

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 13th day of
February, 2013.

In the Matter of The Empire District Gas Company's) **File No. GR-2012-0124**
Purchased Gas Adjustment Tariff Filing)

ORDER ESTABLISHING ACA BALANCE

Issue Date: February 13, 2013

Effective Date: March 15, 2013

On October 21, 2011, The Empire District Gas Company ("Empire" filed its Actual Cost Adjustment ("ACA") for the 2010-2011 annual period for rates to become effective November 4, 2011. This filing revises the ACA rates based upon the Company's calculations of the ACA balance for the 2010 – 2011 period.

On December 12, 2012, the Commission's Staff filed its recommendations. Staff's Procurement Analysis Unit reviewed Empire's ACA filing, and conducted the following analyses: (1) a review of billed revenue compared with actual gas costs; (2) a reliability analysis including a review of estimated peak-day requirements and the capacity levels needed to meet these requirements; (3) a review of the Company's gas purchasing practices to evaluate the prudence of the Company's purchasing decisions for this ACA period; and (4) a hedging review to evaluate the reasonableness of the Company's hedging practices for this ACA period. Based upon its review, Staff recommended adjustments in the following categories: Southern Star Central Pipeline Imbalances, Cash-Out Aggregation and Large Volume Customers, Basis Differential Gain, and Large Volume Interruptible Sales Customers ACA. Staff also made recommendations regarding documentation

procedures used in short-term gas procurement, refinement of peak day requirement forecasts, evaluating methodology used in allocating capacity costs and continual review and documentation of the effectiveness of its hedging strategy.

On January 25, 2013, Empire filed its response to Staff's recommendations. Empire agrees with all of Staff's recommendations. No other party filed a response.

After conducting its independent and impartial review of Staff's recommendations and Empire's response, the Commission concludes that it will establish the ACA account balance as recommended by Staff and agreed to by Empire.

THE COMMISSION ORDERS THAT:

1. The Empire District Gas Company shall establish the following ACA account balance in its next ACA filing to reflect the ending (over)/under-recovery balances for the ACA, Take-or-Pay ("TOP"), Transition Cost ("TC") and Refund Accounts per the following table:

| Description (+)Under-recovery (-) Over-recovery | 8-31-11 Ending Bal. Per EDG Filing | Approved Adjustments prior to 2009-2010 ACA (A) | Staff Adjustments For 2009-2010 ACA | Staff 8-31-11 Ending Balances |
|---|--|---|--|-------------------------------------|
| Southern Sys.-Firm ACA | (\$516,071) | \$0 | \$15,395 | (\$500,676) |
| Interruptible ACA | \$0 | \$0 | \$0 | \$0 |
| TOP | \$0 | \$0 | \$0 | \$0 |
| TC | \$0 | \$0 | \$0 | \$0 |
| Refund | \$0 | \$0 | \$0 | \$0 |
| Northern Sys. Firm ACA | \$182,143 | \$0 | \$119,266 | \$301,409 |
| Interruptible ACA | \$32,109 | \$0 | \$(103,222) | (\$71,113) |
| TOP | \$0 | \$0 | \$0 | \$0 |
| TC | \$0 | \$0 | \$0 | \$0 |
| Refund | \$0 | \$0 | \$0 | \$0 |
| NW Sys.-Firm ACA | \$325,947 | \$0 | \$(4,412) | \$321,535 |
| Interruptible ACA | \$0 | \$0 | \$0 | \$0 |
| TOP | \$0 | \$0 | \$0 | \$0 |
| TC | \$0 | \$0 | \$0 | \$0 |
| Refund | \$0 | \$0 | \$0 | \$0 |

2. This order shall become effective on March 15, 2013.
3. This case shall be closed on March 16, 2013.

BY THE COMMISSION

(S E A L)



Shelley Brueggemann
Acting Secretary

Gunn, Chm., Jarrett, R. Kenney, Stoll
and W. Kenney, CC., concur.

Stearley, Deputy Chief Regulatory Law Judge