

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 1st Revised Sheet No. 56
 Canceling P.S.C. MO. No. 1 Original Sheet No. 56

THE EMPIRE DISTRICT GAS COMPANY
 JOPLIN, MO 64802

FOR: All Communities and Rural Areas Receiving
 Natural Gas Service

PURCHASED GAS ADJUSTMENT CLAUSE (continued)
 GAS

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E. Revenues received that are attributable to any non-permanent assignment of capacity under the transportation service schedules will be credited to the appropriate system ACA accounts. This credit shall be the greater of the maximum rate as published in the interstate pipeline's tariff applied to the assigned volumes or actual revenues received from the assignment. Also, all revenues collected which are attributable to the Daily Balancing Charge, Daily Out-of Balance Charge, Monthly Cash-Out Charge, Unauthorized Delivery Charge, and the Monthly Balancing Service charges shall be credited to the respective system ACA accounts.

F. Any refunds which the Company receives in connection with natural gas services purchased together with any interest included in such refunds, will be returned to the Company's appropriate customer classes unless otherwise ordered by the Commission. Such refunds shall be credited to the ACA account in the month received and shall be a part of the overall ACA interest calculation effective September 1, 2007.

III. CARRYING COSTS (EFFECTIVE SEPTEMBER 1, 2007)

For each month during the ACA period and for each month thereafter, interest at a simple rate equal to the prime bank lending rate, as published in the Wall Street Journal on the first business day of the following month, minus two (2) percentage points, shall be credited to customers for any over-recovery of gas costs or credited to the company for any under-recovery of gas costs. Interest shall be computed based upon the average of the accumulated beginning and ending monthly over or under recoveries of all PGA related costs. The Company shall maintain detailed work papers that provide the interest calculation on a monthly basis. The Staff and Public Counsel shall have the right to review and propose adjustment to the Company's monthly entries to the interest calculation.

Initially, monthly interest shall be credited as described above based upon the average of the ending balance determined from the monthly ACA balance ending August 31, 2007 and the monthly ACA balance ending September 30, 2007.

Deleted: The ACA method for tracking gas costs, over and under recoveries, and how interest levels and provisions, natural gas service related refunds, and the PGA is calculated and changed shall be reviewed by the Missouri Public Service Commission Staff, the Office of Public Counsel and Aquila, Inc. starting no later than April 15, 2005. The PGA and ACA method provisions as delineated in this tariff shall expire on July 1, 2006 unless an agreement is reached by the parties and approved by the Commission, or approved by an Order of the Commission, which reinstates PGA and ACA method provision tariffs before July 1, 2006. When these experimental tariffs expire, the Company will no longer be authorized to calculate interest on the ACA balance through any approach, including the previous Deferred Carrying Cost Balance Method, until new tariffs are approved that address interest on the ACA balance. After these experimental tariffs expire, refunds will continue to be treated pursuant to the pre-experimental method[]

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IV. REFUND FACTORS

The Company shall maintain a Refund account until the month ended August 31, 2007. The treatment of any refund balance remaining at that time is described in Section II, Part F of the Company's tariffs (sheet 56).

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A separate refund factor shall be computed for each of the Company's systems, and for each PGA rate classification. Any refunds the Company received in connection with natural gas services purchased, together with interest included in such refunds, will be refunded to the Company's applicable customers, unless otherwise ordered by the Commission. Such refunds shall be credited to the ACA account in the month received and shall receive interest as part of the overall ACA interest calculation. The updated refund factor will be based on projected volumes for the period from the implementation date to November 1.

The refund factors shall be calculated in accordance with the following:

A. Firm Customers:

The portion of the refund allocated to the Firm customers and received from the applicable wholesale supplier, including interest paid by the supplier, shall be divided by the estimated number of Ccfs to be sold in the succeeding twelve (12) months to Company's regular firm sales customers. The resulting per Ccf factor, rounded to the nearest \$.00001 per Ccf, shall be applied as a credit to each firm sales customer's bill over the succeeding twelve (12) months by multiplying such unit refund credit by the total Ccfs billed to each customer in each billing period.

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The length of the refund period shall generally be twelve (12) months, with any over/under payment rolling into the next PGA Filing. Company shall add interest to the balance of refunds received from its suppliers remaining to be distributed to its firm customers. The interest shall be calculated at six (6) percent simple interest compounded annually. For each twelve (12) month refund distribution period, an estimate of the interest to be so added by Company shall be included in determining the per-Ccf refund rate to be applied to bills pursuant to the above paragraphs.

B. Interruptible Customers:

The portion of the refund allocated to interruptible sales customers and received from the wholesale supplier, including interest paid by the supplier, shall be included in the next scheduled or unscheduled PGA filing. Where the amount allocated to interruptible customers includes supplier refunds resulting from more than one proceeding, a single refund period may be selected for the computation of the refund amounts due interruptible customers, whereby this period would most nearly correspond to the period of the proceeding during which the greater portion of the refund was generated. The amount to be refunded to each interruptible customer shall be computed by dividing

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