customer or its designee shall furnish to the Company a schedule, showing the DSQ of gas the customer desires the Company to receive and transport for each day during such month. Any change in the Customer's DSQ schedule shall only pertain to the remaining days in the then current month, and the Customer shall notify the Company by 10:00 a.m. on the day preceding the effective day of any such DSQ schedule change, or at a later time if agreed to by the Company, provided that any such notice shall be subject to modification by the Company in the event such modification is required by operational considerations. During a Period of Excess Receipts, as defined in Section B.6. of this rate schedule, such notice may be made by the Customer on a weekend or holiday provided that the DSQ change is a decrease and can be confirmed by the Company with the appropriate intra-state or interstate pipelines subsequent to such weekend or holiday. All DSQ changes shall be kept to a minimum, as permitted by operating conditions, and the Customer and the Company shall cooperate diligently to this end. The Company and the Customer shall inform each other of any other changes of receipts or deliveries immediately. Telephonic notice is acceptable for such DSQ scheduling changes; provided, such notices are followed within twenty-four (24) hours by written notice, except for notices made on weekends or holidays as provided above, in which case, the written notice made subsequent to the telephonic notice must be received by the Company by 10:00 a.m. on the first work day following such weekend or holiday.

DATE OF ISSUE month day year

DATE EFFECTIVE October 15, 1998 month day year

ISSUED BY K.J. Neises, Senior Vice President, 720 Olive Street, St. Louis, MO 63101
name of officer title address

DEPRECIATION RATES

ACCOUNT	DESCRIPTION	ANNUAL DEPRECIATION RATE
305.00	Structures & Improvements - Mfg. Gas	0.00%
307.00	Other Power Equipment - Mfg. Gas	2.63%
311.00	Liquefied Petroleum Gas Equipment	3.23%
311.10	Liquefied Petroleum Gas Storage Cavern	1.00%
351.20	Compressor Station Structures	3.13%
351.40	Other Structures	1.98%
352.00	Wells	1.17%
352.20	Reservoirs	1.27%
352.40	Wells - Oil and Vent Gas	3.08%
353.00	Lines	1.50%
354.00	Compressor Station Equipment	2.04%
355.00	Measuring & Regulating Equipment	2.66%
356.00	Purification Equipment	2.58%
357.00	Other Equipment	2.36%
361.00	Structures & Improvements - Other Storage	22.20%
362.00	Gas Holders	11.28%
367.70	Mains - Transmission - MoNat	1.28%
375.10	Structures & Improvements - Distr. - Meas. & Reg. Stations	1.11%
375.20	Structures & Improvements - Distr. - Svc. Centers & Storerooms	1.45%
375.30	Structures & Improvements - Distr. - Garages	1.64%
375.70	Structures & Improvements - MoNat	2.00%
375.90	Structures & Improvements - Midwest	2.00%
376.10	Mains - Steel	1.28%
376.11	Mains - Steel - St. Charles	1.28%
376.20	Mains - Cast Iron	2.43%

DEPRECIATION RATES

ACCOUNT	DESCRIPTION	ANNUAL DEPRECIATION RATE
378.21	Mains - Cast Iron - St. Charles	2.43%
378.30	Mains - Plastic	1.91%
378.31	Mains - Plastic - St. Charles	1.91%
378.70	Mains - Steel - MoNat	1.28%
378.73	Mains - Plastic - MoNat	1.91%
378.80	Mains - Steel - Franklin County	1.28%
378.83	Mains - Plastic - Franklin County	1.91%
378.90	Mains - Steel - Midwest	1.28%
378.93	Mains - Plastic - Midwest	1.91%
378.00	Measuring & Regulating Station Equipment - General	3.69%
378.10	Measuring & Regulating Station Equipment - Distribution - St. Charles	3.69%
378.70	Measuring & Regulating Station Equipment - MoNat	3.69%
378.80	Measuring & Regulating Station Equipment - Franklin County	3.69%
378.90	Measuring & Regulating Station Equipment - Midwest	3.69%
379.00	Measuring & Regulating Station Equipment - City Gate Check Stations	2.28%
379.70	Meas. & Reg. Station Equip. - City Gate Check Stations - MoNat	2.28%
379.90	Meas. & Reg. Station Equip. - City Gate Check Stations - Midwest	2.28%
380.10	Services - Steel	3.55%
380.11	Services - Steel - St. Charles	3.55%
380.20	Services - Plastic & Copper	2.61%
380.21	Services - Plastic & Copper - St. Charles	2.61%
380.70	Services - Steel - MoNat	3.55%
380.72	Services - Plastic & Copper - MoNat	2.61%
380.80	Services - Steel - Franklin County	3.55%
380.82	Services - Plastic & Copper - Franklin County	2.61%

DEPRECIATION RATES

ACCOUNT	DESCRIPTION	ANNUAL DEPRECIATION RATE
380.90	Services - Steel - Midwest	3.55%
380.92	Services - Plastic & Copper - Midwest	2.61%
381.00	Meters	2.83%
381.10	Meters - St. Charles	2.83%
381.70	Meters - MoNat	2.83%
381.80	Meters - Franklin County	2.83%
381.90	Meters - Midwest	2.83%
383.00	House Regulators	2.44%
383.10	House Regulators - St. Charles	2.44%
383.70	House Regulators - MoNat	2.44%
383.80	House Regulators - Franklin County	2.44%
383.90	House Regulators - Midwest	2.44%
385.00	Commercial & Industrial Measuring & Regulating Station Equipment	3.85%
385.10	Industrial Measuring & Regulating Equipment - St. Charles	3.85%
385.70	Industrial Measuring & Regulating Equipment - MoNat	3.85%
385.80	Industrial Measuring & Regulating Equipment - Franklin County	3.85%
385.90	Industrial Measuring & Regulating Equipment - Midwest	3.85%
387.00	Other Equipment	10.92%
387.10	Other Equipment - St. Charles	10.92%
387.70	Other Equipment - MoNat	10.92%
387.90	Other Equipment - Midwest	10.92%
390.70	Structures & Improvement - MoNat	2.00%
390.80	Structures & Improvement - Franklin County	2.00%
390.90	Structures & Improvement - Midwest	2.00%
391.00	Office Furniture & Equipment	3.23%

