

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

St. Louis Natural Gas Pipeline, LLC,	)	
	)	
Complainant,	)	
v.	)	Case No. GC-2011-0294
	)	
Laclede Gas Company	)	
Respondent.	)	

**REPLY TO STAFF’S RESPONSE**

**COMES NOW** Laclede Gas Company (“Laclede” or “Company”) and for its reply to the Staff’s Joint Motion Approving Stipulation and Agreement and Dismissing Case submitted by(states as follows:

1. On October 17, 2011, the Staff filed a pleading in which it recommended that the Commission dismiss this complaint with prejudice, but not approve the Stipulation and Agreement filed by Laclede and St. Louis Natural Gas Pipeline (“SLNGP”) on September 30, 2011 (“S&A”). Consistent with the terms of the S&A, Laclede concurs with Staff that the Commission should dismiss this complaint with prejudice. However, Staff’s recommendation that the Commission not approve the S&A should be rejected for three reasons.

2. First, under the Commission’s procedural rules, a Stipulation and Agreement is deemed to be unanimous if no party files an objection within seven days. (*See* 4 CSR 240-2.115(2)(B)). Neither the Staff, nor any other party for that matter, filed such an objection within the prescribed period of time. As a result, the S&A is now considered to be a unanimous resolution of all the issues by all of the parties to this case and the Staff should not be permitted to assert otherwise by making a filing, in the guise of a response to a motion, that seeks to render the S&A a nullity.

3. Second, pursuant to the Commission's procedural orders in this case it was always contemplated that Laclede and SLNGP would try and resolve their differences by entering into a Stipulation and Agreement that would be filed and presumably approved by the Commission. Indeed, Commission Orders issued in this proceeding on July 13, August 15, August 29, September 12, and September 19 all contained language indicating that the negotiation and filing of a settlement agreement was the contemplated approach for resolving this case. At no time did the Staff suggest that such an approach was in any way inappropriate and it should not be permitted to do so now at this very late stage of the proceedings.

4. Third, and most significantly, there is absolutely no inconsistency between Staff's statement in paragraph 5 of its Response that the Commission is not customarily asked to approve contracts between an LDC and its vendors and the Commission's approval of the terms of the S&A. Simply put, the Commission is not being asked to approve the unexecuted interconnection agreement attached to the S&A, but only the terms and conditions under which Laclede would be willing to enter into one in satisfaction of the issues raised in this Complaint. Moreover, no party has been more vigorous than Laclede in making the point that the Staff now raises in its response; namely, that under Missouri law it is utility management rather than Commission that negotiates the terms of supplier contracts, subject only to subsequent prudence review by the Commission. Far from denigrating this principle, however, the S&A codifies it by providing that:

Laclede shall have no obligation whatsoever, either now or in the future, to subscribe to any pipeline transportation or other service that may be offered by the SLNGP through the proposed pipeline facilities, unless Laclede determines in its sole discretion that such action is appropriate,

and subject only to subsequent review by the Missouri Public Service Commission regarding the prudence of Laclede's actions. (*See e.g.* last Whereas Clause and paragraph 2 c in S&A).

5. In summary, the Staff recommended that the Commission direct the parties to negotiate a settlement. The parties were ordered to do so by the Commission, and to file any settlement agreement they reached. The time for objection to the S&A expired, making it unanimous. The parties have requested Commission approval of the settlement, on terms that unambiguously confirm the regulator's authority to review future decisions in ACA cases. The Commission should proceed to approve the S&A.

**WHEREFORE**, for the foregoing reasons, Laclede respectfully renews its request that the Commission approve the S&A.

Respectfully submitted,

**Laclede Gas Company**

/s/ Michael C. Pendergast

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered, on this 18th day of October 2011, to all parties of record, including the signatories to this document, the Staff and the Office of Public Counsel.

/s/Gerry Lynch

Gerry Lynch