

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

In the Matter of a Working Case to                    )  
Consider Policies to Improve                        )  
Electric Utility Regulation.                         )        File No. EW-2016-0313

**RESPONSE OF THE EMPIRE DISTRICT ELECTRIC COMPANY**

COMES NOW The Empire District Electric Company (“Empire”), by and through counsel, and respectfully submits this Response to the *Order Directing Electric Utilities to Respond to Staff’s Questions* issued herein on August 31, 2016, by the Missouri Public Service Commission (“Commission”):

**Staff Question A:** What investments are you not able to make under the current regulatory environment that you would be able to make if there was a change in ratemaking practices?

**Empire’s Response:** The current regulatory environment has forced Empire to make certain decisions that were less than ideal. Utilizing the current regulatory environment, Empire has made all investments which Empire deemed reasonable and prudent and necessary for the provision of safe and reliable service. During periods of major capital expenditures for improvements, however, Empire believed it was necessary to delay certain other prudent expenditures. For example, during the construction of Iatan 2, Empire temporarily delayed replacing vehicles and equipment that Empire would have ordinarily replaced.

**Staff Question B:** If the decision to make investment depends on the extent of the regulatory change, please provide information as to investments that will be made under various regulatory environments (e.g., performance-based rates, shortened rate cases, an electric ISRS, construction accounting/plant-in-service, trackers/riders, projected/partially-projected test year, interim rates, CWIP in rate base, etc.).

**Empire's Response:** Growth in demand for traditional utility services has declined, while the need for a modern digitized electric grid that supports customer-owned distributed generation and advanced technologies increases. Although the current regulatory environment is not preventing Empire from making required investments at this time, as explained above, Empire believes new regulatory approaches that lessen the impact of regulatory lag could allow utilities to better accommodate changing customer needs and expectations, and could enhance the provision of clean, safe, and reliable electric service in Missouri. For example, Empire believes the regulatory environment could be improved through shortened rate cases, an electric ISRS, decoupled rates, the continued use of trackers/riders, the use of a projected or partially-protected test year, the allowance of interim rates, and/or the inclusion of CWIP in rate base.

WHEREFORE, The Empire District Electric Company respectfully submits its Response to the *Order Directing Electric Utilities to Respond to Staff's Questions*. Empire requests such relief as the Commission deems just and proper under the circumstances.

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

/s/ Diana C. Carter

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**CERTIFICATE OF SERVICE**

I hereby certify that the above and foregoing document was filed in EFIS, notifying all counsel of record of the filing, and that a copy of the same was sent via electronic mail on this 23<sup>rd</sup> day of September, 2016, to all those requesting service.

/s/ Diana C. Carter\_\_\_\_\_