

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

In the Matter of The Empire District)	
Gas Company's Purchased Gas)	Case No. GR-2014-0108
Adjustment Tariff Filing)	

RESPONSE TO STAFF RECOMMENDATION AND MEMORANDUM

COMES NOW The Empire District Gas Company (EDG or Company), and respectfully provides to the Missouri Public Service Commission (Commission) the following response to the Staff Recommendation and Memorandum:

INTRODUCTION

1. On December 18, 2014, the Commission Staff (Staff) filed its Staff Recommendation Regarding The Empire District Gas Company's Actual Cost Adjustment for 2012-2013 and Memorandum (Staff Recommendation and Memorandum) in this matter. This document set out the results of Staff's analyses and recommendations concerning EDG's 2012- 2013 Actual Cost Adjustment (ACA) filing.
2. The Commission directed that EDG respond to the Staff Recommendation by February 2, 2015.
3. EDG will respond to the various issues identified by Staff in the following paragraphs. EDG's response will reference the Staff Recommendation and Memorandum by use of the same section titles found in the Staff Memorandum.

BILLED REVENUE AND ACTUAL GAS COSTS

- **Cheyenne Plains Allocation**

The Company agrees to change its allocation procedure regarding the Cheyenne Plains reservation costs to an allocation that is based on the normal system requirements for each of its three distribution systems. The Company will re-allocate the reservation charges in accordance with the dollars amounts recommended by Staff for this ACA period.

- **Cash-outs – Large Volume Transportation and Pool Aggregation Customers**

The Company agrees that the cash-out activity for ** _____ ** was filed incorrectly and will make the recommended adjustments to correct gas costs. The Company also agrees with the Staff adjustments to the March 2013 ** _____ ** Small Volume pool cash-out amounts for their Panhandle Eastern small volume pool and their October 2012 ANR FF small volume pool and will record the recommended adjustments to gas cost.

- **Cash-out Adjustment for Natural Gas Week Pricing**

The Company agrees to make the cash-out price adjustments for March 2013 on all Large Volume Transportation and Pool Aggregation customers due to the misstatement of the high and low NGW index prices for the South, North, and Northwest systems.

RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

- **Cheyenne Plains Pipeline Charges Allocation**

The Company will implement Staff's recommended allocation changes by using normalized sales volumes for each system in the Company's Cheyenne Plains reservation allocation methodology.

- **Supplier Bid Process**

The Company agrees to continue to efforts to increase vendor participation.

HEDGING

The Company will continue to evaluate its natural gas hedging strategy while taking into consideration current market conditions. The Company will continue to document the effectiveness of its hedging strategy in future ACA periods and develop the summary requested by Staff with the assistance of the Company's new gas supply database efforts.

STAFF RECOMMENDATIONS/ADJUSTMENTS

The Company agrees with the Staff's recommended balance adjustments designed to reflect the (over)/under recovery balances for the ACA, TOP, TC and Refund accounts as reflected in the following table:


TABLE 1

Description + Under-recovery (-) Over-recovery	8-31-13 Ending Balances Per Filing	Commission Approved Adjustments prior to 2012-2013 ACA (A)	Staff Adjustments For 2012-2013 ACA	8-31-13 Staff Recommended Ending Balances
South System: Firm ACA	(\$103,861)	\$0	(\$9,405) (B) (\$58,933) (C) \$232,630 (D)	\$60,431
Interruptible ACA	\$0	\$0	\$0	\$0
Take-or-Pay (TOP)	\$0	\$0	\$0	\$0
Transition Cost (TC)	\$0	\$0	\$0	\$0
Refund	\$0	\$0	\$0	\$0
North System: Firm ACA	\$1,109,030	\$0	\$1,340 (B) (\$27,679) (C) (\$131,977) (D)	\$950,714
Interruptible ACA	\$0	\$0	\$0	\$0
Take-or-Pay (TOP)	\$0	\$0	\$0	\$0
Transition Cost (TC)	\$0	\$0	\$0	\$0
Refund	\$0	\$0	\$0	\$0
Northwest System: Firm ACA	\$362,558	\$0	(\$3,163) (B) (\$14,492) (C) (\$100,653) (D)	\$244,250
Interruptible ACA	\$0	\$0	\$0	\$0
Take-or-Pay (TOP)	\$0	\$0	\$0	\$0
Transition Cost (TC)	\$0	\$0	\$0	\$0
Refund	\$0	\$0	\$0	\$0

- A) All prior period adjustments have been adopted by the Company in Case GR-2014-0108.
 B) Cashout – Large Volume
 C) Cashout - Pool Aggregation
 D) Cheyenne Plains Pipeline Charge Allocation

WHEREFORE, The Empire District Gas Company respectfully requests that the Commission consider this response to the Staff Recommendation and Memorandum and issue such orders as it believes to be reasonable and just.

Respectfully submitted,



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ATTORNEYS FOR THE EMPIRE
DISTRICT GAS COMPANY

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail on February 2, 2015, to the following:

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