

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 14th day of
August, 2013.

In the matter of Union Electric Company)
d/b/a AmerenUE's Purchased Gas)
Adjustment Factors to be Audited in its)
2006-2007 Actual Cost Adjustment.)

File No. GR-2008-0107

In the matter of Union Electric Company)
d/b/a AmerenUE's Purchased Gas)
Adjustment Factors to be Audited in its)
2007-2008 Actual Cost Adjustment.)

File No. GR-2008-0366

In the matter of Union Electric Company)
d/b/a Ameren Missouri's Purchased Gas)
Adjustment Factors to be Audited in its)
2008-2009 Actual Cost Adjustment.)

File No. GR-2009-0337

In the matter of Union Electric Company)
d/b/a Ameren Missouri's Purchased Gas)
Adjustment Factors to be Audited in its)
2009-2010 Actual Cost Adjustment.)

File No. GR-2010-0180

In the matter of Union Electric Company)
d/b/a Ameren Missouri's 2010-2011 ACA)
Audit.)

File No. GR-2012-0077

In the Matter of Laclede Gas Company's)
Purchased Gas Adjustment for 2006-2007)

File No. GR-2008-0140

In the Matter of Laclede Gas Company's)
Purchased Gas Adjustment for 2007-2008)

File No. GR-2008-0387

In the Matter of Laclede Gas Company's)
Purchased Gas Adjustment for 2008-2009)

File No. GR-2010-0138

In the Matter of Laclede Gas Company's)
PGA Factors to be Reviewed in Its)
2009-2010 ACA Filing)

File No. GR-2011-0055

In the Matter of Laclede Gas Company's)
Purchased Gas Adjustment for 2010-2011)

File No. GR-2012-0133

DETERMINATION ON THE PLEADINGS RESPECTING ISSUES RELATING TO MOGAS PIPELINE, L.L.C.

Issue Date: August 14, 2013

Effective Date: August 24, 2013

This order concerns five actual cost adjustment cases for Union Electric Company, d/b/a Ameren Missouri and five actual cost adjustment cases for Laclede Gas Company, covering years 2006-2007 through 2010-2011. For each of those ACA cases, the Commission's Staff has proposed an adjustment related to Ameren Missouri and Laclede's attempts to recover overcharged amounts from MoGas Pipeline, L.C.C. (MoGas), the operator of an interstate natural gas pipeline through which Ameren Missouri and Laclede transport gas.

In 2007, acting on Staff's complaint, the Commission issued an order in File No. GC-2006-0491 finding that MoGas' predecessors – Missouri Pipeline, LLC and Missouri Gas Company - had charged their customers a rate that exceeded the amount they were allowed to charge under their tariffs. Subsequently, Ameren Missouri and Laclede obtained judgments in circuit court against MoGas for those overcharges. MoGas contests the validity of the judgments and has perfected an appeal to the Missouri Court of Appeals.

MoGas, Ameren Missouri, and Laclede have now reached a Settlement Agreement whereby MoGas will pay Ameren Missouri \$3,506,000 and Laclede \$3,676,000 within ten days of the satisfaction of all contingencies provided for in their Settlement Agreement. They have also agreed that MoGas will promptly change its senior management by removing MoGas' President, David Ries, from any management role with MoGas.

Neither the Commission, nor its Staff, is a party to the Settlement Agreement. However, the settlement is subject to a condition precedent that requires certain actions by the

Commission. Specifically, the Settlement Agreement asks the Commission to enter an order that:

- Determines that it was prudent and reasonable for Ameren Missouri and Laclede to enter into the Settlement Agreement;
- Closes all issues relating to MoGas in these ACA dockets, effective upon issuance of such order, subject to the requirement that, on a going forward basis, Laclede and Ameren Missouri each return the funds to be paid to them by MoGas hereunder to their retail customers through their respective PGA mechanisms;
- Determines that there shall be no disallowance of charges from MoGas to Laclede or Ameren Missouri applicable to transportation services provided by MoGas between July 1, 2003 and May 31, 2008;
- Indicates that, upon the making of the payments required to be paid by MoGas to Ameren Missouri and Laclede as described above, the Commission will dismiss its complaint against MoGas; and
- Remains in effect for thirty (30) days without any motion for reconsideration or appeal being filed by any party or third party.

