

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

In the Matter of Laclede Gas Company,        )  
Missouri Gas Energy's Purchased Gas        )                      File No. GR-2014-0324  
Adjustment Tariff Filing                        )

**MISSOURI GAS ENERGY'S RESPONSE TO ORDER DIRECTING  
FILING OF STATUS REPORT AND REQUEST FOR WAIVER/VARIANCE**

**COMES NOW** Missouri Gas Energy ("MGE" or "Company"), an operating unit of Laclede Gas Company ("Laclede"), and submits its response to the *Order Directing Filing of Status Report and Request for Waiver/Variance* issued in the above referenced case on March 29, 2016 (hereinafter "the Order"). In support thereof, MGE states as follows:

1. In the Order, the Commission directed MGE to respond to Staff's request that MGE either seek a waiver or variance from a requirement to document refusals of unsolicited requests for short-term purchases of gas supply or explain why it does not agree with Staff's request.

2. As the Staff notes in its Recommendation, the requirement was one of a number of provisions initially set forth in the Standards of Conduct adopted for Laclede Gas Company as part of a settlement agreement. It reads as follows:

Purchase of unsolicited gas supply — Laclede shall only consider accommodating unsolicited requests for short-term purchase of gas supply where the Company can operationally take such supplies without incurring any known penalty or detriment. Laclede shall maintain a contemporaneous log of all instances identifying where it has accommodated and/or refused such requests, including: the identity of the requesting supplier; the date the request was made; the pricing and quantity of the gas supply offered; the awarded pricing, quantity, receipt/delivery point(s); and any other terms.

3. As part of the Stipulation and Agreement approving Laclede Gas Company's acquisition of MGE, the Company agreed that it would apply the Standards of Conduct that had

been approved for Laclede to gas supply transactions involving MGE. As Staff notes, that acquisition closed on September 1, 2013, which was several months after the ACA period under review in this proceeding had commenced. From that date forward, MGE has complied fully with that portion of the above requirement that specifies that it shall “only consider accommodating unsolicited requests for short-term purchase of gas supply where the Company can operationally take such supplies without incurring any known penalty or detriment.” In fact, that has always been MGE’s approach to handling such requests.

4. MGE has also worked to develop a more formal mechanism for tracking unsolicited requests. As noted in previous pleadings on this issue, MGE had struggled to do so in part because of a misunderstanding of when a request should be considered unsolicited. MGE did indeed receive numerous requests to sell gas to the Company during the subject ACA period. Almost all of those requests, however, came during normal gas trading hours (i.e. between 7am and 1pm) when offers to sell or buy gas are routinely submitted by and between multiple buyers and sellers. In effect, this is the period of time when the “Open for Business” sign is out for the gas supply operations of a utility. Hence, these requests are not only expected but encouraged as part of the normal trading process and should therefore not be considered unsolicited.

5. In contrast, unsolicited requests to sell gas to MGE outside of normal trading hours were virtually non-existent during the ACA period as evidenced by the extremely small number of transactions (i.e. less than 10) that were actually completed during such periods compared to the hundreds and hundreds of other gas supply transactions done each year.

6. Because a tracking system for unsolicited requests was primarily designed to assess whether a utility was showing favoritism to its affiliate (i.e. by arranging to make such

purchases outside of competitive bidding environment), MGE questions its applicability to an environment where no material activity of that nature was taking place. Nevertheless, to ensure that a process is in place should there be a material number of unsolicited requests in the future, MGE has developed a system under which every unsolicited request to sell gas to the Company outside of normal trading hours (whether accepted or refused) will be fully logged and preserved through a combination of instant messaging and deal sheets.

7. MGE intends to demonstrate this process to the Commission Staff before it is implemented beginning with the start of MGE's next ACA period. MGE believes that such an approach will be useful in that it will ensure that any issues or concerns can be addressed upfront rather than after the fact.

8. For all of these reasons, MGE respectfully submits that no waiver or variance is necessary in connection with this matter.

WHEREFORE, MGE respectfully requests that the Commission accept this response in resolution of the matter raised by Staff and referenced in the Order.

Respectfully submitted,

**/s/ Rick Zucker**

Rick Zucker, Mo. Bar #49211  
Associate General Counsel - Regulatory  
Missouri Gas Energy  
700 Market Street, 6<sup>th</sup> Floor  
St. Louis, MO 63101  
Telephone: (314) 342-0532  
Fax: (314) 421-1979  
Email: rick.zucker@thelacledegroup.com

**CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing pleading was served on the Staff of the Missouri Public Service Commission, and the Office of Public Counsel on this 27th day of May, 2016 by United States mail, hand-delivery, email, or facsimile.

**/s/ Rick Zucker**