

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

In the Matter of The Empire District Gas)	
Company's Purchased Gas Adjustment (PGA))	<u>Case No. GR-2018-0122</u>
Factors to be reviewed in its 2016-2017)	Tariff No. YG-2018-0055
Actual Cost Adjustment (ACA))	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and for its recommendation in this matter hereby states:

1. On November 3, 2017, The Empire District Gas Company ("EDG" or "Company"), filed three tariff sheets¹ bearing a proposed effective date of December 1, 2017. 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. For EDG's South System, this filing will increase the Total PGA for Residential (RS), Small Commercial Firm (SCF), Small Volume Firm (SVF) and Large Volume Firm (LVF) customers to \$0.56661 per one-hundred cubic feet ("Ccf"), from the current Total PGA of \$0.51912 per Ccf. This represents an increase of \$0.04749 per Ccf. The Large Volume Interruptible (LVI) Total PGA increases to \$0.52284 from the current LVI Total PGA of \$0.49824 per Ccf. This represents an increase of \$0.02460.

3. For EDG's North System, this filing will increase the Total PGA for RS, SCF, SVF and LVF customers to \$0.53601 per Ccf, from the current Total PGA of \$0.48714 per Ccf. This represents an increase of \$0.04887 per Ccf. For the LVI this

¹ On November 3, 2017, EDG filed a substitute cover letter to correct a misstatement in its initial cover letter filed earlier the same day. On November 7, 2017, EDG made two substitute tariff filings to correct errors on Tariff Sheet No. 65.

filing will increase the Total PGA to \$0.44620 per Ccf from the current Total PGA of \$0.42705 per Ccf. This represents an increase of \$0.01915 per Ccf.

4. For EDG's Northwest (NW) System, this filing will increase the Total PGA for RS, SCF, SVF and LVF customers to \$0.35333 per Ccf, from the current Total PGA of \$0.34537 per Ccf. This represents an increase of \$0.00796 per Ccf. For the LVI this filing will increase the Total PGA to \$0.40224 per Ccf from the current Total PGA of \$0.37904 per Ccf. This represents an increase of \$0.02320 per Ccf.

5. 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 17, 2018.

6. Case No. GR-2018-0122, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2016-2017 ACA filing. Case No. GR-2017-0134 was established to track the Company's PGA factors to be reviewed in its 2015-2016 ACA filing. Any rate change implemented pursuant to this tariff filing should be implemented on an interim basis, subject to refund, pending final Commission decisions in Case Nos. GR-2018-0122 and GR-2017-0134.

7. As explained in the Staff Recommendation set forth in the accompanying Memorandum, which is 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-2018-0122 and GR-2017-0134.

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 17, 2018.

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 except as noted herein.

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.²

WHEREFORE, Staff recommends the Commission issue an order approving the following tariff sheets filed by EDG on November 3, 2017, as substituted on November 7, 2017, to become effective December 1, 2017, on an interim basis, subject to refund pending final Commission decisions in Case Nos. GR-2018-0122 and GR-2017-0134, and that the Commission order PAU Staff to file the results of its ACA review in this docket no later than December 17, 2018:

P.S.C. MO No. 2

13th Revised Sheet No. 62, Cancelling 12th Revised Sheet No. 62
13th Revised Sheet No. 63, Cancelling 12th Revised Sheet No. 63
13th Revised Sheet No. 65, Cancelling 12th Revised Sheet No. 65

² EDG has requested an effective date of December 1, 2017.

Respectfully submitted,

/s/ Jeffrey A. Keevil

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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 14th day of November, 2017.

/s/ Jeffrey A. Keevil

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GR-2018-0122, Tariff No. YG-2018-0055
The Empire District Gas Company

FROM: Michael J. Ensrud, Procurement Analysis Unit

/s/ David M. Sommerer 11/14/17
Commission Staff Division/Date

/s/ Jeffrey A. Keevil 11/14/17
Staff Counsel Office/Date

SUBJECT: Staff Recommendation for The Empire District Gas Company Scheduled Winter
PGA Filing Effective Date December 1, 2017

DATE: November 14, 2017

On November 3, 2017, The Empire District Gas Company (“Empire,” “EDG,” or “Company”), filed three tariff sheets bearing a proposed effective date of December 1, 2017. 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. The proposed effective date is December 1, 2017.

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 Total 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 \$0.56661 per one-hundred cubic feet (“Ccf”), from the current firm Total PGA factor of \$0.51912 per Ccf. This represents an **increase** of \$0.04749 per Ccf. The Large Volume Interruptible (LVI) Total PGA factor **increases** to \$0.52284 from the current LVI Total PGA factor of \$0.49824 per Ccf. This represents an **increase** of \$0.02460.

