

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

In the Matter of Purchased Gas Adjustment Tariff)	<u>Case No. GR-2021-0121</u>
Filing of The Empire District Gas Company)	Tariff No. YG-2021-0115
d/b/a Liberty (Empire))	

STAFF RECOMMENDATION

COMES NOW Staff of the Missouri Public Service Commission, by and through counsel, and for its recommendation states:

1. On November 5, 2020, The Empire District Gas Company (EDG) filed three tariff sheets, each bearing a proposed effective date of December 5, 2020. The tariff sheets reflect changes in EDG’s Purchased Gas Adjustment (PGA) factors as the result of estimated changes in the cost of natural gas for the upcoming winter season and changes in EDG’s Actual Cost Adjustment (ACA) factors.

2. In addition on November 5th, EDG filed a motion for a variance from a mandatory provision of its PGA tariff (Tariff Sheet 54) that requires the Company to file its winter PGA/ACA no earlier than October 15th and *no later than November 4, 2020*. EDG missed its required filing deadline.

3. On November 5th, the Commission ordered Staff to file an expedited recommendation addressing the pending PGA filing and the motion for variance no later than November 16, 2020.

4. EDG’s motion cites no authority for the Commission to grant it a variance from its requirement to file its winter PGA by November 4th. EDG’s tariff contains no provisions permitting the Company to seek a variance or waiver. Even if a variance was permitted under its tariff, which it is not, EDG offers no good cause for its motion and no explanation for its failure to meet its filing deadline. Because EDG’s tariff does not permit

a variance or a waiver of its tariff filing requirements, the Company may not avail itself of a permissive authority that does not exist. Therefore EDG may not seek a variance from the specific and mandatory filing deadline of its PGA tariff. Staff recommends the Commission deny EDG's motion for variance.

5. Under its PGA tariff, EDG is required to file a winter PGA. Though missing its filing deadline, EDG has filed its winter PGA tariff which Staff addresses below and in its report memorandum and recommendation. Though EDG has no authority under its tariff to apply for a variance of its tariff terms, the Commission may proceed *sua sponte* regarding EDG's out of date PGA filing and approve the Company's required winter PGA filing.

6. As explained in Staff's attached report memorandum and recommendation, Staff has reviewed EDG's PGA filing and has determined that it is calculated in conformance with EDG's PGA Clause (beginning on Tariff Sheet 54) with the exception of EDG missing its filing deadline.

7. For EDG's South System, this filing will increase the total PGA to \$0.39040 per Ccf, from the current total PGA of \$0.32308 per Ccf. This is an increase of \$0.067320 per Ccf.

8. For EDG's North System, this filing will increase the total PGA to \$0.36195 per Ccf, from the current total PGA of \$0.34649 per Ccf. This is an increase of \$0.015460 per Ccf.

9. For EDG's Northwest System, this filing will decrease the total PGA to \$0.32579 per Ccf, from the current total PGA of \$0.35092 per Ccf. This is a decrease of \$0.02513 per Ccf.

10. This filing also reflects adjustments to EDG's ACA factors. Staff's Procurement Analysis Department (PAD) will review EDG's ACA filing and may recommend adjustments to the ACA account balance(s). Due to the limited time available to review the documentation supporting the ACA factors in this filing, the PAD requests permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission by December 15, 2021.

11. Case No. GR-2021-0121, under which these changes were filed, was established to track EDG's PGA factors to be reviewed in its 2019-2020 ACA filing. Case No. GR-2020-0124 was established to track EDG's PGA factors to be reviewed in its 2018-2019 ACA filing. Any rate change implemented pursuant to this tariff filing should be *implemented on an interim basis, subject to refund*, pending final Commission decisions in Case Nos. GR-2021-0121 and GR-2020-0124.

12. As explained above and in the Staff's report memorandum and recommendation attached as Appendix A, and incorporated herein by reference, EDG late filed its tariff sheets on November 5, 2020 to be effective December 5, 2020, allowing thirty (30) days¹ notice for its PGA change. Therefore, Staff recommends the Commission approve the tariff sheets on an interim basis, subject to refund status pending final Commission decisions in Case Nos. GR-2021-0121 and GR-2020-0124.

13. Staff also recommends the Commission order PAD Staff to file the results of its review of the ACA factors represented in this filing no later than December 15, 2021.

¹ EDG's tariff sheet no. 55 states, "Each PGA filing shall become effective ten business days after the date of the filing, unless the Company has elected a longer notice period, not to exceed thirty days." EDG has met this requirement.

