

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

In the Matter of The Empire District Gas)	<u>Case No. GR-2016-0099</u>
Company's Purchased Gas Adjustment)	Tariff No. YG-2016-0111
Tariff Filing)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its recommendation in this matter hereby respectfully states:

1. On October 30, 2015, The Empire District Gas Company ("EDG" or "Company"), filed three tariff sheets bearing a proposed effective date of November 16, 2015. On November 3, 2015, EDG filed a substitute tariff sheet to correct a typographical error which was discovered by Staff. The tariff sheets were filed to reflect changes in EDG's Purchased Gas Adjustment ("PGA") factors as the result of estimated changes in the cost of natural gas for the upcoming season and changes in the Actual Cost Adjustment ("ACA") factors.

2. The Commission ordered Staff to file its recommendation regarding EDG's tariff filing no later than November 6, 2015.

3. For EDG's South System, this filing will decrease the firm PGA factor for Residential (RS), Small Commercial Firm (SCF), Small Volume Firm (SVF) and Large Volume Firm (LVF) customers to \$0.47612 per one-hundred cubic feet ("Ccf"), from the current firm PGA factor of \$0.62243 per Ccf. This represents a decrease of \$0.14631 per Ccf. The Large Volume Interruptible (LVI) PGA factor decreases to \$0.49624 from the current LVI PGA factor of \$0.64516 per Ccf. This represents a decrease of \$0.14892.

4. For EDG's North System, this filing will decrease the firm PGA factor for RS, SCF, SVF and LVF customers to \$0.49903 per Ccf, from the current firm PGA factor of \$0.66336 per Ccf. This represents a decrease of \$0.16433 per Ccf. For the LVI this filing will decrease the LVI PGA factor to \$0.45814 per Ccf from the current LVI PGA factor of \$0.61633 per Ccf. This represents a decrease of \$0.15819 per Ccf.

5. For EDG's Northwest (NW) System, this filing will decrease the firm PGA factor for RS, SCF, SVF and LVF customers \$0.37828 per Ccf, from the current firm PGA factor of \$0.52701 per Ccf. This represents a decrease of \$0.14873 per Ccf. For the LVI this filing will decrease the LVI PGA factor to \$0.38738 per Ccf from the current LVI PGA factor of \$0.54196 per Ccf. This represents a decrease of \$0.15458 per Ccf.

6. The Company's filing also reflects adjustments to the Company's ACA factors. Staff's Procurement Analysis Unit (PAU) will review the Company's ACA filing and may recommend adjustments to the ACA account balance(s). Due to the limited time available to review the documentation supporting the ACA factors represented in this filing, the 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 16, 2016.

7. Case No. GR-2016-0099, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2014-2015 ACA filing. Case No. GR-2015-0109 was established to track the Company's PGA factors to be reviewed in its 2013-2014 ACA filing. As explained in

Staff's *Memorandum*, attached hereto and incorporated herein by reference, Staff has reviewed the current filing and determined that it was calculated in conformance with the Company's PGA clause. Therefore, Staff recommends the Commission approve the tariff sheets on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2016-0099 and GR-2015-0109.

8. Staff also recommends the Commission order PAU Staff to file the results of its review of the ACA factors represented in this filing no later than December 16, 2016.

9. Staff has verified that the Company has filed its annual report, and is not delinquent on its PSC assessment. Staff is not aware of any other matters before the Commission that affects or is affected by this filing, other than those mentioned above.

10. 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 the Commission approve the following tariff sheets filed on October 30, 2015, and as substituted on November 3, 2015, on an interim basis, subject to refund, and that the Commission order PAU Staff to file the results of its ACA review in this docket no later than December 16, 2016:

P.S.C. MO No. 2

11th Revised Sheet No. 62, Cancelling 10th Revised Sheet No. 62

11th Revised Sheet No. 63, Cancelling 10th Revised Sheet No. 63

11th Revised Sheet No. 65, Cancelling 10th Revised Sheet No. 65

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil
Missouri Bar No. 33825
Attorney for the Staff of the
Missouri Public Service
Commission
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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 6th day of November, 2015.

