BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of The Empire District Gas Company of Joplin, Missouri for Authority to File Tariffs Increasing Rates for Gas Service Provided to Customers in the Missouri Service Area of the Company.	)))))	**Case No. GR-2009-0434** Tariff No. YG-2009-0855

PARTIAL STIPULATION AND AGREEMENT

COME NOW The Empire District Gas Company ("EDG" or "Company"), the Staff of the Missouri Public Service Commission ("Staff"), and the Office of the Public Counsel ("OPC") (collectively, the "Parties"), and respectfully submit the following Partial Stipulation and Agreement ("Stipulation") to the Missouri Public Service Commission ("Commission"):

1. Issues Not Settled With This Stipulation. If this Stipulation is approved by the Commission, the funding level of Demand Side Management (DSM) programs and the Transportation Tariff issues will remain to be tried by the parties to this case and decided by the Commission, or resolved by separate agreement.

2. Issues Settled With This Stipulation. This Stipulation is intended to settle all issues among the Parties for purposes of Case No. GR-2009-0434, except the Transportation Tariff issues and the funding level of DSM programs. This Stipulation is not "unanimous" because certain parties have not joined as signatories to this Stipulation. It is the understanding of the Parties, however, that the non-signatories, the Missouri Department of Natural Resources ("DNR"), Constellation NewEnergy–Gas Division, LLC ("Constellation"), and Pittsburgh Corning Corporation ("Pittsburgh"), will not object to this Stipulation and will waive their rights to a hearing on the issues resolved herein.

3. Tariffs. The Parties request that the Commission order EDG to file revised tariff sheets containing rate schedules for natural gas service designed to produce overall Missouri

Attachment 1

jurisdictional gross annual non-gas revenues, exclusive of any applicable license, occupation, franchise, gross receipts taxes, or similar fees or taxes, in the amount of $22,189,218 annually, an increase of $2,600,000. The Parties further request that the Commission order EDG to file tariff sheets for service rendered on and after April 1, 2010 in conformity with the specimen tariff sheets attached as **Appendix A**.

A. The attached tariffs reflect the following with regard to service fees and miscellaneous tariff issues:

1. Section 2.04, subsection 2 – change reference date for interest on customer deposits, so that the prime rate published in the Wall Street Journal on the last business day in December of the prior year is used.

2. Section 2.04, regarding refunding of customer deposits, specify that: "Deposits from non-residential Customers may be retained by the Company as a guarantee of payment of final bills. Only new customers taking service after the effective date of this tariff shall be subject to this requirement."

3. Section 2.07, regarding reconnections, specify the following charges:

$40 reconnection fee during normal business hours

$100 reconnection fee after business hours, with allowance to pay over 2 months

$40 disconnection fee

4. Retention of Section 2.09, regarding excess flow valve installation charges.

5. Section 5.03, regarding Meter Testing Requests, shall include a $65 charge for the testing of the meters if the meter tests as accurate within 2%. Customers shall be advised of this possible fee prior to the meter test.

6. Deletion of Section 9.07 in the Rules and Regulations to eliminate the Commercial and Industrial Purchase Plan.

7. Section 10, subsection 6.09, regarding Late Payment Charge, charge to remain one-half percent (0.50%) on all classes

8. Section 10, subsection 2.07c, $41 Collection Charge

9. Include language regarding Leak detection surveys: “The customer shall be solely responsible for the maintenance of all piping and all other gas equipment on the premise which is owned by the customer and not specifically stated as the responsibility of EDG within these Rules, except that Company shall be responsible for conducting periodic (as required by Commission Rules) instrument leak surveys over the buried piping.”

B. Staff does not join as to the issues listed above in 3(A)(3), but does not oppose these tariff revisions and does not request a hearing as to these issues.

C. EDG owns and operates approximately 265 miles of natural gas pipeline. Much of this pipeline is located in areas that are subject to woody vegetation growth in and along the route of the pipelines, thus requiring a periodic clearing of the original pipeline right-of-way (ROW). EDG has established a five year cycle for ROW clearing (i.e. vegetation clearing, erosion control, and pipeline identification/marking), at a rate of approximately one fifth of its 265 miles of its natural gas pipeline annually at an estimated cost of $2,000 per mile for the initial cycle. The initial cycle began October 1, 2008.

EDG shall track costs related to ROW clearing. A regulatory asset or liability shall result from the difference of the costs actually annually incurred and the target annual budget of $106,000. This “tracker” shall create a regulatory asset or liability to track the difference between the amount spent and the target annual budget amount. If, at the time of its next general rate proceeding, the Company has reflected a net regulatory asset for this item on its books, the Company will not request recovery of it in rates. If, at the time of its next general rate proceeding, the Company has reflected a net regulatory liability for this item on its books, the parties will support the inclusion of that regulatory liability in rates, using an amortization period of five years.

EDG will submit an annual report to the Commission Staff detailing the number of miles of pipeline cleared, the cost per mile to clear the pipeline, and the annual amount expended on its ROW clearing activities (as defined above).

D. The attached tariffs reflect the following customer charges:

Residential = $16.50
Small Commercial – Small (retail and transportation) = $25
Small Commercial – Medium (retail and transportation) = $85
Small Commercial – Large (retail and transportation) = $200
Large Volume (retail and transportation) = $400

E. Staff does not join as to the issues listed above in 3(D), but does not oppose these tariff revisions and does not request a hearing as to these issues.

