

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 27<sup>th</sup>  
day of October 2010.

In the Matter of	)	<b><u>File No. GR-2011-0108</u></b>
The Empire District Gas Company's	)	
Purchased Gas Adjustment Tariff Filing	)	Tracking No. YG-2011-0209

**ORDER APPROVING TARIFF SHEETS**

Issue Date: October 27, 2010

Effective Date: November 2, 2010

The Missouri Public Service Commission is approving tariff sheets that will reduce certain residential gas bills for the coming winter.

**A. Procedure**

On October 19, 2010, the Empire District Gas Company ("the company") filed the tariff sheets. On October 25, 2010, Staff filed its recommendation. The tariff sheets bear an effective date of November 2, 2010. The Commission may approve without hearing any tariff that the Commission has not suspended.<sup>1</sup> Therefore, this action is not a contested case.<sup>2</sup>

**B. Background**

The tariffs sheets address the company's purchased gas adjustment ("PGA"). PGAs are the "rate adjustments in the purchase price of natural gas which are approved by the commission"<sup>3</sup> without a general rate-setting action.<sup>4</sup> A PGA's purpose is "to

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<sup>1</sup> Section 393.150.1, RSMo 2000.

<sup>2</sup> Section 536.010(4), RSMo Supp. 2009.

<sup>3</sup> Section 393.275, RSMo 2000; *State ex rel. Midwest Gas Users' Ass'n v. Public Serv. Comm'n of the State of Mo.*, 976 S.W.2d 470, 477 (Mo. App., W.D. 1998).

<sup>4</sup> *Id.* at 474.

recognize variations in the cost of purchased gas[,<sup>5]</sup>" which the PGA does by passing directly to customers the:

Financial gains or losses associated with price volatility mitigation efforts[,] subject to the applicable provisions of the natural gas utility's tariff and applicable prudence review procedures.[<sup>6]</sup>

A PGA is lawful under conditions that include an actual cost adjustment ("ACA").<sup>7</sup> An ACA examines the costs passed through the PGA, and makes adjustments for prudence.<sup>8</sup> Such adjustments may require the company to make refunds of amounts collected.

### C. Discussion

The company operates three systems that include the following Missouri cities.

<i>System</i>	<i>Cities</i>
South	Clinton, Lexington, Marshall, Sedalia
North	Chillicothe, Marceline, Trenton
Northwest	Rockport, Maryville, Tarkio

Each system is subject to the same ACA period.

For the ACA year ended August 31, 2010, the company's PGA resulted in the following balances<sup>9</sup> from firm customers:<sup>10</sup>

<i>System</i>	<i>Recovery</i>	<i>Amount</i>
South	over	\$1,113,702
North	over	\$190,272
Northwest	under	\$24,864
Total	over	\$1,341,194

For that reason, for November 2011 through March 2012 ("this winter"), the tariff sheets

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<sup>5</sup> 4 CSR 240-13.015(1)(S).

<sup>6</sup> 4 CSR 240-40.018(1)(B).

<sup>7</sup> 976 S.W.2d at 480-84.

<sup>8</sup> *Id.*

<sup>9</sup> Those amounts include carrying costs on any deferred balances.

<sup>10</sup> The company also has interruptible sales service customers in its South and North systems, but the balances reflect only amounts from firm sales service customers.

propose to lower the company's annual firm PGA revenue as follows:

<i>System</i>	<i>Overall</i>	<i>Residential (Amount)</i>	<i>Residential (Proportion)</i>
South	\$4,100,000	\$2,300,000	20.69%
North	almost \$4,000	\$1,953	0.07%
Northwest	slightly over \$1,000	\$567	0.04%

A residential customer using 600 Ccf of natural gas this winter will have a bill lower than last winter by the following amounts:

<i>System</i>	<i>Amount</i>
South	\$93
North	less than \$1
Northwest	less than \$1

On October 25, 2010, Staff filed its recommendation favoring approval of the tariff sheets, conditioned on later review, possible refunds, and final decision in this file and an earlier PGA-ACA action.<sup>11</sup> That condition is in place through the ACA provisions in the company's tariff.<sup>12</sup>

Based on the documents on file, the Commission independently finds and concludes that the tariff sheets support safe and adequate service at just and reasonable rates, and comply with the Commission's regulations and the remainder of the company's tariff. The Commission finds good cause for the tariffs to take effect in less than 30 days. Therefore, the Commission will approve the tariff sheets.

**THE COMMISSION ORDERS THAT:**

1. The tariff sheets, assigned Tracking No. YG-2011-0209, are approved to become effective on November 2, 2010. The specific sheets approved are:

**P.S.C. MO. No. 2**

6<sup>th</sup> Revised Sheet No. 62 replacing 5<sup>th</sup> Revised Sheet No. 62.  
6<sup>th</sup> Revised Sheet No. 63 replacing 5<sup>th</sup> Revised Sheet No. 63.  
6<sup>th</sup> Revised Sheet No. 65 replacing 5<sup>th</sup> Revised Sheet No. 65.

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<sup>11</sup> Case no. GR-2007-0397.

<sup>12</sup> Tariff No. JG-2008-0102, Original Sheets 56-61.

2. The approval set forth in ordered paragraph 1 is subject to refund pending final decision in this file and case no. GR-2007-0397.

3. This order shall become effective immediately on November 2, 2010.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'S. Reed', is written over a horizontal line.

Steven C. Reed  
Secretary

( S E A L )

Clayton, Chm., Davis, Jarrett, Gunn,  
and Kenney, concur.

Jordan, Regulatory Law Judge