FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-02-10** | Period of Report: **1993-12-31**
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FILER

LACLEDE GAS CO
CIK:**57183**| IRS No.: **430368139** | State of Incorp.:**MO** | Fiscal Year End: **0930**
Type: **10-Q** | Act: **34** | File No.: **001-01822** | Film No.: **94505921**
SIC: **4924** Natural gas distribution

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period ended December 31, 1993

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from ________ to ________

Commission File Number 1-1822

LACLEDE GAS COMPANY
(Exact name of registrant as specified in its charter)

Missouri (State of Incorporation)	43-0368139 (I.R.S. Employer Identification Number)
720 Olive Street, St. Louis, Missouri (Address of principal executive offices)	63101 (Zip Code)

Registrant's telephone number, including area code 314-342-0500

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No ( )

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

7,793,231 shares, Common Stock, par value $2 per share at 2/10/94.

Index to Exhibits is found on page 20.

LACLEDE GAS COMPANY AND SUBSIDIARY COMPANIES

PART I

FINANCIAL INFORMATION

The interim financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Form 10-K for the year ended September 30, 1993.

<TABLE>

LACLEDE GAS COMPANY AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED INCOME
(UNAUDITED)

(In Thousands, Except Per Share Amounts)
<CAPTION>

	Three Months Ended December 31, 1993	Three Months Ended December 31, 1992
<S>	<C>	<C>
Utility Operating Revenues	$167,245	$160,044
Utility Operating Expenses:		
Natural and propane gas	104,143	98,625
Other operation expenses	21,243	17,875
Maintenance	4,621	4,161
Depreciation and amortization	4,786	4,645
Taxes, other than income taxes	10,209	10,346
Income taxes (Note 3)	6,622	7,046
Total Utility Operating Expenses	151,624	142,698
Utility Operating Income	15,621	17,346
Miscellaneous Income and Income Deductions - Net (less applicable income taxes) (Note 3)	319	359
Income Before Interest Charges	15,940	17,705
Interest Charges:		
Interest on long-term debt	3,218	3,838
Other interest charges	802	382
Total Interest Charges	4,020	4,220
Net Income	11,920	13,485

Dividends on Preferred Stock	24	24
Earnings Applicable to Common Stock	$ 11,896	$ 13,461
Average Number of Common Shares Outstanding	7,793	7,793
Earnings Per Share of Common Stock	$1.53	$1.73
Dividends Declared Per Share of Common Stock	$0.61	$0.60

<FN>
Note: Average Number of Common Shares Outstanding, Earnings Per Share of Common Stock and Dividends Declared Per Share of Common Stock do not reflect a 2-for-1 stock split which will be effective on February 11, 1994.

See notes to consolidated financial statements.
</TABLE>

<TABLE>
LACLEDE GAS COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET
<CAPTION>

	Dec. 31 1993	Sept. 30 1993
	(Thousands of Dollars) (UNAUDITED)	
ASSETS		
<S>	<C>	<C>
Utility Plant	$685,244	$677,613
Less: Accumulated depreciation and amortization	289,620	286,787
Net Utility Plant	395,624	390,826
Other Property and Investments	23,152	22,668
Current Assets:		
Cash and cash equivalents	3,625	1,706
Accounts receivable - net	91,463	32,891
Materials, supplies, and merchandise at avg cost	5,002	5,202
Natural gas stored underground for current use at LIFO cost	14,662	14,079
Propane gas for current use at FIFO cost	13,655	13,657
Prepayments	2,871	1,774
Unamortized purchased gas adjustments	4,280	6,278
Delayed customer billings	3,248	-
Total Current Assets	138,806	75,587

Deferred Charges	56,851	26,231
Total Assets	$614,433	$515,312

<FN>
See the accompanying notes to financial statements.

</TABLE>

<TABLE>
LACLEDE GAS COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET (Continued)
<CAPTION>

	Dec. 31 1993	Sept. 30 1993
	(Thousands of Dollars) (UNAUDITED)	
CAPITALIZATION AND LIABILITIES		
<S>	<C>	<C>
Capitalization:		
Common stock (8,726,050 shares issued)	$ 17,452	$ 17,452
Paid-in capital	26,250	26,250
Retained earnings	177,394	170,252
Treasury stock, at cost (932,819 shares held)	(24,017)	(24,017)
Total common stock equity	197,079	189,937
Redeemable preferred stock	1,960	1,960
Long-term debt (less sinking fund requirements)	154,161	165,745
Total Capitalization	353,200	357,642

Current Liabilities:		
Notes payable	$ 68,500	$ 27,500
Accounts payable	47,692	16,745
Refunds due customers	7	214
Advance customer billings	-	3,901
Current sinking fund requirements	-	391
Taxes accrued	15,988	11,545
Deferred income taxes	1,541	2,312
Other	23,581	26,589
Total Current Liabilities	157,309	89,197
Deferred Credits and Other Liabilities:		
Deferred income taxes	65,995	36,989
Unamortized investment tax credits	8,600	8,682
Other	29,329	22,802
Total Deferred Credits and Other Liabilities	103,924	68,473
Total Capitalization and Liabilities	$614,433	$515,312

<FN>

See notes to consolidated financial statements.

