

In the matter of Laclede Gas Company's)
application to establish depreciation rates for) **Case No. GO-2012- 0363**
Enterprise Computer Software Systems)

**VERIFIED APPLICATION FOR AN ORDER ESTABLISHING
A DEPRECIATION RATE FOR THE COMPANY'S NEW
ENTERPRISE INFORMATION MANAGEMENT SYSTEM**

COMES NOW Laclede Gas Company (“Laclede” or “Company”) and makes application to the Missouri Public Service Commission (“Commission”) for an order establishing a depreciation rate for the Company’s New Enterprise Information Management System. In support of its application, Laclede states as follows:

1. Laclede is a public utility incorporated under the laws of the State of Missouri, with its principal office located at 720 Olive Street, St. Louis, Missouri 63101. A Certificate of Good Standing evidencing Laclede's standing to do business in Missouri was submitted in Case No. GF-2009-0450 and is hereby incorporated by reference herein for all purposes. The information on such certificate is currently applicable and correct. Laclede is engaged in the business of distributing and transporting natural gas to customers in the City of St. Louis and the Counties of St. Louis, St. Charles, Crawford, Jefferson, Franklin, Iron, St. Genevieve, St. Francois, Madison, and Butler in Eastern Missouri, as a gas corporation subject to the jurisdiction of the Commission.

2. Communications in regard to this Application should be addressed to:

Michael C. Pendergast
Vice President & Associate General Counsel
Rick Zucker
Associate General Counsel
Laclede Gas Company

720 Olive Street, Room 1520
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3. Laclede has no pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service.

4. Laclede is current on its annual report and assessment fee obligations to the Commission, and no such report or assessment fee is overdue.

5. For well over a year now, Laclede has been involved in the planning, design, and preliminary implementation of an entirely new enterprise information management system (“EIMS”). As a result of this initiative, the Company will, for the first time in its history, have a fully integrated and comprehensive information management system that will be capable of providing enhanced accounting tools, cross-functional communication, data tracking and analyses, and other essential business processes in the areas of customer service, billing and information, financial performance, supply chain/inventory, human resources and asset management. In fact, the transformative nature of this undertaking to Laclede and how it operates is such that the Company and its employees refer to it as the Company’s “newBLUE” project.

6. Once completed in the summer of 2013, EIMS will provide the Company with additional tools to improve customer care. For example, it will make additional customer support information available to customer service personnel operating out of the Company’s call center – an enhancement that should lead to greater “first call” resolution for customer inquiries and, in the process produce greater efficiency through the ability to take more calls and/or to reduce average speed of answer. EIMS will also provide the Company with greater flexibility to design and implement more individualized service offerings for customers with

distinct needs, requirements and operating characteristics. The value of this flexibility to Laclede's customers should be particularly evident when it comes to easier accessibility to information helping customers to better understand their energy usage and to benefit from the more efficient use of those energy resources. Similar benefits should also accrue in the design, implementation and evaluation of the Company's energy efficiency, affordability and weatherization programs.

7. EIMS should also benefit customers over the long-term by enabling the Company to operate more efficiently across a wide spectrum of business functions. Among other things, it will:

- help to streamline automated business processes and provide management with easy access to operational metrics for use in making timely and efficient management decisions;
- provide more robust reporting and financial analysis;
- enhance tools for conducting spend analysis in support of strategic sourcing;
- eliminate work duplication in the gathering, reporting and evaluation of data;
- enhance the ability to coordinate field operations in an even more efficient and systematic manner; and
- enhance the Company's ability to centralize, more rapidly access and more robustly analyze and track safety-related infrastructure data and records as well as compliance requirements.

8. In short, the introduction of these new information management tools will do for Laclede what the expanded use of such technology has done for countless other businesses – enable the Company to ultimately provide its customers with higher quality utility service in a more efficient manner.

9. As the Company begins to implement the various components of EIMS, however, it is critical that Laclede have an authorized, Commission-approved depreciation

rate in effect by the beginning of the Company's next fiscal year (October 1, 2012) that can be applied to this kind of transformative information management asset. While Laclede has various depreciations rates in effect for software, communications equipment, computers and other assets, none of them are applicable to the kind of fundamental restructuring of information management assets represented by EIMS. Indeed, given their cost and complexity, it has been Laclede's experience that such wholesale changes to its information management systems for core functional areas only occur over intervals spanning 15 to 25 years.

