Laclede Gas Rate Settlement Approved

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ST. LOUIS, July 19 /PRNewswire-FirstCall/ -- The Missouri Public Service Commission today approved the unanimous settlement reached in the rate case filed by Laclede Gas in December 2006. The settlement authorizes a $38.6 million annual increase in Laclede's base rates effective August 1, 2007, of which $5.5 million is currently being billed to customers in the form of an Infrastructure System Replacement Surcharge (ISRS).

Under the approved settlement, Laclede's typical residential customer's bill will increase $2.45 per month, or 2.6% for the initial annualized period, after an estimated $12 million credit to customers associated with income from Laclede's off-system sales of natural gas and upstream pipeline capacity. The new rates will apply throughout the Laclede Gas system, including its Missouri Natural operating division and the former Fidelity Natural Gas service area.

The increased rates from settlement of this case will assist Laclede in covering increased costs to operate and maintain its 16,000-mile distribution and storage system through which it distributes gas to approximately 631,000 customers. The Company last received a general rate increase in 2005.

The approved settlement also enhances Laclede's current weather mitigation rate design, making the Company's recovery of its costs less dependent on the volume of natural gas sold.

These modifications will allow Laclede to enhance and expand its customer conservation and energy efficiency programs while also maintaining its financial standing and the ability to continue to provide customers safe and reliable service at reasonable rates. As part of the approved settlement, Laclede will work with others to design additional programs that assist customers in saving money through conservation and energy efficiency while supporting national efforts to reduce energy usage overall. The Company will also increase funding of its weatherization program to $950,000 annually, and invest up to an additional $3.5 million in various energy efficiency and alternative energy programs over the next three years. Laclede will also continue to offer programs that will help its most vulnerable customers with their utility bills, investing up to $600,000 annually in a low-income energy assistance program.

The approved settlement also continues the sharing with customers of the net revenues from the off-system sales of natural gas and upstream pipeline capacity. On average, the Company will retain 20% of the first $6 million in annual net revenues and 30% over $6 million each year. Remaining amounts will go to customers. Additionally, as noted above, beginning in November 2007, Laclede's Purchased Gas Adjustment (PGA) rates will be reduced to reflect the customers' share of gains realized by the Company from the off-system sales of gas and release of pipeline capacity, including a one-time credit of approximately $6 million to be distributed in the first year only related to the customers' share of such gains during the past two years.

Laclede Gas, a subsidiary of The Laclede Group (NYSE: LG), is the largest gas distribution company in Missouri, serving more than 630,000 natural gas customers in St. Louis and surrounding counties in Eastern Missouri.

Note: This news release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The Company's future operating results may be affected by various uncertainties and risk factors, many of which are beyond the Company's control, including weather conditions, governmental and regulatory policy and action, the competitive environment and economic factors. For a more complete description of these uncertainties and risk factors, see the Company's Form 10-Q for the quarter ended March 31, 2007 filed with the Securities and Exchange Commission.

SOURCE The Laclede Group