

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

In the Matter of Laclede Gas Company,)	
Missouri Gas Energy's Purchased Gas)	<u>File No. GR-2014-0324</u>
Adjustment Tariff Filing)	Tariff No. YG-2015-0168

STAFF RECOMMENDATION TO APPROVE INCREASE TO PGA RATE

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its recommendation in this matter hereby respectfully states:

1. On October 17, Laclede Gas Company, Missouri Gas Energy (MGE or Company) filed a tariff sheet to reflect an increase in its PGA factor as the result of estimated changes in the cost of natural gas for the upcoming winter heating season.

2. The total PGA rate is the cost of gas that MGE's customers will pay during the upcoming winter heating season. The total PGA rate for MGE comprises two components: the Current Cost of Gas (CCG) and the Actual Cost Adjustment (ACA). With this filing, MGE is requesting approval to increase in its total PGA rate to \$0.68540 per Ccf from \$0.62318 per Ccf.

3. The CCG factor represents MGE's best estimate of its costs for natural gas and the volumes of gas that will be used during the upcoming period. In this case, MGE is requesting an increase in its CCG factor to \$0.64941 per Ccf from \$0.61709 per Ccf.

4. MGE is also requesting an increase to its ACA factor, which represents a true-up of its previous CCG estimate. MGE has calculated the difference between its estimated gas costs from the previous PGA period and the actual cost of gas the Company incurred during that period. MGE has determined that it under-collected its gas cost during the prior PGA period, and therefore, with this filing, the Company is

requesting an increase to its ACA to \$0.03599 from \$0.00609 per Ccf. This increase is designed to recoup the under-collection. Staff's Procurement Analysis Unit (PAU) will review this ACA factor and submit the results of its investigation no later than December 18, 2015. If the Commission orders any adjustments to MGE's ACA factor, that adjustment will be implemented in a future PGA filing.

5. As described in Staff's *Memorandum*, attached here as Appendix A and incorporated by reference, Staff has reviewed the PGA factors in this matter and determined that the rates on the proposed tariff sheet was calculated in conformance with MGE's PGA clause. Therefore, Staff recommends the Commission approve the tariff sheet on an interim basis, subject to refund.

6. Also, Staff recommends the Commission order Staff to file the results of its review of the ACA factor filed in this matter no later than December 18, 2015. During this time, PAU Staff will review MGE's actual gas costs and gas purchasing practices during the 2013-14 ACA period. Staff will file the results of its review of this ACA factor in this docket next year.

7. Case No. GR-2013-0422 was established to track MGE's PGA factors and Staff's review of MGE's 2012-13 ACA filing. Staff recently completed its review of this previous ACA, and Staff filed the results of its review on October 14, 2014.

8. Staff has verified that MGE has filed its annual report and is not delinquent on any assessment. Staff is not aware of any issue currently pending before the Commission that affects or is affected by this filing, other than the cases mentioned above.

9. Finally, Staff is of the opinion that good cause for approval of this tariff sheet on less than 30 days' notice is demonstrated by MGE's Commission-approved PGA clause allowing for 10 business days' notice for PGA change filings.

WHEREFORE, Staff recommends Commission approve the following tariff sheet on an interim basis, subject to refund, and issue an order that PAU Staff file its ACA recommendations in this docket no later than December 18, 2015.

P.S.C. MO. No.6

Second Revised SHEET No. 24.3, Cancelling First Revised SHEET No. 24.3

Respectfully Submitted,

**STAFF OF THE MISSOURI
PUBLIC SERVICE COMMISSION**

/s/ John D. Borgmeyer

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

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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 23rd day of October, 2014.

/s/ John D. Borgmeyer

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2014-0324, Tracking No. YG-2015-0168
Missouri Gas Energy

FROM: Michael J. Ensrud, Tariff, Safety, Economic and Engineering Analysis
Department, Energy Unit – Tariffs/Rate Design

/s/ Thomas M. Imhoff 10/23/2014 /s/ John Borgmeyer 10/23/2014
Regulatory Review Division Staff Counsel Division

SUBJECT: Staff Recommendation for Missouri Gas Energy's Scheduled Winter PGA Filing
Effective: November 1, 2014

DATE: October 23, 2014

On October 17, 2014, Laclede Gas Company, Missouri Gas Energy (MGE or Company), filed a tariff sheet bearing an effective date of November 1, 2014. This tariff sheet was filed to reflect a change in MGE's Purchased Gas Adjustment (PGA) factor as a result of estimated changes in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (ACA) factor. The winter season includes the months of November 2014 through March 2015.

This filing will increase the firm PGA factor for the upcoming 2014-2015 heating season to \$0.68540 per one-hundred cubic feet (Ccf), from the current PGA factor of \$0.62318 per Ccf. This represents an increase of \$0.06222 per Ccf.

Case No. GR-2014-0324, under which these changes were filed, is being established to track the Company's PGA factors to be reviewed in its 2013-2014 Actual Cost Adjustment (ACA) filing. ACA filing Case No. GR-2013-0422 was established to track the Company's PGA factors to be reviewed in its 2012-2013 ACA filing. This rate change should be implemented on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2014-0324 and GR-2013-0422.

Due to the limited time available to review the documentation supporting the ACA factor submitted in this filing, the Procurement Analysis Unit (PAU) requests permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 18, 2015.

The Energy Tariffs/Rate Design Staff ("Staff") is of the opinion that good cause for approval of this tariff sheet on less than thirty (30) days' notice is demonstrated by MGE's Commission-approved PGA Clause allowing for ten (10) business days' notice for PGA change filings. Staff has verified that this company has filed its annual report and is not delinquent on any of its assessments. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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OFFICIAL CASE FILE MEMORANDUM
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Staff recommends that the filing be approved to become effective on November 1, 2014, and that the following tariff sheet, filed on October 17, 2014, be approved, interim subject to refund:

P.S.C. MO. No.6 _____

Second Revised SHEET No. 24.3, Cancelling First Revised SHEET No. 24.3


BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of)	Case No. GR-2014-0324
Laclede Gas Company, Missouri Gas)	File No. YG-2015-0168
Energy for a PGA Tariff Revision)	

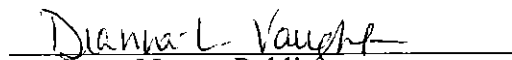
AFFIDAVIT OF MICHAEL J. ENSRUD

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael J. Ensrud, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.


Michael J. Ensrud

Subscribed and sworn to before me this 23^d day of October, 2014.


Notary Public

