

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

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

**STAFF’S RECOMMENDATION TO GRANT VARIANCES AND CLARIFICATION  
REQUESTED BY EMPIRE FOR ITS 2010 ELECTRIC RESOURCE PLANNING SUBMISSION**

COMES NOW the Staff (“Staff”) of the Missouri Public Service Commission (“Commission”), through the Staff Counsel’s Office, and recommends to the Commission that the Commission, subject to the condition identified by the Staff below, grant to The Empire District Electric Company (“Empire”) the variances from Chapter 4 CSR 240-22 and clarification Empire requests for its 2010 electric integrated resource planning (“IRP”) submission. In support of its recommendation to conditionally grant Empire variances from Chapter 4 CSR 240-22 and clarification Staff states:

1. Empire applied to the Commission for variances from specified requirements of Chapter 4 CSR 240-22 for purposes of Empire’s 2010 electric resource planning submission. Specifically, Empire applied for:

- A. Variances from Commission IRP Rules (Resource Planning Rules) on load analysis and forecasting,<sup>1</sup> and
- B. Variances from Commission IRP Rules concerning the starting points for data retention for use in the forecast of net system loads and system peak demand.<sup>2</sup>

---

<sup>1</sup> The load analysis and forecasting resource planning rules specified in Empire’s request “A.” are: 4 CSR 240-22.030 (3); 4 CSR 240-22.030 (3) (A); 4 CSR 240-22.030 (3) (A) 1; 4 CSR 240-22.030 (3) (A) 3; 4 CSR 240-22.030 (3) (A) 4; 4 CSR 240-22.030 (3) (B); 4 CSR 240-22.030 (3) (B) 1; 4 CSR 240-22.030 (3) (B) 2; 4 CSR 240-22.030 (4) (A); 4 CSR 240-22.030 (4) (B); 4 CSR 240-22.030 (5) (B) 2; 4 CSR 240-22.030 (5) (B) 2 B; 4 CSR 240-22.030 (5) (B) 2 C; 4 CSR 240-22.030 (8) (A) 2 B; 4 CSR 240-22.030 (8) (B) 2; and 4 CSR 240-22.030 (8) (E) 1.

<sup>2</sup> The forecast of net system loads and system peak demand rules specified in Empire’s request “B.” are: 4 CSR 240-22.030 (1) (D) 1; and 4 CSR 240-22.030 (1) (D) 2.

2. In its request for variances from Commission load analysis and forecasting rules (Request A.), Empire explains that it does not have the data or access to the models required to perform the end-use forecasts required in the existing rules. As an alternative, Empire indicates that it will produce class level load forecasts by season using regression analysis at the customer class level using customer, weather, energy usage and trend variables when applicable, with use of disaggregated customer information for certain commercial-class customers.

3. Empire has agreed to provide to Staff, after the completion of its September 2010 Chapter 22 Resource Planning, with a plan that:

[A]ddresses the feasibility of changing the Company's forecasting method for the IRP filing that will follow the September 2010 filing. This plan will include a proposed time line and cost estimate that can be used for further discussions. The plan will consider the use of economic variables; forecasting at the class cost of service level; and the requirements in the Load Analysis and Forecasting rule that will be in place at the time of the IRP filing that is subsequent to the September 2010 filing.

4. Staff recommends that the Commission grant Empire's requested variances from Commission load analysis and forecasting rules (Request A.), conditioned by Empire's agreement to provide to Staff a plan addressing the feasibility of changing the Company's forecasting method for the IRP filing that will follow the September 2010 filing, as discussed in Empire's variances request.

5. In its request for variances from Commission data retention for use in the forecast of net system loads and system peak demand rules (Request B.), Empire states that some of the historical load information by class that is required by the rules is not available. As an alternative, Empire proposes to use ten years of historical data in the forecast of both energy and demand, with a starting point of January 1999.

6. Staff recommends that the Commission grant Empire's requested variances from Commission data retention for use in the forecast of net system loads and system peak demand rules (Request B.).

7. Empire also requests clarification of certain Commission Chapter 22 Resource Planning rules. Staff represents that Empire's requested clarifications are consistent with Staff's interpretations.

8. Staff had discussions in recent months with Empire concerning Empire's plans to request variances from the 4 CSR 240-22 rules. Empire accepted suggestions of Staff concerning several of the requested variances. Staff has reviewed the variance request of Empire in this case and recommends that the Commission approve Empire's variance request for its September 2010 IRP filing subject to the condition that Empire provide the Commission Staff with a plan to assess the feasibility of changing its forecasting methodology for its IRP filings following its September 2010 IRP filing.

WHEREFORE, Staff recommends the Commission, subject to the condition identified above, grant, for purposes of its 2010 electric resource planning submission, the variances The Empire District Electric Company requests in its application for variances from Chapter 4 CSR 240-22 and also grant the clarifications requested.

Respectfully submitted,

/s/ Sarah Kliethermes

Sarah L. Kliethermes  
Associate Counsel  
Missouri Bar No. 60024

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-6726 (Telephone)  
(573) 751-9285 (Fax)  
sarah.kliethermes@psc.mo.gov

**CERTIFICATE OF SERVICE**

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

/s/ Sarah Kliethermes