</TABLE>

<TABLE>

LACLEDE GAS COMPANY AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(UNAUDITED)

<CAPTION>

<S>	Three Months Ended December 31, 1993 <C>	1992 <C>
Operating Activities:		
Net Income	$ 11,920	$ 13,485
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,804	4,704
Deferred income taxes and investment tax credits	(1,942)	(613)

Other - net	19	40
Changes in assets and liabilities:		
Accounts receivable - net	(58,572)	(56,261)
Unamortized purchased gas adjustments	1,998	1,355
Deferred purchased gas costs	5,138	5,049
Accounts payable	30,947	33,877
Refunds due customers	(207)	(1,459)
Taxes accrued	4,443	4,157
Other assets and liabilities	(10,791)	(16,316)
Net cash used in operating activities	$(12,193)	$(11,982)
Investing Activities:		
Construction expenditures	(9,394)	(10,189)
Investments - non-utility	(478)	(1,023)
Other	(91)	(250)
Net cash used in investing activities	$ (9,963)	$(11,462)
Financing Activities:		
Issuance of first mortgage bonds	-	40,000
Issuance of short-term debt	41,000	-
Dividends paid	(4,778)	(4,700)
Retirement of first mortgage bonds	(11,991)	-
Repayment of short-term debt	-	(7,000)
Other	(106)	(620)
Net cash provided by financing activities	$ 24,125	$ 27,680
Net Increase in Cash and Cash Equivalents	$ 1,919	$ 4,236
Cash and Cash Equivalents at Beg of Period	1,706	3,322
Cash and Cash Equivalents at End of Year	$ 3,625	$ 7,558
Supplemental Disclosure of Cash Paid During the Period for:		
Interest	$7,061	$5,834
Income taxes	8	564

<FN>

See notes to consolidated financial statements.

</TABLE>

LACLEDE GAS COMPANY AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. In the opinion of management, this interim report includes all adjustments (consisting only of normal recurring accruals) necessary for the fair presentation of the results of the periods covered.

2. The registrant is a natural gas distribution utility having a material

seasonal cycle; therefore, this interim statement of consolidated income is not necessarily indicative of annual results nor representative of succeeding quarters of the fiscal year.

3. The Company implemented Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes", effective October 1, 1993, without restating previously issued financial statements. SFAS No. 109 prescribes the liability method of accounting for income taxes, which required the Company to recognize additional deferred tax assets and liabilities for certain temporary differences and to adjust deferred tax accounts for changes in income tax rates.

SFAS No. 109 did not have a material impact on the Company's cash flows or results of operations due to the effect of rate regulation. Substantially all of the adjustments required by SFAS No. 109 were recorded to deferred tax balance sheet accounts, with offsetting adjustments to regulatory assets and liabilities. At October 1, 1993 the cumulative effect of adopting SFAS No. 109 was an increase in net deferred tax liabilities of $30.2 million, and recognition of a net regulatory asset of $30.2 million.

The deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effects of significant items comprising the Company's net deferred tax liability as of October 1, 1993 are as follows:

	Thousands of Dollars
Deferred tax liabilities:	
Depreciation and other differences between book and tax basis of property	$80,285
Pension income recognition	8,039
Other	3,057
Total deferred tax liabilities	91,381
Deferred tax assets:	
Reserves not currently deductible	12,486
Unamortized investment tax credit	5,491
Other	1,727
Total deferred tax assets	19,704
Net deferred tax liability	71,677
Less: Net deferred tax liability - current	2,312
Net deferred tax liability - non-current	$69,365

Net provisions for income taxes were charged (credited) as follows during the periods set forth below:

<TABLE>
<CAPTION>

	Three Months Ended December 31, 1993	Three Months Ended December 31, 1992
	(Thousands of Dollars)	
<S>	<C>	<C>
Utility Operations		
Current:		
Federal	$ 7,388	$ 6,856
State and local	1,244	799
Deferred:		
Federal	(1,733)	(579)
State and local	(277)	(30)
Subtotal	$ 6,622	$ 7,046
Miscellaneous Income and Income Deductions		
Current:		
Federal	$ 35	$ 90
State and local	(25)	(3)
Deferred:		
Federal	62	(4)
State and local	6	-
Subtotal	$ 78	$ 83
Total	$ 6,700	$ 7,129

</TABLE>

4. The Company adopted Statement of Financial Accounting Standard (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" in the first quarter of fiscal year 1994. Under the provisions of SFAS No. 106, the estimated future cost of providing these postretirement benefits is recognized as an expense and a liability during the employees' service periods. As permitted by SFAS No. 106, the liability for any unfunded accumulated postretirement benefit obligations existing at October 1, 1993, the date of initial application of the standard, is being recognized as a transition obligation and amortized over 20 years. The net postretirement benefit cost for fiscal

1994 is currently estimated to be $6.1 million, which represents a $1.9 million increase over estimated pay-as-you-go costs.

