

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

In the Matter of The Empire District Electric)
Company's Tariff Sheets Designed to Revise Its)
Missouri Commercial and Industrial Facility Rebate) Case No. ET-2007-0375
Program.)

STAFF'S RECOMMENDATION TO APPROVE TARIFF SHEETS

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and, for its Recommendation the Commission approve Tariff Sheets The Empire District Electric Company filed on April 5, 2007, states:

1. In the attached Memorandum, which is labeled Appendix A, the Staff recommends the Missouri Public Service Commission approve the three tariff sheets The Empire District Electric Company filed on April 5, 2007, to modify in certain respects its Missouri Commercial and Industrial Facility Rebate Program created pursuant to the Affordability, Energy Efficiency and Demand Response Programs section of the Stipulation and Agreement which comprises the Experimental Regulatory Plan approved by the Commission in its August 2, 2005 Order Approving Stipulation and Agreement in Case No. EO-2005-0263. This program is designed to provide rebates to commercial & industrial (C&I) customers that install, replace or retrofit qualifying electric savings measures including heating, ventilation and air conditioning (HVAC) systems, motors, lighting, pumps, etc.

2. The Customer Program Collaborative (CPC), created as part of the Affordability, Energy Efficiency and Demand Response Programs section of the Stipulation and Agreement which comprises the Experimental Regulatory Plan approved by the Commission in its August 2,

2005 Order Approving Stipulation and Agreement in Case No. EO-2005-0263, suggested and approves of the modifications The Empire District Electric Company proposes by these tariff sheets. Those modifications include, but are not limited to, the following:

- Adding rebates for a portion of the costs of improvements;
- Stating program funds are available on a first-come, first-served basis;
- Making funds potentially available multiple times per facility location;
- Clarifying that customers with multiple buildings will be eligible for multiple audit rebates;
- Clarifying that a customer may qualify for both prescriptive and custom rebates.
- Reducing the maximum rebate to the lesser of \$300 or 50% of the energy audit cost, except for facilities over 25,000 square feet which remains at \$500, and require implementation of at least one audit recommendation;
- Increasing the maximum annual amount of all rebates to a customer from \$5,000 to \$20,000; and
- Adding that a process evaluation could be conducted at the beginning of the third year of implementation.

More program details and background are provided in Appendix A and the filings The Empire District Electric Company has made in this case.

3. Because the tariff sheets comply with Stipulation and Agreement approved by the Commission's Order Approving Stipulation and Agreement in Case No. EO-2005-0263, the Staff recommends the Commission issue an order approving the proposed tariff sheets to become effective May 7, 2007, as requested by The Empire District Electric Company, or permit the tariff sheets to go into effect by operation-of-law.

WHEREFORE, the Staff of the Missouri Public Service Commission recommends the Commission approve the Tariff Sheets The Empire District Electric Company filed on April 5,

2007, to become effective May 7, 2007, or allow them to become effective May 7, 2007, by operation of law, to wit:

P.S.C. Mo. No. 5, Section 4

2nd Revised Sheet No. 8a Canceling 1st Revised Sheet No. 8a

Original Sheet No. 8a.1

3rd Revised Sheet No. 8b Canceling 2nd Revised Sheet No. 8b

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams

Deputy General Counsel

Missouri Bar No. 35512

Attorney for the Staff of the
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 all counsel of record this 30th day of April, 2007.

/s/ Nathan Williams

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ET-2007-0375, Tariff No. JE-2007-0722
The Empire District Electric Company

FROM: James Watkins, Manager, Economic Analysis
Tom Imhoff, Rate & Tariff Examination Supervisor
Henry Warren, Regulatory Economist II
Mack McDuffey, Rate & Tariff Examiner II

/s/ James Watkins 04/27/07
Energy Department / Date

/s/ Nathan Williams 04/27/07
General Counsel's Office / Date

SUBJECT: Staff Recommendation For **Approval** of Tariff Sheets Filed To Revise The Missouri Commercial and Industrial Facility Rebate Program

DATE: April 27, 2007

On April 5, 2007, The Empire District Electric Company (Empire or Company) of Joplin, Missouri, filed with the Commission three (3) tariff sheets with a proposed effective date of May 7, 2007. These sheets revise the Missouri Commercial and Industrial Facility Rebate Program - Schedule PRO (Program) in the Company's electric tariff. This filing is made pursuant to the Affordability, Energy Efficiency and Demand Response Programs section of the Stipulation and Agreement which comprises the Experimental Regulatory Plan approved by the Commission in its August 2, 2005 Order Approving Stipulation and Agreement in Case No. EO-2005-0263. The Customer Program Collaborative (CPC) has suggested and approved these changes.

