

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

In The Matter of The Empire District)
Electric Company’s Application for Variance)
And Clarification Concerning Select) Case No. EE-2010-0246
Provisions of Commission Rules Related to)
Electric Utility Resource Planning)

**MISSOURI DEPARTMENT OF NATURAL RESOURCES’
RESPONSE TO THE EMPIRE DISTRICT ELECTRIC COMPANY’S
APPLICATION FOR VARIANCE AND CLARIFICATION**

COMES NOW the Missouri Department of Natural Resources (MDNR) and submits the following comments in response to the Application for Variance and Clarification filed February 26, 2010, by The Empire District Electric Company (“Empire”).

In brief, Empire has requested variance of requirements regarding the load analysis and forecasting; starting points for data retention for use in the forecast of net system loads and system peak demand; and forecasting and subclasses (4 CSR 240-22.030). Of these requested variances and clarifications, MDNR provides comments on the following.

Load Analysis and Forecasting

Empire offers to produce class level load forecasts by season using regression analysis at the customer class level using customer, weather, energy usage, and trend variables. MDNR asks that the Commission require Empire to provide details regarding regression analysis. In the regression analysis, Empire states that trend variables will be used instead of economic variables. Economic variables (such as gross domestic product, population, per capita income, etc) are important drivers and critical components of load forecasting. Trend variables may not produce accurate load forecasts if economic variables are excluded. If the forecast ignores economic variables, it ignores economic trends as well. 4 CSR 240-22.030 (2) states “For each major class

or subclass, the utility shall analyze the historical relationship between the number of units and the **economic** or demographic factors (driver variables) that affect the number of units for that major class or subclass.” MDNR asks that the Commission require Empire to combine economic variables and trend variables in the regression analysis.

Starting Points for Data Retention

Empire requests to use 1999 as the starting points of the data base used to forecast net system loads and system peak demand. Empire interprets the rule to require approximately ten years of historical data base to forecast net system load and system peak demand. MDNR does not object to Empire’s request for this variance, nor to Empire’s proposed alternative.

Forecasting with Subclasses

Empire requests a clarification on the rule whether to consider subclass level data for the residential class forecasting. The rule states that the utility shall consider the use of subclasses for the residential class when forecasting. Empire does not interpret this as a requirement. However, 4 CSR 240-33.030 (1)(A)1 requires the utility to determine the level of subclass detail required. Furthermore, 4 CSR 240-33.030 (1)(A)2 requires the utility to consider subclasses for residential dwelling type, particularly. In view of these rule provisions, MDNR interprets the rule to consider subclass level data for the residential class to be a requirement. MDNR asks that the Commission clarify the rule to require Empire to consider subclass level data for the residential class forecasting.

WHEREFORE, the Missouri Department of Natural Resources respectfully requests that the Commission: 1) require Empire to provide details of its regression analysis as soon as practicable; 2) require Empire to use economic variables in conjunction with trend variables in load forecasting/regression analysis; 3) grant Empire’s variance to starting points of the data base

used to forecast net system loads and system peak demand; and 4) clarify the rule to require Empire to provide subclass level data for residential forecasting.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or emailed to all counsel of record this 31st day of March, 2010.

/Sarah Mangelsdorf/
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