For the North System served by Panhandle Eastern Pipe Line Company, which includes the cities of Chillicothe, Marceline and Trenton, this filing will **increase** the firm Total PGA factor for RS, SCF, SVF and LVF customers for the upcoming heating season to \$0.53601 per Ccf, from the current firm Total PGA factor of \$0.48714 per Ccf. This represents an **increase** of \$0.04887 per Ccf. For the LVI this filing will **increase** the LVI Total PGA factor to \$0.44620 per Ccf from the current LVI Total PGA factor of \$0.42705 per Ccf. This represents an **increase** of \$0.01915 per Ccf.

For the Northwest (NW) System served by ANR Gas, which includes the communities of Rockport, Maryville and Tarkio, this filing will **increase** the firm Total PGA factor for RS, SCF,

SVF and LVF customers for the upcoming heating season to \$0.35333 per Ccf, from the current firm Total PGA factor of \$0.34537 per Ccf. This represents an **increase** of \$0.00796 per Ccf. For the LVI this filing will **increase** the LVI Total PGA factor to \$0.40224 per Ccf from the current LVI Total PGA factor of \$0.37904 per Ccf. This represents an **increase** of \$0.02320 per Ccf.

On November 3, 2017, Empire corrected a misstatement in its cover letter filed earlier the same day. Initially, Empire's cover letter referenced a November 20, 2017, effective date, which was not consistent with the effective date (December 1, 2017) on the tariff pages themselves. The 2nd cover letter contains the following, which brings the cover letter's referenced date into uniformity with the effective date on the previously-filed tariff pages:

Included as Enclosure 4 to this filing are the schedules that support the ACA portion of this filing. Schedule 4 of Enclosure 4 is a summary showing revenue, purchased gas costs, and over or under recovery for the ACA year ended August, 2017, and the proposed changes in the ACA rates **to be effective December 1, 2017**.

* * *

EDG respectfully requests that these PGA rates become effective with volumes used **on and after December 1, 2017**.

On November 6, 2017, the Commission issued an ORDER DIRECTING EXPEDITED STAFF RECOMMENDATION, which established a deadline of November 14, 2017, for Staff to file a recommendation.

On November 7, 2017, Empire submitted a corrected Revised Sheet No. 65 (NW System) which corrected the error (in the initial submission) of having "13th Revised Sheet 65" cancelling "13th Revised Sheet 65". The corrected sheet reads: "13th Revised Sheet 65" cancelling "12th Revised Sheet 65".

However, in the process of providing Staff with the proper revision sequence for Sheet No. 65, the issue date and effective date changed to "Issued November 1, 2017" and "Effective November 16, 2017". This error necessitated a 2nd correction to Sheet No. 65.

On November 7, 2017, a 2nd corrected Sheet No. 65 was submitted. It restored the proper issue date (November 3, 2017) and the proper effective date (December 1, 2017) to Sheet No. 65.

Case No. GR-2018-0122, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2016-2017 ACA filing. Case No. GR-2017-0134 was established to track the Company's PGA factors to be reviewed in its 2015-2016 ACA filing. Any rate change implemented pursuant to this tariff filing should be implemented on an interim basis, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2018-0122 and GR-2017-0134.

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 17, 2018.

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 EDG'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 EDG's Commission-approved PGA clause allowing for ten (10) business days' notice for PGA change filings. However, Empire has chosen a December 1, 2017 effective date.

Therefore, Staff recommends that the Commission issue an order approving the following tariff sheets filed on November 3, 2017, as corrected/substituted on November 7, 2017¹, on an interim basis, subject to refund pending final Commission decisions in Case Nos. GR-2018-0122 and GR-2017-0134, effective December 1, 2017, as requested by Empire:

P.S.C. MO No. 2

13th Revised Sheet No. 62, Cancelling 12th Revised Sheet No. 62
13th Revised Sheet No. 63, Cancelling 12th Revised Sheet No. 63
13th Revised Sheet No. 65, Cancelling 12th Revised Sheet No. 65

¹ Sheet 65 was revised twice on November 7, 2017.

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-2018-0122
Tariff Filing.)

AFFIDAVIT OF MICHAEL J. ENSRUD

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

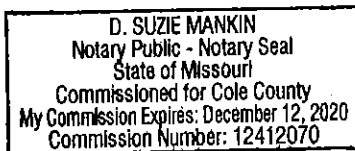
COMES NOW MICHAEL J. ENSRUD and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.


MICHAEL J. ENSRUD

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 13th day of November, 2017.




Notary Public