

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File,  
Case No. GT-2007-0207, File No. YG-2007-0375, The Empire District Gas Company

FROM: James A Gray, Energy – Tariffs/Rate Design

<u>/s/ Lena Mantle 12/14/06</u> Energy Department/Date	<u>/s/ Kevin Thompson 12/14/06</u> General Counsel/Date
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SUBJECT: Staff Recommendation on The Empire District Gas Company's Tariff Sheet Filed to  
Change Only the PGA Refund Factor and an Application For Waiver.

DATE: December 14, 2006

On December 1, 2006, The Empire District Gas Company (Empire or Company) of Joplin, Missouri, filed an Application For Waiver (Application) from certain tariff provisions. Empire's filing relates to the Kansas ad valorem tax refunds (Refunds) settlement and approval by the Federal Energy Regulatory Commission (FERC) in FERC Docket No. RP98-52-000.

Empire is seeking a waiver from its Sheet No. 37 tariff provisions which provide that refunds received by Empire in excess of \$100,000 from charges paid for natural gas resold to its residential, small general service, large general service and unmetered gaslight customers, shall be refunded to these customers through a reduction in their Purchased Gas Adjustment (PGA) rates. Under current tariff provisions, these Refunds would have to be included as a reduction to Empire's PGA rate when the Company files its scheduled Winter PGA filings. Empire's tariff also provides that Transportation customers receive refunds for only Take or Pay Costs, or Transition Costs amounts received from the pipeline. Empire has some current transportation customers who were sales service customers during the 1983 – 1988 refund period. Empire is requesting that these transportation customers provide proof of their status as a sales service customer during the refund period.

Empire proposes to recalculate its PGA refund factor upon a decision on this matter by the Commission. Empire's approximate share of these Refunds is \$816,561. Empire's sales customers are entitled to 72.03% while Empire's transportation customers are entitled to 27.97% of these Refunds. Empire also proposes to provide qualifying transportation customers with a refund check if the refund amount is in excess of \$100. If the amount is less than \$100, Empire proposes an immediate lump-sum credit to each qualifying transportation customer's bill. Empire requests that the effective date of this Application be no later than January 1, 2007. In the event that any differences exist between what Refunds Empire receives and the amount of credits it provides to all of its customers including transportation customers, these differences will be reflected as an adjustment in Empire's gas cost accounts and will be reflected in a future PGA filing of Empire.

The Commission's Energy-Tariff/Rate Design Staff (Staff) has determined that Empire has shown good cause for approval of the Application, because Empire's sales customers would begin to receive the full Refund through the PGA rate. The 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.

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Staff recommends approval of the following tariff sheet, as filed on December 1, 2006, with a proposed effective date of January 1, 2007:

P.S.C. MO. No.1

8<sup>th</sup> Revised Sheet No. 61, Canceling 7<sup>th</sup> Revised Sheet No. 61