

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

In the Matter of The Empire District)
Gas Company's PGA Filing.)

File No. GR-2013-0250

**STAFF'S REPLY TO THE EMPIRE DISTRICT GAS COMPANY'S RESPONSE TO
STAFF'S RECOMMENDATION REGARDING ITS 2011-2012
ACTUAL COST ADJUSTMENT (ACA)**

COMES NOW the Staff of the Missouri Public Service Commission and for its reply to The Empire District Gas Company's (Empire) response to Staff's recommendation regarding the company's 2011-2012 ACA, states as follows:

1. In its response, Empire disputed Staff's claim that certain Southern Star reservation charges totaling \$20,099 were recovered twice.

2. After Staff had filed its recommendation on December 18, 2013, Empire transmitted documentation received by Staff on January 24, 2014, allowing the Staff to determine that the Southern Star reservation charges of \$20,099 were in fact recovered only once. (See Staff's Memorandum attached hereto as Appendix A).

3. Therefore, based on new information from the company, the Staff has withdrawn its adjustment on this issue and has removed the adjustment in the updated ACA table provided in the attached Memorandum. As a result, there are no other issues that require the Commission's attention.

WHEREFORE, based on the reasons stated above and in Staff's Memorandum, the Staff recommends the Commission establish Empire's 2011-2012 ACA balances according to the updated table in Staff's Memorandum and close this case.

Respectfully submitted,

/s/Robert S. Berlin

Robert S. Berlin
Senior Counsel
Missouri Bar No. 51709

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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 7th day of February, 2014.

/s/ Robert S. Berlin

MEMORANDUM
STAFF REPLY

TO: Missouri Public Service Commission Official Case File
Case No. GR-2013-0250, Empire District Gas Company

FROM: Phil Lock, Regulatory Auditor - Procurement Analysis
Lesa Jenkins, P.E., Regulatory Engineer - Procurement Analysis
Kwang Choe, Ph.D., Regulatory Economist - Procurement Analysis

/s/ David M. Sommerer 02/06/14
Project Coordinator, Date

/s/ Bob Berlin 02/06/14
Staff Counsel's Office, Date

/s/Lesa Jenkins P.E. 02/06/14
Utility Regulatory Engineer II, Date

SUBJECT: Empire District Gas Company – Staff's Reply to Company Response

DATE: February 06, 2014

The Procurement Analysis Unit ("Staff") of the Missouri Public Service Commission filed its 2011-2012 ACA recommendation on December 18, 2013. On January 9, 2014, the Commission issued its Order directing the company to respond to Staff's Recommendation by February 3, 2014. On January 29, 2014, Empire District Gas Company ("Empire" or "Company") filed its response to Staff's Recommendation. In this memorandum, Staff replies to the Company's response.

SOUTHERN STAR RESERVATION CHARGES

For the month of September 2011, the Company disputed Staff's claim that Southern Star reservation charges totaling \$20,099 were recovered twice, asserting that these charges were included only once, as fixed demand charges. After the Staff reviewed documentation received from the Company on January 24, 2014 (and after the Staff had filed its Recommendation on December 18, 2013), Staff determined that the Southern Star reservation charges of \$20,099 were recovered only once. Therefore, based on additional documentation received from the Company, the Staff will withdraw its adjustment on this issue. See the updated ACA table in this memorandum which removes the disputed amount of \$20,099.

The Company is in agreement with the remaining compliance adjustments.

The Company also commented on the Reliability Analysis and Gas Supply Planning section and Hedging section. In those sections, the Company's response is acceptable to Staff.

V. RECOMMENDATIONS

The Staff recommends that the Commission issue an order requiring Empire to:

1. Adjust the balances in its 2011/2012 ACA filing to reflect the ending (over)/under recovery balances for the ACA, TOP, TC, and Refund accounts per the following **updated** table:

TABLE 1

Description + Under-recovery (-) Over-recovery	8-31-12 Ending Balances Per Filing	Commission Approved Adjustments prior to 2011-2012 ACA (A)	Staff Adjustments For 2011-2012 ACA	8-31-12 Staff Recommended Ending Balances
South System: Firm ACA	\$480,010	\$0	(C) \$142,344 (D) (\$516) (E) \$404 (F) \$2,764 (G) (\$3,819) (H) \$142,861	\$764,048
Interruptible ACA	\$0	\$0	\$0	\$0
Take-or-Pay (TOP)	\$0	\$0	\$0	\$0
Transition Cost (TC)	\$0	\$0	\$0	\$0
Refund	\$0	\$0	\$0	\$0
North System: Firm ACA	\$991,981	\$0	(C) (\$44,623) (E) \$626 (G) (\$1,709) (H) (\$55,930)	\$890,345
Interruptible ACA	\$0	\$0	\$0	\$0
Take-or-Pay (TOP)	\$0	\$0	\$0	\$0
Transition Cost (TC)	\$0	\$0	\$0	\$0
Refund	\$0	\$0	\$0	\$0
Northwest System: Firm ACA	\$361,974	\$0	(C) (\$97,721) (E) (\$1,120) (G) (\$894) (H) (\$86,931)	\$175,308
Interruptible ACA	\$0	\$0	\$0	\$0
Take-or-Pay (TOP)	\$0	\$0	\$0	\$0
Transition Cost (TC)	\$0	\$0	\$0	\$0
Refund	\$0	\$0	\$0	\$0

A) All prior period adjustments (included in Case GR-2012-0124) have been adopted by the Company in Case GR-2014-0096.

C) Cheyenne Plains allocations

D) Southern Star imbalances

E) Supplier gas purchases

F) Cashout – End user

G) Cashout – Pool Aggregation

H) Hedging allocation - (\$109,950 Feb + \$32,911 Mar) South; (\$55,930) Feb – North;
[\$(54,020) Feb + (\$32,911) Mar] NW. Source DR 75 – Cost Summary

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Empire District Gas)
Company's Purchased Gas Adjustment)
Tariff Filing) Case No. GR-2013-0250

AFFIDAVIT OF PHIL LOCK

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

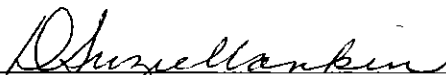
Phil Lock, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Reply in memorandum form, to be presented in the above case; that the information in the Staff Reply was developed by him; that he has knowledge of the matters set forth in such Staff Reply; and that such matters are true and correct to the best of his knowledge and belief.



Phil Lock

Subscribed and sworn to before me this 6th day of February, 2014.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070



Notary Public