

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

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

**STAFF RECOMMENDATION REGARDING THE EMPIRE DISTRICT GAS COMPANY'S
2019-2020 ACTUAL COST ADJUSTMENT FILING**

COMES NOW the Staff of the Missouri Public Service Commission, through counsel, and files its Actual Cost Adjustment (ACA) Recommendation in this matter.

1. On November 5, 2020, The Empire District Gas Company d/b/a Liberty (Empire) filed three tariff proposed sheets, each bearing a proposed effective date of December 5, 2020. The tariff sheets reflect changes in Empire'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 Empire's Actual Cost Adjustment (ACA) factors.

2. Empire's PGA tariff (Tariff Sheet No. 54) requires it to make a winter PGA filing between October 15 and November 4 of each year.

3. On November 16, 2020 the Procurement Analysis Department (Staff) recommended that the Commission approve the proposed tariff sheets Empire filed on November 5, 2020 on an interim and refundable basis, despite Empire missing its filing deadline by one day.

4. On November 24, 2020 the Commission approved the proposed tariff sheets on an interim and refundable basis, effective December 5, 2020, and ordered Staff to file a recommendation regarding its ACA review by December 15, 2021.

5. Staff reviewed Empire's filing and submits its recommendation in the accompanying *Memorandum*, incorporated herein by reference. Staff's analysis consisted of examining the prudence of Empire's gas purchasing decisions for this ACA period, conducting

a reliability analysis, and reviewing Empire's hedging practices. Staff also reviewed Empire's billed revenues and its actual gas costs to determine whether there is an over-recovery or under-recovery of the ACA balances.

6. Staff proposes no adjustments to the ending ACA balances in Empire's filing. Staff recommends that the Commission issue an order establishing Empire's ending ACA balances as those in the "8-31-20 Staff Recommended Ending Balances" column of the table in the Recommendations section of the *Memorandum*.

7. Staff further recommends that the Commission order Empire to respond to its recommendations in the Reliability Analysis and Gas Supply Planning and Hedging Sections of the *Memorandum* within thirty days.

WHEREFORE, Staff recommends that the Commission issue an order (a) establishing Empire's ending ACA account balances as of August 31, 2020 as shown in the "8-31-20 Staff Recommended Ending Balances" column of the table in the Recommendations section of Staff's *Memorandum* and (b) directing Empire to respond within 30 days to Staff's recommendations.

Respectfully submitted,

/s/ Karen E. Bretz

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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 15th day of December, 2021.

/s/ Karen E. Bretz