

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2006-0297, File No. YG-2007-0311, The Empire District Gas
Company – Northern, Southern, and Northwest (L&P)

FROM: Henry Warren, Energy Department – Tariffs/Rate Design *HW*

/s/Henry Warren 11/7/06
Energy Department/Date

/s/Lera Shemwell 11/7/06
General Counsel's Office/Date

SUBJECT: Staff Recommendation on The Empire District Gas Company – Northern, Southern,
and Northwest (L&P) Scheduled Winter Season PGA Filing Effective November 20,
2006

DATE: November 7, 2006

On November 3, 2006, The Empire District Gas Company – Northern, Southern, and Northwest (L&P) (Empire or Company) of Joplin, Missouri filed tariff sheets proposed to become effective November 20, 2006. The tariff sheets were filed to reflect a change in Empire's Purchased Gas Adjustment (PGA) factors as the result of an estimated change in the cost of natural gas for the winter season, 2006-2007. The winter season includes the months of November through March. This tariff filing also reflects a change in the Actual Cost Adjustment (ACA), another factor that determines the Net PGA.

For the Southern System (serving communities such as Sedalia and Clinton), the net effect of this filing is to increase the firm PGA factors for the 2006 – 2007 winter season to \$0.99243 per Ccf from the current firm PGA factor of \$0.78848 per Ccf. This represents a \$0.20395 per Ccf increase.

For the Northern System (serving communities such as Chillicothe and Trenton), the net effect of this filing is to increase the firm PGA for the 2006 – 2007 winter season to \$0.93020 per Ccf from the current firm PGA factor of \$0.86126 per Ccf. This represents a \$0.06894 per Ccf increase.

For the Northwest (L&P) System (serving communities such as Maryville and Mound City), the net effect of this filing is to increase the firm PGA factors for the 2006 – 2007 winter season to \$0.73850 per Ccf from the current firm PGA factor of \$0.71306 per Ccf. This represents a \$0.02544 per Ccf increase.

Case No. GR-2006-0297, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2005-2006 ACA filing. Case No. GR-2005-0271 was

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established to track the Company's PGA factors to be reviewed in its 2004-2005 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in ACA Case Nos. GR-2005-0271, and GR-2006-0297.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2007.

Staff has verified that this company has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

While Staff has not had an opportunity to verify the numbers contained in the instant filing, given the interim nature of the filing, Staff recommends that the filing be approved. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty days notice is demonstrated by Empire's Commission approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheets, filed on November 3, 2006, be approved, interim subject to refund:

P.S.C. MO. No.1

7th Revised Sheet No. 61 Canceling 6th Revised Sheet No. 61

8th Revised Sheet No. 62 Canceling 7th Revised Sheet No. 62

6th Revised Sheet No. 64 Canceling 5th Revised Sheet No. 64