F. Billing Determinants for the calculation of volumetric rates shall be as shown on **Appendix B**.

4. Depreciation. The Parties request that the Commission order EDG to utilize the Depreciation rates shown on **Appendix C**. The Parties further request that the Commission's order include language that EDG be ordered to follow the policy and guidance sought and received in Case No. ER-2004-0570, that a separate accounting be kept of its amounts accrued for recovery of its initial investment in plant from the amounts accrued for the cost of removal.

5. Pensions/OPEB. The Parties support the treatment of FAS 87 and FAS 106 as shown on **Appendix D**. The Parties agree that the amount of OPEB expense recovered in rates is $500,235, the actuarially determined expense for 2009. The Parties agree that the pension expense recovered is a negative $148,591, based on the actuarially determined pension expense of $382,584 and negative amortization of the pension tracker of ($531,175). The prepaid pension asset balance as of June 30, 2009 is $2,495,405.

6. Kansas AAO. The Parties request that the Commission enter the following Accounting Authority Order ("AAO"):

> EDG is granted an AAO whereby the company is authorized to record on its books a regulatory asset, which represents the expenses associated with the property tax to be paid to the state of Kansas in relation to natural gas in storage pursuant to House Substitute for Senate Bill No. 98 for 2009 and subsequent years based on assessments from Kansas taxing authorities. EDG may maintain this regulatory asset on its books until the beginning of the month after the final judicial resolution of the legality of that tax. Thereafter, EDG shall commence amortization of the deferred amounts, with the amortization to be completed over a five-year period. If EDG files a general rate case prior to that final resolution, ratemaking treatment of the deferral may be considered within that case. If EDG is allowed ratemaking treatment providing a return of any AAO funds for Kansas Property Tax, there shall be no return on the Kansas Property Tax AAO funds included in rates. The Commission shall include language in its Order stating that the grant of this AAO does not in any way control how the Commission will treat this deferral for ratemaking purposes in subsequent rate cases, except there shall be no rate base treatment of deferred amounts as provided above.

7. Tracking of Disconnects/Reconnects. As soon as possible, and in no event later than June 30, 2010, EDG will implement method(s) to track incidence and associated revenues of the following: (a) disconnects billed, (b) disconnects collected, (c) reconnects during business hours, (d) reconnects after business hours, (e) reconnects, by type, billed according to missed months, and (e) collection trips.

8. Demand Side Management

A. DSM Advisory Group: An advisory group consisting of Staff, OPC, the DNR Energy Center, an Industrial Customer Representative, and EDG will be organized. This group will have meetings or conference calls at least two times per year and provide input to EDG on the implementation of the proposed energy efficiency portfolio, potential new energy efficiency programs, and future evaluations of the programs.

B. DSM Programs: EDG shall implement the following programs: Low Income Weatherization, High Efficiency Water Heating, High Efficiency Space Heating, Home

Performance of Energy Star, Large Commercial Audit and Rebate, Apogee, and Building Operator Certification ("BOC").

C. All expenses incurred related to these programs, including a reasonable assessment of lost margin revenues directly associated with participation in these Empire natural gas DSM programs, shall be included in a regulatory asset account that is amortized over a ten-year period for recovery of prudently incurred costs in the subsequent rate case. The amortization period of the DSM regulatory asset will remain at ten-years unless changed by an order from the Commission. This regulatory asset account shall begin with a negative balance that reflects the amount of unspent energy efficiency funds that have been collected in rates set in GR-2004-0072. Empire shall accumulate the Demand Side Management Program costs in regulatory asset accounts as the costs are incurred, and these costs shall be eligible for rate base treatment. The amounts accumulated in these regulatory asset accounts that have not been included in rate base shall be allowed to earn a return equivalent to Empire's AFUDC rate. The amount of unspent funds for Low Income Weatherization and the Commercial Audit Program were provided in Empire's response to OPC DR No. 2004 in the file named "Reconciliations 2006-2009.xls". This file shows unspent weatherization funds of $190,914.83 as of September 2009 and unspent Commercial Audit Program funds of $35,416 as of June 2009. These amounts will need to be updated to reflect unspent balances as of the time that new rates resulting from this case become effective.

D. EDG will file annual reports with the Commission reporting on the status of implementing DSM programs. The first report will be filed within 45 days of the end of the first year after new rates resulting from this case become effective. Annual reports will include: (1) a narrative description of the status of each program, (2) information (by program) on actual program expenditures and impacts (Ccfs), and (3) a comparison (by program) of budgeted expenditures and impacts to actual expenditures and impacts (Ccfs). Annual reports will also specify and document EDG's assessment of the lost margin revenues directly associated with the program impacts (Ccfs) for the 12 month period covered by the annual report.

9. Additional Agreements.

A. The cost of paving a parking lot that was included in the Company's case filing as Chillicothe FMGP return and expense ($76,803.44) will be moved and booked in the Company's financial records as normal Plant in Service.

B. The rates for EDG's North/South and Northwest systems shall be combined for all purposes except PGA/ACA.

10. Contingent Waiver of Rights. This Stipulation is being entered into solely for the purpose of settling the issues in this case. Unless otherwise explicitly provided herein, none of the Parties to this Stipulation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation or revenue-related methodology. Except as explicitly provided herein, none of the Parties shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding regardless of whether this Stipulation is approved.

This Stipulation has resulted from extensive negotiations among the Parties, and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and no Party shall be bound by any of the agreements or provisions hereof.

If the Commission does not approve this Stipulation without condition or modification, and notwithstanding the provision herein that it shall become void; neither this Stipulation nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Party has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and the Parties shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

In the event the Commission accepts the specific terms of this Stipulation without condition or modification, the Parties waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation.

