

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

In the Matter of Laclede Gas Company's)
PGA Filing) **Case No. GR-2014-0121**

UNANIMOUS STIPULATION AND AGREEMENT

On December 19, 2014, the Staff of the Missouri Public Service Commission (“Staff”) submitted its Recommendation and Memorandum in the above captioned case relating to the 2012-2013 Actual Cost Adjustment (“ACA”) period for Laclede Gas Company (“Laclede Gas” or “Company”). In its filing, the Staff made seven recommendations, including two proposed financial adjustments, along with several other comments and observations.

At various times subsequent to the filing of Staff’s Recommendation, the Staff and Laclede Gas met in an effort to discuss Staff’s recommendations and exchange information relating to Staff’s proposed adjustments. Staff and Laclede Gas have also shared the results of their discussions with the Office of the Public Counsel (“OPC”). As a result of these discussions, all of the parties to the case have either agreed to this Stipulation and Agreement or indicated that they will not oppose it. Specifically, the Signatory Parties (the “Parties”) have reached the following stipulations and agreements resolving all of the issues in this case and specifying all actions that will be taken as a result of such resolution. The Parties respectfully request that the Commission consider and approve this Stipulation and Agreement.

GAS SUPPLY ANALYSES

1. Consistent with Staff’s Recommendation at page 5 of its Memorandum, Laclede Gas agrees to update its study comparing the amount of demand charges paid by

the Company to lock in the lower of first of the month (FOM) price or the daily price on certain gas supply contracts/agreements to the difference between the FOM price and the daily price during the applicable gas supply contract term. Such study shall include data for the 2013-14 ACA period and any subsequent years during which the Company pays such demand charges.

2. Consistent with Staff's Recommendation at pages 5 and 22 of its Memorandum, Laclede Gas will, subject to the approval of its Board of Directors, incorporate the above-described measure for mitigating upward natural gas price volatility in its risk management strategy by describing the purpose of this mechanism. Nothing herein shall preclude the Company from modifying whether and how it uses this mechanism in the future.

3. Consistent with Staff's Recommendation on pages 10-12 of its Memorandum, Laclede Gas agrees that it will review its policies and procedures regarding management of Lost and Unaccounted For Gas ("LUF") and will determine the feasibility of setting LUF targets and remediating aberrant LUF levels.

PIPELINE CAPACITY COST ADJUSTMENTS

4. In its Recommendation and Memorandum, the Staff proposed to disallow approximately \$1.02 million in pipeline capacity costs pending the receipt of additional information from the Company relating to such costs. Company information has since been provided to Staff. The Company has further agreed to provide information as part of a full and complete resolution of these proposed adjustments in this ACA case. Specifically, Laclede Gas and Staff agree that:

(a) The Company's transportation contract planning shall include a description by job title of the person(s) responsible for its development and implementation, including negotiating and approving the contract terms and conditions.

(b) For all decisions regarding any renewal, addition or termination of transportation capacity, including transportation and/or storage, the Company shall contemporaneously document relevant facts, relevant assumptions, its analyses based on these facts and assumptions, and justification for its decisions related to its transportation capacity. Such facts, analyses, and justification shall include, where applicable: (1) requirements for peak day and design season capacity requirements, including any differences in requirements for early, mid, or late winter months; (2) any other considerations including reliability, supplier diversity, supply availability and the generation of net revenue that accrues to the benefit of customers; (3) requirements for injections into storage in the non-winter months; (4) how the various contracts are structured to reasonably meet such requirements; and (5) cost, reliability and any other considerations compared to alternative capacity, including pipeline fixed and variable costs, and cost of supply transported on that pipeline capacity.

(c) The Company shall track the daily volumes flowed on each transportation contract (by pipeline contract number) that is used for daily injections into Enable/MRT storage, including volumes that are already south and not flowed on Enable/MRT-Southbound (e.g. daily volume flowed on each contract including but not limited to CEGT #1002576 or subsequent replacement or successor contracts) and shall provide to Staff in each applicable ACA proceeding such daily data in a fully functioning Excel spreadsheet.

(d) The Company shall conduct and maintain analyses of capacity requirements for injections into Enable/MRT storage, or subsequent replacement or successor storage contracts. Such analyses shall document how the Company plans to use each applicable transportation contract to reasonably meet these injection requirements. Laclede Gas shall provide any numerical analyses to Staff in fully functioning Excel spreadsheets.

(e) Utilizing historical and contemporaneous distribution design studies and historical and contemporaneous operational data, the Company shall document the peak day/design day/design season requirements for MoGas volumes. Such analyses shall identify, within such constraints, the daily volumes in total and from each pipeline that Laclede relies on for such design requirements. Laclede Gas shall provide its analyses to Staff in each applicable ACA proceeding in fully functioning Excel spreadsheets.

(f) Laclede Gas shall document the daily volumes flowed to MoGas by pipeline contract number (e.g. daily volumes for each contract including, but not limited to PEPL contract #17469 and MRT #3310 or subsequent replacement or successor contracts). Laclede Gas shall provide to Staff in each applicable ACA proceeding the daily data by contract number in fully functioning Excel spreadsheets.

(g) Laclede Gas shall also continue to acquire and maintain sufficient firm capacity to meet its peak day/design day/design season demand in all service areas, as well as any other constraints or reserve requirements Laclede Gas reasonably supports as critical to reliable operation while it endeavors to achieve a reasonably economical cost, inclusive of any net revenue producing activities that accrue to the benefit of customers.

(h) All documents and records required in this agreement shall be maintained by the Company for as long as the documents and records are relevant, but in no case for a period of less than 6 years.

HEDGING INFORMATION

5. Consistent with Staff's recommendation on page 22 of its Memorandum, Laclede Gas agrees to continue to evaluate the adequacy of its hedging coverage, its exposure to market prices, and to provide Staff with information that the Company currently maintains showing a mark-to-market summary of the financial impact of the hedging instruments used as part of its risk management strategy. Laclede Gas also agrees to continue considering its use of demand charges to reduce intra-month price volatility as insurance against daily price spikes, and, as previously addressed in this Stipulation and Agreement, to periodically assess the reasonableness of the cost and effect of that approach.

ACA BALANCES

6. Consistent with the recommendations set forth above, the Parties recommend that the Commission approve the ending ACA balances for the 2012-2013 ACA period as forth in Appendix A to this Stipulation and Agreement.

OTHER PROVISIONS

7. This Stipulation is being entered into solely for the purpose of settling Case No. GR-2014-0121. Its terms shall apply prospectively and none of the Parties to this Stipulation shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking or procedural principle including, without limitation, any principle regarding what documentation is required to demonstrate the prudence of a

particular transaction. Nor shall any of the Parties be prejudiced or bound in any manner by the terms of this Stipulation (whether this Stipulation is approved or not) in any other proceeding, other than a proceeding limited to enforcing the terms of this Stipulation. Nothing in this Stipulation and Agreement shall preclude the Staff in future proceedings from providing recommendations as requested by the Commission nor limit Staff's access to information in any other proceedings. Nothing in this Stipulation and Agreement shall be deemed a waiver of any statute or Commission regulation.

8. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event that the Commission does not approve this Stipulation and Agreement or approves it with modifications or conditions to which a Party to this proceeding objects, this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

9. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties waive, with respect to the issues resolved herein: their respective rights pursuant to Section 536.080.1 (RSMo. 2000) to present testimony, to cross-examine witnesses, and to present oral argument and written briefs; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.070 (RSMo. 2000); and their respective rights to judicial review of the Commission's Report and Order in this case pursuant to Section 386.510 (RSMo. 2000).

10. The Staff shall have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests. Staff shall, to the extent reasonably

practicable, provide the other Parties with advanced notice of the agenda in which Staff will respond to the Commission's request for information. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged, highly confidential, or proprietary.

11. If the Commission so requests, the Staff shall file suggestions or a memorandum in support of this Stipulation. Each of the other Parties shall be served with a copy of any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive memorandum which shall also be served on all parties to the case. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other Parties in this case, whether or not the Commission issues an Order approving this Stipulation.

12. The non-signatory parties to this case have had an opportunity to review this Stipulation and Agreement and have indicated they will not object to it or request a hearing on the issues resolved.

WHEREFORE, for the foregoing reasons, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation and Agreement.

Respectfully submitted,

**STAFF OF THE MISSOURI PUBLIC
SERVICE COMMISSION**

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing pleading has been duly served upon the Counsel of the Staff of the Public Service Commission and the Office of the Public Counsel by hand delivery, email, fax, or United States mail, postage prepaid, on this 11th day of August, 2015.

/s/ Marcia Spangler
Marcia Spangler

Appendix A

Staff recommends the Company establish the ACA account balances as shown in the table below to reflect the (over)/under-recovery balances as of September 30, 2013.

An over-recovery is the amount owed to the customers by the Company and is shown in the table as a negative number. An under-recovery is an amount owed to the Company by the customers and is shown in the table as a positive number.

	Firm Sales non-LVTSS	Firm Sales LVTSS	Interruptible Sales	LP Sales	Firm Transportation	Basic Transportation	Vehicular Fuel
ACA Balance per Filing	\$10,820,401	\$(283,829)	\$ 41,935	\$(2,197)	\$ (261,606)	\$ (2,623)	\$(130,179)
Staff Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Staff Recommended ACA Balance	\$10,820,401	\$(283,829)	\$ 41,935	\$(2,197)	\$ (261,606)	\$ (2,623)	\$ (130,179)