Net postretirement benefit cost for the three months ended December 31, 1993, including amounts charged to construction, consisted of the following components:

<TABLE>
<CAPTION>

	Thousands of Dollars
<S>	<C>
Service Cost	$ 371
Interest cost on projected benefit obligation	720
Amortization transition obligation	424

Net cost	$ 1,515
	=======

</TABLE>

The funded status of the plans at October 1, 1993 is as follows:
Accumulated postretirement benefit obligation:

<TABLE>
<CAPTION>

	Thousands of Dollars
<S>	<C>
Retirees	$17,101
Active employees	21,840

	38,941
Unrecognized transition obligation	33,963

Accrued postretirement benefit cost	$ 4,978
	=======

</TABLE>

The Company provides life insurance benefits to all employees after retirement and medical insurance is available after early retirement until age 65. The medical insurance represents approximately two-thirds of the Company's SFAS No. 106 costs. The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 10% for 1994, gradually decreasing each successive year until it reaches 5% in 1998. A one percent increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit cost as of October 1, 1993, by 4.9% and the sum of the service cost and interest cost by approximately 6.3%. The weighted-average discount rate and weighted-average rate of future compensation used in determining the accumulated postretirement benefit obligation was 7.5% and 4.5%, respectively.

In its 1992 rate case, the Company was authorized by the Missouri Public Service Commission (MoPSC) to defer as a regulatory asset the difference between the accrued costs calculated under the provisions of SFAS No. 106 and the actual pay-as-you-go costs. The amounts deferred would be recovered in rates when the benefits are actually paid. However, in January 1993, the Emerging Issues Task Force (EITF) reached a consensus requiring more stringent accounting criteria necessary to record a regulatory asset. The EITF would permit, among other things, rate regulated entities, such as the Company, to defer for as long as five years the difference between the accrual method and pay-as-you-go costs provided that the Company's ratemaking treatment allows deferred costs

to be fully recovered in the subsequent fifteen-year period. Since the 1992 MoPSC authorization is not in conformity with the 1993 EITF consensus, the Company has not recorded a regulatory asset. However, the Company is continuing to review this matter to determine what actions, if any, would be required to permit it to establish a regulatory asset or to provide full recovery of SFAS No. 106 costs in rates.

5. The Company is subject to various federal, state and local laws and regulations relating to the environment. The effect of these laws and regulations on the Company's financial position and results of operation has thus far not been material. In the 1800s and early 1900s, prior to the widespread availability of natural gas, manufactured gas was used nationwide as an inexpensive source of fuel. The Company operated various manufactured gas plants during that period, extending into the 1950s, to produce gas as a source of fuel for lighting, cooking and heating. The process for manufacturing gas involved heating certain combustibles such as coal and fuel oil in a low oxygen atmosphere, which also produced certain by-products and residuals including hydrocarbons such as lamp black and coal tar. Such products and residues typically were stored on site or sold for commercial use, and most former manufactured gas sites contain remnants of such hydrocarbons. The United States Environmental Protection Agency (the "EPA") has been engaged in a survey of a large number of former manufactured gas plant sites across the nation. In this regard, the Company and the EPA now have information which indicates the presence of manufactured gas residuals on one of the former manufactured gas plant sites operated by the Company. While no conclusion has been reached as to the extent of any remedial action that will be required, the Company is working with environmental authorities to develop a positive environmental response with respect to this site. In this vein, as requested by the EPA, the Company intends, in the near future, to conduct studies to determine more specifically the extent of any risk of contamination, and, if necessary, possible alternative remediation

procedures; and we are presently discussing with the EPA a possible Administrative Order on Consent with regard to such matters. If the above studies should determine that remedial action is necessary, then the Administrative Order will provide for the subsequent implementation of such action. The cost of such studies, together with the costs incurred to date by the EPA in performing the EPA's own investigation, is likely to approximate $250,000, and the Company has established a reserve in that amount in its financial statements. As indicated above, the Company is unable at this time to evaluate and quantify further the scope or cost of the environmental response activity that will be required. In any case, however, the Company has notified its insurers that the Company intends to seek reimbursement from them of its investigation, remediation, clean-up and defense costs in regard to the foregoing. In addition to pursuing insurance proceeds to the extent feasible, the Company also plans to seek recovery in this regard, if practicable, from any other potentially responsible parties, and the Company will also apply for appropriate rate recovery.

The Company is involved in litigation, claims, and investigations arising in the normal course of business. While the results of such litigation cannot be predicted with certainty, management, after discussion with counsel, believes the final outcome will not have a material adverse effect on the consolidated financial position and results of operations reflected in the finanical statements presented herein.