11. Right to Disclose. The Staff may file suggestions or a memorandum in support of this Stipulation. Each of the Parties shall be served with a copy of any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive memorandum, which shall also be served on all Parties. The contents of any suggestions or memorandum provided by any Party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation, whether or not the Commission approves and adopts this Stipulation.

The Staff also shall have the right to provide, at any agenda meeting at which this Stipulation is noticed to be considered by the Commission, whatever oral explanation the Commission requests; provided, that the Staff shall, to the extent reasonably practicable, provide the other Parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to Commission Rule 4 CSR 240-2.135.

WHEREFORE, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation.

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RESIDENTIAL SERVICE
RATE SCHEDULE

AVAILABILITY

This service is available to all residential customers. A "residential" ("domestic") customer under this rate classification is a customer who purchases natural gas for "domestic use." "Domestic use" under this rate classification includes that portion of natural gas, which is ultimately consumed at a single-family or individually metered multiple-family dwelling, and shall apply to all such purchases regardless of whether the customer is the ultimate consumer. This schedule is intended to satisfy the provisions of Section 144.030(23) RSMo by establishing and maintaining a system and rate classification of "residential" to cause the residential sales and purchases of natural gas under this rate schedule to be considered as sales for domestic use.

MONTHLY RATE

The charges for service computed under this section of this rate schedule are in two parts that are added together. They consist of the customer charge and the energy charge. Other charges are provided for under the Rules and Regulations section.

RESIDENTIAL SERVICE

Customer Charge	$ 16.50 per month
Energy Charge	$ 0.20721 per Ccf

MINIMUM MONTHLY BILL

The minimum monthly bill per customer shall be the customer charge.

RULES AND REGULATIONS

This schedule is subject to the Rules and Regulations, any Tax and License Rider and Purchased Gas Adjustment Clause, which are now or hereafter approved by the Public Service Commission of the State of Missouri.

SMALL COMMERCIAL FIRM SERVICE - SMALL
RATE SCHEDULE SCFS

AVAILABILITY

This service is available to all non-residential firm customers with annual usage less than 5,000 Ccf.

MONTHLY RATE

The charges for service computed under this section of this rate schedule are in two parts that are added together. They consist of the customer charge and the energy charge. Other charges are provided for under the Rules and Regulations section.

SMALL COMMERCIAL FIRM SERVICE - SMALL

Customer Charge	$25.00 per month
Energy Charge	$ 0.26078 per Ccf For all usage

MINIMUM MONTHLY BILL

The minimum monthly bill per customer shall be the customer charge.

RULES AND REGULATIONS

This schedule is subject to the Rules and Regulations, any Tax and License Rider and Purchased Gas Adjustment Clause, which are now or hereafter approved by the Public Service Commission of the State of Missouri.

SMALL COMMERCIAL FIRM SERVICE - MEDIUM
RATE SCHEDULE SCFM

AVAILABILITY

Available to all non-residential firm customers with annual usage of at least 5,000 Ccf but less than 20,000 Ccfs, for commercial and industrial use of gas, including heating.

MONTHLY RATE

The charges for service computed under this section of this rate schedule are in two parts that are added together. They consist of the customer charge and the energy charge. Other charges are provided for under the Rules and Regulations section.

SMALL COMMERCIAL FIRM SERVICE - MEDIUM

Customer Charge	$ 85.00 per month
Energy Charge	$ 0.21960 per Ccf

MINIMUM MONTHLY BILL

The minimum monthly bill per customer shall be the customer charge.

RULES AND REGULATIONS

This schedule is subject to the Rules and Regulations, any Tax and License Rider and Purchased Gas Adjustment Clause, which are now or hereafter approved by the Public Service Commission of the State of Missouri.

SMALL COMMERCIAL FIRM SERVICE - LARGE
RATE SCHEDULE SCFL

AVAILABILITY

Available to all non-residential firm customers with annual usage of at least 20,000 Ccf but less than 40,000 Ccfs, for commercial and industrial use of gas, including heating.

MONTHLY RATE

The charges for service computed under this section of this rate schedule are in two parts that are added together. They consist of the customer charge and the energy charge. Other charges are provided for under the Rules and Regulations section.

SMALL COMMERCIAL FIRM SERVICE - LARGE

Customer Charge	$ 200.00 per month
Energy Charge	$ 0.19766 per Ccf

MINIMUM MONTHLY BILL

The minimum monthly bill per customer shall be the customer charge.

RULES AND REGULATIONS

This schedule is subject to the Rules and Regulations, any Tax and License Rider and Purchased Gas Adjustment Clause, which are now or hereafter approved by the Public Service Commission of the State of Missouri.

LARGE VOLUME FIRM GAS SERVICE
RATE SCHEDULE LVF

AVAILABILITY

Available to commercial and industrial customers whose annual natural gas requirements at a single address or location equal or exceed 40,000 Ccf. Service is subject to the approval of Company and to a contract to be entered into between the customer and Company, unless otherwise authorized.

RESTRICTIONS

Customers contracting for service at a single address or location under this rate schedule shall neither be eligible for, nor allowed to concurrently utilize natural gas transportation service under Rate Schedule LVT at that same address or location. Customers taking service under this rate schedule shall be required to purchase all of their natural gas requirements from Company.

MONTHLY RATE

The charges for service computed under this section of this rate schedule are in three parts that are added together. They consist of the customer charge, energy charge and demand charge. Other charges are provided for under the Rules and Regulations section.

