

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

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

REPLY OF LACLEDE GAS COMPANY TO STAFF'S RESPONSE

COMES NOW Laclede Gas Company ("Laclede" or "Company"), and for its Reply to Staff's Response to Laclede's Motion to Extend its Current Financing Authority Until the End of this Case, states as follows:

1. Laclede filed its application in this case on April 15, 2015. On June 17, Laclede requested that the Commission extend Laclede's current financing authority, which has been in place since 2010, until the conclusion of this case. In effect, Laclede has asked the Commission to continue the status quo until the Commission decides the terms of the next financing authorization. Laclede views this request as the most administratively efficient way to conduct the case. It calls for the least change to the current financing authorization and assures that the Commission will only have to entertain an extension request once. Public Counsel saw no harm in extending the status quo, and so did not oppose the request.

2. On June 18, 2015, the Staff responded to Laclede's request, and urged the Commission to limit any extension to 90 days. The Staff further proposed that the Commission limit the amount of financing authority available to the Company during such period to \$100 million – a figure that is only one-third of the amount of financing authority the Staff itself recommends be authorized for Laclede over the next three years.

In support of these restrictions, the Staff expresses concerns that an open ended extension might lend itself to “gamesmanship.”

3. In response, Laclede would note that it has not requested an “open ended” extension, but simply one that continues until the conclusion of this case. While Staff asserts such an arrangement could lead to some kind of inappropriate gaming of this case, it fails to explain exactly how that could occur or why it would happen. As Staff knows, it is the Commission, and not Laclede, which controls the Commission’s docket and it is the Commission that will ultimately decide how long it will take to process this case. As such, Staff’s assertion that the arrangement proposed by the Company will lead to some kind of gamesmanship inappropriately denigrates both the Commission’s ability to effectively manage the litigation process in a reasonable amount of time, as well as Laclede’s desire to advance its application with integrity and dispatch.

4. Nor has Staff provided any explanation in its pleading or attached affidavit as to why such limitations are necessary to protect ratepayers. There is absolutely nothing in Laclede’s exercise of its current financing authority – or any prior financing authorizations – to indicate reckless behavior on Laclede’s part as stewards of its investor’s capital and the soundness of its credit rating. To the contrary, Laclede has at all times exercised such authority in an exceedingly conservative and prudent manner.

5. Additionally, Laclede has justifiable concerns that such an unwarranted and unsupported reduction in the Company’s financing authority, again to a level that is just one-third of the amount that the Staff recently recommended and less than one-fifth of the amount authorized by the Commission five years ago, would raise significant concerns and potentially elicit a negative reaction from the competitive financial markets,

upon which Laclede relies for financing at a reasonable cost. As discussed in the attached affidavit of Lynn D. Rawlings, such a significant drop in financing authority would have to be disclosed to the investment market as per SEC regulations, and might lead some investors to needlessly fear that there had been a meaningful change in Laclede's fiscal condition. The kind of large and precipitous swings in the amount of financing authority that would result from adoption of Staff's proposal might also lead to investor concerns regarding the future risks of operating in a regulatory environment that would act in such a manner. The rating by third-party analyst groups, such as SNL, that "grade" each state's regulatory environment, has a meaningful impact on the credit ratings that agencies assign a utility, especially when it is the utility's principal and home market for the last 158 years. Such credit ratings have a very direct, real and meaningful impact on our cost of capital and our customers' rates.

WHEREFORE, Laclede Gas Company respectfully requests the Commission grant its request to extend its current authority pending the Commission's final disposition of the Company's application and schedule an early prehearing conference so the parties can develop and propose a procedural schedule for addressing the issues raised in this proceeding in a timely manner.

Respectfully submitted,

LACLEDE GAS COMPANY

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Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing pleading was served on all parties of record on this 19th day of June 2015 by hand-delivery, e-mail, fax, or by placing a copy of such document, postage prepaid, in the United States mail.

/s/ Rick Zucker