

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

In the Matter of Laclede Gas Company's)
Purchased Gas Adjustment (PGA) Factors)
To be Reviewed in Its 2016-2017 Actual)
Cost Adjustment)

Case No. GR-2017-0299

**STAFF RECOMMENDATION REGARDING LACLEDE GAS COMPANY'S
2016-2017 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 2016-2017 ACA filing of Laclede Gas Company¹ (hereafter “Spire East” or “Company”), an operating unit of Laclede Gas Company² (“Spire Missouri”), as set forth in the accompanying Staff Recommendation Memorandum (Appendix A), and further states as follows:

1. Spire East filed its ACA for the 2016-2017 period in this case on October 31, 2017. This filing contained Spire East’s ACA account balances calculation.
2. The Procurement Analysis Department (“Staff”) has reviewed Spire East’s filing and submits its recommendation as further explained in the accompanying Staff Recommendation Memorandum, marked as Appendix A and incorporated herein by reference. Staff’s analyses consisted of an examination of Spire East’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

¹ Currently also known as Spire Missouri East.
² Currently also known as Spire Missouri Inc. d/b/a Spire.

for various weather conditions; and a hedging review to evaluate the reasonableness of 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 recommends an adjustment to reduce the Company's gas costs in this ACA period by \$(1,167,915). This adjustment results from certain discrepancies identified by Staff regarding the Company's gas costs. The ACA balance is cumulative so that the ending balance of one period becomes the beginning balance of the next period. In this period, the Company's beginning ACA balance was inaccurate. Staff recommends an adjustment of \$600,460 to the ACA balance due to the inaccurate beginning balance. The total of the two proposed adjustments is \$(567,455) which is the sum of \$(1,167,915) and \$600,460. Staff recommends a meeting be held with the Company within 60 days from the filing date of this recommendation to work toward a resolution of the discrepancies identified in the Staff Recommendation Memorandum.

4. In addition to the dollar adjustments discussed above, based on its review Staff has certain comments, concerns, and recommendations as explained in the accompanying Staff Recommendation Memorandum. Staff recommends the Commission order Spire East to respond to all comments, concerns, and

recommendations in the Staff Recommendation Memorandum within forty-five (45) 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 Spire East to respond within 45 days to Staff's comments, concerns, and recommendations included in the Staff Recommendation Memorandum.

Respectfully submitted,

/s/ Robert S. Berlin

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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 17th day of December, 2018.

/s/ Robert S. Berlin