

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 31st day of
January, 2006.

In the Matter of the Request of The Empire)	
District Electric Company of Joplin, Missouri, for)	
Authority to File Tariffs Increasing Rates for)	<u>Case No. WR-2006-0215</u>
Water Service Provided to Customers in the)	Tariff No. YW-2006-0387
Missouri Service Area of the Company)	

ORDER APPROVING SMALL COMPANY RATE INCREASE

Issue Date: January 31, 2006

Effective Date: February 4, 2006

This order approves an agreement between the Staff of the Commission and The Empire District Electric Company regarding disposition of Empire's small water company rate increase request. It also approves revised depreciation rates for the company and approves a tariff implementing the agreed upon rate increase.

On June 24, 2005, Empire initiated a small company water rate increase request under Commission Rule 4 CSR 240-3.635. Empire originally requested a rate increase that would generate an additional \$522,835 in annual water service operating revenues. Empire provides water service to approximately 4,586 customers in Aurora, Marionville, and Verona, Missouri.

On November 21, Empire filed a tariff designed to increase its rates for water service. That tariff carried an effective date of January 5, 2006. Along with its tariff, Empire filed a letter indicating that it has reached an Agreement Regarding Disposition of Small Company Rate Increase Request with Staff. Staff filed that agreement on November 30.

The Office of the Public Counsel did not join in the disposition agreement. On December 12, Public Counsel filed a request for a local public hearing. In order to have enough time to hold a local public hearing, the Commission suspended Empire's tariff until February 4.

On January 11, the Commission convened a local public hearing in Aurora, Missouri. No member of the public appeared at the hearing and no testimony was taken.

Commission rule 4 CSR 240-3.635 sets out the procedure to be followed for a small water company rate increase request. Subsection (1)(E) of that rule provides that "Public Counsel shall file a pleading indicating agreement or disagreement with the tariff sheet(s) within seven (7) days after the public hearing." Public Counsel has not filed such a pleading. Therefore, Public Counsel has waived any objection to the disposition agreement.

On January 24, Staff filed a recommendation urging the Commission to approve Empire's tariff, the disposition agreement, and the depreciation rates attached to the disposition agreement as Attachment D. Based upon its audit of Empire's books and records, an evaluation of the company's depreciation rates, and an analysis of the company's capital structure and cost of capital, Staff concluded that a \$469,138 increase in the company's annual water service operating revenues is warranted. Staff also recommended that certain changes be made to the company's service charges, and that modified depreciation rates be prescribed for the company.

The Commission finds that Staff and Empire have fully complied with the procedural requirements for approval of a disposition agreement found in Commission Rule 4 CSR 240-3.635. The Commission notes that the Missouri Department of Natural Resources has

reported that Empire is currently in compliance with DNR's public health and environmental regulations. The Commission further finds that the disposition agreement between Staff and Empire is reasonable, and will be approved. Furthermore, Empire's tariff, and the rates it establishes, are just and reasonable and will be approved. The Commission also finds that the depreciation rates proposed by Staff are reasonable and will order Empire to utilize them.

IT IS THEREFORE ORDERED:

1. That the Agreement Regarding Disposition of Small Company Rate Increase Request filed by The Empire District Electric Company and the Staff of the Commission is approved.

2. That The Empire District Electric Company is directed to comply with the terms of the Agreement Regarding Disposition of Small Company Rate Increase Request.

3. That the following tariff sheets filed by The Empire District Electric Company, and assigned Tariff File No. YW-2006-0387, are approved for service on or after February 4, 2006:

P.S.C. MO. No. 4

Section 1

7th Revised Sheet No. 1, Canceling 6th Revised Sheet No. 1

Section 2

1st Revised Sheet No. 4, Canceling Original Sheet No. 4

1st Revised Sheet No. 5, Canceling Original Sheet No. 5

2nd Revised Sheet No. 13, Canceling 1st Revised Sheet No. 13

1st Revised Sheet No. 20, Canceling Original Sheet No. 20

1st Revised Sheet No. 22, Canceling Original Sheet No. 22

1st Revised Sheet No. 23, Canceling Original Sheet No. 23

1st Revised Sheet No. 24, Canceling Original Sheet No. 24

4. That the depreciation rates attached to the Agreement Regarding Disposition of Small Company Rate Increase Request as Attachment D are approved and such depreciation rates are to be used by The Empire District Electric Company.

5. That this order shall become effective on February 4, 2006.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Gaw, Clayton and Appling, CC., concur

Woodruff, Deputy Chief Regulatory Law Judge