

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

In the Matter of Laclede Gas Company's)
PGA Filing) Case No. GR-2016-0224

**STAFF RECOMMENDATION REGARDING LACLEDE GAS COMPANY'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 Laclede Gas Company¹ (“LAC” or “Company”), an operating unit of Laclede Gas Company² (“Laclede”), as set forth in the accompanying Staff Recommendation Memorandum (Appendix A), and further states as follows:

1. LAC filed its ACA for the 2015-2016 period in this case on October 28, 2016. This filing contained LAC’s ACA account balances calculation.

2. The Procurement Analysis Unit (“Staff”) has reviewed LAC’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 LAC’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

¹ Currently also known as Spire Missouri East.
² 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 balances shown in the table in the "Recommendations" section of the Staff Recommendation Memorandum to reflect the balances as of September 30, 2016. Staff notes that it discovered an error in the amount of off-system sales margins recorded in this ACA period. The off-system sales error had the effect of overstating gas costs; therefore Staff proposes an adjustment to reduce gas costs, in total, by \$114,273 for this ACA period.

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 LAC 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 LAC's 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 LAC 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 LAC to respond within 45 days to Staff's comments, concerns, and recommendations included in the Staff Recommendation Memorandum; and (2) keeping this case open pending resolution of these issues and those discussed in paragraph number 5.

Respectfully submitted,

/s/ Mark Johnson

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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 18th day of December, 2017.

/s/ Mark Johnson