

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

In the Matter of The Empire District Gas)
Company d/b/a Liberty’s Purchased Gas) Case No. GR-2024-0150
Adjustment Tariff Filing)

RESPONSE TO COMMISSION ORDER

COMES NOW The Empire District Gas Company d/b/a Liberty (“Liberty”), and for its Response to Commission Order, respectfully states as follows to the Missouri Public Service Commission (“Commission”):

1. Liberty submitted its Purchased Gas Adjustment (“PGA”) Actual Cost Adjustment (“ACA”) filing for the 2022-2023 period in this case on November 3, 2023. This filing revised the ACA rates based upon Liberty’s calculations of its ACA account balance.

2. On December 5, 2024, the Staff of the Commission (“Staff”) filed a recommendation and memorandum regarding its review of Liberty’s 2022-2023 ACA filing. On December 6, 2024, the Commission issued its *Order Directing Response*, directing Liberty to respond to Staff’s recommendations by January 6, 2025.

3. As detailed in the memorandum attached hereto, Liberty accepts Staff’s analysis and recommendations.

WHEREFORE, Liberty submits this Response to Commission Order and requests such relief as is just and proper under the circumstances.

Respectfully submitted,

/s/ Jermaine Grubbs
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CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 6th day of January, 2025, with a copy sent to all counsel of record.

/s/ Jermaine Grubbs

2022-2023 PGA-ACA GR-2024-0150

**THE EMPIRE DISTRICT GAS COMPANY D/B/A LIBERTY (“EDG”)
RESPONSE TO STAFF TECHNICAL REPORT AND ANALYSIS**

On December 5, 2024, the Staff of the Commission (“Staff”) filed its Staff Recommendation regarding the 2022-2023 Actual Cost Adjustment of EDG and an attached Memorandum (Staff Recommendation and Memorandum). This document set out the results of Staff’s analyses and recommendations concerning EDG’s 2022-2023 Actual Cost Adjustment (“ACA”) filing. On December 6, 2024, the Commission directed that EDG respond to the Staff Recommendation by January 6, 2024.

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.

I. BILLED REVENUE AND ACTUAL GAS COSTS

ACA Balances

Staff noted the beginning ACA balances reported by EDG did not include adjustments ordered in Case Nos. GR-2022-0127 (2020-2021 ACA period) or GR-2023-0129 (2021-2022 ACA period). Staff revised the EDG’s beginning balances to reflect changes agreed upon in those cases. EDG agrees with this revision.

Billed Revenues

Staff reviewed PGA/ACA rates on a sample of customer bills and noted “no differences were discovered.” No response is required.

Natural Gas Costs

Staff's testing of the EDG's calculations and its reviews of invoices and other supporting documentation uncovered no differences. No response is required.

Operational Flow Order (OFO)

Staff's ACA review found that EDG had not included OFO interest payments from a marketer resulting from Storm Uri gas costs and a stipulation agreement between parties. EDG agrees the interest should have been incorporated into net OFO revenues and accepts Staff's adjustment.

Imbalances/Cash-outs

Based on their review of imbalances and cash out calculations, no material differences were noted by Staff. No response on this point is required.

Carrying Costs

In November 2024, EDG withdrew its objection to applying the carrying cost of prime minus 2% to the deferred Winter Storm Uri costs. Subsequent adjustments recommended by Staff are summarized in the following table. EDG accepts these recommendations as reflected in the following table.

System	Carrying Costs		
	Reported	Corrected	Adjustment
South	\$ 1,297,256.28	\$ 958,837.02	\$ (338,419.26)
North	\$ 141,893.46	\$ 114,182.94	\$ (27,710.52)
Northwest	\$ 60,464.70	\$ 45,040.06	\$ (15,424.64)

II. RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

Reserve Margins

On page 5 of the Staff Memorandum, Staff recommends EDG “continue to monitor its pipeline contracts and maintain an appropriate reserve margin for each service area.” EDG 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. EDG agrees with these recommendations.

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

On pages 6 and 7 of the Staff Memorandum, Staff recommends that the Commission issue an order requiring EDG to adjust the balances in its 2022-2023 ACA filing to reflect the ending (over)/under recovery balances for Firm ACA customer accounts per the following table:

System	Ending ACA Balances		
	As Reported 8.31.2023	Adjustments	Corrected 8.31.2023
South	\$ 16,222,713.36	\$ (1,545,322.09)	\$ 14,677,391.27
North	\$ 1,368,304.41	\$ (307,677.57)	\$ 1,060,626.84
Northwest	\$ (803,287.45)	\$ (108,259.69)	\$ (911,547.14)

EDG accepts this recommendation.

Staff’s Memorandum further allocates EDG’s ACA balances into Regular and Storm Uri categories. EDG concurs with this allocation, as demonstrated in the table below.

System	Allocated ACA Balances		
	Regular ACA	Storm Uri ACA	Total ACA
South	\$ 603,984.34	\$ 14,073,406.93	\$ 14,677,391.27
North *	\$ -	\$ 1,060,626.84	\$ 1,060,626.84
Northwest	\$ (911,547.13)	\$ -	\$ (911,547.13)

* At August 31, 2023, North Regular ACA balance was over collected \$135,100.12 and was closed (netted) against the Storm Uri ACA balance of \$1,195,726.96 for an ending balance of \$1,060,626.84.