

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2008-0123, File No. YG-2008-0263, The Empire District Gas
Company – Northern, Southern, and Northwest (L&P)

FROM: Anne Ross, Energy Department – Tariffs/Rate Design

/s/ Thomas M. Imhoff 10/31/07
Energy Department/Date

/s/ Lera Shemwell 10/31/07
General Counsel's Office/Date

SUBJECT: Staff Recommendation on The Empire District Gas Company – Northern, Southern,
and Northwest (L&P) Scheduled Winter Season PGA Filing Effective November 3,
2007

DATE: October 31, 2007

On October 24, 2007, The Empire District Gas Company – Northern, Southern, and Northwest (L&P) (Empire or Company) of Joplin, Missouri filed tariff sheets proposed to become effective November 3, 2007. On October 31, 2007, Empire filed a substitute tariff sheet to correct a typographical error. The tariff sheets were filed to reflect a change in Empire's Purchased Gas Adjustment (PGA) factors as the result of an estimated change in the cost of natural gas for the winter season, 2007-2008. The winter season includes the months of November through March. This tariff filing also reflects a change in the Actual Cost Adjustment (ACA), another factor that determines the Net PGA.

For the Southern System (serving communities such as Sedalia and Clinton), the net effect of this filing is to decrease the firm PGA factors for the 2007–2008 winter season to \$0.79333 per Ccf from the current firm PGA factor of \$0.99243 per Ccf. This represents a \$0.19910 per Ccf decrease.

For the Northern System (serving communities such as Chillicothe and Trenton), the net effect of this filing is to decrease the firm PGA for the 2007–2008 winter season to \$0.0.79930 per Ccf from the current firm PGA factor of \$0.93020 per Ccf. This represents a \$0.1309 per Ccf decrease.

For the Northwest (L&P) System (serving communities such as Maryville and Mound City), the net effect of this filing is to decrease the firm PGA factors for the 2007–2008 winter season to \$0.68407 per Ccf from the current firm PGA factor of \$0.73850 per Ccf. This represents a \$0.05443 per Ccf decrease.

Case No. GR-2008-0123, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2006-2007 ACA filing. Case No. GR-2006-0297 was

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established to track the Company's PGA factors to be reviewed in its 2005-2006 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in ACA Case Nos. GR-2006-0297 and GR-2008-0123.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2008.

Staff has verified that this company has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Staff has reviewed this filing and has determined that it was calculated in conformance with Empire's PGA Clause. Empire filed this tariff on less than 10 business days notice. The need to assist Missouri consumers by promptly implementing a decrease in natural gas rates, which Staff believes constitutes good cause and is of the opinion that approval of these tariff sheets on less than ten (10) business days notice for Empire's PGA change filings should be approved. Therefore, Staff recommends that the following tariff sheets, filed on October 24, 2007, and as substituted on October 31, 2007 be approved, interim subject to refund:

P.S.C. MO. No.1

1st Revised Sheet No. 61 Canceling Original Sheet No. 61

1st Revised Sheet No. 62 Canceling Original Sheet No. 62

1st Revised Sheet No. 64 Canceling Original Sheet No. 64

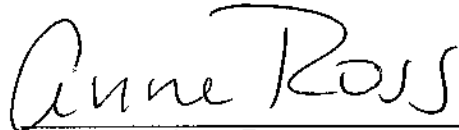
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of The Empire District Gas)
Company's Purchased Gas Adjustment) Case No. GR-2008-0123
Tariff Filing.)

AFFIDAVIT OF ANNE ROSS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Anne Ross, of lawful age, on oath states: that she has 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 given by her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of her knowledge and belief.



Anne Ross

Subscribed and sworn to before me this 31st day of October, 2007.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086



Notary Public

My commission expires 9-21-10