LARGE VOLUME FIRM GAS SERVICE

Customer Charge	$400.00 per month
Energy Charge	$ 0.02257 per Ccf
Demand Charge,	
All Billing Demand	$ 0.60000 per Ccf
Meter Adjustment Fee - Optional	$11.50 per meter

MINIMUM MONTHLY BILL

The minimum monthly bill per customer shall be the sum of the customer charge plus the demand charge times the billing demand units.

BILLING DEMAND

For purposes of determining the billing demand under this rate schedule, the billing months of November through March shall be considered winter months; all other billing months shall be considered summer months. The billing demand for any winter month shall be the maximum use in Ccf during any consecutive period of 24 hours in such month. The billing demand for any summer month shall be one-half of the maximum use in Ccf during any consecutive period of 24 hours in such month.

Company will normally compute the maximum use in Ccf during any consecutive period of 24 hours in any billing month as 1/20th of the number of Ccf used during such billing month, adjusted to a base monthly billing period of 30 days. For customers not consuming natural gas uniformly throughout the billing month, Company and Customer may agree to determine the maximum use in Ccf during any consecutive period of 24 hours during any billing month by use of metering when such capability is available.

LARGE VOLUME FIRM GAS SERVICE (continued)
RATE SCHEDULE LVF

The billing demand for any billing month shall not be less than the greatest billing demand for any of the preceding eleven months. If gas service was furnished during any of the preceding eleven months under any other rate schedule in effect, for the purpose of determining billing demand use under such other rate schedule shall be treated as if this Rate Schedule applied thereto.

CHARACTER OF SERVICE

Company reserves the right to curtail service to customers served under this rate schedule due to system capacity or supply constraints in the order shown in Section 2.06 of Company's Gas Rules and Regulations.

RULES AND REGULATIONS

This schedule is subject to the Rules and Regulations, any Tax and License Rider and Purchased Gas Adjustment Clause, which are now or hereafter approved by the Public Service Commission of the State of Missouri

INSTALLATION OF METERS AND REGULATORS

Company shall install, maintain and operate at no additional expense, at or near the point of delivery, a meter or meters and other necessary measuring equipment by which the volume of gas delivered to customer shall be measured. Company shall also install, maintain and operate at its own expense, at or near the point of delivery, such pressure regulating equipment as may be necessary. No charge shall be made by the customer for the use of the premises occupied by Company's metering and regulating equipment. Customer further agrees to provide access to telephone and electric service, as necessary, for the proper operation of the metering equipment.

CONTRACT

Company and each customer purchasing natural gas under this rate schedule shall enter into a sales contract. Copies of the Company’s gas agreements may be found at www.empiredistrict.com.

LARGE VOLUME INTERRUPTIBLE GAS SERVICE
RATE SCHEDULE LVI

AVAILABILITY

Available to commercial and industrial customers whose annual natural gas requirements at a single address or location equal or exceed 40,000 Ccf. Service is subject to the approval of Company, to interruption at any time upon order of the Company, and to a contract to be entered into between the customer and Company, unless otherwise authorized.

RESTRICTIONS

Customers contracting for service at a single address or location under this rate schedule shall neither be eligible for, nor allowed to concurrently utilize natural gas transportation service under Rate Schedule LVT at that same address or location. Customers taking service under this rate schedule shall be required to purchase all of their natural gas requirements from Company.

MONTHLY RATE

The charges for service computed under this section of this rate schedule are in three parts that are added together. They consist of the customer charge, energy charge and demand charge. Other charges are provided for under the Rules and Regulations section.

LARGE VOLUME INTERRUPTIBLE GAS SERVICE

Customer Charge	$400.00 per month
Energy Charge	$ 0.02257 per Ccf
Demand Charge,	
All Billing Demand	$ 0.60000 per Ccf
Meter Adjustment Fee - Optional	$11.50 per meter

MINIMUM MONTHLY BILL

The minimum monthly bill per customer shall be the sum of the customer charge plus the demand charge times the billing demand units.

BILLING DEMAND

For purposes of determining the billing demand under this rate schedule, the billing months of November through March shall be considered winter months; all other billing months shall be considered summer months. The billing demand for any winter month shall be the maximum use in Ccf during any consecutive period of 24 hours in such month. The billing demand for any summer month shall be one-half of the maximum use in Ccf during any consecutive period of 24 hours in such month.

Company will normally compute the maximum use in Ccf during any consecutive period of 24 hours in any billing month as 1/20th of the number of Ccf used during such billing month, adjusted to a base monthly billing period of 30 days. For customers not consuming natural gas uniformly throughout the billing month, Company and Customer may agree to determine the maximum use in Ccf during any consecutive period of 24 hours during any billing month by use of metering when such capability is available.

LARGE VOLUME INTERRUPTIBLE GAS SERVICE (continued)
RATE SCHEDULE LVI

The billing demand for any billing month shall not be less than the greatest billing demand for any of the preceding eleven months. If gas service was furnished during any of the preceding eleven months under any other rate schedule in effect, for the purpose of determining billing demand use under such other rate schedule shall be treated as if this Rate Schedule applied thereto.

CHARACTER OF SERVICE

Company reserves the right to curtail service to customers served under this rate schedule due to system capacity or supply constraints in the order shown in Section 2.06 of Company's Gas Rules and Regulations.

