

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

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

**STAFF REPLY TO EMPIRE DISTRICT GAS COMPANY'S RESPONSE TO
STAFF RECOMMENDATION AND MEMORANDUM**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and files its Reply pursuant to the Commission's January 30, 2012 *Order To File Reply*. In support thereof, the Staff states:

1. Staff has reviewed Empire District Gas Company's (Empire or Company) Response To Staff Recommendation and Memorandum filed January 27, 2012.

2. The Company's Response commented on three issues:

- * Regression Models-Northern System Regression,
- * Interruptible Customers, and
- * Southern Star Reserve Margin

3. Staff did not recommend financial adjustments related to the above three issues. No further action regarding these issues is sought by Staff or the Company.

4. Staff will continue to monitor the Company's hedging practices.

5. Staff recommends this Actual Cost Adjustment (ACA) case be closed after the Commission issues its order directing Empire to adjust its ACA balances according to the following table:

Description (+) Under-recovery (-) Over-recovery	8-31-10 Ending Balances Per Filing	Commission Approved Adjustments prior to 2009-2010 ACA (A)	Staff Adjustments For 2009-2010 ACA	Staff Recommended 8-31-10 Ending Balances
Southern System: Firm ACA	(\$1,147,145)	\$0	\$4,950 (A1) \$6,200 (B)	(\$1,135,995)
Interruptible ACA	(\$33,867)	\$0	\$0	(\$33,867)
Take-or-Pay	\$0	\$0	\$0	\$0
Transition Cost	\$0	\$0	\$0	\$0
Refund	\$0	\$0	\$0	\$0
Northern System: Firm ACA	(\$190,272)	\$0	(\$6,661) (A2) \$6,200 (B)	(\$190,733)
Interruptible ACA	(\$28,217)	\$0	\$0	(\$28,217)
Take-or-Pay	\$0	\$0	\$0	\$0
Transition Cost	\$0	\$0	\$0	\$0
Refund	\$0	\$0	\$0	\$0
Northwest System: Firm ACA	\$24,864	\$0	\$1,711 (A3) \$6,200 (B)	\$32,775
Interruptible ACA	\$0	\$0	\$0	\$0
Take-or-Pay	\$0	\$0	\$0	\$0
Transition Cost	\$0	\$0	\$0	\$0
Refund	\$0	\$0	\$0	\$0

A) All adjustments prior to GR-2011-0108 have been adopted by the Company.

A1) Marketer A (\$1,207) + \$6,157

A2) Marketer A \$811 + (\$7,472)

A3) Marketer A \$396 + \$1,315

B) Marketer B Physical call option

6. Empire has notified Staff that it agrees with the above table.

WHEREFORE, based on reasons stated above, the Staff prays the Commission issue an order directing Empire to adjust its ACA balances according to the above table and close this case.

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 9th day of February 2012.

/s/ Robert S. Berlin