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January 23, 2001

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General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. GR-2001-387

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Thomas R. Schwarz, Jr.

Thomas R. Schwarz, Jr.
Deputy General Counsel
(573) 751-5239
(573) 751-9285 (Fax)

TRS:sw
Enclosure
cc: Counsel of Record

FILED²
JAN 23 2001
Missouri Public
Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²
JAN 23 2001
Missouri Public
Service Commission

In the Matter of an Unscheduled)
Purchased Gas Adjustment Filing of)
Laclede Gas Company.)

Case No. GR-2001-387

STAFF RECOMMENDATION

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and for its recommendation in the above-captioned matter states as follows:

1. Laclede Gas Company ("Laclede") filed a tariff on January 12, 2001, proposing to increase its Purchased Gas Adjustment ("PGA") factor for service provided on and after January 29, 2001.

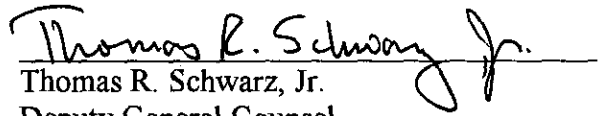
2 Staff has reviewed the tariff and has found that the filing complies with the provisions of Laclede's tariffs for unscheduled winter PGA filings. Staff finds that good cause has been shown for making the tariff effective on less than thirty days notice, as reflected by the provision for a ten day effective date in Laclede's tariff. See the Staff Memorandum attached hereto as Attachment A.

3. Staff emphasizes that it has not audited the books and records of Laclede, and that it will conduct a thorough review of Laclede's gas purchases during the Actual Cost Adjustment audit.

WHEREFORE, Staff recommends that the rates proposed by Lalcede be approved, effective for service on and after January 29, 2001, and that these rates remain interim, subject to refund.

Respectfully submitted,

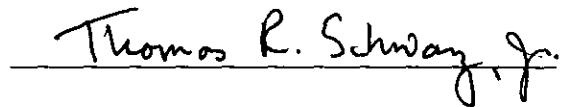
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 23rd day of January 2001.



M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2001-387, File No. 200100735, Laclede Gas Company

FROM: *H&S* Henry Warren, Gas Department - Tariffs/Rate Design

Wesley *1-23-01* *Thomas R. Schwan Jr.* *1/23/01*
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation for Laclede Gas Company's Unscheduled
Winter Season PGA Filing Effective January 29, 2001.

DATE: January 23, 2001

On January 12, 2001, Laclede Gas Company (Laclede or Company) of St. Louis, Missouri filed a tariff sheet proposed to become effective January 29, 2001. Laclede filed a substitute tariff sheet on January 17, 2001, to correct an error in the effective date. The tariff sheet, as substituted, was filed to reflect unscheduled changes in Laclede's Purchased Gas Adjustment (PGA) factors as the result of estimated changes in the cost of natural gas for the remaining winter season. The winter season includes the months of November through March. Additionally, this tariff filing, as substituted, reflects changes in the Unscheduled Filing Adjustment Factor (UFA).

The net effect of these changes will increase the firm PGA factor for the rest of the 2000-2001 winter season to \$0.91311 per therm from a scheduled 2000-2001 winter season firm PGA factor of \$0.66311 per therm. The firm PGA factor would increase by 38% under this proposal. The effect of the proposed increase on a typical residential customer's bill for February and March is a 29% increase when compared to the rates that are currently in effect. When compared to last winter's rates, the effect of the proposed increase on a typical residential customer's bill for February and March is a 104% increase. A typical residential customer's usage is fixed at 888 therms and does not account for the impact of weather variations on usage. Weather variations could lessen or exacerbate the impact of this increase.

Laclede's Deferred Carrying Cost Balance (DCCB) is currently increasing at over one million dollars per day due to the difference between the current rates and Laclede's current cost of gas. At the end of the heating season any DCCB plus interest will be included in the rate calculations used to compute the Company's next ACA factor and could significantly increase next year's PGA rate if the DCCB continues to grow. In addition, a large DCCB could adversely impact the Company's credit and procurement arrangements. The tariffs determine if the impact of the increase on either the customers or the Company is considered in the Staff recommendation for the PGA. Staff's recommendation is based on whether this filing is in compliance with the existing tariffs.

Case No. GR-2001-387, under which this change was filed, was established to track the Company's PGA factors to be reviewed in its 2000-2001 ACA filing. Final Commission decisions in Laclede's ACA Case Nos. GR-2000-622, GR-99-316, GR-98-297, GR-97-222 for the 1999-2000, 1998-1999, 1997-1998, and 1996-1997 ACA periods respectively, are still pending. Interim subject

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OFFICIAL CASE FILE MEMORANDUM
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to refund status should be maintained pending final Commission decisions in Case Nos. GR-97-222, GR-98-297, GR-99-316, GR-2000-622, and GR-2001-387.

The Commission's Gas Department - Tariffs/Rate Design Staff (Staff) has reviewed this filing and has determined that it was calculated in conformance with Laclede's PGA Clause. Staff is of the opinion that good cause for approval of the tariff sheet, as substituted, on less than thirty days notice is demonstrated by Laclede's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheet, as substituted, be approved, interim subject to refund:

P.S.C. MO. No. 5 Consolidated

One Hundred and Eighty-Third Revised Sheet No. 29 CANCELLING
One Hundred and Eighty-Second Revised Sheet No. 29

Copies: Director - Utility Operations Division
 Director - Research and Public Affairs Division
 Director - Utility Services Division
 General Counsel
 Manager - Financial Analysis Department
 Manager - Procurement Analysis Department
 Manager - Gas Department
 Mike Cline, Manager - Tariff and Rate Administration (Laclede)
 Mike Pendergast, Attorney (Laclede)
 Robert Johnson, Attorney (Peper, Martin, Jensen, Maichel, &
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 Office of the Public Counsel

Service List for
Case No. GR-2001-387
Revised: January 23, 2001 (SW)

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