

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

In the Matter of Missouri Gas Energy's) File No. GR-2013-0422
PGA Filing)

**STAFF RECOMMENDATION REGARDING MISSOURI GAS ENERGY'S
2012-2013 ACTUAL COST ADJUSTMENT FILING**

COMES NOW the Staff of the Missouri Public Service Commission in the above-captioned matter and files its ACA Recommendation in this case concerning Missouri Gas Energy's 2012-2013 Actual Cost Adjustment ("ACA") filing as set forth in the accompanying Staff Recommendation Memorandum (Appendix A) in both Highly Confidential and Public versions, and further states as follows:

1. Missouri Gas Energy ("MGE" or "Company") filed its ACA for the 2012-2013 period in this case on October 17, 2013. 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), in both Highly Confidential and Public versions. As a part of its review, the Staff examined MGE's gas purchasing practices to evaluate the prudence of the Company's purchasing and operating decisions for this ACA period. Staff's review also included a comparison of billed revenue recovery with actual gas costs to determine whether there exists an over-recovery or under-recovery of the ACA balance. Positive amounts or adjustments represent an increase in gas costs to consumers and negative

or “bracketed” amounts or adjustments represent a decrease or reduction in gas costs to consumers.

3. Staff proposes an adjustment in the amount of \$9,738 to MGE’s ACA account balance for the 2012-2013 ACA period. With this proposed adjustment, Staff has calculated MGE’s ending ACA balance as of June 30, 2013, which reflects an under-recovery of gas costs to the Company, in the amount of \$3,405,728.65. (See Staff’s Memorandum Section I. Executive Summary, pages 1-2 and Section VII. Recommendations, pages 18-19).

4. In addition to the monetary adjustment referenced above, based on its review of the Company’s purchasing and operating practices and decisions, Staff has certain comments, concerns, and recommendations as reflected in the accompanying Memorandum. Staff recommends the Commission order MGE to respond to these comments, concerns, and recommendations within sixty (60) days.

WHEREFORE, for the reasons stated above and discussed in detail in the accompanying Staff Recommendation Memorandum, Staff recommends the Commission issue an order directing MGE to respond within 60 days to Staff’s comments, concerns, and recommendations discussed throughout Staff’s Recommendation Memorandum and ultimately to establish MGE’s ending ACA account balance as of June 30, 2013, as shown in the tables on pages 2 and 18 of the Staff Recommendation Memorandum.

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil
Missouri Bar No. 33825

Attorney for the Staff of the
Missouri Public Service
Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-4887 (Telephone)
(573) 751-9285 (Fax)
Email: jeff.keevil@psc.mo.gov

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 14th day of October 2014.

/s/ Jeffrey A. Keevil