BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of The Empire District)	
Gas Company's Purchased Gas)	File No. GR-2014-0108
Adjustment Tariff Filing)	

STAFF REPLY

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its reply to Empire District Gas Company ("Empire" or "Company") in this matter hereby states:

- 1. On December 18, 2014, Staff filed its *Recommendation to Adjust ACA Balances*, setting out the results of Staff's review of Empire's 2012-2013 Actual Cost Adjustment (ACA) filing.
- 2. As ordered by the Commission, Empire responded to Staff's recommendation on February 2, 2015. Empire's response addresses Staff's recommendations by referring to the same section titles in the Staff memorandum.
- 3. In its response, Empire agreed to change its allocation procedure regarding the Cheyenne Plains reservation costs, and to re-allocate the reservation charges for this ACA period according to Staff's recommendation. Staff agrees with Empire's response.
- 4. Empire also agreed to Staff's adjustments regarding cash-out amounts for Large Volume Transportation and Pool Aggregation Customers, and to Staff's adjustments regarding *Natural Gas Week* pricing. Staff agrees with Empire's response.

1

¹ The Commission did not order Staff to reply to Empire upon a specific date. Staff submits its reply here consistent with the dates ordered for reply in the current Ameren and Liberty ACA cases, GR-2014-0061 and GR-2014-0060, respectively.

- Empire also agreed to continue its efforts to increase vendor participation.
 Staff agrees with Empire's response to Staff's Reliability and Gas Supply Planning recommendations.
- 6. Empire committed to continue its evaluation of its natural gas hedging strategy, including consideration of current market conditions. Empire agreed to continue to document the effectiveness of its hedging strategy in future ACA period and develop the summary recommended by Staff. Staff agrees with Empire's response to Staff's hedging recommendations.
- 7. Finally, Empire agrees with Staff's recommended balance adjustments designed to reflect the (over)/under recovery balances for the ACA, TOP, TC and Refund accounts as reflected in Table 1 from Staff's December 18 recommendation in this case.
- 8. Based on Empire's response, Staff and the Company agree on the ACA balances to be set for the accounts in Empire's three systems. Staff finds no issues that remain to be determined by the Commission.

WHEREFORE, Staff respectfully submits this *Reply* and recommends the Commission issue an order (1) establishing Empire's ending ACA balances for 2012-2013 as shown on Table 1 in Section V., on page 7 of Staff's *Recommendation to Adjust ACA Balances* filed in this matter on December 18, 2014, and (2) closing this case.

Respectfully Submitted,

STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION

/s/ John D. Borgmeyer

John D. Borgmeyer Deputy Staff Counsel Missouri Bar No. 61992

Attorney for the Staff of the Missouri Public Service Commission P.O. Box 360 Jefferson City, Missouri 65102 Telephone: (573) 751-5472

Fax: (573) 751-9285 Email: john.borgmeyer@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 11th day of February, 2015.

/s/ John D. Borgmeyer