

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

In the Matter of Laclede Gas Company's)
2009-2010 Actual Cost Adjustment Filing)

Case No. GR-2011-0055

STAFF RECOMMENDATION

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and files its Staff Recommendation in this case.

Background

1. The Commission has held open several of Laclede Gas Company's ("Laclede") ACA cases pending resolution of the Laclede Energy Resources ("LER") discovery dispute and the lawsuit Laclede filed against MoGas Pipeline, LLC ("MoGas") for a refund of overcharge payments, both of which are discussed in the attached Staff Recommendation Memorandum.

2. Specifically in regard to the lawsuit mentioned above, in Case No. GC-2006-0491, Staff filed a complaint which generally alleged MoGas was charging non-affiliated companies more for service than it was charging its affiliates and in doing so, violated its tariffs.

3. In its October 11, 2007 Revised Report and Order, the Commission found that, by operation of its tariff, in giving an affiliate lower rates, MoGas had lowered the maximum firm reservation tariffed rates it could charge non-affiliates beginning May 1, 2005. Despite the Revised Report and Order, MoGas continued to bill Laclede higher rates and Laclede paid such bills under protest.

4. The Commission's Order was affirmed on appeal to the Western District Court of Appeals.

5. Laclede filed a petition before the Circuit Court of St. Charles, Case No. 1111-CV02060, to recover overcharges from MoGas.

6. On September 6, 2012, Circuit Court Judge Nancy Schneider entered a Judgment and Order in favor of Laclede, in which the Court ordered, adjudged and decreed that Laclede recover \$6,638,361, plus prejudgment interest, from MoGas.

Recommendations

7. The Staff recommends the Commission hold this ACA case open pending resolution of the Laclede Energy Resources (“LER”) discovery dispute and so that Staff can monitor Laclede’s pursuit of overcharge refunds from MoGas and make further recommendations regarding either or both of these matters as necessary.

8. In this case Staff proposes an adjustment to Laclede’s ACA account balances in the total amount of \$1,084,904.92 related to a new accounting treatment proposed by Laclede regarding estimates of non-recoverable storage gas.

9. Staff’s proposed adjustment to Laclede’s filed ACA account balances for the 2009-2010 ACA period are shown in the table below. In addition, Staff proposes to reserve its final recommendation on the ACA account balances pending resolution of the LER discovery dispute and the Laclede lawsuit against MoGas. The table shows adjustments from prior years because resolution of these cases is pending. An over-recovery is an amount owed to the customers by Laclede and is shown in the table as a negative number; an under-recovery is an amount owed to Laclede by the customers and is shown in the table as a positive number:

	Firm Sales non-LVTSS	Firm Sales LVTSS	Interruptible Sales	LP Sales	Firm Transportation	Vehicular Fuel
ACA Balance per Filing	\$ 24,279,612	\$ (59,579)	\$ 293,283	\$ 904	\$ 1,273	\$ (6,201)
2004/05 Adjustment	\$ (1,677,493)	\$ (4,265)	\$ (13,455)			
2005/06 Adjustment	\$ (2,810,399)	\$ (9,216)	\$ (25,783)			
2006/07 Adjustment	\$ (1,447,386)	\$ (6,337)	\$ (10,037)			
2007/08 Adjustment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2008/09 Adjustment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2009/10 Adjustments:						
UGS Losses	\$ (1,071,504.58)	\$ (5,136.73)	\$ (8,263.61)			
Staff Recommended ACA Balance	\$ 17,272,829	\$ (84,534)	\$ 235,744	\$ 904	\$ 1,273	\$ (6,201)

10. Staff also recommends the Commission order Laclede to respond to Staff's concerns/comments/recommendations in the Reliability and Gas Supply Analysis section

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_____, **, the Affiliate Transactions and Fair Market Value section, and the Hedging section of the attached Staff Recommendation Memorandum.

11. Staff also recommends the Commission order that Laclede document and provide to Staff information to address the Staff comments related to the Hedging matters noted in the attached Staff Recommendation Memorandum.

12. Staff suggests the Commission order Laclede to respond to the Staff's recommendations within 60 days.

WHEREFORE, Staff recommends the Commission order Laclede Gas Company to: (1) adjust its ACA balances as reflected in the table above, (2) respond to the Staff's

recommendations in the attached Staff Recommendation Memorandum within 60 days, and
(3) keep the Commission informed as to the resolution of the lawsuit against MoGas.

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 all counsel of record this 1st day of November, 2012.

/s/ Jeffrey A. Keevil