RULES AND REGULATIONS

This schedule is subject to the Rules and Regulations, any Tax and License Rider and Purchased Gas Adjustment Clause, which are now or hereafter approved by the Public Service Commission of the State of Missouri

INSTALLATION OF METERS AND REGULATORS

Company shall install, maintain and operate at no additional expense, at or near the point of delivery, a meter or meters and other necessary measuring equipment by which the volume of gas delivered to customer shall be measured. Company shall also install, maintain and operate at its own expense, at or near the point of delivery, such pressure regulating equipment as may be necessary. No charge shall be made by the customer for the use of the premises occupied by Company's metering and regulating equipment. Customer further agrees to provide access to telephone and electric service, as necessary, for the proper operation of the metering equipment.

CONTRACT

Company and each customer purchasing natural gas under this rate schedule shall enter into a sales contract. Copies of the Company’s gas agreements may be found at www.empiredistrict.com.

Reserved For Future Use

Reserved For Future Use

Reserved For Future Use

Reserved For Future Use

Reserved For Future Use

Reserved For Future Use

Reserved For Future Use

RIGHT-OF-WAY
SCHEDULE ROW

The Company shall track costs related to Right-of-Way (ROW) clearing (i.e. vegetation clearing, erosion control and pipeline identification/marking). A regulatory asset or liability shall result from the difference of the costs actually annually incurred and the target annual budget of $106,000. This “tracker” shall create a regulatory asset or liability to track the difference between the amount spent and the target annual budget amount. If, at the time of its next general rate proceeding, the Company has reflected a net regulatory asset for this item on its books, the Company will not request recovery of it in rates. If, at the time of its next general rate proceeding, the Company has reflected a net regulatory liability for this item on its books, any party to that proceeding may request that such regulatory liability be reflected in rates, using an amortization period of five years, and the Company will support such a request.

EDG will submit an annual report to the Commission Staff detailing the number of miles of pipeline cleared, the cost per mile to clear the pipeline and the annual amount expended on its ROW clearing activities.

2.04 Deposits and Guarantees of Payment (Continued)

(2) The customer deposit interest during the calendar year will be simple interest of one percentage point (1.0%) above the prime rate published in the Wall Street Journal on the last business day in December of the prior year. Interest shall be either credited to the service account of the customer on an annual basis or paid upon the return of the deposit, whichever occurs first. Interest shall not accrue on any deposit after the date Company has made a reasonable effort to return such deposit to the customer. This Rule shall not preclude Company from crediting interest upon each service account during one (1) billing cycle annually.

(3) Upon discontinuance or termination of service other than for a change of service address, the deposit shall be credited, with accrued interest, to the utility charges on the final bill. The balance, if any, shall be returned to the customer within twenty-one (21) days of the rendition of the final bill.

(4) Upon satisfactory payment of all undisputed gas charges during the last twelve (12) months, it shall be promptly refunded or credited, with accrued interest, against charges stated on subsequent bills. Payment of a charge is satisfactory if received prior to the date upon which the charge becomes delinquent provided it is not in dispute. Payment of a disputed bill shall be satisfactory if made within ten (10) days of resolution or withdrawal of the dispute. Company may withhold refund of a deposit pending the resolution of a dispute with respect to charges secured by the deposit. Security deposits from nonresidential customers may be retained by the Company as a guarantee of final bill. Only new customers taking service after the effective date of April 1, 2010 shall be subject to this requirement.

(5) Company shall maintain records, which show the name of each customer who has posted a deposit, the current address of the customer, the date and amount of deposit, the date and amount of interest paid, and information to determine the earliest possible refund date.

(6) Each customer posting a security deposit shall receive in writing at the time of tender of deposit or with the first bill a receipt as evidence of deposit, unless Company shows the existence or nonexistence of a deposit on the customer's bill, in which event the receipt shall not be required unless requested by the customer. The receipt shall contain the following minimum information: name of customer, date of payment, amount of payment, identifiable name, signature, and title of Company employee receiving payment, and statement of the terms and conditions governing the payment, retention, and return of deposits.

2.07 Charge for Connecting or Reconnecting Service

A. If gas service is discontinued for violation of any of the terms or conditions of any service agreement or on account of a delinquent service bill, a charge shall be made to the customer whose service was discontinued to cover the cost of reconnecting service before service will be resumed. This Reconnection Charge shall be assessed to the customer per Section 10 of these Rules.

B. There is no charge for service connections during normal business hours. Where service connections are made outside of normal business hours, the same charge shall apply as for reconnecting service. This Connection Charge shall be assessed to the customer per Section 10 of these Rules.

C. When it is necessary for a Representative of the Company to visit the service address for the purpose of disconnecting gas service and the Representative collects the delinquent payment amount, a Collection Charge shall be assessed to the customer as per Section 10 of these Rules.

D. In the event a customer orders a disconnection and a reconnection of service at the same premise within a period of twelve (12) months, Company will collect, as a reconnection charge, the sum of such minimum bills as would have occurred during the period of disconnection, but in no event less than the Reconnection Charge in Sec. 2.07A of these Rules.

E. Charges in this Section do not cover any extension that may be necessary to provide customer service. Charges for and conditions of extending gas service as described in Section 7 and listed in Section 10.

F. A disconnection charge shall apply to all customers disconnecting service.

4. INSTALLATIONS

4.01 Customer's Installation

A. The customer shall install and maintain gas apparatus to be connected and served from Company's facilities so as to conform to good practice applying to such installation. Company assumes no responsibility for the design or condition of the customer's installation.

B. Company shall be responsible for all gas service pipe from the gas main to the closest customer structure requiring service when providing service to a premise having multiple structures.