6. At the Annual Meeting held January 27, 1994, the Company's share owners approved an amendment increasing the authorized Common Stock to 50 million shares with a new par value of $1.00 per share and reclassifying the par value of the outstanding Common Stock from $2.00 to $1.00 per share. These changes were approved in connection with a 2-for-1 stock split as authorized by the Board of Directors, which will be effective on February 11, 1994. New stock certificates are expected to be distributed on or about March 7, 1994.

   Share owners also approved an amendment to the Company's Dividend Reinvestment Plan to permit cash purchases of common stock through the Plan, with a minimum purchase of $100 per calendar quarter up to a maximum purchase of $30,000 per calendar year. The amendment also provides for the issuance of common shares by the Company to provide shares purchased from the Company under the Plan.

   The Missouri Public Service Commission granted the necessary approvals of the stock split and Plan amendments by order dated January 14, 1994.

7. This Form 10-Q should be read in conjunction with the Notes to Consolidated Financial Statements contained in the Company's 1993 Form 10-K.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

RESULTS OF OPERATIONS

Earnings for the quarter ended December 31, 1993 were $1.53 per share compared with $1.73 per share for the same three months last year. The weather for the quarter was essentially normal, but was 3% colder than last year. The erosion in earnings is primarily attributable to higher costs of doing business, offset to some extent by higher gas sales arising from the colder weather.

Utility operating revenues for the first quarter of fiscal year 1994 were $167.2 million compared with $160.0 million for the quarter ended December 31, 1992. The $7.2 million, or 4.5%, increase is due to higher therm sales reflecting the colder weather, higher wholesale gas costs which are passed on to Laclede's customers under the Company's Purchased Gas Adjustment Clause, and other variations. Therms sold and transported increased by 13.9 million therms, or 4.1%, above the quarter ended December 31, 1992.

Utility operating expenses for the quarter ended December 31, 1993 increased by $8.9 million, or 6.3%, above the same quarter last year. Natural and propane gas expense this quarter increased $5.5 million, or 5.6%, above last year mainly due to increased volumes purchased for sendout (resulting from the colder weather) and higher rates charged by our suppliers. Other operation and maintenance expenses increased $3.8 million, or 17.4%, primarily due to increased pension expense reflecting the recognition of gain applicable to lump-sum settlements during the same quarter ended December 31, 1992 (no gain was recognized during the quarter ended December 31, 1993), higher wage rates, and increased maintenance charges, partially offset by a lower provision for uncollectible accounts. Depreciation and amortization expense increased 3.0% due to additional property. Taxes, other than income taxes, decreased 1.3% principally due to lower property taxes, largely offset by higher gross receipts taxes (reflecting increased revenues). The $.4 million decrease in income taxes is primarily due to lower taxable income partially offset by higher tax rates.

The decrease in interest expense on long-term debt is mainly due to reductions in certain long-term debt issues, partially offset by the effect of the issuance of $40 million of 7-1/2% First Mortgage Bonds in November, 1992 and the issuance of $25 million of 6-1/4% First Mortgage Bonds in May, 1993. Other interest expense increased due to higher short-term borrowings.

On January 14, 1994, the Company filed a request with the Missouri Public Service Commission for a general rate increase which would add $27.1 million to operating revenues on an annual basis. This increase is necessary to offset increased costs of doing business arising from higher operating costs as well as the added costs of operating, maintaining, and financing the increased investment in distribution plant and other

facilities the Company has installed since the filing of its last general rate increase in January 1992. By law, the Missouri Commission has up to eleven months before it must act on this 1994 request, but the Company is hopeful the Commission will allow new rates to be implemented prior to December 1994.

The Company adopted Statement of Financial Accounting Standard (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" in the first quarter of fiscal year 1994. Under the provisions of SFAS No. 106, the estimated future cost of providing these postretirement benefits is recognized as an expense and a liability during the employees' service periods. As permitted by SFAS No. 106, the liability for any unfunded accumulated postretirement benefit obligations existing at October 1, 1993, the date of initial application of the standard, is being recognized as a transition obligation and amortized over 20 years. The net postretirement benefit cost for fiscal 1994 is currently estimated to be $6.1 million, which represents a $1.9 million increase over estimated pay-as-you-go costs. In its 1992 rate case, the Company was authorized by the Missouri Public Service Commission (MoPSC) to defer as a regulatory asset the difference between the accrued costs calculated under the provisions of SFAS No. 106 and the actual pay-as-you-go costs. The amounts deferred would be recovered in rates when the benefits are actually paid. However, in January 1993, the Emerging Issues Task Force (EITF) reached a consensus requiring more stringent accounting criteria necessary to record a regulatory asset. The EITF would permit, among other things, rate regulated entities, such as the Company, to defer for as long as five years the difference between the accrual method and pay-as-you-go costs provided that the Company's ratemaking treatment allows deferred costs to be fully recovered in the subsequent fifteen-year period. Since the 1992 MoPSC authorization is not in conformity with the 1993 EITF consensus, the Company has not recorded a regulatory asset. However, the Company is continuing to review this matter to determine what actions, if any, would be required to permit it to establish a regulatory asset or to provide full recovery of SFAS No. 106 costs in rates.

