



5. The Missouri Supreme Court explained that Staff evaluates whether the rates paid by consumers for natural gas sold during the ACA period are “just and reasonable” as required by Section 393.130.1 RSMo.<sup>1</sup> The Commission ultimately determines the proper ACA amount.<sup>2</sup> The burden is on the gas corporation to prove that the gas costs it proposes to pass along to customers are just and reasonable.<sup>3</sup>

6. “While the burden of proof rests on the gas corporation, the PSC’s practice has been to apply a ‘presumption of prudence’ in determining whether a utility properly incurred its expenditures.”<sup>4</sup> The presumption does not survive “a showing of inefficiency or improvidence” that raises serious doubt as to the prudence of an expense.<sup>5</sup> “If such a showing is made, the presumption drops out and the applicant has the burden of dispelling these doubts and proving the questioned expenditures to have been prudent.”<sup>6</sup>

7. In this case, Staff recommends adjustments to Laclede’s ACA balance as explained in Staff’s *Memorandum* and summarized in a table on page 23. Staff also documents its concerns and makes recommendations regarding reliability and gas supply planning, and hedging practices.

8. Staff recommends the Commission order Laclede to respond to Staff’s adjustments and recommendations within 45 days.

---

<sup>1</sup> *Office of Public Counsel v. Missouri Public Service Commission*, 409 S.W.3d 371, 373 (Mo. banc 2013).

<sup>2</sup> *Id.*

<sup>3</sup> *Id.* at 376, citing Section 393.150.2 RSMo.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

**WHEREFORE**, Staff submits its recommendations attached here as Appendix A, and recommends the Commission order Laclede to respond to the recommendations within 45 days.

Respectfully Submitted,

**STAFF OF THE MISSOURI  
PUBLIC SERVICE COMMISSION**

*/s/ John D. Borgmeyer*

John D. Borgmeyer  
Deputy Staff Counsel  
Missouri Bar No. 61992

Attorney for the Staff of the  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, Missouri 65102  
Telephone: (573) 751-5472  
Fax: (573) 751-9285  
Email: john.borgmeyer@psc.mo.gov

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 19<sup>th</sup> day of December, 2014.

*/s/ John D. Borgmeyer*