

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

In the Matter of Missouri Gas Energy’s                     )     Case No. GR-2016-0225  
(Laclede) PGA Filing   )

**STAFF RECOMMENDATION REGARDING MISSOURI GAS ENERGY’S  
2015-2016 ACTUAL COST ADJUSTMENT FILING**

**COMES NOW** the Staff of the Missouri Public Service Commission in the above-captioned matter and files its Actual Cost Adjustment (“ACA”) Recommendation in this case concerning the 2015-2016 ACA filing of Missouri Gas Energy<sup>1</sup> (“MGE” or “Company”), an operating unit of Laclede Gas Company<sup>2</sup> (“Laclede”), as set forth in the accompanying Staff Recommendation Memorandum (Appendix A), and further states as follows:

1. MGE filed its ACA for the 2015-2016 period in this case on October 28, 2016. This filing contained MGE’s ACA account balance calculation.
2. The Procurement Analysis Unit (“Staff”) has reviewed MGE’s filing and submits its recommendation as further explained in the accompanying Staff Recommendation Memorandum, marked Appendix A (which is incorporated herein by reference). Staff’s analysis consisted of an examination of MGE’s gas purchasing practices to evaluate the prudence of the Company’s purchasing and operating decisions for this ACA period; a reliability analysis of estimated peak cold day requirements and the capacity levels needed to meet those requirements; the Company’s rationale for its reserve margin for a peak cold day; a review of supply plans for various weather conditions; and a hedging review to evaluate the reasonableness of

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<sup>1</sup> Currently also known as Spire Missouri West.  
<sup>2</sup> Currently also known as Spire Missouri Inc. d/b/a Spire.

the Company's hedging plans. Staff's review also included a comparison of the Company's billed revenues and its actual gas costs to determine whether there exists an over-recovery or under-recovery of the ACA balance. An over-recovery by the Company is shown as a negative ACA balance that must be returned to customers; an under-recovery is shown as a positive ACA balance that must be collected from customers.

3. Based on its review, as discussed in further detail in the accompanying Staff Recommendation Memorandum, Staff currently recommends the ACA adjustment and has determined the preliminary ACA account balance shown in the table in the "Recommendations" section of the Staff Recommendation Memorandum to reflect the balance as of June 30, 2016. However, as also reflected in the accompanying Staff Recommendation Memorandum, Staff notes that due to Laclede Gas Company's acquisition of MGE, the Company has changed its accounting method for recording costs in this ACA filing. Staff would recommend a meeting between the Company and Staff to attempt to resolve the discrepancies Staff has noted within 60 days from the filing date of this ACA recommendation, which could affect the currently recommended adjustment and preliminary ACA account balance shown in the table.

4. In addition to the dollar adjustments referenced above, based on its review Staff has certain comments, concerns, and recommendations as reflected in the accompanying Staff Recommendation Memorandum. Staff recommends the Commission order MGE to respond to all comments, concerns, and recommendations in the Staff Recommendation Memorandum within forty-five (45) days.

5. Staff further recommends the Commission hold this case open pending resolution of Staff's investigation of Laclede and MGE's compliance with the requirements of the CAM and Gas Supply and Transportation Standards of Conduct in Case No. GO-2017-0223 and resolution of all prior MGE ACA cases which currently remain open.

**WHEREFORE**, for the reasons stated above and discussed in detail in the accompanying Staff Recommendation Memorandum, Staff recommends the Commission issue an order (1) directing MGE to respond within 45 days to Staff's comments, concerns, and recommendations included in the Staff Recommendation Memorandum; (2) directing MGE to meet with Staff within 60 days from the filing date of this ACA recommendation to attempt to resolve the discrepancies Staff has noted which could affect the currently recommended adjustment and preliminary ACA account balance shown in the accompanying Staff Recommendation Memorandum; and (3) keeping this case open pending resolution of these issues and those discussed in paragraph number 5.

Respectfully submitted,

**/s/ Jeffrey A. Keevil**

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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 18<sup>th</sup> day of December, 2017.

**/s/ Jeffrey A. Keevil**