

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 15th
day of October, 1991.

In the matter of the application of The Empire)
District Electric Company for a waiver of 4 CSR 240-14)
and portions of its electric regulations with regard to) CASE NO. EO-91-398
the Bentwater subdivision located in Christian County,)
Missouri.)

ORDER GRANTING WAIVERS

On June 20, 1991, The Empire District Electric Company (Empire) filed an application in this case requesting that the Commission grant Empire a variance from the Commission's rule, 4 CSR 240-14, pursuant to 4 CSR 240-14.010(2), and a waiver of charges specified in Section 5 of Empire's electric rules and regulations pursuant to Section 5's waiver provision. Empire requests this approval in order to meet unregulated competition.

Specifically, Empire desires to install underground utilities without the normally required contribution of \$146,920 from the developer of the Bentwater subdivision located near Nixa, Missouri. This sum represents the difference between installing overhead versus underground distribution facilities in this 140-lot subdivision. Empire would waive the contribution from the developer in order to match the offer of the Ozark Electric Cooperative (Ozark) to install such underground facilities free of charge.

On October 3, 1991, the Commission's Staff (Staff) filed a memorandum in this case recommending that the Commission approve the requested waivers provided the Commission direct Empire to pursue territorial agreements with the electric cooperatives proximately located to it and provided that the Commission reserve to Empire's next rate case the ratemaking treatment to be afforded these expenditures.

In support of its recommendation Staff states that the projected annual revenue of this subdivision is \$134,805 while the total investment is \$288,584.

Staff notes that Empire uses a three-year payback period to evaluate these types of investments.

The Commission's rule, 4 CSR 240-14, prohibits certain promotional practices of all electric utilities under the Commission's jurisdiction unless, upon written application by the utility, the Commission grants a variance from the rule for good cause shown. Empire's tariff governing the extension of underground distribution facilities to a development provides that Empire may waive all or part of any charges associated with such extensions to effectively compete with offers made to developers by unregulated competitors after notifying this Commission and receiving an order from this Commission granting the waiver for good cause shown.

The Commission determines that, in view of the unregulated competition of Ozark, Empire has shown good cause for the waivers requested. The Commission notes that the projected annual revenue from this subdivision is estimated to pay back the total investment within a three-year period. Therefore, the Commission will grant the requested waivers. However, the Commission will reserve to Empire's next rate case, the ratemaking treatment to be afforded these expenditures. Pursuant to the recommendation of its Staff, the Commission will direct Empire to investigate and vigorously pursue the possibility of concluding territorial agreements with cooperatives located in or near its service territory.

IT IS THEREFORE ORDERED:

1. That the request for waivers filed in this case by The Empire District Electric Company be granted hereby.
2. That The Empire District Electric Company be directed hereby to investigate and vigorously pursue the possibility of concluding territorial agreements with the electric cooperatives in and near Empire's service area which might compete with Empire for customers.
3. That nothing in this order shall be considered as a finding by the Commission of the reasonableness of the expenditures herein involved or of the value for ratemaking purposes of the properties herein involved or as an acquiescence in

the value placed upon said properties by The Empire District Electric Company. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions and the resulting cost of capital in any later proceeding.

4. That this order shall become effective on the 25th day of October, 1991.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

Steinmeier, Chm., Mueller, Rauch,
McClure, and Perkins, CC., Concur.