This program is designed to provide rebates to commercial & industrial (C&I) customers that install, replace or retrofit qualifying electric savings measures including heating, ventilation and air conditioning (HVAC) systems, motors, lighting, pumps, etc. At the request of the Commission's Energy Department Staff (Staff), Empire has made a supplemental filing consisting of two supporting documents: C&I Program Description and Prescriptive Rebate Outline. This supplemental filing provides the Commission additional information about the Program that is not contained in the proposed tariff sheets.

The CPC has recommended, and Empire has proposed with this tariff filing, the following substantive changes to the current tariff sheets:

Under APPLICATION:

1. Change the name of the program from "Missouri Commercial Facility Energy Audit Program" to "Missouri Commercial and Industrial Facility Rebate Program" ;
2. Add rebates for a portion of the costs of improvements;

Under DEFINITIONS:

3. Remove the definition of Potential Energy Saving;
4. Add the definition of Prescriptive Rebates;
5. Add the definition of Custom Rebates;

Under AVAILABILITY:

6. Add that program funds are available on a first-come, first-served basis;
7. Remove the restriction that funds are available only once per facility location;
8. Clarify that customers with multiple buildings will be eligible for multiple audit rebates;
9. Clarify that customers that qualify for prescriptive rebates may also be eligible for custom rebates;

Under TERMS & CONDITIONS (changed from "REBATE AMOUNT"):

10. Generally reorganizes and clarifies this section;
11. Modifies the Energy Audit section to reduce the maximum rebate to the lesser of \$300 or 50% of the energy audit cost and require implementation of at least one audit recommendation. The maximum rebate for facilities over 25,000 square feet remains at \$500;
12. Increases the maximum annual amount of all rebates to a customer from \$5,000 to \$20,000;

Under EVALUATION:

13. Adds that a process evaluation could be conducted at the beginning of the third year of implementation;

Under PROGRAM FUNDING:

14. Adds a table listing the annual funds available for each program year.

The Staff has reviewed the filed tariff sheets, and is of the opinion that they were filed in a timely manner and remain in compliance with the Stipulation and Agreement approved by the Commission's Order Approving Stipulation and Agreement in Case No. EO-2005-0263. The Staff therefore recommends that the Commission issue an order approving the following proposed tariff sheets, as filed on April 5, 2007, to become effective on May 7, 2007, as requested by Empire, or permit the tariff sheet to go into effect by operation-of-law:

P.S.C. Mo. No. 5, Section 4

2nd Revised Sheet No. 8a Canceling 1st Revised Sheet No. 8a

Original Sheet No. 8a.1

3rd Revised Sheet No. 8b Canceling 2nd Revised Sheet No. 8b

The Staff has verified that this Company is not delinquent on any assessment or the filing of its 2006 annual report. The Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

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

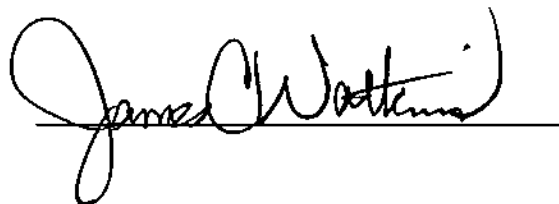
In the matter of this program, Commercial & Industrial)
Rebate Program)
)

Case No. ET-2007-0375
Tariff No. JE-2007-0722

AFFIDAVIT OF JAMES C. WATKINS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

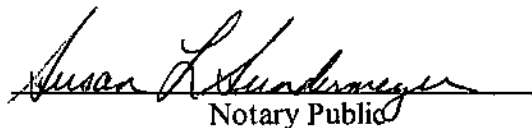
James C. Watkins, of lawful age, on oath states: that he has participated in the preparation of the foregoing Staff Recommendation; that he has knowledge of the matters set forth in such recommendation; and that such matters are true to the best of his knowledge and belief.



Subscribed and sworn to before me this 27th day of April, 2007.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942088



Notary Public

My commission expires 9-21-10