C. The customer shall be solely responsible for the maintenance of all piping and all other gas equipment on the premise which is owned by the customer and not specifically stated as the responsibility of Company within these Rules, except that Company shall be responsible for conducting annual instrument leak surveys over the buried piping.

D. Company shall perform an initial inspection for leaks in the customer's piping and equipment prior to connecting such piping and equipment to the service lines. If such piping and equipment are found to have leaks, Company shall not make the connection of such piping and equipment to its lines until such leaks have been corrected by the customer. If leaks are discovered in the customer's piping or equipment subsequent to making the connection of the customer's piping and equipment to service lines, Company will notify the customer of the leak and unless the leak is corrected immediately, Company may discontinue service.

E. The customer shall be solely responsible for the maintenance of all piping and all other gas equipment on the premise which is owned by the customer and not specifically stated as the responsibility of EDG within these Rules, except that Company shall be responsible for conducting periodic (as required by Commission Rules) instrument leak surveys over the buried piping.

4.02 Protection of Company's Property

A. The customer shall protect at all times the property of Company on the premises of the customer and shall permit no one but the agents of Company and other persons authorized by law to inspect or handle the mains, lines, meters, and other apparatus of Company. In case of loss or damage to the property of Company from an act of negligence of the customer or his agents or servants, or of failure to return appliances or equipment supplied by Company, the customer shall pay to Company the value of such property.

Reserved For Future Use

RULES AND REGULATIONS
GAS

10. SUMMARY OF TYPES AND AMOUNT OF CHARGES ALLOWED

Section	Type of Charge	Amount of Charge
2.04 (G)	Security Deposits	
	New Customer	One-sixth of annual billing
	Standard	Two times highest billing
2.07 (A)	Reconnect Charge	
	Normal Business Hours	$40.00
	After Normal Hours	$100.00, may be paid over two months
2.07 (B)	Connection Charge	
	After Normal Hours	$50.00
2.07 (C)	Collection Charge	$41.00
2.07 (D)	Reconnection Charge within 12 months of service termination	Greater of the sum of minimum monthly charges or the Reconnection Charge in 2.07A
2.07 (F)	Disconnection Charge	$40.00
2.08	Charge for Returned Checks	$20.00
2.09	Excess Flow Valves	$45.00
	New service	Actual cost, not to exceed $900
	Post installation activities	Actual costs
4.02 (B)	Meter Tampering	All associated costs
5.03	Meter Testing Requests	$65.00 (if meter is accurate)
5.04	Billing Adjustments	Varies by type and period to be adjusted depending upon revenue class
6.04 (C)	Special Meter Reading Appointments	
	Other Than Normal Read Date	$5.00
	Outside of Normal Business Hours	$10.00
6.09	Late Payment Charge	One-half percent (0.50%) of unpaid bill.

Empire District Electric Company
GR-2009-0434
Billing Determinants

Description	Total
Residential:	
Customer Number	464,422
Annualized CCfs	27,915,009
Small Commercial:	
Customer Number	56,535
Annualized CCfs	6,916,320
Small Volume Firm:	
Customer Number	5,287
Annualized CCfs	5,146,581
Large Volume :	
Customer Number	455
Annualized CCfs	4,883,090
Demand	383,087
Small Transport:	
Customer Number	2,868
Annualized CCfs	2,883,147
Large Transport:	
Customer Number	639
Annualized CCfs	38,179,999
Demand	1,954,720

The Small Commercial/Small Volume will be broken into three tariffs based on the following:

Annual CCF	0	to	5,000
	5,000	to	20,000
	20,000	to	40,000

The Small Transport will be broken into three tariffs based on the following:

Annual CCF	0	to	5,000
	5,000	to	20,000
	20,000	to	40,000

APPENDIX B

The Empire District Gas Company
Annual Depreciation Rates - Stipulation Appendix C

Acct. No.	Account	Average Service Life Years	Net Salvage %	Whole Life Depreciation Rate
	Transmission Plant			
366	Structures	45	0.00%	2.22%
367	Mains	65	0.00%	1.54%
369	Measuring & Reg. Stations	45	0.00%	2.22%
	Distribution Plant			
375	Structures	45	0.00%	2.22%
376	Mains	45	-104.42%	4.54%
378	Measuring & Reg. Stations	50	0.00%	2.00%
379	City Gale Stations	50	0.00%	2.00%
380	Services	43	-42.47%	3.31%
381	Meters	40	-2.61%	2.57%
383	Regulators	40	-81.09%	4.53%
385	Industrial Meas./Reg. Equip.	45	-21.21%	2.69%
387	Other Equipment		0.00%	0.00%
	General Plant			
390	Structures & Improvements	45	-4.24%	2.32%
391.1	Furniture & Equipment	15	0.00%	6.67%
391.2	Computer Equipment	7	0.00%	14.29%
392	Transportation Equipment	12	30.69%	5.78%
393	Stores Equipment	25	0.00%	4.00%
394	Tools Shop & Garage Equip.	30	0.00%	3.33%
395	Laboratory Equipment	30	0.00%	3.33%
396	Power Operated Equipment	16	14.35%	5.35%
397	Communication Equipment	25	0.00%	0.00%
398	Miscellaneous Equipment	23	0.00%	4.35%
	Common Plant (same as Electric Company rates where assets reside**)**			
390	Structures & Improvements	40	-10.00%	2.75%
391.1	Furniture & Equipment	20	0.00%	5.00%
391.2	Computer Equipment	10	0.00%	10.00%
397	Communication Equipment	25	0.00%	4.00%
398	Miscellaneous Equipment	22	0.00%	4.55%

