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-2016-0099
Tariff Filing)	

STAFF RECOMMENDATION REGARDING THE EMPIRE DISTRICT GAS COMPANY'S 2014-2015 ACTUAL COST ADJUSTMENT FILING

COMES NOW the Staff of the Missouri Public Service Commission in the above-captioned matter and files its Actual Cost Adjustment ("ACA") Recommendation in this case concerning The Empire District Gas Company's ("Empire" or "Company") 2014-2015 ACA filing as set forth in the accompanying Staff Recommendation Memorandum (Appendix A), and further states as follows:

- 1. Empire filed its ACA for the 2014-2015 period in this case on October 30, 2015. This filing contained Empire's ACA account balance calculation.
- 2. The Procurement Analysis Unit ("Staff") has reviewed Empire's filing and submits its recommendation as further explained in the accompanying Staff Recommendation Memorandum, marked Appendix A (which is incorporated herein by reference). Staff's analysis consisted of an examination of Empire's gas purchasing practices to evaluate the prudence of the Company's purchasing decisions for this ACA period; a reliability analysis, including a review of estimated peak day requirements and the capacity levels needed to meet those requirements; and a hedging review to evaluate the reasonableness of the Company's hedging practices for this ACA period. Staff's review also included a comparison of the Company's billed revenues and its actual gas costs to determine whether there exists an over-recovery or under-recovery of the ACA balances. An over-recovery, represented by a negative ACA balance, must

be returned to customers; an under-recovery, represented by a positive ACA balance, must be collected from customers.

- 3. Based on its review, as discussed in detail in the accompanying Staff Recommendation Memorandum, Staff recommends the Commission issue an order requiring Empire to make the adjustments and reflect the ending over- or under-recovery balances as of August 31, 2015, for the ACA, TOP, TC, and Refund accounts shown as the Staff recommended ending balances in the table in the "Recommendations" section of the Staff Recommendation Memorandum.
- 4. In addition to the dollar adjustments referenced above, based on its review Staff has certain recommendations as reflected in the accompanying Staff Recommendation Memorandum. Staff recommends the Commission order Empire to respond to these recommendations within forty-five (45) days.

WHEREFORE, for the reasons stated above and discussed in detail in the accompanying Staff Recommendation Memorandum, Staff recommends the Commission issue an order directing Empire to respond within 45 days to Staff's recommendations included in the Staff Recommendation Memorandum, and to make the adjustments and reflect the ending over- or under-recovery balances as of August 31, 2015, for the ACA, TOP, TC, and Refund accounts as shown in the "8-31-15 Staff Recommended Ending Balances" column of the table in the "Recommendations" section of the Staff Recommendation Memorandum.

Respectfully submitted,

/s/ Jeffrey A. Keevil

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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 counsel of record this 14th day of December, 2016.

/s/ Jeffrey A. Keevil