10. Laclede met with Staff and the Office of the Public Counsel ("Public Counsel") on April 18, 2012 to inform them of the situation.

11. Laclede informed Staff and Public Counsel that rates used to depreciate the Company's current information systems had resulted in the costs of those systems being charged to its cost of service before the systems had been retired. Laclede believes that the application of those rates to the "new BLUE" project will result in a similar result with an adverse financial impact given the magnitude of the "new BLUE" project costs. Therefore, Laclede requests that the Commission authorize the Company to use a 5% depreciation rate for the "new BLUE" project costs as the various components become operational. Laclede will agree to customary disclaimers regarding no pre-approval of the reasonableness or prudence of the expenditures made on the project, the obligation to perform a full depreciation study in the rate case following full implementation of EIMS, and reservation of the Parties rights' to propose different depreciation rates upon review of the depreciation study in such case.

12. Accordingly, Laclede respectfully requests that the Commission issue its Order:

(a) establishing a new subaccount (Account 391.4 Enterprise Information Management System (EIMS)) for Laclede applicable to the assets identified on Schedule 1, hereto;

(b) assigning a 5% (five percent) depreciation rate for the EIMS investments expected to be placed in-service in 2012 and 2013, as identified on Schedule 1, effective October 1, 2012, which is the beginning of Laclede's new fiscal year;

(c) requiring Laclede to conduct and file a depreciation study in consultation with Staff in the next general rate case proceeding filed by Laclede after it completes implementation of the new system;

(d) specifying that subaccount 391.4 will accrue depreciation expense for the EIMS system at a 5% depreciation rate until the Commission orders a different depreciation or amortization treatment for these assets.

(e) specifying that no party shall be bound to recommend this rate in a future proceeding and that this Order does not address the prudence of investment or amount of investment.

13. Laclede has discussed the substance of this application with Staff and Public Counsel. As a result of those discussions, Laclede and Staff have agreed to pursue additional assurances and commitments which may result in a Stipulation and Agreement in this case setting out, among other things, the rights of Staff and Public Counsel to raise issues and concerns and obtain information relating to EIMS in subsequent rate case proceedings.

WHEREFORE, based on the foregoing reasons, Laclede Gas Company respectfully requests that the Commission issue its order establishing a 5% depreciation rate for the assets listed on Schedule 1 to this Application consistent with the terms set forth in this Application.

Respectfully submitted,

/s/ Michael C. Pendergast

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

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ATTORNEYS FOR LACLEDE GAS COMPANY

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing Application was served on the General Counsel of the Staff of the Missouri Public Service Commission and the Office of the Public Counsel on this 18th day of May, 2012 by hand-delivery, fax, electronic mail or by placing a copy of such Application, postage prepaid, in the United States mail.

/s/ Rick Zucker

Rick Zucker

ENTERPRISE INFORMATION MANAGEMENT SYSTEM ASSETS
SUBJECT TO 5% DEPRECIATION RATE

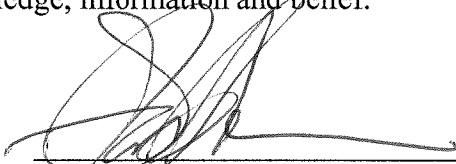
Amounts capitalized to implement the EIMS will include both internal and external costs (including consulting costs and applicable overheads) to design, configure, test and implement the following enterprise software in accordance with GAAP:

- Oracle Enterprise Business Systems – core system functionality including accounting, reporting, payment processing and supply chain functionality (calendar Q4 2012 targeted implementation)
- PowerPlant – a utility-focused suite of applications supporting fixed asset and tax accounting (Q4 target)
- Oracle Customer Care and Billing – supporting all customer-facing functionality including billing, collections, and customer service functions (Q3 2013 target)
- IBM Maximo - Enterprise asset management and workflow system (two phased implementation targeted for Q1 and Q3 2013)

VERIFICATION

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

Steven P. Rasche, being duly sworn, on his oath states that he is the Chief Financial Officer of Laclede Gas Company, the applicant in the foregoing Application; that he has read said Application, and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.



Steven P. Rasche

Subscribed and sworn to before me a Notary Public in the City of St. Louis, State of Missouri, this 4th day of May, 2012.

My Commission expires: 2/18/16.

[seal]



Notary Public, State of Missouri

KAREN A. ZURLIENE
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis City
My Commission Expires: Feb. 18, 2016
Commission # 12382873