

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

In the Matter of the Joint Application of The Empire)	
District Electric Company and Ozark Electric)	
Cooperative for Approval of a Change in Electric)	Case No. EO-2006-0213
Supplier for Certain Customers for Reasons in the)	
Public Interest.)	

STAFF RECOMMENDATION

Comes now the Staff of the Missouri Public Service Commission (Staff) and submits the Staff's Memorandum and Recommendation that the Missouri Public Service Commission (Commission) approve the change of electric energy suppliers from Ozark Electric Cooperative (Ozark) to The Empire District Electric Company (Empire) as being in the public interest for reasons other than a rate differential, pursuant to Sections 386.800.1(3), 386.800.2, 393.106.2, 394.080.4 and 394.315.2, RSMo 2000 and 4 CSR 240-3140(1)(G), pursuant to one condition. In support thereof, the Staff states as follows:

On November 17, 2005, Empire and Ozark filed a Joint Application for an exchange of electric energy suppliers. On November 22, 2005, the Commission issued an Order Directing Filings in which, among other things, it instructed the Staff to file its recommendation or a status report indicating when it could file its recommendation by December 30, 2005. Attached hereto as Exhibit A is the Staff Memorandum and Recommendation stating that the Commission should authorize the change of electric energy suppliers for good cause shown subject to one condition. That condition is that a revised Appendix C to the Joint Application be filed with the correct addresses and the signature of Mr. Willard L. Kissee.

Wherefore the Staff recommends that the Commission approve the transfer of electric energy providers subject to a correct Appendix C being filed in this case.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/Steven Dottheim

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 30th day of December 2005.

/s/ Steven Dottheim

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2006-0213, Joint Application of Empire District Electric Company
and Ozark Electric Cooperative Requesting Authorization to Change Electrical
Suppliers

FROM: Daniel I. Beck, Energy Department – Engineering Analysis

/s/Lena Mantle 12/30/05 /s/Steven Dottheim 12/30/05
Energy Department / Date General Counsel’s Office / Date

SUBJECT: Staff Recommendation

DATE: December 30, 2005

OVERVIEW

On November 17, 2005, Empire District Electric Company (Empire) and Ozark Electric Cooperative (Ozark), referred to collectively as the “Applicants”, filed a Joint Application with the Missouri Public Service Commission (Commission) seeking approval of an exchange of electric suppliers from Ozark to Empire, for reasons other than a rate differential, for specific customers currently being served within the City of Ozark.

This Application seeks to change suppliers for three existing structures: a small house at 5053 North Highway NN, a house/bed & breakfast at 5055 North Highway NN, and a car sales lot at 5075 North Highway NN. The two affected utilities and the affected property owners have all consented to this change of supplier request.

DISCUSSION

Although the purpose behind this Application is generally simple and straight forward, several items within the Application have lead to some confusion, which the Regulatory Law Judge in a November 22, 2005 Order Directing Filings instructed Empire and Ozark to address. Specifically, Appendix C of the Application indicates that 5051 North Highway NN is one of the properties for which a change of supplier is requested. However, after reviewing Empire’s Response To Order Directing Filing, discussing the matter with Empire and discussing the matter

Exhibit A

with Mr. Willard L. Kisse, the Staff of the Missouri Public Service Commission (Staff) determined that 5051 North Highway NN is not part of this Application. Instead, Appendix C should have referred to 5053 North Highway NN, not to 5051 North Highway NN. Mr. Kisse stated that he is agreeable to signing a revised Appendix C with the correct addresses of 5053 and 5075 North Highway NN to clear this matter up.

In addition, the diagram in Appendix B, which was very helpful in most aspects, does not clearly show who is the owner of the property to the West of the properties that are the subject of this Application. However, after reviewing Empire's Response To Order Directing Filing, discussing the matter with Empire and discussing the matter with Mr. Kisse, the Staff determined that Mr. Kisse owns the land to the West of the properties that are the subject of this Application. The fact that Mr. Kisse owns the property to the West of the properties that are the subject of this Application actually goes to the need for the change of supplier that is to allow for development of the properties at a future date in a cost efficient manor by locating the utility lines in the most advantageous location from Mr. Kisse's perspective.

The Application addresses the concerns of the current supplier, Ozark and its customers. Specifically, the Application states that Mr. Kisse and the developer "have agreed to pay Ozark the reasonable cost of retirement of the existing facilities in favor of new service by Empire." This accommodation will limit any impact that this change of supplier might have had on Ozark and its customers. Ozark will remove its segment of distribution line that is deemed to hinder further development.

STAFF RECOMMENDATION

The Staff recommends that the Commission approve the change of supplier request with one condition: that a revised Appendix C with the correct addresses and the signature of Mr.

Kissee be filed in this case. The change of electric suppliers for these three customers from Ozark to Empire is in the public interest for reasons other than a rate differential as required by Sections 386.800.1(3), 386.800.2, 393.106.2, 394.080.4 and 394.315.2, RSMo 2000 and 4 CSR 240-3.140 (1) (G). The transfer of electric service provides benefits to Ozark because the affected customers are in an area newly annexed by the City of Ozark, and, as a consequence, Ozark cannot serve new customers in the annexed area. Rather than Ozark relocating its facilities to existing customers whereby Ozark would continue to provide service to these customers, while Empire would provides service to new customers, Mr. Kissee and the developer have offered to pay Ozark the reasonable cost of retiring Ozark's facilities and Empire will then be able to serve both existing and future customers. Empire will add existing and future customers using its standard extension policy. Future development in this area should be aided by this proposal.

Neither Ozark nor Empire have pending action or final unsatisfied decisions against it from any state or federal court involving customer service or rates within three years of the date of filing this Joint Application. Given Ozark is a rural electric cooperative, no annual reports or assessment fees are required by the Commission. Empire is current on its required annual report filings and assessment fees. The Staff is not aware of any other matter before this Commission that affects or is affected by this filing; however, the following electric cases involving Empire are open:

EO-2006-0141	Control of transmission Assets to SPP
EF-2006-0263	Bond Issuance Request