

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

In the Matter of the Tariff Filing of The Empire)	
District Electric Company to Implement a General)	Case No. ER-2006-0315
Rate Increase for Retail Electric Service Provided)	
to Customers in its Missouri Service Area.)	

NOTICE

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and hereby notifies the Commission of its intention to address the matter of Renewable Energy Credit ("REC") sales in subsequently filed testimony in this case. The Staff respectfully states as follows:

1. It appears that on June 12, 2006, the Staff received the attached letter (Appendix A), dated June 6, 2006, sent to the Commission by a Mr. Tim Wilson of The Empire District Electric Company ("Empire"). The letter informs the Commission that Empire, pursuant to its certification under the Center for Resource Solutions' "Green-e" program, sold 49,635 RECs to 3 Phases Energy Services, a diversified renewable energy company. RECs are tradable instruments created when electricity is generated by a facility engaged in the production of renewable energy (*e.g.*, wind, solar, biomass). Each REC represents the environmental benefits of one megawatt-hour produced from renewable energy sources vis-à-vis non-renewable sources that would otherwise be utilized. The letter states that, by the terms of its Green-e certification, Empire is required to report such REC sales to the Commission. To the Staff's knowledge, this letter is the first such notification that the Commission has received, and was brought to the attention of the Staff working on the instant Empire rate case in just the last few days.

2. The RECs were issued in connection with electricity generated in the fourth quarter of 2005, which is within the test year for the Empire rate case. The Staff is now

considering the question of the proper treatment of the revenue from Empire's recent sale of RECs and whether or not the sale will affect the Staff's revenue requirement calculations in this proceeding. Another issue is whether or not Empire or any regulated utility in Missouri needs Commission authorization under Section 393.190.1 prior to entering into such transactions. It will be recalled that the Commission has previously found that Commission authorization is required before utilities may sell SO₂ emission allowances.

3. Concurrent with this pleading, the Staff is filing its Direct testimony in this case. Because the subject sale transaction did not come to the attention of Staff personnel assigned to the rate case until the last few days, it was not possible for the Staff to address this matter in the Staff's Direct filing. After it has had sufficient time to raise this matter with Empire, the Staff intends to address it in testimony subsequently to be filed in this case.

WHEREFORE, the Staff hereby notifies the Commission of its intention to offer subsequent testimony in this proceeding concerning the sale by Empire of Renewable Energy Credits.

Respectfully submitted,

/s/ Dennis L. Frey

Dennis L. Frey
Senior Counsel
Missouri Bar No. 44697

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 23rd day of June 2006.

/s/ Dennis L. Frey

Colleen Dale
Secretary of the Commission
Missouri Public Service Commission
PO Box 360
Jefferson City, MO 65102-0360
573.751.3234

June 6, 2006
RECEIVED

JUN 12 2006

UTILITY OPERATIONS
DIVISION

Respectfully,

The Empire District Electric Company (Empire) is certified to sell its Renewable Energy Certificates (REC) by the Center for Resource Solutions' Green-e program. A REC is a tradable commodity representing 1 MWh of energy generated from a renewable source. As part of Empire's reporting requirement to Green-e, this letter is to inform you of electricity generated which was sold to Empire from the Elk River Wind Farm located near Beaumont, KS in 2005. The Electricity was provided to Empire's customers, while the associated REC's were sold to a third-party. Under the rules for Green-e certification, we have to notify our regulatory authority that we sold the REC's associated with the generation for which Empire purchased the power.

Generator: Elk River Wind Farm
Number of REC's: 75,069
Period Generated: Fourth Quarter 2005
Purchaser of REC's: 3 Phases Energy bought 49,635 REC's
Purchaser of Power: Empire District Electric Company

If you have any questions feel free to call me.

Sincerely,

Tim Wilson
Empire District Electric Company
417.625.6512
twilson@empiredistrict.com

Appendix A