

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

In the Matter of the Application of the Empire District )  
Gas Company, for a Certificate of Public Convenience )  
and Necessity Authorizing It to Construct, Install, Own, )  
Operate, Control, Manage and Maintain a Natural Gas )  
Distribution System to Provide Gas Service in Nodaway )  
County, Missouri, as an Expansion of Its Existing )  
Certified Area )

**File No. GA-2012-0111**

**STAFF RECOMMENDATION TO GRANT A CERTIFICATE OF CONVENIENCE AND  
NECESSITY WITH CONDITIONS**

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff") and for its Staff Recommendation to Grant a Certificate of Convenience and Necessity with Conditions hereby states as follows:

1. On October 11, 2011, The Empire District Gas Company ("EDG" or "Company") filed an Application with the Missouri Public Service Commission ("Commission") for a certificate of public convenience and necessity (CCN) to expand its service territory in Nodaway County, Missouri.

2. Staff has thoroughly reviewed EDG's Application. For reasons more fully explained in the Staff Memorandum, attached as Appendix A and incorporated herein by reference, Staff believes that it is in the public interest to grant the Company's Application pursuant to § 393.170 RSMo, 4 CSR 240-2.060 and 4 CSR 240-3.205 because:

- a. No interveners have objected;
- b. EDG anticipates using customary rights-of-way;
- c. No new franchises are necessary;

- d. Staff considers EDG's proposal to be economically feasible; and
- e. EDG's current contracted capacity is sufficient to serve the additional customers.

3. Staff has verified that the Company has filed its annual report and is not delinquent on any assessment.

4. Staff is not aware of any other cases that affect or will be affected by this case.

**WHEREFORE,** Staff respectfully requests the Commission issue an order 1) granting The Empire District Gas Company a certificate of convenience and necessity to construct, install, own, operate, control, manage and maintain a system for the provision of natural gas service to the public pursuant to its approved rates, rules and regulations in Sections 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26 and 27, Township 63 North, Range 34 West and Sections 7, 8, 17, 18, 19, 20, 29, and 30, Township 63 North, Range 33 West, all in Nodaway County, Missouri; 2) directing EDG to maintain separate records for the proposed service area; 3) directing EDG to perform a separate class cost of service study and revenue requirement when EDG files its next rate case; 4) directing EDG to file revised tariff sheets including the CCN service area granted by the order within thirty (30) days of the order approving the Application.

Respectfully Submitted,

**/s/ John D. Borgmeyer**

John D. Borgmeyer  
Legal Counsel  
Missouri Bar No. 61992

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Missouri Public Service Commission  
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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to counsel of record on this 21<sup>st</sup> day of November, 2011.

**/s/ John D. Borgmeyer**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File,  
Case No. GA-2012-0111

FROM: Henry E. Warren, Energy Unit - Tariffs/Rate Design

/s/ Thomas M. Imhoff 11/21/11  
Energy Unit/Date

/s/ Lera Shemwell 11/21/11  
Staff Counsel's Office/Date

SUBJECT: Staff Recommendation On Empire District Gas Company's Application for a Certificate of Convenience and Necessity

DATE: November 21, 2011

On October 11, 2011, the Empire District Gas Company (EDG or Company) filed an APPLICATION (Application) with the Missouri Public Service Commission (PSC or Commission). The Application requests that the Commission grant EDG a certificate of convenience and necessity (CCN) authorizing it to construct, install, own, operate, control, manage and maintain a gas transmission line and a distribution system to extend its gas service in Nodaway County in Missouri.

On October 12, 2011, the Commission issued an ORDER DIRECTING NOTICE AND SETTING DEADLINE FOR INTERVENTION REQUESTS. The order stated that any motion to intervene was due no later than October 24, 2011. No parties intervened. On October 25, 2011, the Commission issued an ORDER DIRECTING THE COMMISSION'S STAFF TO FILE A RECOMMENDATION (Recommendation Order) which directed Staff to file its recommendation no later than November 21, 2011.

EDG is requesting a CCN for twenty (20) additional sections of Nodaway County. The mainlines will be 7.68 miles and will provide natural gas service to Jefferson High and Elementary School near Conception Junction, Conception Abbey and Seminary in the community of Conception, the Congregation of Benedictine Sisters near the community of Clyde as well as to additional customers along US Highway 136 (See Page 3). The mains will follow the rights-of-way, county roads or state highways. No franchises or permits from municipalities, counties or other authorities will be necessary, other than the customary state highway, railroad and county road permits, which EDG will obtain prior to construction. The requested area is bordered on the north by the existing EDG certificated service area associated with the community of Ravenwood.

EDG filed a Feasibility Study with its Application. The total estimated cost of the project is \$478,000. EDG also provided projected average usage, and for the three primary commercial and school customers, monthly customer and commodity charges for three years.

It is Staff's opinion, the Feasibility Study filed by EDG to provide natural gas to the customers listed in its application for the requested service area shows EDG's proposal to be economically feasible.

The Procurement Analysis Unit Staff reviewed the proposed expansions for any impacts, positive or negative, on other customers regarding reliability for transportation capacity for peak day planning. The Company provided information that demonstrated its current contracted capacity for its Northwestern Service Area is sufficient to serve these additional customers.

Based on the results of Staff's analysis of all available information, Staff recommends the Commission issue its order requiring:

1. EDG maintain separate records for the proposed certificated area, and
2. EDG performs a class cost of service study and revenue requirement for the proposed certificated area when EDG files its next rate case.

