

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 26th day
of May, 2011.

In the Matter of The Empire District Gas Company's)
Purchased Gas Adjustment (PGA) Tariff Filing) **File No. GR-2009-0397**

**ORDER ESTABLISHING ACA BALANCE
AND CLOSING CASE**

Issue Date: May 26, 2011

Effective Date: June 5, 2011

This file was established to track The Empire District Gas Company's Purchased Gas Adjustment (PGA) factors to be reviewed in its 2008-2009 Actual Cost Adjustment (ACA) filing. On October 30, 2009, Empire filed tariff sheets for each of its three systems (Northern, Southern, and Northwest), which were approved by the Commission for service rendered on and after November 13, 2009. The Commission directed its Staff to file a recommendation regarding the 2008-2009 ACA factor.

Staff filed its ACA recommendation on December 30, 2010, Empire filed a response to Staff's recommendation on January 31, 2011, in which it disagreed with certain recommendations of Staff. After additional pleadings and negotiations, Empire and Staff filed a Stipulation and Agreement on April 11, 2011, purporting to settle all issues in this matter. There were no objections to that Stipulation and Agreement and thus, under 4 CSR 240-2.115, it shall be considered a unanimous stipulation and agreement of the parties.

Actual Cost Adjustment Balances

The Procurement Analysis Department Staff reviewed Empire's 2008-2009 ACA filing and analyzed Empire's billed revenues and actual costs for the period of September 2008 to August 2009. Staff examined Empire's gas purchasing practices and conducted a reliability analysis and hedging review. The parties recommended that the Commission direct Empire to adjust its ACA account balance in its 2010/2011 ACA filing to reflect the following adjustments and to reflect the (over)/under-recovered ACA balance per the following table:

Description (+) Under-recovery (-) Over-recovery	8-31-09 Ending Balances per Filing	Commission- Approved Adjustments prior to 2008-2009 ACA (A1)	Staff Adjustments for 2008- 2009 ACA	Revised 8-31-09 Ending Balances
Southern System: Firm ACA	\$1,166,886	\$0	(\$4,037) (A)	\$1,162,849
Interruptible ACA	(\$33,443)	\$0	\$0	(\$33,443)
Take-or-Pay	\$0	\$0	\$0	\$0
Transition Cost	\$0	\$0	\$0	\$0
Refund	\$0	\$0	\$0	\$0
Northern System: Firm ACA	(\$786,980)	\$0	(\$3,178) (A) (\$11,780) (B)	(\$801,938)
Interruptible ACA	\$57,167	\$0	\$0	\$57,167
Take-or-Pay	\$0	\$0	\$0	\$0
Transition Cost	\$0	\$0	\$0	\$0
Refund	\$0	\$0	\$0	\$0
Northwest System: Firm ACA	(\$162,322)	\$0	(\$2,586) (C)	(\$164,908)
Interruptible ACA	\$0	\$0	\$0	\$0
Take-or-Pay	\$0	\$0	\$0	\$0
Transition Cost	(\$2,586)(C)	\$0	\$2,586	\$0
Refund	\$0	\$0	\$0	\$0

(A) – Property Taxes – Staff and Company agree to settle this issue at 50%

(B) – Cash-out – August 2009 (\$10,042) + (\$1,738)

(C) – Transition costs (TC) were transferred to the ACA account and eliminated from the TC account. The TOP, TC and Refund balances on all systems are now zero as of 8-31-09.

In addition EDG agreed to change its November 2008 billing adjustment for its customer, Modine, from (\$558.81) to \$558.81.

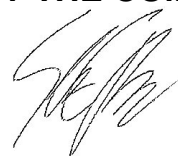
Decision

The Commission has reviewed Staff's recommendations, Empire's responses, and the Stipulation and Agreement. The Commission determines that the ending balances shown in the Stipulation and Agreement are reasonable and should be approved.

THE COMMISSION ORDERS THAT:

1. The Stipulation and Agreement is approved. The signatories to the Stipulation and Agreement shall comply with its terms.
2. The Empire District Gas Company shall establish the Actual Cost Adjustment account balances in its next Actual Cost Adjustment filing as discussed herein.
3. This order shall become effective on June 5, 2011.
4. This file may be closed on June 6, 2011.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

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

Dippell, Deputy Chief Regulatory Law Judge