

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

In The Matter of Laclede Gas Company,)	
Missouri Gas Energy's Purchased Gas)	<u>File No. GR-2014-0324</u>
Adjustment Tariff Filing)	Tariff No. JG-2014-0436

STAFF RECOMMENDATION TO APPROVE INCREASE TO INTERIM RATES

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and in response to the Commission's May 1 order directing Staff to file a recommendation in this matter hereby states as follows:

1. On April 30, 2014, Laclede Gas Company d/b/a Missouri Gas Energy ("Laclede" or "Company") filed a revised tariff sheet with a proposed effective date of May 15, 2014, that would change the Purchased Gas Adjustment (PGA) factors for the Company's MGE service area as the result of a change in the Company's estimation of the cost of natural gas for the remaining 2013-2014 summer season.

2. On May 1, the Commission directed Staff to file a recommendation on the Company's tariff by May 9, 2014. Staff's recommendation is attached hereto as Appendix A and incorporated by reference.

3. As explained in Staff's recommendation, the tariff sheet will increase the PGA rate from \$0.55962 per one-hundred cubic feet (Ccf) to \$0.62318 per Ccf, representing an increase in the current cost of gas factor of \$0.03856 per Ccf, as well as an additional filing adjustment factor of \$0.025 per Ccf. This filing adjustment factor is a provision in Laclede Gas Company's PGA tariff for its MGE division; it allows the

utility to recover under-collections of gas costs from sales customers.¹ The filing adjustment factor is not based on the current cost of gas.

4. Case No. GR-2014-0324, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2013-2014 Actual Cost Adjustment (ACA) filing. Case No. GR-2013-0422 was established to track the Company's PGA factors to be reviewed in its 2012-2013 ACA filing. This rate change should be on an interim, subject to refund status pending final Commission decision in these ACA cases.

5. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty (30) days' notice is demonstrated by MGE's Commission-approved PGA Clause allowing for ten (10) business days' notice for PGA change filings. Staff has verified that Laclede has filed its annual report and is not delinquent on any of its assessment. Other than the cases mentioned above, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends that the following tariff sheet be approved on an interim basis, subject to refund:

P.S.C. MO. No. 6

First Revised SHEET No. 24.3, Canceling Original SHEET No. 24.3

¹ All Missouri regulated natural gas companies have such a filing adjustment factor as part of their PGA tariffs.

Respectfully Submitted,

**STAFF OF THE MISSOURI
PUBLIC SERVICE COMMISSION**

/s/ John D. Borgmeyer

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 7th day of May, 2014.

/s/ John D. Borgmeyer

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2014-0324, File No. JG-2014-0436
Missouri Gas Energy

FROM: Kory Boustead, Tariff, Safety, Economic and Engineering Analysis Department,
Energy Unit – Tariffs/Rate Design

/s/ Thomas M. Imhoff 5/7/2014 /s/ John D. Borgmeyer 5/7/2014
Regulatory Review Division/Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation to Approve Missouri Gas Energy's Company's Optional
PGA Filing Effective May 15, 2014

DATE: May 7, 2014

On April 30, 2014, Missouri Gas Energy (MGE or Company), a division of Laclede Gas Company, of St. Louis, Missouri, filed a tariff sheet proposed to become effective May 15, 2014. The tariff sheet was filed to reflect changes in MGE's Purchased Gas Adjustment (PGA) factors as the result of an estimated change in the cost of natural gas for the 2014 summer season. On May 1, 2014, the Commission issued an ORDER DIRECTING STAFF TO FILE RECOMMENDATION AND ESTABLISHING TIME FOR RESPONSE (ORDER) directing Staff to file its recommendation no later than May 9, 2014. This memorandum is in response to that ORDER.

The effects of the changes from this filing will increase the PGA rate from \$0.55962 per one-hundred cubic feet (Ccf), to \$0.62318 per Ccf. This represents an increase of \$0.06356 per Ccf. This filing reflects an increase in the current cost of gas factor by \$0.03856 per Ccf and a filing adjustment factor ("FAF") of \$0.025 per Ccf. The FAF is in MGE's tariff and it allows MGE the ability to recover undercollections of gas costs from sales customers that is not based on the current cost of gas. All regulated natural gas companies have this provision in their PGA tariff.

Case No. GR-2014-0324, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2013-2014 Actual Cost Adjustment (ACA) filing. Case No. GR-2013-0422, was established to track the Company's PGA factors to be reviewed in its 2012-2013 ACA filing. This rate change should be on an interim, subject to refund status pending final Commission decision in ACA Case Nos. GR-2014-0324 and GR-2013-0422.

Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty (30) days notice is demonstrated by MGE's Commission-approved PGA Clause allowing for ten (10) business days notice for PGA change filings. Staff has verified that this company has filed its annual report and is not delinquent on any of its assessment. Other than the cases mentioned above, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Although MGE filed its tariff sheet with a requested effective date of May 15, 2014, the Commission may approve them and order an earlier effective date. Staff recommends that the filing be approved to become effective on May 15, 2014, and that the following tariff sheet, filed on May 1, 2014, be approved, interim subject to refund:

P.S.C. MO. No. 6

First Revised SHEET No. 24.3, Canceling Original SHEET No. 24.3

