

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

In the Matter of Laclede Gas Company,)
Missouri Gas Energy’s Purchased Gas)
Adjustment Tariff Filing) **Case No. GR-2014-0324**

**STAFF RECOMMENDATION REGARDING MISSOURI GAS ENERGY’S
2013-2014 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 Missouri Gas Energy’s (“MGE” or “Company”), a division of Laclede Gas Company, 2013-2014 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. On October 17, 2014, MGE filed its ACA for the 2013-2014 period in Case No. GR-2014-0324. This filing contains the Company’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 conducted an analysis of MGE’s gas purchasing practices to evaluate the prudence of the Company’s purchasing decisions for this ACA period; a reliability analysis, including a review of estimated peak cold day requirements and the capacity levels needed to meet those requirements; a review of supply plans for various weather conditions; and a hedging review to evaluate the reasonableness of the Company’s

hedging plans and practices for this ACA period. 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 in the accompanying Staff Recommendation Memorandum as a negative ACA balance that must be returned to customers; an under-recovery is shown in the accompanying Staff Recommendation Memorandum as a positive ACA balance that must be collected from customers.

3. Based on its review, as discussed in detail in the accompanying Staff Recommendation Memorandum, Staff recommends no adjustment to MGE's ACA account balance for the 2013-2014 ACA period. Accordingly, Staff recommends the Commission issue an order directing MGE to establish the ACA account balance as shown in the table in "Section VI Recommendations" of the accompanying Staff Recommendation Memorandum.

4. However, although Staff proposes no adjustment to MGE's ACA account balance, based on its review Staff has certain comments, concerns and recommendations as reflected in the accompanying Staff Recommendation Memorandum in the sections addressing the Company's Reliability Analysis and Gas Supply Planning; School Transportation Program Balancing and Cash Outs; and Hedging. 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 in Sections III through V of Staff's Recommendation Memorandum, and to establish MGE's ACA account balance as shown in the "6-30-14 Staff Recommended Ending Balance" column of the table in Section VI of the Staff Recommendation Memorandum.

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 counsel of record this 8th day of December, 2015.

/s/ Jeffrey A. Keevil