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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 23rd  
day of August, 1994.

In the matter of the application of The     )  
Empire District Electric Company for a     )  
variance from the provision of 4 CSR     ) CASE NO. EO-95-4  
240-14.020 regarding the E Home Pilot     )  
Program.     )

ORDER SUSPENDING TARIFF, ORDERING CONSOLIDATION,  
AND SETTING PREHEARING CONFERENCE

On June 23, 1994, The Empire District Electric Company (Empire or the company) submitted proposed tariff sheets bearing an effective date of July 25, 1994, which would create a two-year, demand-side pilot program to be called the E Home Program. Under this program participating customers who built or remodeled their homes and electric heating/cooling systems to meet specific energy efficiency standards would then be "guaranteed comfort" by Empire. Participating customers who were dissatisfied would be able to demand that Empire replace the electric heating/cooling system with another system using the fuel of the customer's choice. Because the E Home program could result in violations of 4 CSR 240-14.020 prohibiting certain promotional practices, Empire filed an application requesting a variance from those provisions on July 6, 1994. Empire requested that the effective date of the proposed tariff be extended to August 25, 1994. By notice, responses were required to be filed by July 21, 1994. On July 18, 1994, the Staff of the Commission (Staff) filed a motion for extension of time to file a response and the time for responding was extended to August 18, 1994, by notice.

Missouri Gas Energy, a division of Southern Union Company (MGE), filed a response to Empire's application for variance on July 20, 1994, stating that, although MGE did not oppose the project in principle, it had particular objections to the E Home program in its present form. MGE objected to tariff language referring to electricity as a renewable energy source, and to the use of the term environmental awareness as misleading. MGE requested that Empire be required to strike those terms or provide an adequate explanation supporting their use. MGE also requested that, when Empire's pilot study compares E certified homes using electric heating equipment to those with non-electric heating equipment Empire be required to include actual heating costs for both types of homes.

On July 21, 1994, the Office of the Public Counsel (OPC) filed its response to the application for variance requesting that the Commission deny the application. OPC objected to the application on the grounds that: (1) the program does not fit the definition of a demand-side resource program and has characteristics of a load building program; (2) the program's promotion of heat pumps goes beyond permissible technical or engineering assistance and would result in complications to effective regulatory review, and; (3) the company has not shown good cause for a variance. OPC proposed that the program could be made acceptable by deleting all references to heat pumps from the promotional and informational materials and revising the program's implementation manual so that it neither encourages, nor discourages, the use of heat pumps, or requires customers to choose electric heat as their primary heat source in order to be eligible for participation.

The Commission Staff recommended on August 22, 1994, that the proposed tariff to implement the E Home pilot project not be approved. Staff

stated that the program could be acceptable if it was modified to require that heat pumps be sized for heating loads, to eliminate heat pumps from the comfort guarantee, and if the company would commit to the use of focus groups. Staff recommended that the proposed tariff sheets not be approved or, in the alternative, that the tariff sheets be suspended and consolidated with the application for variance, Case No. EO-95-4, for the purpose of establishing a procedural schedule.

The Commission has considered the proposed tariff sheets, the application for variance, Staff's recommendation, and the responses filed by OPC and MGE, and finds that the proposed tariff should be suspended to allow further review to determine the reasonableness of the proposed tariff to initiate the E Home pilot project and of the application for variance from 4 CSR 240-14.020. The proposed tariff filing should be consolidated with the Application for Variance, Case No. EO-95-4, and the proposed tariff suspended 120 days beyond the effective date of August 25, 1994, to December 23, 1994, and an additional six months to June 21, 1995. A prehearing conference should be scheduled and a date set for the parties to offer a procedural schedule.

**IT IS THEREFORE ORDERED:**

1. That the following proposed tariff sheets submitted by The Empire District Electric Company on June 23, 1994, to initiate its E Home Program are hereby suspended beyond August 25, 1994, to December 23, 1995, and an additional six months to June 21, 1995:

P.S.C. Mo. No. 5

8th Revised Sheet No. 1, cancelling 7th Revised Sheet No. 1;

Original Sheets 16 and 17.

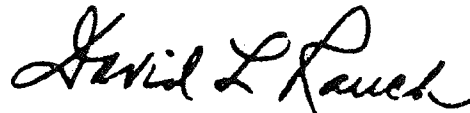
2. That tariff filing 9400769 is hereby consolidated with Case No. EO-95-4.

3. That a prehearing conference will be held on Thursday, September 22, 1994, at 10:00 a.m, in the Commission's hearing room on the fifth floor of the Harry S Truman State Office Building, Jefferson City, Missouri. If any person has special needs as addressed by the Americans With Disabilities Act, please contact the Missouri Public Service Commission at least ten (10) days prior to the hearing at one of the following numbers: Consumer Services Hotline -- 1-800-392-4211, or TDD Hotline -- 1-800-829-7541.

4. That the parties shall file a proposed procedural schedule by 3:00 p.m. on Monday, September 26, 1994.

5. That this order shall become effective on August 25, 1994.

BY THE COMMISSION

A handwritten signature in black ink, reading "David L. Rauch". The signature is written in a cursive, flowing style.

David L. Rauch  
Executive Secretary

(S E A L)

McClure, Kincheloe and  
Crumpton, CC., Concur.  
Mueller, Chm., and Perkins, C.,  
Absent.