

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

In the Matter of the Purchased Gas)
Adjustment Tariff Filing of The) Case No. GR-2021-0121
Empire District Gas Company)

MOTION FOR TARIFF VARIANCE

COMES NOW The Empire District Gas Company (“EDG”) and, for its Motion for Tariff Variance, respectfully states as follows to the Missouri Public Service Commission (“Commission”):

1. This docket was opened on October 28, 2020, for the Purchased Gas Adjustment (“PGA”) filing to be made by November 4, 2020, for EDG’s three PGA service areas to reflect changes in the PGA factors and the Actual Cost Adjustment (“ACA”) factors.

2. The PGA filing was inadvertently not submitted on November 4, 2020, and, instead is being filed on this date.

3. To reflect the proper change in the PGA, ACA, and Refund Factor of EDG, the following revised tariff sheets are being submitted in electronic form:

P.S.C. MO. No. 2, 16th Revised Sheet No. 62
P.S.C. MO. No. 2, 16th Revised Sheet No. 63, and
P.S.C. MO. No. 2, 16th Revised Sheet No. 65.

The three revised tariff sheets bear issue dates of November 5, 2020, and proposed effective dates thirty days thereafter (December 5, 2020). The additional items set forth below are also being submitted.

4. Purchased Gas Adjustment: Enclosures 1, 2, and 3 reflect the PGA calculations for EDG’s South, North, and Northwest local distribution systems. Each PGA gas cost calculation has been developed using a NYMEX index price, fixed or hedged gas cost, and storage gas cost for the months of November, 2020 through October, 2021. The proposed rate changes are also based

on the current interstate pipeline transportation rates authorized by the Federal Energy Regulatory Commission (“FERC”) for each of the interstate pipelines transporting natural gas to each of EDG’s three local distribution systems. The pipeline transportation charges included in EDG’s request for the South system are based upon the Southern Star Central Gas Pipeline (“SSCP”) tariffs. The transportation charges for the North System are based on the Panhandle Eastern Pipe Line Company Gas tariffs. The transportation charges for Northwest System are based on the ANR Gas tariffs. Information concerning the specific charges and the applicable pipeline tariff sheets is displayed on Enclosures 1, 2 and 3 of the supporting schedules.

5. Actual Cost Adjustment: Included as Enclosure 4 are the schedules that support the ACA portion of EDG’s winter PGA/ACA 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, 2020, and the proposed changes in the ACA rates to be effective December 5, 2020. Detailed supporting workpapers will also be made available to the Commission Staff.

6. The summary schedule shows that the purchased gas revenue recovery during the ACA year ended August 31, 2019, resulted in an over-recovery balance in the amount of \$911,539.67 for the South system (Firm customers), an over-recovery balance in the amount of \$343,516.21 for the North system (Firm customers), and an over-recovery balance in the amount of \$105,832.63 for the Northwest system (Firm customers). In total, the gas cost recovery for the three systems combined was an over-recovery balance in the amount of \$1,360,888.51 for the ACA year ended August 31, 2020.

7. Carrying Cost: The EDG PGA in effect during the current ACA year included a provision for the calculation of carrying costs on any deferred balances. The carrying cost calculation for each system has been displayed on Enclosure 5.

8. Revenue Change: Enclosures 6, 7, and 8 reflect the winter season revenue change associated with the residential gas cost recovery portion of the rates. These enclosures compare the PGA rates included in the filing to the PGA rates in effect during the winter season last year. The overall PGA rates for the South, North, and Northwest system will represent a decrease from where they were last winter.

9. Specifically, the proposed total PGA change results in a decrease in PGA charges from those that are currently in effect with an overall residential winter PGA revenue increase of \$884,287 or 20.84% for the South system, an overall residential winter PGA revenue increase of \$69,776 or 4.46% for the North system, and an overall residential winter PGA revenue decrease of \$70,023 or 7.61% for the Northwest system. In addition, a residential customer consuming 600 Ccf of natural gas over the upcoming winter season of November through March, should see an increase in natural gas costs of almost \$40 on the South system, an increase of around \$9 on the North system, and a decrease of \$15 on the Northwest system. A more detailed analysis of the overall change in PGA rates is displayed on Enclosure 9. The overall change in the PGA rates has been subdivided into three components: Interstate Pipeline Transportation, Natural Gas Cost, and Actual Cost Adjustment.

10. The overall PGA rates on the Northwest system remain the lowest of the three systems that EDG operates. This is primarily due to the lower interstate pipeline transportation cost associated with service on the Northwest system. The average interstate transportation rates on the South and North system range from \$.16 to \$.18 per Ccf, while those on the Northwest average close to \$0.12 per Ccf.

11. Hedging Activity: EDG's plans call for a combination of storage and financial instruments to fix the cost of natural gas acquisition for the upcoming winter season for each of the three systems as follows: South - 60 percent, North – 80 percent, and Northwest – 85 percent.

12. Historically, the Commission has approved PGA clauses as the most efficient mechanism for LDCs such as EDG to manage fluctuations in the cost of gas that result from changes in rates charged by wholesale suppliers. *State ex rel. Midwest Gas Users' Association*, 976 S.W.2d 470, 474-75 (Mo.App.W.D. 1998). The Commission's approval of PGA mechanisms is grounded in the Commission's broad regulatory authority over gas corporations, and each natural gas LDC in Missouri has its own PGA clause, which is approved during a general rate case and codified in each utility's tariffs.

13. EDG's tariff provides that "(a)ny PGA filing shall not be approved unless it has first been on file with the Commission for a period of ten (10) business days. The PGA factors approved by the Commission shall remain in effect until the next PGA becomes effective hereunder, or until otherwise changed by law or order of the Commission. Each PGA factor filed hereunder shall cancel and supersede the previously effective PGA factors and shall reflect the current purchased gas cost to be effective thenceforth." Form 13, PSC Mo No 2, Sheet No. 40.

14. EDG's tariff, however, also provides that "(t)he Winter PGA shall be filed between October 15 and November 4 of each calendar year." Form 13, PSC Mo No 2, Sheet No. 40.

15. EDG's filing complies with the ten business days requirement of the tariff, but a variance is needed as to the specified filing date range. The PGA rates are increasing in total, and, as such, the one-day delay in EDG's filing results in no harm to EDG's customers.

WHEREFORE, EDG requests a variance from the requirement of its tariff that its winter PGA/ACA filing be submitted by November 4, 2020. EDG requests such other and further relief as is just and proper under the circumstances.

Respectfully submitted,

/s/ Diana C. Carter
Diana C. Carter MBE #50527
428 E. Capitol Ave., Suite 303

Jefferson City, Missouri 65101
Joplin Office Phone: (417) 626-5976
Cell Phone: (573) 289-1961
E-Mail: Diana.Carter@LibertyUtilities.com

CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 5th day of November, 2020, with notice of the same sent to all counsel of record.

/s/ Diana C. Carter