

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

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

**STAFF REPLY TO MISSOURI GAS ENERGY’S
RESPONSE FILED JUNE 27, 2016**

COMES NOW the Staff of the Missouri Public Service Commission and submits this Reply to Missouri Gas Energy’s Response filed herein on June 27, 2016, and respectfully states as follows:

1. There have been numerous filings in this case to date. Rather than address the lengthy history of filings in this case, this Reply will focus only on the most recent filings.

2. On June 15, 2016, Staff filed its *Response to Missouri Gas Energy’s Response to Order* (herein referred to as the “Staff Response”). In the Staff Response, Staff requested the following for the gas supply documentation issue in this 2013/2014 ACA case:

1. A Commission order that Laclede Gas Company¹ within 30-days of the effective date of the order² train all personnel involved in the gas supply process of the documentation requirements for each and every gas supply bid/response/inquiry received and the gas supply awards, per the requirements in the CAM and Standards of Conduct. Include in the order that Laclede provide Staff with a copy of, for both its MGE and Laclede divisions, an outline of the documentation requirements training and the date(s) the training was conducted.

¹ The Commission should recall that Missouri Gas Energy is an operating unit of Laclede Gas Company.

² Using MGE’s proposed time frame, this documentation should now be provided to Staff by July 27, 2016; see discussion of MGE Response in paragraph 3.

2. A Commission order that Laclede Gas Company within 30-days of the effective date of the order³ establish internal controls for ensuring the MGE and Laclede divisions are in compliance with the gas supply documentation requirements in the CAM and Standards of Conduct. Include in the order that Laclede provide Staff with a copy of, for both its MGE and Laclede divisions, the procedures and internal controls in place to monitor and ensure compliance with the CAM and Standards of Conduct.

3. The Commission open a docket for the purpose of investigating Laclede Gas Company's compliance with the gas supply documentation requirements of the CAM and Standards of Conduct.

3. On June 27, 2016, Missouri Gas Energy ("MGE") filed its Response to the Staff Response.⁴ In its June 27 filing MGE essentially agreed to the first two requests set forth in paragraph 2 above; specifically, MGE agreed to (a) Conduct additional training of its gas supply personnel regarding the documentation requirements of the CAM and Standards of Conduct and provide Staff with a description of those efforts within 30 days of the date of its response and (b) Provide Staff within 30 days of the date of its response with documentation of its efforts to re-examine its internal controls for ensuring compliance with these documentation requirements and making any adjustments that may be necessary. Using MGE's proposed time frame, this documentation should be provided to Staff by July 27, 2016.

4. However, in its June 27 filing MGE did not agree to the third request set forth in paragraph 2 above – that the Commission open a docket for the purpose of investigating Laclede Gas Company's (which would include its MGE operating unit) compliance with the gas supply documentation requirements of the CAM and Standards

³ Using MGE's proposed time frame, this documentation should now be provided to Staff by July 27, 2016; see discussion of MGE Response in paragraph 3.

⁴ MGE incorrectly titled its June 27th filing as a Response to Staff Recommendation rather than Staff Response.

of Conduct. Instead, MGE suggested expanding Staff's request to address whether revisions should be made to those requirements **and** suggested that those issues be addressed through a joint technical conference in the 2013/2014 MGE ACA case (*i.e.*, this case, Case No. GR-2014-0324) and the 2014/2015 Laclede Gas ACA case (Case No. GR-2015-0201) rather than through opening a separate investigatory docket as requested by Staff.

5. Contrary to the Company's assertion that addressing Laclede Gas Company's compliance with the gas supply documentation requirements of the CAM and Standards of Conduct in (i) separate ACA cases (ii) for separate Laclede Gas Company operating units (iii) covering different periods of time/different ACA periods would "be more expeditious, efficient and effective than opening a separate investigation," Staff does not agree that the ACA cases suggested by the Company are the most appropriate cases to pursue investigating Laclede Gas Company's compliance with the gas supply documentation requirements of the CAM and Standards of Conduct and continues to request that the Commission open a separate investigatory docket for this purpose.

6. Staff submits the following reasons why a separate investigation docket is necessary:

(a) Although the Company suggests investigating Laclede Gas Company's compliance with the gas supply documentation requirements of the CAM and Standards of Conduct *or discussing potential revisions to the CAM and Standards of Conduct* in two open ACA cases, the CAM is not limited to natural gas purchasing issues of the ACA/PGA process.

(b) The two ACA cases suggested by the Company (GR-2014-0324 and GR-2015-0201) are for different operating units of Laclede Gas Company *and* are for different ACA periods. Further, ACA cases are limited to the ACA periods in the cases. The MGE 2013/2014 ACA (Case No. GR-2014-0324) covers only the months of July 2013 through June 2014. The Laclede 2014/2015 ACA (Case No. GR-2015-0201) covers only the months of October 2014 through September 2015. The Standards of Conduct documentation requirements were in place for Laclede Gas Company's MGE Division on September 1, 2013 and for the Laclede Division on August 24, 2013. As noted in prior Staff filings, it is not clear whether the Company was in compliance with the Standards of Conduct gas supply documentation requirements for MGE's 2013/2014 ACA or is in compliance as of today. A docket opening a separate investigation would not be restricted by the referenced ACA periods.

(c) To the extent that the Laclede Gas division's/operating unit's compliance with the Standards of Conduct are also reviewed along with MGE's, a single investigatory case would be more administratively efficient and would require only one set of data requests covering both operating units rather than separate data requests in separate cases covering separate operating units.

(d) The current CAM and the Standards of Conduct were included in Appendices 1 and 2 of the August 14, 2013 *Order Approving Stipulation and Agreement, Granting Waiver, and Approving Cost Allocation Manual* involving numerous Laclede Gas Company cases (one complaint case, GC-2011-0098, and seven ACA cases with the most recent being GR-2012-0133). Addressing the CAM and

Standards of Conduct in those ACA cases took considerable time rather than proving to be “expeditious” or “efficient.”

WHEREFORE, for the gas supply documentation issue in this case, Staff respectfully requests that the Commission issue an order as requested in Staff’s June 15, 2016 Response as set forth in paragraph number 2 above, including but not limited to opening a separate docket for the purpose of investigating Laclede Gas Company’s (including both its MGE and Laclede Gas operating units/divisions) compliance with the gas supply documentation requirements of the CAM and Standards of Conduct.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record this 7th day of July 2016.

/s/ Jeffrey A. Keevil