

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 13th day of
May, 2008.

The Empire District Electric Company's
2007 Utility Resource Filing Pursuant to
4 CSR 240 - Chapter 22

)
) **Case No. EO-2008-0069**
)

**ORDER APPROVING STIPULATION AND AGREEMENT AND
ACCEPTING 2007 INTEGRATED RESOURCE PLAN**

Issue Date: May 13, 2008

Effective Date: May 23, 2008

The Empire District Electric Company filed its integrated resource plan (IRP), as required by 4 CSR 240 – Chapter 22, on September 5, 2007. On May 6, 2008, after extensive negotiations, Empire; the Staff of the Commission; the Office of the Public Counsel; the Missouri Department of Natural Resources; and Praxair, Inc., and Explorer Pipeline Company filed a unanimous stipulation and agreement that purports to resolve all alleged deficiencies in Empire's 2007 IRP filing.

The Commission's integrated resource planning rule requires Missouri's electric utilities to undertake an adequate planning process to ensure the public interest in a reasonably priced, reliable, and efficient energy supply is protected. The stipulation and agreement promotes that policy by establishing a participatory process to involve interested parties in Empire's planning for its next IRP filing, due in September 2010. In particular, the agreement requires the signatory parties to hold annual resource planning meetings until the 2010 IRP is filed. Furthermore, the stipulation and agreement specifies particular information that Empire will be required to compile and include in its 2010 IRP filing.

Commission Rule 4 CSR 240-22.080(13) requires that after considering an electric utility's IRP filing, the Commission issue an order containing findings that the filing "either does or does not demonstrate compliance with the requirements of this chapter, and that the utility's resource acquisition strategy either does or does not meet the requirements stated in 4 CSR 240-22.010(2)(A)-(C)."¹ Furthermore, 4 CSR 240-22.010(1) provides that a Commission finding that a utility is in compliance with these rules is not to be construed as Commission approval of the utility's resource plans, resource acquisition strategies or investment decisions.

Based on the unanimous stipulation and agreement, the Commission finds that Empire's 2007 IRP filing, as modified and clarified by the stipulation and agreement, demonstrates compliance with the requirements of Commission Rule 4 CSR 240-22.

¹ 4 CSR 240-22.010(2) provides as follows:

(2) The fundamental objective of the resource planning process at electric utilities shall be to provide the public with energy services that are safe reliable and efficient, at just and reasonable rates, in a manner that serves the public interest. This objective requires that the utility shall –

(A) Consider and analyze demand-side efficiency and energy management measures on an equivalent basis with supply-side alternatives in the resource planning process;

(B) Use minimization of the present worth of long-run utility costs as the primary selection criterion in choosing the preferred resource plan; and

(C) Explicitly identify and, where possible, quantitatively analyze any other considerations which are critical to meeting the fundamental objective of the resource planning process, but which may constrain or limit the minimization of the present worth of expected utility costs. The utility shall document the process and rationale used by decision makers to assess the tradeoffs and determine the appropriate balance between minimization of expected utility costs and these other considerations in selecting the preferred resource plan and developing contingency options. These considerations shall include, but are not necessarily limited to, mitigations of –

1. Risks associated with critical uncertain factors that will affect the actual costs associated with alternative resource plans;

2. Risks associated with new or more stringent environmental laws or regulations that may be imposed at some point within the planning horizon; and

3. Rate increases associated with alternative resource plans.

Furthermore, the Commission finds that Empire's resource acquisition strategy described in its 2007 IRP filing meets the requirements stated in Commission Rule 4 CSR 240-22.010(2)(A)-(C). Finally, the Commission finds that the stipulation and agreement filed by the parties is consistent with the public interest and shall be approved.

IT IS ORDERED THAT:

1. The Unanimous Stipulation and Agreement filed on May 6, 2008, is approved and the signatory parties are ordered to comply with its terms.
2. The Empire District Electric Company's 2007 integrated resource plan is accepted as being in compliance with Commission Rule 4 CSR 240 – Chapter 22.
3. The Commission's acceptance of The Empire District Electric Company's 2007 integrated resource plan does not indicate Commission approval of the utility's resource plan, resource acquisition strategies, or investment decisions.
4. This order shall become effective on May 23, 2008.
5. This case shall be closed on May 24, 2008.

BY THE COMMISSION



Colleen M. Dale
Secretary

(S E A L)

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

Woodruff, Deputy Chief Regulatory Law Judge