

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

In the Matter of The Empire District Gas)
Company's Purchased Gas Adjustment Tariff) Case No. GR-2011-0108
Filing.)

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through its attorney, submits to the Missouri Public Service Commission ("Commission") its Staff Recommendation in the PGA filing of The Empire District Gas Co. ("Empire" or "Company"), and further states:

1. On October 19, 2010, Empire – Northern, Southern, and Northwest (NW), filed tariff sheets proposed to become effective November 2, 2010, for each of its three districts.

2. The tariff sheets were filed to reflect a change in Empire's Purchased Gas Adjustment (PGA) factors as the result of an estimated change in the cost of natural gas for the upcoming heating season. The heating season includes the months of November through March.

3. Case No. GR-2011-0108, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2009-2010 ACA filing.

4. Case No. GR-2009-0397 was established to track the Company's PGA factors to be reviewed in its 2008-2009 ACA filing.

5. For the reasons explained in the attached memorandum, Staff recommends the PGA factor rate changes may be approved on an interim subject to refund basis pending final Commission decisions in ACA Case Nos. GR-2009-0397 and GR-2011-0108.

6. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty (30) days notice is demonstrated by Empire's Commission approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends

that the PGA tariff sheets, filed on October 19, 2010, be approved, on an interim basis subject to refund.

WHEREFORE the Staff recommends that the Commission approve the Company's tariff sheets on an expedited, interim basis, subject to refund.

Respectfully submitted,

/s/ Meghan E. McClowry

Meghan E. McClowry
Legal Counsel
Missouri Bar No. 63070

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Missouri Public Service Commission
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, emailed, sent by facsimile or hand-delivered to all counsel of record this 25th day of October 2010.

/s/ Meghan E. McClowry

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2011-0108, File No. YG-2011-0209
The Empire District Gas Company

FROM: Kim Cox, Energy Department – Tariffs/Rate Design

/s/ Kim Cox 10/25/10
Utility Operations Division/Date

/s/ Lera L. Shemwell 10/25/10
General Counsel's Office/Date

SUBJECT: Staff Recommendation The Empire District Gas Company's
Winter Season PGA Filing

DATE: October 25, 2010

On October 19, 2010, The Empire District Gas Company (Empire or Company) of Joplin, Missouri, filed three (3) tariff sheets having an effective date of November 2, 2010. These tariff sheets were filed to reflect changes in Empire's Purchased Gas Adjustment (PGA) factors as a result of estimated changes in the cost of natural gas (Regular PGA or RPGA) and changes in the Actual Cost Adjustment (ACA) factor for the upcoming heating season (November 2010 – March 2011).

For the South System served by Southern Star Central Gas Pipeline, which includes the cities of Clinton, Lexington, Marshall and Sedalia, this filing will decrease the firm PGA factor for Residential, Small Commercial, and Small Volume customers for the upcoming heating season to \$0.59664 per one-hundred cubic feet (Ccf), from the current firm PGA factor of \$0.75228 per Ccf. This represents a decrease of \$0.15564 per Ccf for all customer classes except Large Volume Interruptible (LVI) and Transportation.

For the North System served by Panhandle Eastern Pipeline, which includes the cities of Chillicothe, Marceline and Trenton, this filing will decrease the firm PGA factor for Residential, Small Commercial, and Small Volume customers for the upcoming heating season to \$0.57650 per one-hundred cubic feet (Ccf), from the current firm PGA factor of \$0.57689 per Ccf. This represents a decrease of \$0.00039 per Ccf for all customer classes except Large Volume Interruptible (LVI) and Transportation.

For the NW System served by the ANR pipeline, which includes the communities of Rockport, Maryville and Tarkio, this filing will decrease the firm PGA factor for Residential, Small Commercial, and Small Volume customers for the upcoming heating season to \$0.47992 per one-hundred cubic feet (Ccf), from the current firm PGA factor of \$0.48011 per Ccf. This represents a decrease of \$0.00019 per Ccf for all customer classes except Large Volume Interruptible (LVI) and Transportation.

Case No. GR-2011-0108, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2009-2010 ACA filing. Case No. GR-2009-0397 was established to track the Company's PGA factors to be reviewed in its 2008-2009 ACA filing. This rate change should be on an interim basis, subject to refund status pending a final Commission decision in ACA Case Nos. GR-2009-0397 and GR-2011-0108.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2011.

Staff has verified that this company has filed its 2009 annual report and is current on its 2010 assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Staff has reviewed this filing and has determined that it was calculated in conformance with Empire's PGA Clause. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty (30) days notice is demonstrated by Empire's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheets be approved on an interim basis, subject to refund:

P.S.C. MO. No. 2

6 th Revised SHEET No. 62	Cancelling 5 th Revised SHEET No. 62
6 th Revised SHEET No. 63	Cancelling 5 th Revised SHEET No. 63
6 th Revised SHEET No. 65	Cancelling 5 th Revised SHEET No. 65

**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-2011-0108
Tariff Filing.)

AFFIDAVIT OF KIM COX

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Kim Cox, of lawful age, on oath states: that she participated in the preparation of the foregoing amended Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of her knowledge and belief.



Kim Cox

Subscribed and sworn to before me this 25th day of October, 2010.



Notary Public

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016