DEPRECIATION RATES

ACCOUNT	DESCRIPTION	ANNUAL DEPRECIATION RATE
391.11	Data Processing Systems	10.00%
391.12	Office Furniture & Equipment - St. Charles	3.23%
391.13	Data Processing Systems - St. Charles	10.00%
391.20	Mechanical Office Equipment	9.67%
391.21	Mechanical Office Equipment - St. Charles	9.67%
391.70	Office Furniture & Equipment - MoNat	3.23%
391.71	Data Processing Systems - MoNat	10.00%
391.80	Office Furniture & Equipment - Franklin County	3.23%
391.81	Data Processing Systems - Franklin County	10.00%
391.82	Mechanical Office Equipment - Franklin County	9.67%
391.90	Office Furniture & Equipment - Midwest	3.23%
391.91	Data Processing Systems - Midwest	10.00%
391.92	Mechanical Office Equipment - Midwest	9.67%
392.10	Transportation Equipment - Automobiles	15.17%
392.20	Transportation Equipment - Trucks	8.63%
392.70	Transportation Equipment - Automobiles - MoNat	15.17%
392.71	Transportation Equipment - Trucks - MoNat	8.63%
393.00	Stores Equipment	2.54%
393.70	Stores Equipment - MoNat	2.54%
393.90	Stores Equipment - Midwest	2.54%
394.00	Tools, Shop and Garage Equipment	2.36%
394.10	Tools, Shop and Garage Equipment - St. Charles	2.36%
394.70	Tools, Shop and Garage Equipment - MoNat	2.36%
394.80	Tools, Shop and Garage Equipment - Franklin County	2.36%
394.90	Tools, Shop and Garage Equipment - Midwest	2.36%

DEPRECIATION RATES

ACCOUNT	DESCRIPTION	ANNUAL DEPRECIATION RATE
395.00	Laboratory Equipment	4.55%
395.70	Laboratory Equipment - MoNat	4.55%
396.00	Power Operated Equipment	7.80%
396.10	Power Operated Equipment - Trucks	8.16%
396.70	Power Operated Equipment - MoNat	7.80%
397.00	Communication Equipment	6.21%
397.10	Communication Equipment - St. Charles	6.21%
397.70	Communication Equipment - MoNat	6.21%
397.80	Communication Equipment - Franklin County	6.21%
397.90	Communication Equipment - Midwest	6.21%
398.00	Miscellaneous Equipment	3.73%
398.10	Miscellaneous Equipment - St. Charles	3.73%
398.70	Miscellaneous Equipment - MoNat	3.73%
398.80	Miscellaneous Equipment - Franklin County	3.73%
398.90	Miscellaneous Equipment - Midwest	3.73%

Attachment 3

Smoothing Mechanism Applicable to FAS 87 and FAS 106

Effective with the quarter beginning July 1, 1998, gain/loss recognition pursuant to calculating Laclede's pension and post-retirement welfare expense in accordance with FAS 87 and FAS 106 will be calculated as described in this paragraph. The Unrecognized Net Gain/Loss balance subject to amortization will be based upon a 5-year average of the balances for the most current 5-year period. This method will be implemented on a prospective basis beginning with the balance at July 1, 1998. The balance subject to amortization for the fiscal year 2000 will be the two-year average balance at July 1, 1998, reduced by the amortization of gains/losses during the 15 months beginning July 1, 1998, and October 1, 1999. An additional year end balance will be included in the average balance until a 5 year average balance can be used every year. The gain/loss amount amortized in the current year will be calculated by amortizing the average Unrecognized Net Gain/Loss balance over 5 years.

Attachment 4

For purposes of implementing Paragraph 7 (A) of this Stipulation and Agreement, the Parties agree that: 1) The cumulative allowance applicable to OPEB's, stated on an annual basis, is \$3,825,000; 2) such allowance is before transfers to non-operation and maintenance ("non-O&M") accounts; and 3) that expense recovery in rates of such allowance is net of transfers to non-O&M accounts. In the event the cumulative contributions made by Laclede to, or in connection with, such funding mechanisms during the deferral period are less than or greater than the cumulative amount of the OPEB allowance during the deferral period, then such difference, net of any applicable tax effects, shall be reflected in the rates established in such next general rate case proceeding.

For purposes of implementing Paragraph 7 (B) of this Stipulation and Agreement, the parties agree that: 1) the cumulative allowance applicable to SERP and Directors Pensions, stated on an annual basis, is \$314,000; 2) such allowance is before transfers to non-O&M accounts; and 3) that expense recovery in rates of such allowance is net of transfers to non-O&M accounts.

ALJ/S c'y: Mills/Bayne

10-14
Date Circulated

GR-98-374
CASE NO.

[Signature]
Lumpe, Chair

[Signature]
Crumpton, Commissioner

[Signature]
Murray, Commissioner

[Signature]
Schemenauer, Commissioner

[Signature]
Drainer, Vice-Chair

10-15
Agenda Date

Action taken: 4-1 AS

Must Vote Not Later Than _____

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

I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,

Missouri, this 15th day of October, 1998.

[Signature: Dale Hardy Roberts]

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge