

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

In the Matter of a Working Docket to Address)
the Hedging Practices of Electric Utilities)
Used to Mitigate the Rising Costs of Fuel) **File No. EW-2013-0101**

**STAFF UPDATE REPORT AND REQUEST FOR ADDITIONAL TIME
TO FILE A MORE DETAILED REPORT**

COMES NOW the Staff (“Staff”) of the Missouri Public Service Commission (“Commission”), by and through counsel, and for its Update Report and Request for Additional Time to File a More Detailed Report in this matter respectfully states as follows:

Background

1. The Commission opened this investigatory docket on September 5, 2012, “to review policies or procedures with regard to electric companies’ hedging programs that will hopefully assist the utilities with developing effective hedging programs that serve the public interest by mitigating the rising costs of fuel.”¹

2. As reflected in Staff’s previous filings herein, Staff conducted an initial workshop in this docket on November 14, 2012 and a second workshop on January 31, 2013. Representatives of Missouri’s investor-owned electric utilities and natural gas local distribution companies, along with Staff, participated in one or both of these workshops either in person or by phone. On February 28, 2013, Staff filed a short

¹ This docket originated with a request by Kansas City Power & Light Greater Missouri Operations Company (GMO) for additional guidance from the Commission regarding the appropriateness of the use of natural gas hedging by electric utilities. GMO also suggested that the Commission implement a process to avoid disputes over its hedging programs in the future. EO-2011-0390, EFIS No. 132, *Report and Order*, p. 65-66.

Status Report and Request for Further Direction. In response to Staff's February 28 filing the Commission issued, on March 4, 2013, an Order Directing Staff to File a Comprehensive Report and Setting a Deadline for Responses. In response to that Order, on April 8, 2013, Staff filed a comprehensive report which recommended, among other things, that the Commission keep this workshop docket open for further discussions.

3. Thereafter, on May 1, 2013, the Commission issued an Order Directing Staff to Proceed with Its Investigation. The May 1 Order reflected that Staff's April 8 report indicated "that no broad agreement has been reached about how to evaluate whether an electric utility's gas hedging program is cost effective, and discussions have highlighted the challenge of judging such gas hedging programs." The May 1 Order further stated that "[t]he Commission encourages Staff to continue its investigation with the workshops and individual meetings it suggests [in the April 8 Report]." The May 1 Order concluded by ordering Staff to "file a report regarding its further investigation into the natural gas hedging practices of Missouri's investor-owned electric utilities" no later than November 1, 2013.

Update Report and Request for Additional Time

4. Since filing its comprehensive report herein on April 8, 2013, and in furtherance of the Commission's May 1, 2013, Order Directing Staff to Proceed with Its Investigation, Staff submitted a list of questions to the Missouri investor-owned electric utilities on May 31, 2013. The investor-owned electric utilities were requested to separately provide their answers in EFIS to the list of questions no later than

July 3, 2013. On July 3, 2013, the investor-owned electric utilities provided their answers to the questions posed by Staff.

5. Prior to scheduling the individual meetings with the investor-owned electric utilities which were contemplated by the Staff's April 8 Report and the Commission's May 1 Order, Staff needed to review the utilities' responses to the list of questions in order to determine if it believed additional information was needed from the electric utilities before meeting with them individually. Staff then began scheduling meetings with each Missouri investor-owned electric utility so that Staff, the Office of the Public Counsel, and each of the investor-owned electric utilities could further discuss each individual utility's hedging program(s). The schedule for the meetings is as follows:

Empire District Electric

10/17/2013 10:00am to 2:00pm

Jefferson City, MO Governor's Office Building CR510

Ameren Missouri

10/21/2013 10:00am to 2:00pm

Jefferson City, MO Governor's Office Building CR315

KCPL and KCP&L GMO

11/5/2013 1:00pm to 3:00pm

Jefferson City, MO Governor's Office Building CR316

6. As shown above, the meetings with the individual investor-owned electric utilities will run into November. According to the Commission's May 1 Order, Staff is to file its next report on November 1, 2013; however, not all of the scheduled meetings will be completed by that date. Also, additional meetings or questions could be necessitated depending upon the outcome of the individual meetings which are scheduled. Therefore, Staff requests that it be given additional time to file a more detailed report regarding its further investigation into the natural gas hedging practices

of Missouri's investor-owned electric utilities, and specifically requests that it be given until February 1, 2014 to file such report.

WHEREFORE, Staff respectfully submits this Update Report pursuant to the Commission's May 1 Order and requests that it be given until February 1, 2014 to file a more detailed report regarding its further investigation into the natural gas hedging practices of Missouri's investor-owned electric utilities.

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 all counsel of record this 15th day of October, 2013.

/s/ Jeffrey A. Keevil