WHEREFORE, Staff recommends the Commission issue an order denying EDG's motion for variance for missing its PGA tariff filing deadline, and take up EDG's winter PGA filing *sua sponte* to issue an order approving the following EDG PGA tariff sheets to become effective December 5, 2020, *on an interim basis, subject to refund* pending final Commission decisions in Case Nos. GR-2021-0121 and GR-2020-0124, and that the Commission order PAD Staff to file the results of its ACA review in this docket by December 15, 2021:

P.S.C. MO No. 2

16th Revised Sheet No. 62, Cancelling 15th Revised Sheet No. 62

16th Revised Sheet No. 63, Cancelling 15th Revised Sheet No. 63

16th Revised Sheet No. 65, Cancelling 15th Revised Sheet No. 65

Respectfully submitted,

/s/ Robert S. Berlin

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been emailed to all parties and/or counsel of record on this 16th day of November, 2020.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2021-0121, Tariff No. YG-2021-0115
The Empire District Gas Company

FROM: Michael J. Ensrud, Research/Data Analyst, Procurement Analysis Department

/s/ David M. Sommerer 11/16/2020 /s/ Robert S. Berlin 11/16/2020
Financial & Business Analysis Div. /Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for the Empire District Gas Company Scheduled Winter
PGA Filing - Effective Date December 5, 2020

DATE: November 16, 2020

On November 5, 2020, The Empire District Gas Company, (“Empire,” “EDG” or “Company”), filed three tariff sheets bearing a proposed effective date of December 5, 2020. The tariff sheets were filed to reflect changes in EDG’s Purchased Gas Adjustment (“PGA”) factors as the result of estimated changes in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (“ACA”) factors. The proposed effective date is December 5, 2020. In addition, on November 5, 2020, EDG filed a motion for variance from a provision of its tariff that requires its winter PGA/ACA tariff to be filed by November 4, 2020.

On November 5, 2020 the Commission issued an ORDER DIRECTING EXPEDITED STAFF RECOMMENDATION AND SETTING TIME FOR RESPONSES that establishes a deadline for Staff to submit its memo addressing this pending PGA filing and motion for tariff variance no later than November 16, 2020.

The changes (both reductions and increases) in the Total PGA for each of the three (3) systems, can be summarized as follows:

<u>SYSTEM¹</u>	<u>Proposed</u> <u>Rate</u> <u>Per Ccf</u>	<u>Current</u> <u>Rate</u> <u>Per Ccf</u>	<u>Change</u> <u>Per Ccf</u>
South ²	0.39040	\$0.32308	\$0.067320
North ³	0.36195	\$0.34649	\$0.015460
Northwest ⁴	0.32579	\$0.35092	(\$0.02513)

¹ These PGA rates apply to the following classes: RS, SCF, SVF, LVF.

² Territory includes the cities of Clinton, Lexington, Marshall, and Sedalia - served by Southern Star Central Gas Pipeline.

³ Territory includes the cities of Chillicothe, Marceline, and Trenton - served by Panhandle Eastern Pipe Line Company.

⁴ Territory includes the communities of Rockport, Maryville, and Tarkio - served by ANR Pipeline.

Case No. GR-2021-0121, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2019-2020 ACA filing. Case No. GR-2020-0124 was established to track the Company's PGA factors reviewed in its 2018-2019 ACA filing. Any rate change implemented pursuant to this tariff filing should be implemented on an interim basis, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2021-0121 and GR-2020-0124.

Due to the limited time available to review the documentation supporting the ACA factors represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 15, 2021.

Staff has verified that the Company has filed its annual report and is current on its PSC assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing, other than as mentioned above.

On Sheet 54, the EDG's tariff provides that "The Company shall make one scheduled PGA filing each year between October 15 and November 4." The fact that EDG missed the final day of the required filing range results in the filing being out of compliance. However, Sheet 56 provides that "The Company's system ACA factors shall be rounded to the nearest \$.00001 per Ccf and applied to billings commencing with the scheduled PGA revenue period." The Company is required to file an ACA filing one time per year, during its "scheduled" PGA filing.

Staff has reviewed this filing and has determined that it was calculated in conformance with EDG's GA Clause with the exception that EDG filed one day after the required filing range provided in the Company's tariff. Empire has chosen a December 5, 2020 effective date.

Therefore, Staff recommends that the Commission issue an order approving the following tariff sheets filed on November 5, 2020, on an interim basis, subject to refund pending final Commission decisions in Case Nos. GR-2021-0121 and GR-2020-0124, effective December 5, 2020 as requested by Empire:

P.S.C. MO No. 2

16th Revised Sheet No. 62, Cancelling 15th Revised Sheet No. 62
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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Purchased Gas)	
Adjustment Tariff Filing of The Empire)	<u>Case No. GR-2021-0121</u>
District Gas Company d/b/a Liberty)	<u>Tariff No. YG-2021-0115</u>
(Empire))	

AFFIDAVIT OF MICHAEL J. ENSRUD

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

COME NOW Michael J. Ensrud, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Michael J. Ensrud
Michael J. Ensrud