After receiving Ameren Missouri and Laclede's motion, the Commission ordered its Staff to respond by July 29, 2013. The Commission also ordered that any other party wishing to respond to the motion do so by July 29. Staff filed its response on July 29. No other party responded.

Staff concurs that it was reasonable and prudent for Ameren Missouri and Laclede to enter into the Settlement Agreement with MoGas under the terms described in that

agreement. Staff agrees that all MoGas related issues in the pending ACA cases for Ameren Missouri and Laclede should be considered resolved upon MoGas' payment of the funds described in the Settlement Agreement. Staff agrees that there should be no disallowance of charges from MoGas to Ameren Missouri or Laclede applicable to transportation services provided by MoGas between July 1, 2003 and May 31, 2008. Staff does not oppose the dismissal of the Commission's complaint against MoGas in the Circuit Court of Cole County, but points out that the complaint was brought by the Commission and not by Staff. Finally, Staff does not oppose including the payments received from MoGas in Ameren Missouri's and Laclede's ACA balances as provided in the Settlement Agreement.

As Staff explains, the penalty action pending in the Circuit Court of Cole County was brought by the Commission and not by Staff. As a result, only the Commission can decide whether to dismiss that action. After reviewing the Settlement Agreement, the Commission finds that it is appropriate to dismiss that action upon MoGas' payment of the funds described in the Settlement Agreement.

The Commission will grant Ameren Missouri and Laclede's joint motion for determination on the pleadings respecting issues relating to MoGas Pipeline. In doing so, the Commission finds that it was prudent and reasonable for Ameren Missouri and Laclede to enter into the Settlement Agreement.

THE COMMISSION ORDERS THAT:

1. The Joint Verified Motion of Union Electric Company, d/b/a Ameren Missouri, and Laclede Gas Company for a Determination on the Pleadings Respecting Issues Relating to MoGas Pipeline, L.L.C. is granted.

2. All MoGas related issues in all pending ACA cases of Union Electric Company, d/b/a Ameren Missouri, and Laclede Gas Company are resolved effective with this order, subject to the requirement that, on a going forward basis, Ameren Missouri and Laclede return the funds to be paid to them by MoGas Pipeline, L.L.C. pursuant to the Settlement Agreement to their retail customers through their PGA mechanisms as provided in the Settlement Agreement. The ACA cases shall remain open until any non-MoGas related issues are resolved and final ACA balances are established in each such case.

3. There shall be no disallowance of charges from MoGas Pipeline, L.L.C. to Union Electric Company, d/b/a Ameren Missouri, and Laclede Gas Company applicable to transportation services provided by MoGas between July 1, 2003 and May 31, 2008.

4. Upon Ameren Missouri and Laclede filing documents demonstrating that MoGas Pipeline, L.L.C. has made the required payments to Union Electric Company, d/b/a Ameren Missouri, and Laclede Gas Company, the Commission's General Counsel shall file a dismissal of the Commission's complaint against MoGas Pipeline, L.L.C. pending in the Circuit Court of Cole County, Missouri.¹

5. The \$3,506,000 payment to be received by Union Electric Company, d/b/a Ameren Missouri, shall be included in Ameren Missouri's ACA balance, allocated as provided for on Attachment 2 to the Joint Motion, and shall be included in Ameren Missouri's ACA factors to be used starting November 1, 2013, if settlement payments are received by September 30, 2013, subject to Staff's confirmation of receipt of the payment and review of allocation factors in the appropriate ACA case.

¹ See section 386.600, RSMo 2000 concerning the Circuit Court's dismissal of Commission actions to recover penalties.

6. The \$3,676,000 payment to be received by Laclede Gas Company shall be included in Laclede's ACA balance, allocated as provided for on Attachment 3 to the Joint Motion, and shall be included in Laclede's ACA factors to be used starting with the effective date of Laclede's new PGA rates in November 2013, if settlement payments are received by September 30, 2013, subject to Staff's confirmation of receipt of the payment and review of allocation factors in the appropriate ACA case.

7. This order shall become effective on August 24, 2013.

BY THE COMMISSION



A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive, flowing style.

Morris L. Woodruff
Secretary

R. Kenney, Chm., Jarrett, Stoll, and
W. Kenney, CC., concur.

Woodruff, Chief Regulatory Law Judge