

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 3rd day of  
June, 2009.

In the Matter of the Application of                     )  
The Empire District Electric Company                 )  
for an Accounting Order Concerning                    )  
Reclassification of Certain Transmission             )  
and Distribution Facilities                                 )

**File No. EO-2009-0233**

**ORDER GRANTING APPLICATION  
CONCERNING RECLASSIFICATION OF CERTAIN TRANSMISSION AND  
DISTRIBUTION FACILITIES**

Issue Date: June 3, 2009

Effective Date: June 13, 2009

**Background**

The Southwest Power Pool (SPP) exercises functional control over all of The Empire District Electric Company's transmission assets. Such control is exercised through the SPP's Open Access Transmission Tariff. The SPP sought to modify the definition of "transmission facilities" in its Tariff and, on September 30, 2005, obtained approval from the Federal Energy Regulatory Commission to do so. The FERC, however, has given deference to state commission to make the distinction between distribution and transmission facilities.

Under the revised tariff, Empire was required to file with this Commission by October 1, 2008, a request for a determination of which facilities would be defined as transmission facilities. After obtaining FERC approval for an extension of time to do so, Empire filed its application with this Commission on December 1, 2008.

## **The Application**

For its relief, the company requests that the Commission: (1) grant Empire accounting authority to make no changes to the current classification of investment in transmission and distribution facilities recorded on Empire's books and records prior to January 1, 2008; (2) accept as reasonable, Empire's methodology used to determine which of its transmission and distribution assets are Transmission Facilities and the resulting determinations by Empire regarding transmission and distribution assets placed in service prior to January 1, 2008; and (3) authorize Empire to utilize the Southwest Power Pool's criteria and definition to classify transmission and distribution assets placed in service after January 1, 2008. Empire explains that the cost of reclassifying assets placed into service prior to January 2008, would outweigh the benefits.

## **Staff Recommendation**

The Staff of the Commission recommends that the Commission grant the relief Empire requests. Staff informs the Commission that reclassification of transmission and distribution plant installed prior to 2008 under the SPP classification criteria would tend to slightly reduce Empire's level of transmission revenue recovery from the SPP. Staff explains that, all else being equal, a reduction in SPP transmission revenues would result in an immaterial increase in Empire's Missouri jurisdictional revenue requirement.

## **Conclusion**

Having reviewed the application and Staff recommendation, the Commission finds the Commission will grant the requested relief. Additionally, the Commission accepts as reasonable the methodology used, and the resulting determination made, by Empire to determine which of its transmission and distribution assets are transmission facilities.

Finally, consistent with Staff's memorandum, the Commission will not be bound to ratemaking treatment afforded to Empire's cost of service components.

**THE COMMISSION ORDERS THAT:**

1. The Empire District Company's application for an accounting order concerning reclassification of certain transmission and distribution facilities is granted.

2. The Empire District Electric Company is granted accounting authority to make no changes to the current classification of investment in transmission and distribution facilities recorded on Empire's book and records prior to January 1, 2008

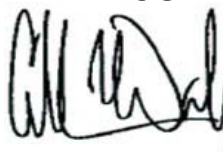
3. The Empire District Electric Company is authorized to use the Southwest Power Pool criteria and definition to classify transmission and distribution assets placed in service after January 1, 2008.

4. Approval of this application in no way binds the Commission regarding ratemaking treatment of Empire's cost of service components.

5. This order shall become effective on June 13, 2009.

6. This case shall be closed on June 14, 2009.

**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 )

Clayton, Chm., Davis, Jarrett,  
and Gunn, CC., concur.

Jones, Senior Regulatory Law Judge