

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

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

Case No. GR-2012-0124

**STAFF RECOMMENDATION REGARDING THE EMPIRE DISTRICT GAS
COMPANY'S ACTUAL COST ADJUSTMENT FOR 2010-2011**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its recommendation, states as follows:

1. On October 21, 2011, Empire District Gas Company (Empire or Company) filed its Actual Cost Adjustment (ACA) for the 2010-2011 annual period for rates to become effective November 4, 2011.

2. The Procurement Analysis Unit (Staff) has reviewed the Company's ACA filing and submits its recommendation as explained in Staff's Memorandum attached hereto as Appendix A, in both Highly Confidential and Public versions. Staff's review included a comparison of billed revenue recovery with actual gas costs to determine whether there exists an over-recovery or under-recovery of the ACA balance.

3. Staff's review identified accounting adjustments to the Company's filed ACA balances. Positive adjustments represent an increase in gas costs to consumers and negative or "bracketed" adjustments represent a decrease or reduction in gas costs to consumers. The accounting adjustments are summarized by system as follows:

- South – Firm \$15,395
- North – Firm \$119,266
- North - Interruptible (\$103,222)
- NW – Firm \$(4,412)

The total net Company adjustment is \$27,027. These adjustments are shown in greater detail on page 2 of Staff's Memorandum. Staff made no adjustments related to reliability analysis, gas supply and planning, and hedging. However, the Staff makes recommendations in these areas in their respective sections of the memorandum (Sections III. and IV.)

4. Staff suggests the Commission order Empire to respond to the Staff's recommendations, summarized in Section V. of the memorandum, within 45 days of this filing.

WHEREFORE, based on the reasons stated above and explained in Staff's Memorandum, the Staff recommends the Commission order Empire to respond to Staff's Recommendation within 45 days.

Respectfully submitted,

/s/Robert S. Berlin

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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 12th day of December 2012.

/s/ Robert S. Berlin