The Company implemented Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes", effective October 1, 1993, without restating previously issued financial statements. SFAS No. 109 prescribes the liability method of accounting for income taxes, which required the Company to recognize additional deferred tax assets and liabilities for certain temporary differences and to adjust deferred tax accounts for changes in income tax rates.

SFAS No. 109 did not have a material impact on the Company's cash flows or results of operations due to the effect of rate regulation. Substantially all of the adjustments required by SFAS No. 109 were recorded to deferred tax balance sheet accounts, with offsetting adjustments to regulatory assets and liabilities. At October 1, 1993 the cumulative effect of adopting SFAS 109 was an increase in net deferred tax liabilities of $30.2 million, and recognition of a net regulatory asset of $30.2 million.

LIQUIDITY AND CAPITAL RESOURCES

The Company's short-term borrowing requirements typically peak during colder months, principally because of required payments for natural gas made in advance of the receipt of cash from our customers for the sale of that gas. Such short-term cash requirements have traditionally been met through the sale of commercial paper supported by lines of credit with banks. In January 1994, the Company entered into new bank credit agreements under which it may borrow up to $40 million prior to January 31, 1995, with renewal of any loans outstanding (at January 31, 1995) permitted up to June 30, 1995. Also, the Company has obtained agreements for an additional $40 million of bank loans effective from October 18, 1993 to April 18, 1994, which resulted in a line of credit totalling $80 million for the 1993-1994 heating season. These agreements also provide for an additional $15 million of short-term credit needs for the week of maximum credit requirement from January 20, 1994 to January 27, 1994, and an additional $5 million extending from January 28 through February 28, 1994. During January 1994, the Company sold commercial paper aggregating to a maximum of $95.0 million at any one time, but did not borrow from the banks under the aforementioned agreements. Short-term borrowings amounted to $76.0 million at January 31, 1994.

In November 1993, the Company redeemed $12.0 million of its outstanding long-term debt, primarily to take advantage of the prevailing lower interest rates.

On January 27, 1994, a proposal to amend Article III-A of the Company's Articles of Incorporation was approved at the annual meeting of share owners. This amendment will increase the Company's authorized common stock to 50 million shares with a new par value of $1.00 per share and will reclassify the par value of the Company's outstanding common stock from $2.00 per share to $1.00 per share. These changes were approved in connection with a planned 2-for-1 common stock split, which will be effective on February 11, 1994. New stock certificates are expected to be distributed on or about March 7, 1994.

Share owners also approved an amendment to the Dividend Reinvestment Plan to permit cash purchases of common stock through the Plan, with a minimum purchase of $100 per calendar quarter up to a maximum purchase of $30,000 per calendar year. The amendment also provides for the issuance of common shares by the Company to provide shares purchased from the Company under the Plan. The Company plans to file a Registration Statement with the Securities and Exchange Commission in late February 1994. The Missouri Public Service Commission granted the necessary approvals of the stock split and Plan amendments by order dated January 14, 1994.

The Company is subject to various federal, state and local laws and regulations relating to the environment. The effect of these laws and regulations on the Company's financial position and results of operation has thus far not been material. In the 1800s and early 1900s, prior to the widespread availability of natural gas, manufactured gas was used nationwide as an inexpensive source of fuel. The Company operated various manufactured gas plants during that period, extending into the 1950s, to produce gas as a source of fuel for lighting, cooking and heating. The process for manufacturing gas involved heating certain combustibles such as coal and fuel oil in a low oxygen atmosphere, which also produced certain by-products and residuals including hydrocarbons such as lamp black and coal tar. Such products and residues typically were stored on site or sold for commercial use, and most former manufactured gas sites contain remnants of such hydrocarbons. The United States Environmental Protection Agency (the "EPA") has been engaged in a survey of a large number of former manufactured gas plant sites across the nation. In this regard, the Company and the EPA now have information which indicates the presence of manufactured gas residuals on one of the former manufactured gas plant sites operated by the Company. While no conclusion has been reached as to the extent of any remedial action that will be required, the Company is working with environmental authorities to develop a positive environmental response with respect to this site. In this vein, as requested by the EPA, the Company intends, in the near future, to conduct studies to determine more specifically the extent of any risk of contamination, and, if necessary, possible alternative remediation procedures; and we are presently discussing with the EPA a possible Administrative Order on Consent with regard to such matters. If the above studies should determine that remedial action is necessary, then the Administrative Order will provide for the subsequent implementation of such action. The cost of such studies, together with the costs incurred to date by the EPA in performing the EPA's own investigation, is likely to approximate $250,000, and the Company has established a reserve in that amount in its financial statements. As indicated above, the Company is unable at this time to evaluate and quantify further the scope or cost of the environmental response activity that will be required. In any case, however, the Company has notified its insurers that the Company intends to seek reimbursement from them of its investigation, remediation, clean-up and defense costs in regard to the foregoing. In addition to pursuing insurance proceeds to the extent feasible, the Company also plans to seek recovery in this regard, if practicable, from any other potentially responsible parties, and the Company will also apply for appropriate rate recovery.

