BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Utility's Purchased Gas Adjustment Tariff Filing.	)))	**Case No. GR-2012-0115**

STAFF'S REPLY TO MISSOURI GAS UTILITY'S RESPONSE TO STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, states as follows:

1. On October 4, 2012, the Commission issued its *Order Directing Filing* ordering Staff to file a reply to the response of Summit Natural Gas, Inc. (formerly known as Missouri Gas Utility, hereinafter referred to as “MGU” or “Company”) to Staff’s recommendation regarding the Company’s 2010-2011 Actual Cost Adjustment (ACA).

2. In its response the Company states it does not agree with Staff’s recommended adjustment of $8,820.

3. The Staff recommended an $8,820 adjustment because the Company selected the highest bidder. The adjustment is the difference between the highest and the lowest bid.

4. The Company admits that it made an error in its Bid Results Summary in Attachment 1 of its response and that Seminole, not Asgard, was the low bid. The Company selected Asgard which was the highest bid.

5. The Company further avers in its response that it did not act on the error contained in its Bid Results Summary and that it sought “refreshed bids” or price updates from its bidders. Staff disagrees. The Company has provided no evidence to

support its contention that it requested or received "refreshed" bids based on its incorrect Bid Results Summary. Merely saying it sought refreshed bids after the fact without any supporting documentation at all does not mitigate the Company's oversight.

6. Furthermore, the evidence shows the Company did lock-in a fixed price with high bidder Asgard <u>using the same price adder that Asgard quoted in its bid response</u>. There is nothing to suggest a refreshed or updated bid. This confirms the Company acted on its oversight to the detriment of customers.

7. As a result of the Company choosing the high bidder, customers paid $8,820 too much. The Commission should order the $8,820 adjustment because it puts the cost of the Company's oversight back onto the Company and not its customers. Customers should be held harmless from the Company's error.

8. Staff's Memorandum is attached as Appendix A. Two issues are addressed: (1) Reliability and Gas Supply Planning related to the disputed $8,820 adjustment discussed above, and (2) Billed Revenue and Actual Gas Cost related to storage costs. Staff has no adjustment for storage costs.

WHEREFORE, for the reasons explained above and in Staff's Memorandum, the Staff prays the Commission accept its reply to the Company and renews its August 30, 2012 Staff recommendation regarding MGU's 2010-2011 ACA.

Respectfully submitted,

/s/Robert S. Berlin

Robert S. Berlin
Senior Counsel
Missouri Bar No. 51709

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-7779 (Telephone)
(573) 751-9285 (Fax)
email: bob.berlin@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 15th day of October 2012.

/s/ Robert S. Berlin