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PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Staff review)	
of Laclede Gas Company)	Case No. GO-87-147
)	
In the matter of the investi-)	
gation of the revenue effects)	Case No. AO-87-48
upon Missouri utilities of the)	
Tax Reform Act of 1986.)	

STIPULATION AND AGREEMENT

During the first four months of 1987, the Staff of the Missouri Public Service Commission ("Staff") conducted a review of the books and records of Laclede Gas Company ("Company"). On or about December 15, 1986, and March 2, 1987, the Company caused to be filed with the Missouri Public Service Commission ("Commission") in Case No. AO-87-48, certain information concerning the impact on the Company of the Tax Reform Act of 1986.^{1/} Representatives of the Staff, Company, Office of Public Counsel, Anheuser-Busch, Inc., and Monsanto Co., et al.^{2/} engaged in certain discussions concerning: (a) the impact of the Federal Tax Reform Act of 1986 ("TRA") on the Company's overall revenue requirement; and (b) the Company's revenue requirement for its gas operations and related present rate revenues. As a result of these discussions, the parties stipulate and agree as follows:

1. That the Company be authorized to file revised tariffs designed to decrease its Missouri jurisdictional gross annual gas revenues by \$7,000,000 exclusive of license, occupation, franchise, gross receipts, or other similar fees or taxes, for service rendered on and after July 1, 1987, which decrease is reflective not only of the TRA's impact, but also takes into account the Staff's review of the Company's books and records

^{1/} All references to the Tax Reform Act of 1986 are to the Act, as in effect on the date hereof, and include any existing interpretative rulings or regulations issued thereunder.

^{2/} Monsanto Co., et al. includes the intervenors Monsanto Company, General Motors Corporation, Ford Motor Company, American-National Can Company, McDonnell Douglas Corporation, and Proctor and Gamble Manufacturing Company.

as to the Company's overall revenue requirement, including but not limited to depreciation (in accordance with Paragraph 4 hereof);

2. That the tariffs designed to implement said revenue decrease are attached hereto as Appendix 1 and made a part hereof for all purposes; and that they have been reviewed by all parties and are designed to, and do, in fact, implement the revenue decrease agreed to herein;

3. That the tariffs attached hereto as Appendix 1 will, when they become effective, effectuate the revenue decrease of \$7,000,000 agreed to herein, by allocating among the Company's rate schedules and special contracts the revenue decrease in accordance with Appendix 2, which is attached hereto and incorporated by reference;

4. That effective April 1, 1987, the Company shall be authorized to accrue depreciation at the rates and for the various categories of property as set forth in Appendix 3, which is attached hereto and incorporated herein by reference; and shall maintain depreciation reserve by primary plant account as allocated by the Company;

5. That within five (5) days following the Commission's approval of this Stipulation and Agreement, the Company will cause to be filed with the Commission the tariffs attached hereto as Appendix 1, said tariffs to bear an effective date of July 1, 1987;

6. That the Company shall not be subject to any further requirements in Case No. AO-87-48, and should be dismissed therefrom;

7. That the parties hereto remain, and shall be, free in any forum and in any future proceeding to raise any issue concerning the impact of the TRA (and/or any existing or future regulations or rulings promulgated thereunder) or the manner in which such impact should be reflected in the Company's rates (the "TRA Issue"); provided, however, that until the commencement of a general rate proceeding in which it is alleged that

the Company's rates are excessive or inadequate, the parties shall not raise the TRA Issue before the Commission;

8. That this Stipulation and Agreement is intended to be binding on the parties and the Commission in Case No. GO-87-___, in Case No. AO-87-48 as it relates to Laclede Gas Company, and as described in Paragraph 7 hereof; that none of the provisions of this Stipulation and Agreement, however, shall prejudice, bind or otherwise affect any party should the Commission decide not to approve this Stipulation and Agreement in its entirety or in any way condition its approval of same;

9. That none of the parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking principle, value methodology, method of cost of service determination, rate design methodology, or cost allocation underlying any of the tariffs and depreciation rates provided for in this Stipulation and Agreement; and any number used in this Stipulation and Agreement or in the tariffs and depreciation rates provided for by this Stipulation and Agreement, shall not prejudice, bind, or affect any party thereto, except to the extent necessary to give effect to the terms of this Stipulation and Agreement;

10. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to: (a) present oral arguments or written briefs, pursuant to Section 536.080(1), RSMo 1986; (b) require the Commission to read the full record pursuant to Section 536.080(3), RSMo 1986; and (c) seek judicial review of Case No. GO-87-___, or Case No. AO-87-48, as it relates to Laclede Gas Company, pursuant to Section 386.510, RSMo 1986;

11. That the agreements contained in this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent; that in the event that the Commission does not approve and adopt the terms of this Stipulation and Agreement, or in the event the tariffs and depreciation rates agreed to herein do not become effective in accordance with the provisions contained herein, this

Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

Dated: May 11, 1987

Respectfully submitted,

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