APPENDIX C

OPEB Agreement

The intent of this agreement is to:

A. have the amount collected in rates for OPEB cost be based on the actuarially determined cost under ASC 715-60, formerly FAS 106, using methodology similar to that used to determine ASC 715-30, formerly FAS 87, pension cost, as described below in item 2; and

B. have all prudent amounts expensed by the Company and contributed by the Company to the VEBA trust in accordance with the provisions of this agreement be recoverable in rates; and

C. clarify the recommendations as to future treatment of any charges that would otherwise be recorded to equity (e.g., decreases to other comprehensive income) as required by ASC 715-20, formerly FAS 158, or any other FASB codification, statement or procedure relative to the recognition of OPEB costs and /or liabilities and to bind the Parties to such future recommendations as may be required by the terms of this agreement.

To accomplish the goals evidenced by these recommendations, the provisions listed below are included in this agreement. The Parties acknowledge that this agreement creates certain rights and obligations with respect to future positions and recommendations of these Parties, if approved by the Commission herein, but does not bind the Commission in any subsequent proceeding.

1. The Company's actuarially determined OPEB cost is currently recognized in rates and for financial reporting purposes. For regulatory purposes this amount is without regard to purchase accounting as agreed in the "Unanimous Stipulation and Agreement" in Case No. GO-2006-0205.

2. OPEB cost will be calculated based on the following methodology:

a. A Market Related Value of assets will be used to determine costs, smoothing all asset gains and losses that occur on and after January 1, 2006 over a five-year-period.

b. Unrecognized gains and losses will be amortized over a 10-year period without respect to the 10% Corridor described in ASC 715-60.

3. In the case that OPEB expense becomes negative, the Company is ordered to set up a regulatory liability to offset the negative expense. In future years, when OPEB expense becomes positive again, rates will remain zero until the regulatory liability that was created by negative expense is reduced to zero. The OPEBs regulatory liability will be reduced by the amount of subsequent positive OPEBs expense experienced by the Company. This regulatory liability is a non-cash item and should be excluded from rate base in the future years.

4. A regulatory asset or liability will be established on the Company's books to track the difference between the level of OPEB expense during the rate period and the level of OPEB expense built into rates for that period. If the OPEB expense during the period is more than the expense built into rates for the period, the Company will establish a regulatory asset. If the OPEB expense during the period is less than the expense built into rates for the period, the Company will establish a regulatory liability. If the OPEB expense becomes negative, a regulatory liability equal to the difference between the level of OPEB expense built into rates for that period and $0 will be established. Since this is a cash item, the regulatory asset or liability will be included in rate base and amortized over 5 years at the next rate case.

5. The provisions of ASC 715-20, formerly FAS 158, require certain adjustments to the prepaid pension or OPEBs asset and/or OPEBs liability with a corresponding adjustment to equity (i.e., decreases/increases to Other Comprehensive Income). The Company shall be allowed to set up a regulatory asset/liability to offset any adjustments that would otherwise be recorded to equity caused by applying the provision of FAS 158 or any other FASB statement or procedure that requires accounting adjustments to equity due to the funded status or other attributes of the OPEB plan. The parties acknowledge that the adjustments described in this paragraph shall not increase or decrease rate base.

<u>Pension Agreement</u>

The intent of this settlement is to:

A. have the amount collected in rates be based on the ASC 715-30, formerly FAS 87, using the methodology described below in item 2; and

B. have, once any prepaid pension asset has been collected in rates by the Company, all pension cost collected in rates be contributed to the pension trust; and

C. have any "prior prepaid pension asset" and all prudent amounts contributed by the Company to the pension trust per items 3 and 5 below recoverable in rates; and

D. have the Company receive no more or less than the amount in B before the Company is required to fund the plan; and

E. have additional funding required to ensure compliance with minimum funding requirements or to reduce or avoid PBGC variable premiums under certain provisions of the Pension Protection Act (PPA) of 2006 be properly reflected in rates.

To accomplish these goals, the below items are agreed upon as part of this settlement. The Parties acknowledge that this agreement creates certain rights and obligations with respect to future positions and recommendations of these Parties, if approved by the Commission herein, but does not bind the Commission in any subsequent proceeding.

1. The Company's pension cost will be recognized in rates consistent with the cost recognized for financial reporting purposes. For regulatory purposes this amount is without regard to purchase accounting, as agreed in the "unanimous Stipulation and Agreement in Case No. GO-2006-0205.

2. Pension cost will be calculated based on the following methodology:

   a. Market Related Value for asset determination, smoothing all asset gains and losses that occur on and after January 1, 2004 over a five-year period.

b. Unrecognized gains and losses will be amortized over a 10-year period without respect to the 10% Corridor described in ASC 715-30.

3. Any ASC 715-30, formerly FAS 87, amount (as calculated above) which exceeds the ERISA minimum required contribution will reduce the prior prepaid asset currently recognized in rate base. When the prior prepaid pension asset currently recognized in rate base is reduced to zero, any amount of pension cost (as calculated above) which exceeds the ERISA minimum required contribution must be funded.

4. In the case that pension expense becomes negative, the Company is ordered to set up a regulatory liability to offset the negative expense. In future years, when pension expense becomes positive again, rates will remain zero until the regulatory liability that was created by negative expense is reduced to zero. The pension regulatory liability will be reduced by the amount of subsequent positive pension expense experienced by the Company. This regulatory liability is a non-cash item and should be excluded from rate base in future years.