In addition to the recommendations above, Staff recommends the Commission's order also include the following conditions:

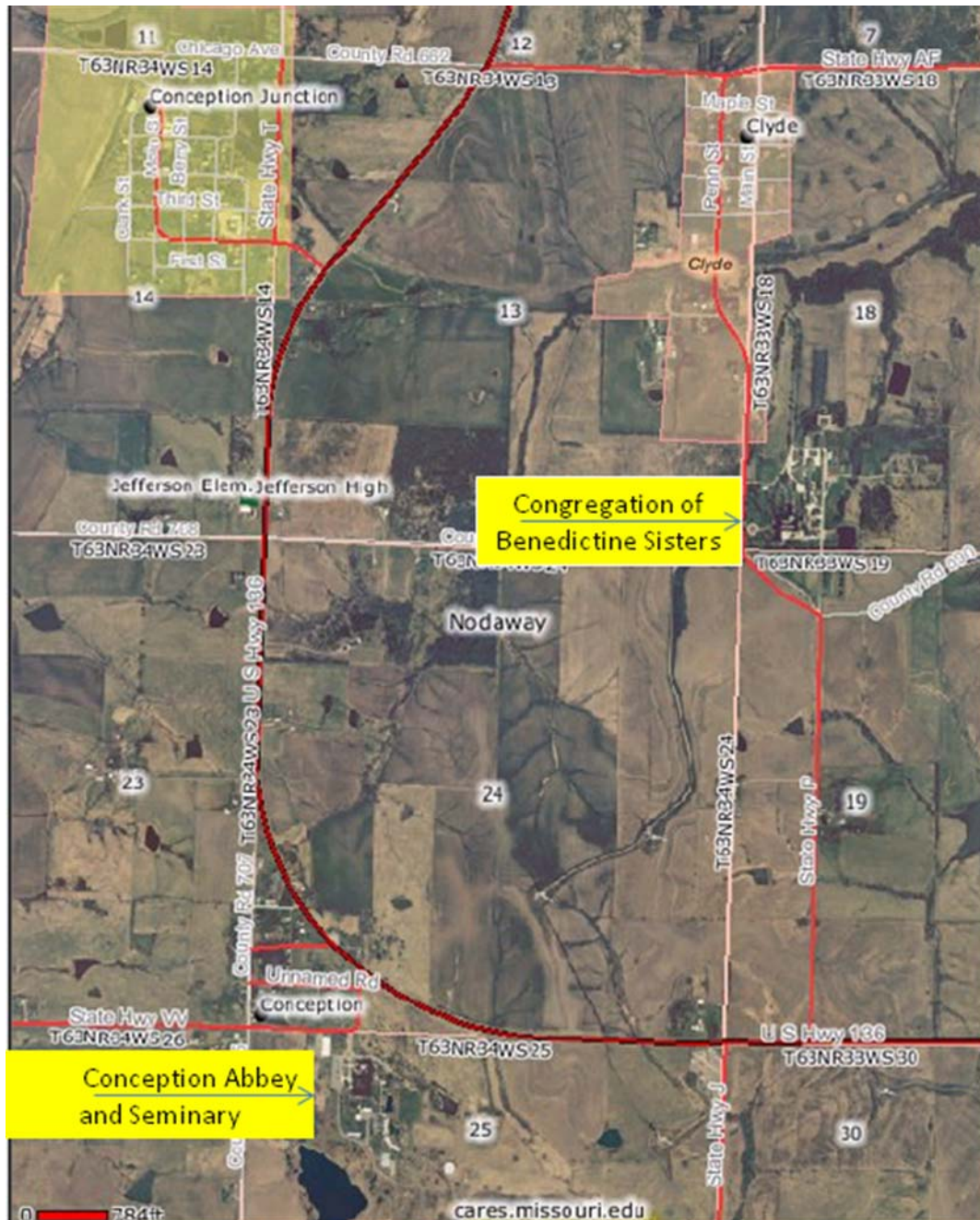
1. Responsibility for the success of the proposed project shall rest solely with EDG's shareholders, with current customers having no liability or responsibility;
2. EDG shall use the depreciation rates currently on file with the Commission;
3. EDG maintains adequate pipeline capacity to reliably serve all customers in this area, including capacity necessary to serve any future growth;
4. Within thirty (30) days of the Commission's Order approving this Application, the Company shall file revised tariff sheets to include this additional service territory.

Based on the above, Staff recommends the Commission grant EDG a CCN to serve the requested areas in Nodaway County, Missouri.

The Staff has verified that this company has filed its annual report and is not delinquent on any assessment.

### Map of EDG Proposed Initial Service

Jefferson Elementary and High School, Congregation of Benedictine Sisters, Conception Abbey and Seminary, and ten (10) additional customers south of Jefferson High School and west of Highway J on U.S. Highway 136.



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Empire District Gas Company, for a )  
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Necessity Authorizing it to Construct, )  
Install, Own, Operate, Control, Manage )  
and Maintain a Natural Gas Distribution )  
System to Provide Gas Service in )  
Nodaway County, Missouri, as an )  
Expansion of its Existing Certified Area )

File No. GA-2012-0111

**AFFIDAVIT OF HENRY E. WARREN**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

Henry E. Warren, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

  
Henry E. Warren

Subscribed and sworn to before me this 21<sup>st</sup> day of November, 2011.



  
Notary Public