/s/ Jeffrey A. Keevil

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2016-0099, File No. YG-2016-0111
The Empire District Gas Company.

FROM: Byron M. Murray, Energy Unit – Tariffs/Rate Design

/s/ Thomas M. Imhoff 11/06/2015
Operational Analysis Department/Date

/s/ Jeffrey A. Keevil 11/06/2015
Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for The Empire District Gas Company Scheduled Winter
PGA Filing Effective Date November 16, 2015

DATE: November 6, 2015

On October 30, 2015, The Empire District Gas Company, (“EDG” or “Company”), filed three tariff sheets bearing a proposed effective date of November 16, 2015. On November 3, 2015, EDG filed a substitute tariff sheet to correct a typo pointed out by Staff. The tariff sheets were filed to reflect changes in EDG’s Purchased Gas Adjustment (“PGA”) factors as the result of estimated changes in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (“ACA”) factors.

On October 30, 2015, the Commission issued its ORDER DIRECTING STAFF TO FILE RECOMMENDATION AND ESTABLISHING TIME FOR RESPONSE which ordered “Staff shall file its recommendation regarding The Empire [sic] Gas Company’s tariff no later than November 6, 2015.”

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 (RS), Small Commercial Firm (SCF), Small Volume Firm (SVF) and Large Volume Firm (LVF) customers for the upcoming heating season to \$0.47612 per one-hundred cubic feet (“Ccf”), from the current firm PGA factor of \$0.62243 per Ccf. This represents a **decrease** of \$0.14631 per Ccf. The Large Volume Interruptible (LVI) PGA factor **decreases** to \$0.49624 from the current LVI PGA factor of \$0.64516 per Ccf. This represents a **decrease** of \$0.14892. Transportation classes are exempt from this decrease.

For the North System served by Panhandle Eastern Pipe Line Company, which includes the cities of Chillicothe, Marceline and Trenton, this filing will **decrease** the firm PGA factor for RS, SCF, SVF and LVF customers for the upcoming heating season to \$0.49903 per Ccf, from the current firm PGA factor of \$0.66336 per Ccf. This represents a **decrease** of \$0.16433 per Ccf. For the LVI this filing will **decrease** the LVI PGA factor to \$0.45814 per Ccf from the current LVI PGA factor of \$0.61633 per Ccf. This represents a **decrease** of \$0.15819 per Ccf. Transportation classes are exempt from this decrease.

For the Northwest (NW) System served by ANR Gas, which includes the communities of Rockport, Maryville and Tarkio, this filing will **decrease** the firm PGA factor for RS, SCF, SVF and LVF customers for the upcoming heating season to \$0.37828 per Ccf, from the current firm PGA factor of \$0.52701 per Ccf. This represents a **decrease** of \$0.14873 per Ccf. For the LVI this filing will **decrease** the LVI PGA factor to \$0.38738 per Ccf from the current LVI PGA factor of \$0.54196 per Ccf. This represents a **decrease** of \$0.15458 per Ccf. Transportation classes are exempt from this decrease.

Case No. GR-2016-0099, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2014-2015 ACA filing. Case No. GR-2015-0109 was established to track the Company's PGA factors to be reviewed in its 2013-2014 ACA filing. These rate changes should be on an interim basis, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2016-0099 and GR-2015-0109.

Due to the limited time available to review the documentation supporting the ACA factors 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 16, 2016.

Staff has verified that the Company has filed its annual report and is current on its PSC assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing, other than as mentioned above.

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 filed on October 30, 2015, and as substituted on November 3, 2015, be approved on an interim basis, subject to refund:

P.S.C. MO No. 2

11th Revised Sheet No. 62, Cancelling 10th Revised Sheet No. 62

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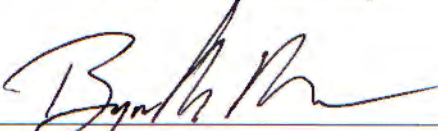
AFFIDAVIT OF BYRON M. MURRAY

State of Missouri)
) ss.
County of Cole)

AFFIDAVIT

COMES NOW Byron M. Murray and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Byron M. Murray

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 6th day of November, 2015.



NOTARY PUBLIC

