

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

In the Matter of The Empire District Gas Company's)
Purchased Gas Adjustment Tariff Filing) **Case No. GR-2018-0122**

**STAFF RECOMMENDATION REGARDING THE 2016-2017 ACTUAL COST
ADJUSTMENT OF THE EMPIRE DISTRICT GAS COMPANY**

COMES NOW the Staff of the Missouri Public Service Commission in the above-captioned matter and files its Actual Cost Adjustment (“ACA”) Recommendation in this case concerning The Empire District Gas Company’s (“Empire” or “Company”) 2016-2017 ACA filing as set forth in the accompanying Staff Recommendation Memorandum (Appendix A), and further states as follows:

1. Empire filed its ACA for the 2016-2017 period in this case on November 3, 2017. This filing contained Empire’s ACA account balance calculation.
2. The Procurement Analysis Department (“Staff”) has reviewed Empire’s filing and submits its recommendation as further explained in the accompanying Staff Recommendation Memorandum, marked as “Appendix A” and incorporated herein by reference. Staff’s analyses consisted of a review of Empire’s billed revenue compared with its actual gas costs; an examination of Empire’s gas purchasing practices to evaluate the prudence of the Company’s purchasing decisions for this ACA period; a reliability analysis; and a hedging review. Staff reviews the Company’s billed revenues compared to its actual gas costs to determine whether there exists an over-recovery or under-recovery of the ACA balances. An over-recovery by the Company is shown as a negative ACA balance that must be returned to customers; an under-recovery is shown as a positive ACA balance that must be collected from customers.

3. Based on its review, as discussed in detail in the accompanying Staff Recommendation Memorandum, Staff recommends the Commission issue an order requiring Empire to adjust the ACA account balances in its next ACA filing to reflect the adjustments to the Company's filed ACA balances and to reflect the Staff balances for 2016-2017 (ending August 31, 2017) as shown in the table in the "Recommendations" section of the Staff Recommendation Memorandum.

4. In addition to the monetary adjustments referenced above, based on its review Staff has certain recommendations as reflected in the accompanying Staff Recommendation Memorandum regarding the Company's Billed Revenue and Actual Gas Costs; Reliability Analysis and Gas Supply Planning; and Hedging. Staff recommends the Commission order Empire to respond to these recommendations within forty-five (45) days.

WHEREFORE, for the reasons stated above and discussed in detail in the accompanying Staff Recommendation Memorandum, Staff recommends the Commission issue an order directing Empire to respond within 45 days to Staff's recommendations discussed in Sections II through IV of Staff's Recommendation Memorandum, and to reflect the adjustments and establish Empire's ending ACA account balances as of August 31, 2017, as shown in the "8-31-17 Staff Recommended Ending Balances" column of the table in the "Recommendations" section of the Staff Recommendation Memorandum.

Respectfully submitted,

/s/ Robert S. Berlin

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 17th day of December, 2018, to all counsel of record.

/s/ Robert S. Berlin