

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

In the Matter of The Empire District Electric            )  
Company for Authority to Implement Rate                )  
Adjustments Related to the Company's Fuel             )       File No. ER-2017-0092  
and Purchased Power Adjustment Clause (FAC)         )  
Required in 4 CSR 240-20.090(4)                        )

In the Matter of the True-Up of The Empire            )  
District Electric Company's FAC                         )       File No. EO-2017-0094

**THE EMPIRE DISTRICT ELECTRIC COMPANY'S RESPONSE TO THE  
RECOMMENDATION OF THE OFFICE OF THE PUBLIC COUNSEL**

COMES NOW The Empire District Electric Company ("Empire" or "Company"), by and through counsel, and, pursuant to the *Order Setting Time for Response*, respectfully submits this Response to the Recommendation of the Office of the Public Counsel ("OPC"). In this regard, Empire respectfully states as follows to the Missouri Public Service Commission ("Commission"):

1. On September 30, 2016, Empire submitted a tariff sheet, as substituted October 25, 2016, bearing a proposed effective date of December 1, 2016, to revise the current period Fuel Adjustment Rates ("FARs") for the 16th accumulation period of its Fuel Adjustment Clause ("FAC"). Also on September 30, 2016, Empire submitted a FAC true-up filing in File No. EO-2017-0094, to identify the true-up amount for the 14th recovery period of its FAC. This amount is included in the calculation of the FARs for the 16<sup>th</sup> accumulation period.

2. The Staff of the Commission ("Staff"), having determined that Empire's proposed adjustments to its FAC rates are in accordance with 4 CSR 240-20.090, §386.266 RSMo, and the FAC mechanism established in the Empire's most recent general rate proceeding, submitted its recommendation. Staff recommends that the Commission issue an order approving Empire's tariff sheet, P.S.C. MO. No. 5, Section 4, 1st Revised Sheet No. 17ac, Canceling Original Sheet

No. 17ac, as substituted October 25, 2016, to become effective December 1, 2016, as requested by Empire, subject to true-up and prudence reviews. OPC also filed its recommendation herein.

3. The first paragraph of OPC's recommendation states that OPC is in agreement with the tariff sheet submitted by Empire and the calculation of the FARs. As such, Empire's tariff sheet should be approved by the Commission without delay.

4. The OPC recommendation, however, also requests that Empire be ordered to comply with the Federal Energy Regulatory Commission's ("FERC") Order 668, with regard to reporting purchased power costs and off-system sales revenue in its FAC reporting requirements. As discussed in Staff's recommendation, Empire's proposed adjustments to its FAC rates are in accordance with 4 CSR 240-20.090, §386.266, and the FAC mechanism established in the Empire's most recent general rate proceeding. There is no deficiency to be remedied.

5. FERC Order 668 is applicable to Empire's FERC filings, and Empire's FERC filings are in full compliance with FERC Order 668. Although similar, the Commission's requirements and the FERC's requirements for reporting purchased power costs and off-system sales revenue are not identical. Unlike with its FERC filings, Empire's FAC report for the Commission uses gross fuel cost figures, in an attempt to be more transparent and provide context for the figures. Compliance with FERC Order 668 at the Commission would require a change in FAC procedure.

6. Although Empire is certainly willing to work with OPC and all interested stakeholders, this is neither the time nor place to implement a change in FAC procedure. If OPC desires a utility-wide change, a working docket or rulemaking would be appropriate. If OPC desires a change in practice only by Empire, then OPC should seek to modify Empire's FAC mechanism and reporting requirements in Empire's next general rate proceeding.

WHEREFORE, The Empire District Electric Company submits this Response to the Recommendation of the Office of the Public Counsel and requests that its tariff sheet be approved, effective December 1, 2016. Empire requests such additional relief as is just and proper under the circumstances.

Respectfully submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

/s/ Diana C. Carter

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ATTORNEYS FOR THE EMPIRE  
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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 15<sup>th</sup> day of November, 2016, to all counsel of record.

/s/ Diana C. Carter