

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

Office of the Public Counsel,)	
)	
Complainant,)	
)	<u>Case No. GC-2016-0297</u>
v.)	
)	
Laclede Gas Company and)	
Missouri Gas Energy)	
)	
Respondents.)	

STAFF’S RESPONSE TO OPC’S JUNE 17 REPLY

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its response to OPC’s June 17, 2016 filing, states as follows:

1. On April 26, 2016,¹ the Office of the Public Counsel (“OPC”) filed its Complaint with the Missouri Public Service Commission (“Commission”) against Laclede Gas Company (“Laclede”) and Missouri Gas Energy (“MGE”) (collectively, “the Company” or “Respondents”) alleging that Laclede and MGE are charging rates that are unjust and unreasonable.

2. On May 20, Staff filed its *Response to Complaint*. On May 31, Respondents filed an answer to the complaint, a motion to dismiss, and an objection to the application to intervene filed by Consumers Council of Missouri (“CCM”). On June 14, Staff filed *Staff’s Response to Respondents’ May 31 Pleadings*.

3. On June 17, OPC filed its *OPC Reply to Staff’s “Response to Respondents’ May 31 Pleadings.”*

¹ Calendar references are to 2016 unless otherwise stated.

4. Staff would like to make it clear to the Commission that Staff is not seeking to be excused from participating in this case.² Instead, Staff only requests that OPC be required to bear its own burden in this case, rather than placing that burden on Staff.

5. Additionally, Staff would like to stress one point in response to OPC's discussion of ROE calculations in paragraph 3 of its Reply. The ROE calculations provided by Staff in Case No. ER-2014-0370, Kansas City Power & Light Company's (KCPL) last Missouri general rate proceeding, were intended to illustrate the past earnings levels of KCPL over an extended prior period as part of a discussion concerning "regulatory lag," and the point being made by Staff would not have been materially changed whether the ROEs were calculated using a beginning, average or ending point equity balance. However, to our knowledge Staff has always used either the ending equity balance or the average equity balance to calculate actual earned ROE as a test for overearnings.³⁴ As explained in Staff's June 14 Reply, a beginning equity balance ROE calculation does not provide relevant or useful information for the purpose of measuring excess earnings.

6. Staff will refrain from commenting on the remainder of OPC's Reply, as such discussion would be more appropriately included in testimony if this case proceeds with a procedural schedule.

WHEREFORE, Staff submits its response to OPC's June 17, 2016 Reply.

² Paragraph 4 of OPC's June 17 pleading states, "OPC agrees with Staff it should not participate in this proceeding."

³ Calculation of an actual earned ROE for a prior period is only the first step in determining whether a particular utility is over-earning; further analysis is required as discussed in Staff's earlier filed pleadings in this case.

⁴ For example, in Case No. EC-2014-0223, Noranda's earnings complaint against Ameren Missouri, Staff provided to the Commission Ameren Missouri's actual earned ROEs calculated on an end-of-period basis as reported in that utility's quarterly surveillance monitoring reports. (Cassidy Rebuttal, pp. 18-19.)

Respectfully submitted,

/s/ Marcella L. Mueth

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were mailed, electronically mailed, or hand-delivered to all counsel of record this 23rd day of June, 2016.

/s/ Marcella L. Mueth