

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

In the Matter of the Empire District Gas)	
Company's Purchased Gas Adjustment)	Case No. GR-2008-0368
Tariff Filing.)	

STAFF MEMORANDUM IN SUPPORT OF STIPULATION AND AGREEMENT

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its Memorandum In Support Of Stipulation And Agreement, offers the following explanation in support of the Parties' settlement of the two remaining issues at dispute in this case.

1. Empire District Gas Company (Company) is in agreement with Staff's ACA adjustments with the exception of the ** _____ ** adjustment proposed by Staff. The issue concerns whether this cost should be treated as a litigation cost and subject to possible recovery in the context of a rate case or as a payment resulting directly from a gas supply contract and thus possibly subject to recovery in the PGA. The Staff's position is that it is more akin to a legal settlement payment. The Company's position appeared to be that the payment was a cost of gas. Since this issue involves some uncertainty relating to the method of cost recovery and would involve additional discovery and litigation costs and the overall amount was not a significant percentage of gas costs, the parties moved towards an agreed settlement of this issue in the amount of ** _____ **.

2. The Cheyenne Plains adjustment proposed by Staff was conditioned upon the ** _____ ** settlement agreement. Since the parties have come to a settlement agreement on the ** _____ ** adjustment in this case, the parties also agreed to exclude those costs from the Cheyenne Plains allocation calculation. The costs were re-allocated

between the Company's three systems with no total gas cost change. The parties are in agreement with these changes.

WHEREFORE, the Staff prays the Commission accept its Memorandum in accordance with paragraph 8 of the Stipulation And Agreement filed on May 5, 2010.

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 6th day of May 2010.

/s/ Robert S. Berlin