

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2009-0181, Joint Application of the Empire District Electric
Company and Carthage Water & Electric Plant Requesting Authorization
For a Change in Electric Service Provider for Certain Customers for
Reasons in the Public Interest

FROM: Alan J. Bax, Energy Department – Engineering Analysis

<u>Alan J. Bax</u> / 12-05-08 Energy Department / Date	<u>Kevin A. Thompson</u> / 12-05-08 General Counsel's Office / Date
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SUBJECT: Staff Recommendation

DATE: December 5, 2008

OVERVIEW

On November 13, 2008, the Empire District Electric Company (Empire) and Carthage Water and Electric Plant (CW&EP), a municipal utility of the City of Carthage, Missouri (City), referred to collectively as the “Joint Applicants,” filed an Application with the Missouri Public Service Commission (Commission) seeking approval to change the provider of electric service to three advertising signs located along the East side of Highway 71, just South of the Highway HH interchange, in Carthage, Missouri. Empire currently provides electric service to these signs. The Joint Applicants desire that CW&EP become the electric service provider to these signs. Joint Applicants have included notarized statements from the respective owners of these signs illustrating their consent to this requested change in electric service providers from Empire to CW&EP.

CW&EP is a municipal electric utility authorized to provide electric service within the city limits of Carthage, Missouri as well as certain facilities outside these boundaries per Section 91.025, RSMo 2000. CW&EP is subject to the jurisdiction of the

Commission for the purpose of seeking approval of a Request for a Change of Electric Service Providers per Section 91.025.2, RSMo 2000¹.

Empire is an electrical corporation subject to the jurisdiction of the Commission as specified, in part, by Chapters 386 and 393, RSMo 2000. For the present Case, Empire is subject to the jurisdiction of the Commission pursuant to Section 393.106.2, RSMo 2000².

On November 14, 2008, the Commission issued an Order directing the Commission's Staff to file a recommendation regarding this Joint Application.

DISCUSSION

Empire has an existing three phase, 12 kV distribution line routed along the west side of the outer service road on the west side of US Highway 71 in front of the McCune-Brooks Regional Hospital. As depicted on the map included in the Application and attached to this Staff Recommendation as Appendix A, Empire connects to the aforementioned distribution line, running a tap across Highway 71 in their current provision of service to the three advertising signs that are the subject of this Case.

The McCune Brooks Regional Hospital (Hospital) began operations earlier this year. The electric circuit utilized by CW&EP in its provision of service to the Hospital runs along the property line on the West and South sides of the Hospital, as depicted on the aforementioned map. A satellite image of the area, attached to this Recommendation as Appendix B, shows the location of the Hospital within this approximate 34.5 acre area.

¹ Section 91.025.2 states, in relevant part, that "...The Public Service Commission may order a change in electric service providers on the basis that it is in the public interest for reasons other than a rate differential..."

² Section 393.106.2 states, in relevant part, that "...The Public Service Commission, upon application made by an affected party, may order a change of suppliers on the basis that it is in the public interest for a reason other than a rate differential..."

CW&EP also utilizes these facilities to provide service to a predominantly residential load to an area west of the Hospital. Although not shown on the map or the satellite image, CW&EP has constructed a highway crossing, extending the South portion of their facilities to the East side of Highway 71. This area to the East of Highway 71 has been zoned a commercial area, with CW&EP recently providing service to a restaurant. CW&EP currently plans on extending this line northward to provide electric service to these three advertising signs should this Application be approved.

As alluded to in the Application, the desire to relocate this section of Empire's facilities from the front of the Hospital to the rear has been a pointed desire from the beginning of the process of construction of the Hospital. This is evident in that CW&EP constructed its facilities to the West and South of the Hospital in a manner to provide sufficient clearance to accommodate the relocation of Empire's line. CW&EP installed poles of sufficient height and class anticipating that Empire would relocate its facilities to fulfill this aforementioned desire. Should the Commission approve this Application, the Hospital will pay the costs associated with Empire relocating its facilities and removing the current Highway crossing. CW&EP will bear the expense of extending its service to the three advertising signs.

STAFF RECOMMENDATION

Staff believes the Commission should approve the Joint Applicants' request to authorize a change in electric service providers for three advertising signs along the East side of Highway 71, further described in the Joint Application, from Empire to CW&EP as being in the public interest for a reason other than a rate differential as is required

under Sections 91.025.2, 393.106.2, and 394.315.2 RSMo 2000, as well as 4 CSR 240-3.140.

Joint Applicants have stated the Hospital's desire that Empire's existing facilities, currently running in front of the Hospital, be relocated to the rear of the Hospital for aesthetic reasons. The Hospital has agreed to bear the expense of this desired relocation and removal of Empire's current Highway crossing. Empire is currently only supplying electric service in this vicinity to these three advertising signs. The other customer locations neighboring these signs are all receiving service from CW&EP. It would not be cost effective for Empire to maintain service to these advertising signs upon relocating these facilities. CW&EP has extended its facilities depicted on the South side of the map included in the Application across Highway 71 in currently providing service to a newly constructed restaurant and other anticipated load in this immediate area. CW&EP can certainly extend its facilities more advantageously as compared to Empire to provide service to these advertising signs upon the completion of the desired relocation. Joint Applicants infer sufficient reasons of efficiency, load management and equipment optimization to demonstrate why the requested change in providers is in the public interest. Therefore, Joint Applicants have demonstrated why the requested change in providers is in the public interest for reasons other than a rate differential having complied with Commission Rule 4 CSR 240-3.140 (1) (G), which requires "The reasons a change of electrical suppliers is in the public interest...". The Hospital has long desired to have Empire's existing facilities moved from the front of their location and will bear the expense of such relocation. CW&EP constructed its facilities depicted on the map in a fashion to not only accommodate the Hospital's desire to relocate Empire's facilities,

but also in anticipating providing service to these advertising signs. Therefore, based on the above reasons, the Staff recommends the Commission issue an order approving Joint Applicants' request to allow CW&EP to become the electric service provider to these three advertising signs described in the Application.

CW&EP is not required to file annual reports or pay assessment fees with the Commission. Further, CW&EP has no pending or final unsatisfied decision against it from any state or federal court involving customer service or rates within three years of the date of this filing.

Empire is current on filings of annual reports and its assessment dues. Staff is not aware of any unsatisfied judgments or decisions against Empire in any state or federal agency or court involving customer service or rates within the last three years that would have bearing on the immediate Case.