

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

In the Matter of The Empire District Gas )  
Company's Purchased Gas Adjustment ) Case No. GR-2016-0099  
Tariff Filing )

**RESPONSE TO STAFF RECOMMENDATION AND MEMORANDUM**

**COMES NOW** The Empire District Gas Company ("EDG" or "Company"), and, as its response to the Staff Recommendation and Memorandum, respectfully states as follows to the Missouri Public Service Commission (Commission):

**INTRODUCTION**

1. On December 14, 2016, the Commission Staff (Staff) filed its Staff Recommendation Regarding The Empire District Gas Company's Actual Cost Adjustment for 2014-2015 and an attached Memorandum (Staff Recommendation and Memorandum) in this matter. This document set out the results of Staff's analyses and recommendations concerning EDG's 2014- 2015 Actual Cost Adjustment (ACA) filing.
2. The Commission directed that EDG respond to the Staff Recommendation by January 30, 2017.
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. PGA and ACA Revenue**

The Company agrees to monitor the revenue reports to ensure that any recurrence of discrepancies and misallocations between revenue classes is detected earlier in the process.

### **2. Transportation Customer Charges**

The Company is revising its methodology for tracking and accounting for cashout adjustment reporting to include more accurate and uniform information. The Company bills the large volume transportation customers on or around the 15<sup>th</sup> of the month. The Company will properly adjust the referenced bills, as well as any other bill that was incorrectly calculated, and provide to the Staff the adjusted bills sent to the customer around February 15, 2017, when the next billing period for the LVT customers is completed. The bills will show an adjustment for the previously incorrect calculations.

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

### **1. Cheyenne Plains Gas Pipeline Company Contract-Allocation of Reservation Charges**

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. Concerns with Peak Day Estimates**

The Company is reevaluating its current peak/design day model and has begun working with Liberty Utilities personnel to consider the incorporation of EDG's information into Liberty's design day model. The results will be included in EDG's annual gas supply report in May.

**3. Gas Supply Options Contract – Allocation of Demand Charges**

The Company will change the allocation methodology for the physical gas supply options contract based on Staff's recommendations.

**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 accounts as reflected in the following table:

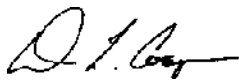
TABLE 1

| Description<br>+ Under-recovery<br>(-) Over-recovery | 8-31-15 Ending<br>Balances Per<br>Filing<br>(A) | Commission<br>Approved<br>Adjustments prior to<br>2014-2015 ACA<br>(A-1) | Staff<br>Adjustments<br>For<br>2014-2015 ACA   | 8-31-15 Staff<br>Recommended<br>Ending<br>Balances |
|--|---|--|--|--|
| South System: Firm ACA                               | (\$471,476)                                     | \$35,486   | (C) \$4,118<br>(D) \$11,308<br>(E) (\$3,425)   | (\$423,989)  |
| 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                               | \$323,977                                       | (\$48,970)   | (B) (\$13,595)<br>(D) (\$1,140)<br>(E) \$1,653 | \$261,925  |
| 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                           | (\$51,256)                                      | (\$789)  | (D) (\$10,169)<br>(E) \$1,772                  | (\$60,442)   |
| 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 2012-2013 ACA adjustments per Commission order.
- A-1) Commission order issued February 24, 2016 on Case GR-2015-0109 approving adjusted amounts from 2013-2014 ACA. Due to the timing of Commission's order, Empire has not included these adjustments in its 2014-2015 ACA filing.
- B) \*\* Monnig Galvanizing Plant Adjustment \*\*
- C) "Spot" Market Price Adjustment
- D) Cheyenne Plains Pipeline Reservation Charges Re-Allocation
- E) Demand Charge Allocation

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,



Dean L. Cooper MBE#36592  
BRYDON, SWEARENGEN & ENGLAND P.C.

312 E. Capitol Avenue  
P. O. Box 456  
Jefferson City, MO 65102  
(573) 635-7166  
(573) 635-3847 facsimile  
[dcooper@brydonlaw.com](mailto:dcooper@brydonlaw.com)  
ATTORNEYS FOR THE EMPIRE  
DISTRICT GAS COMPANY

### **CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail on January 30, 2017, to the following:

Jeffrey A. Keevil  
Office of the General Counsel  
[jeff.keevil@psc.mo.gov](mailto:jeff.keevil@psc.mo.gov)

Office of the Public Counsel  
[opservice@ded.mo.gov](mailto:opservice@ded.mo.gov)



D. J. Cooper