BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of The Empire District)	
Gas Company's Purchased Gas) File No. GR-2014-	<u>-0108</u>
Adjustment Tariff Filing)	

STAFF RECOMMENDATION TO ADJUST ACA BALANCES

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its recommendation in this matter hereby respectfully states:

- 1. On October 24, 2013, Empire District Gas Company ("Empire" or "Company") filed tariff sheets to make changes to the PGA and ACA components of its customers' bills. Empire's PGA represents the Company's best estimate of the cost of gas for the upcoming period; the ACA represents the Company's true-up of its previous PGA estimate.
- 2. On November 6, 2013, the Commission approved the PGA rate on an interim basis, subject to refund. Also, the Commission ordered Staff's Procurement Analysis Unit to submit its results and recommendations regarding Empire's ACA filing on or before December 19, 2014.
- 3. Staff's adjustments are explained in Staff's *Memorandum*, attached hereto as *Appendix A* and incorporated by reference.
- 4. During its ACA review, Staff compares the Company's billed revenue with its actual gas cost, and evaluates the prudence of the Company's purchasing decisions during the ACA period. Staff also reviews the Company's ability to meet its peak demand requirements, and reviews the reasonableness of the Company's hedging programs.

5. In this case, Staff made no prudence adjustments. Staff adjusted Empire's ACA balances to reflect Staff's recommended allocation of certain pipeline costs. Staff also recommends adjustments related to Empire's cashout provisions.

6. Staff's *Memorandum* also includes comments and recommendations regarding Empire's gas supply planning and hedging practices.

7. Staff recommends the Commission order Empire to respond to Staff's adjustments and recommendations within 45 days.

WHEREFORE, Staff submits its recommendations attached here as Appendix A, and recommends the Commission order Empire to respond to the recommendations within 45 days.

Respectfully Submitted,

/s/ John D. Borgmeyer

John D. Borgmeyer
Deputy Staff Counsel
Missouri Bar No. 61992
Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102
Telephone: (573) 751-5472

Fax: (573) 751-9285

Email: john.borgmeyer@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 18th day of December, 2014.

<u>/s/ John D. Borgmeyer</u>