On November 1, 1993, Order 636 issued by the Federal Energy Regulatory Commission became effective causing a complete restructuring of the Company's gas supply arrangements, as discussed fully in the Annual Report which stockholders recently received. Thus far it appears that Laclede's gas supply arrangements are accomplishing the Company's dual objectives of assuring adequate and reliable supplies of gas to our customers at the lowest reasonable cost consonant therewith.

The new system has transferred to distributors like Laclede the responsibility for purchasing their own gas supplies in the field and has removed that responsibility from the interstate pipelines. This has caused a substantial increase in risk to the gas distributors and has, concurrently, considerably lessened the risk on the interstate pipelines. We are acquainting the regulatory authorities with this reallocation of risk and asking them to recognize such in the rate of return allowed in order to compensate appropriately for such offsetting changes in responsibility.

Construction expenditures for the quarter were $9.4 million compared with $10.2 million for the same period last year.

Capitalization at December 31, 1993 (excluding current redemption requirements of long-term debt) decreased $4.4 million since September 30, 1993 and consisted of 55.8% common stock equity, .6% preferred stock and 43.6% long-term debt.

The seasonal effect of the Company's financial position affects the comparison of certain balance sheet items at December 31, 1993 and at September 30, 1993 such as Gas Accounts Receivable - Net, Notes Payable and Accounts Payable.

LACLEDE GAS COMPANY AND SUBSIDIARY COMPANIES

Part II

OTHER INFORMATION

LACLEDE GAS COMPANY AND SUBSIDIARY COMPANIES

Item 1. Legal Proceedings

During the quarter ended December 31, 1993, there were no new legal proceedings required to be disclosed. In addition, for discussion of environmental matters, see Note 5 to the consolidated financial statements.

Item 6. Exhibits and Reports on Form 8-K

(a) See Exhibit Index

(b) Reports on Form 8-K

The Company filed a Form 8-K Report during the quarter ended December 31, 1993.

Items Reported:

On November 18, 1993, the Board of Directors adopted resolutions which, conditioned upon receipt of: (1) stockholder approval at the Company's 1994 Annual Meeting of Stockholders to be held on January 27, 1994 and (2) certain approvals by the Missouri

Public Service Commission on or before February 10, 1994 (or affirmance that such approval is not required) would:

(a) effectuate a two-for-one stock split effective on February 11, 1994 to stockholders of record on that date, by amending the Articles of Incorporation of the Company (i) to change, effective on February 11, 1994, the number and par value of the authorized shares of common stock of the Company from 20,000,000 shares of common stock having a par value of $2.00 per share to 50,000,000 shares of common stock having a par value of $1.00 per share, and (ii) to reclassify, effective on February 11, 1994, all presently issued shares of $2.00 per share par value common stock of the Company, to $1.00 per share par value common stock of the Company; and

(b) amend the Company's Dividend Reinvestment Program principally to allow additional cash purchases of Company common stock and to provide for, at the discretion of the Company, the primary issuance of Company common stock thereunder.

The expected distribution date for new stock certificates in connection with the aforesaid stock split, if requisite approvals are obtained, is on or about March 7, 1994.

Financial Statement Filed: None

Date of Report (Date of Earliest Event Reported):
November 18, 1993

Date Report Filed: November 19, 1993

LACLEDE GAS COMPANY AND SUBSIDIARY COMPANIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LACLEDE GAS COMPANY

Date: February 10, 1994

R. J. Carroll

R. J. Carroll
Sr. Vice President - FInance
(Authorized Signatory and
Chief Financial Officer)

INDEX TO EXHIBITS

Exhibit No.	Exhibit	Page
10.01	Amendment to the Employees' Retirement Plan	21

	of Laclede Gas Company - Management Employees dated January 10, 1994.	
10.02	Amendment to the Company's Salary Deferral Savings Plan dated January 10, 1994.	25

Date: January 10, 1994

Robert C. Jaudes (as President of Laclede Gas Company), and Donald L. Godiner (as Senior Vice President, General Counsel and Secretary of Laclede Gas Company), pursuant to resolutions adopted by the Board of Directors on August 28, 1986, which resolutions, among other things, granted to any two executive officers who hold one of the following offices: Chairman of the Board; President; Executive Vice President; or Senior Vice President; the authority to amend any or all of the benefit plans and/or related trust agreements of the Company (collectively the "Plans") to the extent such amendments deal with changes necessary or appropriate: (1) to comply with, or obtain the benefit of, applicable laws and/or regulations, as amended from time to time; (2) to reflect minor or routine administrative factors; (3) to clarify the meaning of any of the provisions of the Plans; and/or (4) to evidence changes in then existing Plans to reflect the interrelationship thereof with newly adopted Plans or amendments to Plans, which newly adopted Plans or amendments affect the terms of such other then existing Plans; do hereby amend the Employees' Retirement Plan of Laclede Gas Company - Management Employees as set forth in the attached exhibit, such amendment to be effectuated and evidenced by our signatures on said exhibit.

