

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

In the Matter of the First Prudence Review of	)	
Costs Subject to the Commission-Approved	)	<b>Case No. EO-2010-0084</b>
Fuel Adjustment Clause of The Empire	)	
District Electric Company	)	

**STAFF REPORT AND RECOMMENDATION**

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”) and for its report and recommendation states as follows:

1. On September 4, 2009 the Staff initiated a prudence audit of the costs subject to The Empire District Electric Company’s (“Empire”) commission-approved fuel adjustment clause for the period of September 1, 2008 through August 31, 2009.

2. On September 9, 2009, Staff filed its Notice of Start of Prudence Audit for that audit.

3. Empire’s tariff provides that as part of its fuel adjustment clause there “shall be prudence reviews of costs” and that “[p]rudence reviews shall occur no less frequently than at 18 month intervals.”<sup>1</sup> This tracks the language of both Commission Rule 4 CSR 240-20.090(7) and § 386.266.4(4) RSMo Supp 2009.

4. In its last general rate case, Case No. ER-2008-0093, the Commission approved Empire’s original fuel adjustment clause tariff sheets numbered 17, 17a, 17b and 17c to become effective on September 1, 2008.<sup>2</sup> Tariff sheet number 17 provides for

---

<sup>1</sup> The Empire District Electric Company, Tariff Sheet, P.S.C. MO. No. 5, Sec. 4, Original Sheet No. 17b.

<sup>2</sup> *In the Matter of The Empire District Electric Company’s Tariff’s to Increase Rates for Electric Service Provided to Customers in the Missouri Service Area of the Company, Case No. ER-2008-0093, Order Granting Expedited Treatment and Approving Tariff Sheets*, issued August 12 and effective August 23, 2008.

recurring six-month accumulation periods of September-to-February and March-to-August.

5. The Staff has conducted a prudence review of the costs associated with Empire's fuel adjustment clause for an audit period of September 1, 2008 through August 31, 2009.<sup>3</sup>

6. Rule 4 CSR 240-20.090(7)(B) establishes the following schedule of dates by which certain events are to take place, keyed off of the date the Staff initiates its prudence audit:

<b>Time from Staff prudence audit initiation within which event is to occur</b>	<b>Event</b>
180 days after	Submission of Staff recommendation to Commission regarding Staff's examination and analysis
190 days after	Request for hearing
210 days after	Commission Order, if no hearing requested

**WHEREFORE**, the Staff of the Missouri Public Service Commission hereby submits its report and recommendation regarding Staff's examination and analysis regarding its prudence audit of the costs subject to Empire's Commission-approved fuel adjustment clause for the period September 1, 2008 through August 31, 2009.

---

<sup>3</sup> The Staff notes a rate adjustment based on the September 2008 to February 2009 was the subject of Case No. EO-2009-0349.

Respectfully submitted,

/s/ Sarah Kliethermes  
Sarah L. Kliethermes  
Legal Counsel  
Missouri Bar No. 60024

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-6726 (Telephone)  
(573) 751-9285 (Fax)  
sarah.kliethermes@psc.mo.gov

### **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 26<sup>th</sup> day of February, 2010.

/s/ Sarah L. Kliethermes