

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

In the Matter The Empire District)	
Gas Company's Purchased Gas)	File No. GR-2014-0108
Adjustment Tariff Filing)	Tariff No. YG-2011-0192

STAFF RECOMMENDATION TO APPROVE ADJUSTMENT TO PGA RATE

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission"), by and through counsel, and in response to the Commission's October 24, 2013, *Order Directing Staff to File Expedited Recommendation and Establishing Time for Response*, hereby states:

1. On October 23,¹ The Empire District Gas Company ("EDG") filed a tariff that would make a change to the Purchased Gas Adjustment (PGA). The tariff has a proposed effective date of November 7.

2. The Commission directed Staff to file a recommendation on the EDG tariff sheets by October 30, and established that any other party may file a recommendation or response no later than November 1. The Commission will also establish a deadline date for any other party to file a recommendation or a response to Staff's recommendation.

3. As explained in Staff's *Memorandum*, attached hereto as Appendix A and incorporated by reference, the tariff sheets implement changes to the PGA factors that apply to EDG's service areas. The PGA factors reflect EDG's estimated changes in the cost of natural gas (Regular PGA or RPGA) for the upcoming heating season (November 2013 through March 2014).

¹ All dates 2013 unless noted.

4. EDG's proposed tariff sheets also reflect changes in the Actual Cost Adjustment (ACA) factor for the upcoming heating season. The changes in the ACA factor reflect EDG's calculation of under- or over-recovery of gas costs for the ACA year ended August 2013. Staff will investigate and make recommendations regarding the information included in this ACA filing to the Commission on or before December 19, 2014.

5. Case No. GR-2014-0108, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2012-2013 ACA filing. Case No. GR-2013-0250 was established to track the Company's PGA factors to be reviewed in its 2011-2012 ACA filing. While this review is pending, the rate changes in this case should be approved on an interim, subject-to-refund basis.

6. Staff found that the rate changes requested in this filing were calculated in conformance with EDG's PGA clause, and therefore these rate changes should be approved on an interim basis, subject to refund status pending a final Commission decision in ACA Case Nos. GR-2013-0250 and GR-2014-0108. Otherwise, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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

WHEREFORE, Staff recommends that the following tariff sheets be approved on an interim basis, subject to refund:

P.S.C. MO. No. 2

9th Revised SHEET No. 62	Cancelling 8th Revised SHEET No. 62
9th Revised SHEET No. 63	Cancelling 8th Revised SHEET No. 63
9th Revised SHEET No. 65	Cancelling 8th Revised SHEET No. 65

Respectfully Submitted,

/s/ John D. Borgmeyer

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 30th day of October, 2013.

/s/ John D. Borgmeyer

MEMORANDUM

TO: Missouri Public Service Commission Official Case
File, Case No. GR-2014-0108, File No. YG-2014-0192
The Empire District Gas Company

FROM: Michael J. Ensrud, Energy Department – Tariffs/Rate Design

/s/ Thomas M. Imhoff 10/30/13 /s/ John Borgmeyer 10/30/13
Energy Unit/Date Staff Counsel's Office/Date

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

DATE: October 30, 2013

On October 23, 2013, The Empire District Gas Company (“Empire” or “Company”) of Joplin, Missouri, filed three (3) tariff sheets having an effective date of November 07, 2013. 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 for November 2013 – March 2014.

On October 24, 2013, the Commission issued its ORDER DIRECTING STAFF TO FILE EXPEDITED RECOMMENDATION AND ESTABLISHING TIME FOR RESPONSE which states “Staff shall file its recommendation regarding EDG’s tariff no later than October 30, 2013”.

For the South System served by Southern Star Central Gas Pipeline, which includes the cities of Clinton, Lexington, Marshall and Sedalia, this filing will **increase** the firm PGA factor for Residential, Small Commercial, and Small Volume customers for the upcoming heating season to \$0.66601 per one-hundred cubic feet (“Ccf”), from the current firm PGA factor of \$0.59760 per Ccf. This represents an increase of \$0.06841 per Ccf. Large Volume Interruptible (“LVI”) and Transportation classes are exempt from this increase.

For the North System served by Panhandle Eastern Pipeline, which includes the cities of Chillicothe, Marceline and Trenton, this filing will **increase** the firm PGA factor for Residential, Small Commercial, and Small Volume customers for the upcoming heating season to \$0.71439 per Ccf, from the current firm PGA factor of \$0.65006 per Ccf. This represents an increase of \$0.06433 per Ccf. LVI and Transportation classes are exempt from this increase.

For the Northwest (NW) System served by the ANR pipeline, which includes the communities of Rockport, Maryville and Tarkio, this filing will **increase** the firm PGA factor for Residential, Small Commercial, and Small Volume customers for the upcoming heating season to \$0.57109 per Ccf, from the current firm PGA factor of \$0.52097 per Ccf. This represents an increase of \$0.06433 per Ccf. This represents an increase of \$0.05012 per Ccf. Large Volume Interruptible (LVI) and Transportation classes are exempt from this increase.

Case No. GR-2014-0108, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2012-2013 ACA filing. Case No. GR-2013-0250, was established to track the Company's PGA factors to be reviewed in its 2011-2012 ACA filing. These rate changes should be on an interim basis, subject to refund status pending a final Commission decision in ACA Case Nos. GR-2013-0250 and GR-2014-0108.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Unit ("PAU") has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 19, 2014.

Staff has verified that this company has filed its 2012 annual report and is current on its 2013 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

9th Revised SHEET No. 62	Cancelling 8th Revised SHEET No. 62
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