AMENDMENTS TO THE EMPLOYEES' RETIREMENT
PLAN OF LACLEDE GAS COMPANY - MANAGEMENT EMPLOYEES

The following amendments are effective January 1, 1985:

1. Paragraph (3) of subclause B. of subsection 21. of Section 1.1 is amended as follows:

   "(3) No credit will be given to an Employee during any period in which such Employee received any payment under this Plan, except for minimum required distributions after age seventy and one-half (70-1/2) as provided in Sectiion 15.5."

2. A sentence is added at the end of Section 3.4 as follows:

   "The Accrued Benefit of an Employee who has received minimum required distributions pursuant to Section 15.5 of the Plan shall be reduced, but not below zero, by the Actuarial Equivalent of all the paid minimum required distributions."

3. Section 15.5 is replaced in its entirety as follows:

   "Section 15.5 - Required Distribution of Employee's Interest
   Notwithstanding anything to the contrary in this Plan, minimum required distributions, as required by and in accordance with Internal Revenue Code Section 401(a)(9) and the regulations thereunder then in effect, shall begin not later than April 1 following the end of the calendar year in which the Employee attained age seventy and one-half (70-1/2). The first such distribution shall be for the calendar year in which the Employee attained age seventy and one-half (70-1/2) (hereinafter referred to as the "First Benefit Year"). Subsequent minimum required distributions shall be made by the following December 31, and at least annually thereafter by December 31 and will be in each case for the calendar year then ending or for the then current calendar year, if made prior to December 31 (the "Subsequent Benefit Year").

   The amount of a minimum required distribution for the First Benefit Year or any Subsequent Benefit Year shall be calculated by dividing the amount determined under subsection (a) below, by the life expectancy as determined under subsection (b) below:

(a) The lump-sum Actuarial Equivalent of the Employee's Accrued Benefit as of December 31 immediately prior to:

(i) the First Benefit Year for the first minimum required distribution, or

(ii) each Subsequent Benefit Year, in the case of all subsequent distributions; reduced, but not below zero, by the amount of all prior payments of previous minimum required distributions, plus interest computed as described in subclause (B) of this subsection (a). For purposes of this subsection (a):

(A) the definition of Actuarial Equivalent is modified by using the first day of the First Benefit Year or Subsequent Benefit Year, as applicable, as the "determination date" for the determination of the mortality and interest discount factors; and

(B) the interest referred to above shall be the interest accrued on any previous minimum required distribution

(I) beginning on the date following the day such minimum required distribution was actually paid and ending on the payment date for the subsequent minimum required distribution being calculated, and

(II) at the Pension Benefit Guaranty Corporation's rate for valuing immediate annuities as in effect for each month during which such interest accrues.

(b) The life expectancy shall be calculated using the Employee's age at December 31 of the First Benefit Year; or, if applicable, life expectancies for an Employee and the Employee's Designated Dependent will be based on the Employee's and the Designated Dependent's ages at December 31 of the First Benefit Year. Each year thereafter, the Employee's (or the Employee's and Designated Dependent's) life expectancy (or life expectancies) shall be reduced by one year.

If the Employee dies after attaining age seventy and one-half (70-1/2) but before the minimum required distributions have begun, distributions must commence no later than December 31 of the year following the calendar year of the Employee's death. If the Employee dies after the minimum required distributions have begun, the remainder of the Employee's Accrued Benefit will be distributed at least as rapidly as under the distribution method used before the Employee's death.

Distributions in accordance with this Section 15.5 will comply with the minimum distribution requirements, including the minimum distribution incidental benefit requirements, of Internal Revenue Code Section 401(a)(9) and regulations thereunder then in effect. If any provision of this Plan conflicts with these distribution requirements, then the Internal Revenue Code Section 401(a)(9) distribution requirements will apply."

4. Sections 15.6 and 15.7 are renumbered Sections 15.7 and 15.8 as follows:

"Section 15.7 - Top-Heavy Definitions

Section 15.8 - Top-Heavy Effect"

5. A new Section 15.6 is added as follows:

"Section 15.6 -Retirement After Minimum Required Distributions
When an Employee who has received a minimum required distribution pursuant to Section 15.5 elects to retire, the Employee's monthly Accrued Benefit at retirement shall be calculated as of the date of commencement of the Employee's first minimum required distribution ("Employee's First Distribution Date") and as of the Employee's date of retirement ("Employee's Retirement Date"); and the Employee's Accrued Benefit as of the Employee's Retirement Date shall be reduced by the lesser of:

