

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

In the Matter of The Empire District Gas Company’s                    )  
Purchased Gas Adjustment Tariff Filing                                    )        Case No. GR-2015-0109

**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 16, 2015, 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 2013- 2014 Actual Cost Adjustment (ACA) filing.
2. The Commission directed that EDG respond to the Staff Recommendation by February 1, 2016.
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 utilized by the Staff.

**II. BILLED REVENUE AND ACTUAL GAS COSTS**

**1. Transportation Service – Balancing and Pooling Fees**

The Company agrees to provide the necessary details to support the revenue recovery on its Balancing and Pooling services provided to its transportation customers.

**2. Cashout-Out Adjustments-Large Volume (LV) Transportation + Pool Aggregation**

The Company agrees with Staff concerning the cash-out adjustments for the Large Volume Transportation and Pool Aggregation Customers. The Company also agrees to provide clarification on which month the weekly index prices from Natural Gas Week should apply when the next general rate case is filed.

**3. Daily Swing Purchase Volumes – NW System**

The Company agrees with the price adjustment for the gas purchased from Tenaska in February 2014.

**III. RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING**

**1. Cheyenne Plains Gas Pipeline Company 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. The Company will re-allocate the reservation charges in accordance with the dollars amounts recommended by Staff for this ACA period

**2. Consideration of Peak Day Estimate Variability in Determination of Future Capacity Needs**

The Company will schedule a meeting with Staff in the upcoming months to discuss the peak day refinement forecasts that Staff has recommended.

**IV. 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.

**V. RECOMMENDATIONS**

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:

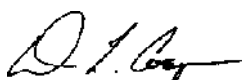
**TABLE 1**

Description + Under-recovery (-) Over-recovery	8-31-14 Ending Balances Per Filing (A)	Commission Approved Adjustments <b>prior</b> to 2013-2014 ACA (A-1)	Staff Adjustments For 2013-2014 ACA	8-31-14 Staff Recommended Ending Balances
South System: Firm ACA	(\$585,762)	\$164,292	<b>(B)</b> (\$1,804) <b>(C)</b> \$37,290	(\$385,984)
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	\$401,781	(\$158,316)	<b>(B)</b> (\$7,327) <b>(C)</b> (\$41,643)	\$194,495
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	(\$82,921)	(\$118,308)	<b>(B)</b> (\$3,814) <b>(C)</b> \$4,353 <b>(D)</b> (\$1,328)	(\$202,018)
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) Includes 2011-2012 ACA adjustments per Commission order.
- A-1) Commission order issued February 25, 2015 on Case GR-2014-0108 approving adjusted amounts from 2012-2013 ACA. Due to the timing of Commission's order, Empire has not included these adjustments in its 2013-2014 ACA filing.
- B) Cash-out – Large Volume/Pool Aggregation (Sum of Items A-C in Cash-Out Summary table)
- C) Cheyenne Plains Pipeline Reservation Charges Re-Allocation
- D) Daily Swing Purchase Volumes

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  
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**CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail on January 31, 2016, to the following:

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