BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's) Filing of Revised Tariffs to Increase its Annual) Revenues for Natural Gas)

File No. GR-2013-0171

STAFF'S RECOMMENDATION REGARDING TEST YEAR, UPDATE AND TRUE-UP

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission"), and for its response to the Commission's December 27, 2012 Order Directing Notice, Suspending Tariff, Setting Hearings and Directing Filings Staff respectfully states:

1. On December 21, 2012, Laclede Gas Company ("Laclede" or "Company") filed proposed tariff sheets designed to implement a general rate increase for retail gas service provided in its Missouri territory.

2. In its December 27, 2012 Order Directing Notice, Suspending Tariff, Setting Hearings, And Directing Filings, the Commission suspended Laclede's proposed tariff sheets and, among other things, ordered Staff to file a pleading indicating its position concerning Laclede's proposed test year and true-up.

3. In its Direct Testimony, Laclede recommended an historical test year ending September 30, 2012, to be updated for known and measurable changes through March 31, 2013, or, in certain instances, July 31, 2013. In Direct Testimony Laclede further explained that, "It is essential that the most recently available information be included in the calculation of rates. Additionally, there are several significant events that will occur between the proposed update period of March 31, 2013 and July 31, 2013. These include, but are not limited to, changes in labor rates paid under the Company's union labor contracts, a possible change in the annual assessment paid to the Commission, and, most importantly, the placement in service of the new Customer Care and Billing system as part of the EIMS project. However, the Company is willing to work with the parties concerning an alternative update method that would obviate the need for a complete true-up."¹

4. Staff's recommendation is that an historical test year ending September 30, 2012, to be updated for all known and measurable changes through March 31, 2013 as proposed by Laclede is appropriate.

5. At this time, Staff is unable to determine whether a true-up audit is deemed necessary in this case. If a full true-up audit is required, Staff is concerned that Laclede's proposed true-up date of July 31, 2013, would not provide adequate time to conduct a full true-up audit.

6. However, Staff maintains that, if a full true-up is necessary, it could perform a true-up audit through June 30, 2013 with consideration for material changes that may occur shortly thereafter.

7. Staff will be in a position to make an informed recommendation after Staff has completed most of its audit. Staff will investigate the need for a true-up during its audit and make a recommendation in its Direct Testimony. However, Staff recommends that the Commission leave a true-up hearing on the procedural schedule in case it later determines that a true-up is appropriate.

WHEREFORE, Staff respectfully submits *Staff's Filing Regarding Test* Year, Update and True-Up.

¹ EFIS No. 5, *Direct Testimony of Glenn W. Buck*, p. 11, lns. 9-17.

Respectfully Submitted,

STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION

/s/ John D. Borgmeyer

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 4th day of February, 2013.

/s/ John D. Borgmeyer