(a) the amount by which the Employee's monthly Accrued Benefit as of the Employee's Retirement Date exceeds the Employee's monthly Accrued Benefit as of the Employee's First Distribution Date; or

(b) the amount determined by dividing (i) by (ii) below:

(i) the sum of all minimum required distributions paid pursuant to Section 15.5 of this Plan, plus imputed interest, determined monthly using the Pension Benefit Guaranty Corporation's interest discount factor for valuing immediate annuities as in effect for each month and computed from the first day of the month of payment of each minimum required distribution until the applicable Retirement Date;

(ii) the lump-sum factor (as determined by the actuaries for the Plan) which is in effect on the Retirement Date for converting monthly payments (for the Employee's lifetime only and commencing on the Retirement Date) to lump-sum payments and vice versa."

Robert C. Jaudes

Title: President and Chief Executive Officer

Donald L. Godiner

Title: Senior Vice President, General Counsel and Secretary

Date: January 10, 1994

Robert C. Jaudes (as President of Laclede Gas Company), and Donald L. Godiner (as Senior Vice President, General Counsel and Secretary of Laclede Gas Company), pursuant to resolutions adopted by the Board of Directors on August 28, 1986, which resolutions, among other things, granted to any two executive officers who hold one of the following offices: Chairman of the Board; President; Executive Vice President; or Senior Vice President; the authority to amend any or all of the benefit plans and/or related trust agreements of the Company (collectively the "Plans") to the extent such amendments deal with changes necessary or appropriate: (1) to comply with, or obtain the benefit of, applicable laws and/or regulations, as amended from time to time; (2) to reflect minor or routine administrative factors; (3) to clarify the meaning of any of the provisions of the Plans; and/or (4) to evidence changes in then existing Plans to reflect the interrelationship thereof with newly adopted Plans or amendments to Plans, which newly adopted Plans or amendments affect the terms of such other then existing Plans; do hereby amend the Laclede Gas Company Salary Deferral Savings Plan as set forth in the attached exhibit, such amendment to be effectuated and evidenced by our signatures on said exhibit.

AMENDMENTS TO THE LACLEDE GAS COMPANY
SALARY DEFERRAL SAVINGS PLAN

The following amendments are all effective January 1, 1985:

1. A new subsection (c) is added to Section 10.1 reading as follows: "(c) Notwithstanding anything to the contrary in this Plan, a Participant who is required under Code Section 401(a)(9) to take a mandatory distribution due to attainment of age seventy and one-half (70-1/2) shall receive such distribution in accordance with Section 10.2(c)(ii)."

2. The first sentence of Section 10.2(b) is replaced by the following sentence:

   (b) "All distributions shall be made in a single, lump sum distribution except as provided in subsection (a) of this Section 10.2 with respect to subsequent contributions or as provided in subclause (ii) of subsection (c) of this Section 10.2 with respect to Employees who have attained age seventy and one-half (70-1/2)."

3. Section 10.2(c)(ii) is amended by replacing said subclause (ii) with the following subclause (ii):

   "(ii) as required by and in accordance with Code Section 401(a)(9) and regulations thereunder, not later than April 1 following the end of the calendar year in which the Participant attained age seventy and one-half (70-1/2), if the Participant is then an Employee. For purposes of the required distributions, the Participant may elect to receive a total distribution of the Participant's Account, or the minimum distribution which is required. The first such distribution will be for the distribution year which is the calendar year in which the Participant attained age seventy and one-half (70-1/2). If the Participant elects the minimum required distribution, it will be based upon the value of the Participant's Account at December 31 of the calendar year preceding the distribution year, divided by remaining life expectancy. Life expectancy will be calculated using the Participant's age at December 31 of the distribution year; life expectancies for a Participant with a designated Beneficiary will be based on the Participant's and Beneficiary's ages at December 31 of the distribution year. (If there is more than one designated Beneficiary, the remaining life expectancy of the designated Beneficiary with the shortest life expectancy will be used.) Each year thereafter, the Participant's (or the Participant's and designated Beneficiary's) life expectancy (or life expectancies) shall be reduced by one year. The Participant must specify the Investment Fund or Funds from which the minimum distributions shall be withdrawn. Subsequent distributions will be made at least annually thereafter, by December 31 and will be for the calendar year which ended on the prior December 31. If the Participant dies after the Participant has attained age seventy and one-half (70-1/2) but before all of the Participant's Account has been distributed, then the remainder of the Participant's Account shall be distributed to the Participant's designated Beneficiary not later than

sixty (60) days after the date of the Participant's death. Mandatory distributions under this subclause (ii) will comply with the distribution requirements, including the minimum distribution incidental benefit requirements, as provided under Code Section 401(a)(9). If any provision of this Plan conflicts with such distribution requirements, then the Code Section 401(a)(9) distribution requirements will govern."

Robert C. Jaudes

Title: President and Chief
Executive Officer

Donald L. Godiner

Title: Senior Vice President,
General Counsel and
Secretary