

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

In the Matter of Missouri Gas)	
Energy's Optional Purchased Gas)	<u>Case No. GR-2012-0262</u>
Adjustment Filing.)	

**STAFF RECOMMENDATION REGARDING MISSOURI GAS ENERGY'S 2011-2012
ACTUAL COST ADJUSTMENT**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its Recommendation, states as follows:

1. On October 17, 2012, Missouri Gas Energy (MGE) filed its Actual Cost Adjustment (ACA) for the 2011-2012 period in the above-captioned case. This filing contains MGE's ACA account balance calculation.

2. The Procurement Analysis Unit (Staff) has reviewed MGE's filing and submits its recommendation as further explained in Staff's Memorandum attached hereto as Appendix A in both Highly Confidential and Public versions. As a part of its review, the Staff examined MGE's gas purchasing practices to evaluate the prudence of the Company's purchasing decisions for this ACA period. Staff's review also included a comparison of billed revenue recovery with actual gas costs to determine whether there exists an over-recovery or under-recovery of the ACA balance. Positive amounts or adjustments represent an increase in gas costs to consumers and negative or "bracketed" amounts or adjustments represent a decrease or reduction in gas costs to consumers.

3. As a result of its review, Staff has verified MGE's ending ACA balance as of June 30, 2012, which reports an under-recovery to the company of its gas costs in

the amount of \$25,586,145.26. Staff proposes no adjustments be made to MGE's filed ending ACA balance. (See Staff's Memorandum Section I. Executive Summary, pages 1-2 and Section V. Recommendations, pages 9-10).

4. However, based on its review and audit of MGE's gas purchasing practices explained in Staff's Memorandum, the Staff recommends the Commission order MGE to respond to Staff's concerns, comments, and recommendations discussed in Staff's Memorandum.

WHEREFORE, for the reasons stated above and discussed in Staff's Memorandum, the Staff recommends the Commission issue an order directing MGE to respond within 45 days to Staff's concerns, comments, and recommendations discussed throughout Staff's Memorandum and summarized in Section V. Recommendations.

Respectfully submitted,

/s/Robert S. Berlin

Robert S. Berlin
Senior Counsel
Missouri Bar No. 51709

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-7779 (Telephone)
(573) 751-9285 (Fax)
email: bob.berlin@psc.mo.gov

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 6th day of December 2013.

/s/ Robert S. Berlin