

CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 11th day of January, 2023, with a copy sent to all counsel of record.

/s/ Diana C. Carter

2020-2021 PGA-ACA GR-2022-0127

I. BILLED REVENUE AND ACTUAL GAS COSTS

As part of Staff analysis, they reviewed PGA/ACA rates on a sample of customer bills and found “all rates charged to natural gas consumers agreed with approved rates, without exception.” Staff also reviewed invoices for all natural gas purchases made during the review period and recommends EDG adjust reported costs to remove consulting fees. The Company accepts this recommendation. The table below summarizes the adjustments accepted by the Company to reflect the exclusion of consulting fees from natural gas costs.

Natural Gas Costs			
System	Reported	Corrected	Adjustment
South	\$ 35,475,233.22	\$ 35,462,696.80	\$ (12,536.42)
North	\$ 6,873,858.81	\$ 6,873,850.02	\$ (8.79)
Northwest	\$ 4,282,304.90	\$ 4,282,298.18	\$ (6.72)

Imbalance/Cash-outs

During Staff’s review it was noted that one transportation customer in the Company’s North Service Area was incorrectly included in the South Service Area revenues. The Company is in agreement with this adjustment.

Transportation Revenues			
System	Reported	Corrected	Adjustment
South	\$ (9,432,273.54)	\$ (9,239,191.74)	\$ 193,081.80
North	\$ (2,982,070.23)	\$ (3,175,152.03)	\$ (193,081.80)

Carrying (Interest) Costs

As a result of the adjustments noted by Staff and the impact on the beginning/ending monthly over/under recoveries they also recommend an adjustment to recalibrate carrying costs using these

corrections. The Company accepts this recommendation.

System	Carrying Costs		
	Reported	Corrected	Adjustment
South	\$ (155,932.37)	\$ (156,026.72)	\$ 94.35
North	\$ (21,233.49)	\$ (21,210.05)	\$ (23.44)

Audit (Internal and Independent Audits)

Staff requested external audit work papers prepared by Ernst & Young LLP (E&Y) be available for an on-site review. E&Y requested a work paper access agreement that Staff deemed unacceptable. Staff recommends the Company’s legal counsel “ensure all work paper access agreements are appropriate and reasonable and allow for Staff’s review.” The Company accepts this recommendation. EDG’s legal counsel will facilitate Staff’s review of the audit work papers and will work with Staff counsel to ensure the E&Y access agreement is appropriate and reasonable.

Board of Directors Minutes

During the on-site document review, Staff viewed copies of slides presented at the Company’s 2021 2nd Quarter Regional Quarterly Board Meeting. One slide covering internal controls over financial reporting noted observations that could be assessed as deficiencies for the 2020 calendar year. Staff recommends EDG provide an update on the status and resolution of the four (4) deficiencies noted for Empire. All four observations contained in the Company’s 2021 2nd Quarter Regional Quarterly Board Meeting specifically related to The Empire District Electric Company, not EDG. Additionally, these deficiencies were noted in the Company’s 2020 4th Quarter Regional Quarterly Board Meeting presentation to be nonrecurring, resolved with additional employee training on required procedure and documentation. No further action should be needed on this point.

II. RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

Reserve Margins

Staff recommends the Company “continue to monitor its pipeline contracts and maintain an appropriate reserve margin for each service area.” The Company accepts this recommendation.

III. HEDGING

Staff recommends that EDG “continue to evaluate its hedging strategy in response to changing market dynamics as to how much the existing hedging strategy actually benefits its customers, while balancing market price risk.” Staff further recommends EDG continue evaluating appropriate volumes for each of the hedging instruments used. The Company agrees with these recommendations.

IV. WINTER STORM URI

Staff examined documentation to analyze the prudence of the Company’s actions and decisions related to Winter Storm Uri in February of 2021 including natural gas purchases, storage utilization, and hedging. Based on this examination, Staff does not recommend any further adjustments to the Company’s ACA balances.

V. EDG’S RESPONSE TO ACA ACCOUNT BALANCES RECOMMENDED BY STAFF

Staff recommends that the Commission issue an order requiring EDG to adjust the balances in its 2020-2021 ACA filing to reflect the ending (over)/under recovery balances for the ACA, TOP, TC, and refund accounts per the below table. The Company accepts this recommendation.

Description + Under-recovery (-) Over-recovery	8-31-21 Ending Balances Per Filing	Staff Adjustments For 2020-2021 ACA	8-31-21 Staff Recommended Ending Balances
South System: Firm ACA	\$23,845,513.86	\$180,639.73	\$ 24,026,153.59
Interruptible ACA	\$0	\$0	\$0
Take-or-Pay (TOP)	\$0	\$0	\$0
Transition Cost (TC)	\$0	\$0	\$0
Refund	\$0	\$0	\$0
North System: Firm ACA	\$3,550,661.81	\$(193,114.03)	\$3,357,547.78
Interruptible ACA	\$0	\$0	\$0
Take-or-Pay (TOP)	\$0	\$0	\$0
Transition Cost (TC)	\$0	\$0	\$0
Refund	\$0	\$0	\$0
Northwest System: Firm ACA	\$ 2,184,527.02	\$(6.72)	\$2,184,520.30
Interruptible ACA	\$0	\$0	\$0
Take-or-Pay (TOP)	\$0	\$0	\$0
Transition Cost (TC)	\$0	\$0	\$0
Refund	\$0	\$0	\$0