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October 31, 2014

**VIA ELECTRONIC FILING (EFIS)**

Mr. Morris Woodruff  
Secretary  
Missouri Public Service Commission  
200 Madison St.  
Jefferson City, MO 65102

**RE: The Empire District Gas Company  
GR-2015-xxxx**

Dear Judge Woodruff:

Included are the electronic copies of PSC MO. No. 2, 10th Revised Sheet No. 62; 10th Revised Sheet No. 63; and 10th Revised Sheet No. 65, reflecting a change in the Purchased Gas Adjustment, and 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 17, 2014, NYMEX index price, fixed or hedged gas cost and storage gas cost for the months of November, 2013 through October, 2014. 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 upon the Southern Star Central Gas Pipeline (“SSCP”) tariffs. The transportation charges for the North System are based on the Panhandle Eastern Pipe Line Company Gas tariffs. The transportation charges for Northwest System are based on the ANR 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 interstate pipeline systems. EDG used the current Cheyenne Plains pipeline FERC approved transportation rates 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, 2014, and the proposed changes in the ACA rates to be effective November 17, 2014. 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, 2014 resulted in an over-recovery balance in the amount of \$585,761 for the South system (Firm customers), an under-recovery balance in the amount of \$401,780 for the North system (Firm customers) and an over-recovery balance in the amount of \$82,923 for the Northwest system (Firm customers). In total the gas cost recovery for the three systems combined was an over-recovery balance in the amount of \$266,904 for the ACA year ended August 31, 2014.

### ***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 residential 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 for the South, North and Northwest systems, primarily due to a decrease in pipeline transportation rates on the Southern Star system and large change in the status of under-recovered gas costs on the North and Northwest distribution systems. Specifically, the proposed total PGA change results in a decrease in PGA charges from those that are currently in effect for the South, North and Northwest systems with an overall residential winter PGA revenue decrease of \$632,588 or 6.54% for the South system, an overall residential winter PGA revenue decrease of \$255,556 or 7.14% for the North system, and an overall residential winter PGA revenue decrease of \$131,627 or 7.72% for the Northwest system. In addition, a residential customer consuming 600 Ccf of natural gas over the upcoming winter season of November through

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Secretary  
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March, should see an decrease in natural gas costs of over \$26 on the South system, a decrease of around \$31 on the North system and a decrease of around \$26 on the Northwest system.

### **Analysis of Change in PGA Factors**

A more detailed analysis of the overall change in PGA rates is displayed on Enclosure 9. The overall change in the PGA rates has been subdivided into three components:

- Interstate Pipeline Transportation
- Natural Gas Cost
- Actual Cost Adjustment ((ACA)

The overall PGA rates on the Northwest system remain the lowest of the three systems that EDG operates. This is primarily due to the lower interstate pipeline transportation cost associated with service on the Northwest system. The average interstate transportation rates on the South and North system range from \$.20 to \$.23 per Ccf, while those on the Northwest average close to \$0.13 per Ccf.

### ***Hedging Activity***

EDG plans call for it through a combination of storage and financial instruments and physical purchases to fix the cost of natural gas acquisition for the upcoming winter season for each of the three systems as follows:

- South            58 percent
- North            100 percent
- Northwest      82 percent

### ***Effective Date***

EDG respectfully requests that these PGA rates become effective with volumes used on and after November 17, 2014 (ten business days).

### ***Contact Information***

Communications in regard to this filing should be addressed to the undersigned counsel and:

Mr. Scott Keith  
The Empire District Electric Company  
602 South Joplin Avenue  
P.O. Box 127  
Joplin, Missouri 64802

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Thank you for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By: 

Dean L. Cooper

Enclosures

cc: Office of General Counsel  
Office of the Public Counsel