5. The Company will be allowed rate recovery for contributions made to the pension trust in excess of the actuarially determined cost for the following reasons: the minimum required contribution is greater than the pension expense level, and avoidance or reduction of PBGC variable premiums.

   a. Any additional contributions will increase the prepaid pension asset as described in item 3, so no special regulatory asset needs to be established and no special amortization treatment is necessary. Since additional contributions made per the above provision represent pre-funding of future pension expense amounts, the additional prepaid pension asset that results will receive regulatory treatment as described in item 3. That is, such amounts will increase the prepaid pension asset and will delay the requirement to fund future pension costs until such time that the entire prepaid pension asset has been reduced to zero.

b. If Empire experiences a situation where a contribution equal to the actuarially determined cost is insufficient to comply with minimum funding requirements, or if Empire decides to make an additional contribution to avoid or reduce the variable premium that must be paid to the PBGC, Empire will be allowed to make an additional contribution to alleviate these issues. Additional contributions made pursuant to this Paragraph will increase Empire's rate base by increasing the prepaid pension asset and / or reducing the accrued liability, and will receive regulatory treatment since it is a cash item.

6. Due to the PPA, EDG may choose to make contributions in excess of ASC 715-30, formerly FAS 87 level in order to avoid benefit restrictions under the PPA. Such contributions will be examined in the context of future rate cases and a determination will be made at that time as to the appropriate and proper level recognized for ratemaking as a Net Prepaid Pension Asset.

7. A regulatory asset or liability will be established on the Company's books to track the difference between the level of ASC 715-30 expense during the rate period and the level of pension expense built into rates for that period. If the ASC 715-30 expense during the period is more than the expense built into rates for the period, the Company will establish a regulatory asset. If the ASC 715-30 expense during the period is less than the expense built into rates for the period, the Company will establish a regulatory liability. If the pension expense becomes negative, a regulatory liability equal to the difference between

the level of pension expense built into rates for that period and $0 will be established. Since this is a cash item, the regulatory asset or liability will be included in rate base and amortized over 5 years at the next rate case.

8. The provisions of ASC 715-20, formerly FAS 158 require certain adjustments to accrued pension liability with a corresponding adjustment to equity (i.e., decreases/increases to Other Comprehensive Income). The Company shall be allowed to set up a regulatory asset/liability to offset any adjustments that would otherwise be recorded to equity caused by applying the provision of FAS 158 or any other FASB statement or procedure that requires accounting adjustments to equity due to the funded status or other attributes of the pension plan. The parties acknowledge that the adjustments described in this paragraph shall not increase or decrease rate base.

9. In a situation where the Company funds excess amounts into the pension fund, the additional contribution will be used to fund Empire and EDG to the same funded percentage, where funded percentage is defined as the ASC 715-30 Fair Value of Assets divided by the ASC 715-30 Accumulated Benefit Obligation "ABO" as of the preceding measurement date. The Company will allocate the additional contribution such that it increases the funded status of both Empire and EDG to the same funded percentage.

<u>Pension and OPEB Special Events</u>

<u>Adjustment to Pension and Other Post-Employment Benefits</u>

These provisions are intended to accomplish the following: To clarify, for ratemaking purposes, the accounting treatment of any special events under ASC 715-30, formerly Statement of Financial Accounting Standards No. 88 ("FAS 88"), and ASC 715-60, formerly FAS 106, that would require the Company to recognize one time charges (expense) or credits (income) and to ensure that any of these prudent one-time charges or credits be properly reflected in rates.

Treatment of special events for pension and OPEB

If the Company has a curtailment, settlement, or special termination benefits cost or credit due to requirements of applicable accounting rules according to ASC 715-30 and ASC 715-60, the following procedure will be used to address the cost reimbursement for pension and OPEB costs:

a. If the special event triggers a net charge, then the Company will establish an offsetting regulatory asset. This regulatory asset will not be added to rate base (since it is not a cash item), and it will be amortized over five years beginning when new rates are implemented in the Company's next general gas rate increase or decrease proceeding before the Missouri Public Service Commission (MoPSC). The Company shall make additional contributions to the applicable pension or VEBA trust equal to the amount of the amortization.
b. If the special event triggers a net credit, then the Company shall establish an offsetting regulatory liability. This regulatory liability will not be added to rate base (since it is not a cash item), and it will be amortized over five years beginning when new rates are implemented in the Company's next general gas rate increase or decrease proceeding before the MoPSC. Generally, the Company will contribute to the applicable pension or VEBA trust an amount equivalent to its ASC 715-30 or ASC 715-60 costs for the year less the amortization amount, subject to the following condition:
    i. If pension or OPEB cost becomes negative as a result of an ASC 715-30 or ASC 715-60 credit, the Parties agree the Company shall set up

an offsetting regulatory liability equal to the difference between $0 and the negative cost. If pension or OPEB cost was negative before the ASC 715-30 or ASC 715-60 credit, the Parties agree the Company shall set up an offsetting regulatory liability equal to the full amount of the ASC 715-30 or ASC 715-60 credit. This regulatory liability is a non-cash item which will not require rate base treatment. When pension or OPEB costs become positive again, the regulatory liability will be amortized, beginning at the time new rates are implemented in Empire's next general gas rate increase or decrease proceeding before the MoPSC, over five years, or longer, if necessary to avoid the net of the ASC 715-30 or ASC 715-60 cost and the offsetting regulatory liability amortization yielding a result which is less than $0 in any year.