

**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 RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its Recommendation, states as follows:

1. On October 28, 2008, The Empire District Gas Company (EDG or Empire) filed three (3) tariff sheets for each of its three districts, Northern, Southern, and Northwest, bearing an effective date of November 12, 2008.

2. These tariff sheets were filed to reflect changes in EDG's Purchased Gas Adjustment (PGA) factors as a result of estimated changes in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (ACA) factor. The winter season includes the months of November through March.

3. Case No. GR-2008-0368, under which these changes were filed, was established to track the company's PGA factors to be reviewed in its 2007-2008 ACA filing.

4. Attached hereto as Appendix A and incorporated by reference is Staff's Memorandum containing its analyses and recommendations on Empire's 2007 – 2008 ACA filing for each of its three districts (Northern, Southern, and Northwest) that became effective November 12, 2008.

5. The Procurement Analysis Department (Staff) has reviewed Empire's ACA filing, analyzing the billed revenues and actual gas costs for this PGA period. Staff performed a prudence review of Empire's gas purchasing decisions.

6. As a result of its audit Staff recommends EDG be required to comply with all Staff recommendations and that EDG be required to adjust its balances in its 2007 – 2008 ACA filing to reflect the balances shown in the chart on page 9 of Staff's Memorandum.

WHEREFORE, for the reasons stated in Staff's Memorandum, the Staff recommends the Commission order Empire to comply with Staff's recommendations and to adjust its ACA balances in accord with Staff's chart on page 9 of its Memorandum.

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 30th day of December 2009.

/s/ Robert S. Berlin