

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

In the Matter of The Empire District Gas)	<u>Case No. GR-2019-0124</u>
Company's Purchased Gas Adjustment)	<u>Tariff No. YG-2019-0075</u>
Tariff Filing)	

STAFF RECOMMENDATION

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

1. On November 2, 2018, The Empire District Gas Company ("EDG" or "Company"), filed three tariff sheets bearing a proposed effective date of December 1, 2018. 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 decrease the Regular PGA (excluding the ACA) to \$0.43316 per one-hundred cubic feet ("Ccf"), from the current Regular PGA of \$0.52284 per Ccf. This represents a decrease of \$0.08968 per Ccf.

3. For EDG's North System, this filing will decrease the Regular PGA (excluding the ACA) to \$0.40870 per Ccf, from the current Regular PGA of \$0.44620 per Ccf. This represents a decrease of \$0.03750 per Ccf.

4. For EDG's Northwest System, this filing will decrease the Regular PGA (excluding the ACA) to \$0.37031 per Ccf, from the current Regular PGA of \$0.40224 per Ccf. This represents a decrease of \$0.03193 per Ccf.

5. The Company's filing also reflects adjustments to the Company's ACA factors. Staff's Procurement Analysis Department (PAD) 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 PAD 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, 2019.

6. Case No. GR-2019-0124, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2017-2018 ACA filing. Case No. GR-2018-0122 was established to track the Company's PGA factors to be reviewed in its 2016-2017 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-2019-0124 and GR-2018-0122.

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-2019-0124 and GR-2018-0122.

8. Staff also recommends the Commission order PAD Staff to file the results of its review of the ACA factors represented in this filing no later than December 17, 2019.

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.¹

WHEREFORE, Staff recommends the Commission issue an order approving the following tariff sheets filed by EDG to become effective December 1, 2018, on an interim basis, subject to refund pending final Commission decisions in Case Nos. GR-2019-0124 and GR-2018-0122, and that the Commission order PAD Staff to file the results of its ACA review in this docket no later than December 17, 2019:

P.S.C. MO No. 2

14th Revised Sheet No. 62, Cancelling 13th Revised Sheet No. 62
14th Revised Sheet No. 63, Cancelling 13th Revised Sheet No. 63
14th Revised Sheet No. 65, Cancelling 13th Revised Sheet No. 65

Respectfully submitted,

/s/ Jeffrey A. Keevil

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¹ EDG has requested an effective date of December 1, 2018.

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 19th day of November, 2018.

/s/ Jeffrey A. Keevil

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2019-0124, Tariff No. YG-2019-0075
The Empire District Gas Company

FROM: Michael J. Ensrud, Procurement Analysis Department

/s/ David M. Sommerer 11/19/2018

Commission Staff Division/Date

/s/ Jeffrey A. Keevil 11/19/2018

Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for the Empire District Gas Company Scheduled Winter
PGA Filing - Effective Date December 1, 2018

DATE: November 19, 2018

On November 2, 2018, The Empire District Gas Company, (“Empire,” “EDG” or “Company”), filed three tariff sheets bearing a proposed effective date of December 1, 2018. 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, 2018.

On November 6, 2018 the Commission issued an ORDER DIRECTING EXPEDITED STAFF RECOMMENDATION that establishes a deadline for Staff to submit its memo addressing this pending PGA filing no later than November 19, 2018.

The reductions in the Regular PGA, excluding the ACA, for each of the three (3) systems, can be summarized as follows:

<u>SYSTEM</u>	<u>Proposed Rate Per Ccf</u>	<u>Current Rate Per Ccf</u>	<u>Reduction Per Ccf</u>
South ¹	\$0.43316	\$0.52284	(\$0.08968)
North ²	\$0.40870	\$0.44620	(\$0.03750)
Northwest ³	\$0.37031	\$0.40224	(\$0.03193)

¹ Territory includes the cities of Clinton, Lexington, Marshall and Sedalia - served by Southern Star Central Gas Pipeline.

² Territory includes the cities of Chillicothe, Marceline and Trenton - served by Panhandle Eastern Pipe Line Company.

³ Territory includes the communities of Rockport, Maryville and Tarkio - served by ANR Pipeline.

Case No. GR-2019-0124, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2017-2018 ACA filing. Case No. GR-2018-0122 was established to track the Company's PGA factors reviewed in its 2016-2017 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-2019-0124 and GR-2018-0122.

Due to the limited time available to review the documentation supporting the ACA factors represented in this filing, the Procurement Analysis Department (PAD) 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, 2019.

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. Empire has chosen a December 1, 2018 effective date.

Therefore, Staff recommends that the Commission issue an order approving the following tariff sheets filed on November 2, 2018, on an interim basis, subject to refund pending final Commission decisions in Case Nos. GR-2019-0124 and GR-2018-0122, effective December 1, 2018 as requested by Empire:

P.S.C. MO No. 2

14th Revised Sheet No. 62, Cancelling 13th Revised Sheet No. 62
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