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October 30, 2009

VIA ELECTRONIC FILING

Mr. Steven Reed
Secretary/General Counsel
Missouri Public Service Commission
200 Madison St
Jefferson City, MO 65102

RE: GR-2009-0397

Dear Mr. Reed:

Included is the electronic copy of PSC MO. No. 2, 5th Revised Sheet No. 62, 5th Revised Sheet No. 63 and 5th Revised Sheet No. 65, reflecting a change in the Purchased Gas Adjustment, Actual Cost Adjustment and Refund Factor of The Empire District Gas Company (“EDG”) Purchased Gas Adjustment (“PGA”) tariff.

The EDG PGA tariff requires an Annual Cost Adjustment (“ACA”) for the over recovery or under recovery of gas cost and a calculation of the Annual Purchased Gas Adjustment.

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 the October 9, 2009, NYMEX index price, fixed or hedged gas cost and storage gas cost for the months of November, 2009 through October, 2010. The proposed rate changes are also based upon 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 this request for the South system are based on the current Southern Star Central Gas Pipeline FERC Gas tariffs. The transportation charges for the North System are based on the current Panhandle Eastern Pipe Line Company FERC Gas tariffs. The transportation charges for Northwest System are based on the ANR FERC Gas tariffs. In addition to transportation charges on the above three pipelines, EDG uses the Cheyenne Plains Gas Pipeline to deliver natural gas to each of the above three pipeline systems. EDG used the current pipeline transportation rates

on each one of these pipelines to develop the costs included in this PGA filing. Information concerning the specific charges and the applicable pipeline tariff sheets is displayed on Enclosures 1, 2 and 3 of the supporting schedules.

Actual Cost Adjustment

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, 2009, and the proposed changes in the ACA rates to be effective November 13, 2009. Detailed supporting workpapers will also be made available to the Commission Staff.

The summary schedule shows that the purchased gas revenue recovery during the ACA year ended August 31, 2009 resulted in an under-recovery balance in the amount of \$1,166,886 for the South system (Firm customers), an over-recovery balance in the amount of \$786,980 for the North system (Firm customers) and an over-recovery balance in the amount of \$162,322 for the Northwest system (Firm customers). In total the gas cost recovery for the three systems combined was an under-recovery balance in the amount of \$241,309 for the ACA year ended August 31, 2009. The recovery balance on the South and North systems has been allocated between the firm and interruptible sales service customer classifications. The over-recovery on the Northwest system is all related to the firm sales service classification.

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.

Revenue Change

Enclosures 6, 7 and 8 reflect the winter season revenue change associated with the gas cost recovery portion of the rates. These enclosures compare the PGA rates included in this filing to the PGA rates in effect during the winter season last year. As indicated, the proposed winter season PGA rates in this filing are lower than those in effect during last winter. Specifically, the proposed PGA change results in a decline in PGA charges from those that are currently in effect for each of the systems with an overall winter PGA revenue decrease of \$5.1 million or 24.03% for the South system, an overall winter PGA revenue decrease of \$1.9 million or 26.83% for the North system, and an overall winter PGA revenue decrease of \$1.3 million or 36.09% 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 a decrease in natural gas costs of \$134 on the South System, \$145 on the North System and \$173 on the Northwest System as a result of the proposed decreases to the PGA factors on each system.

Mr. Steven Reed
Secretary/ General Counsel
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Effective Date

The Empire District Gas Company respectfully requests that these rates become effective with volumes used on and after November 13, 2009.

Thank you for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By: 

Dean L. Cooper

Enclosures

Cc: Office of the General Counsel
Office of the Public Counsel