

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

In the Matter of the Application of The Empire)
District Electric Company for Authority to)
Transfer Functional Control of Certain)
Transmission Assets to the Southwest Power Pool,)
Inc.)

Case No. EO-2006-0141

STAFF STATUS REPORT AND RESPONSE TO COMMISSION'S OCTOBER 26, 2005 ORDER

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and for its Status Report And Response To Commission's October 26, 2005 Order, respectfully states as follows:

1. On September 28, 2005, The Empire District Electric Company ("Empire") filed with the Commission an Application for authority to transfer to the Southwest Power Pool, Inc. Regional Transmission Organization ("SPP RTO"), functional control of certain transmission assets.

2. In an Order issued on October 12, 2005, the Commission directed the Staff to file, no later than November 1, 2005, a status report indicating when it intends to file a recommendation in this proceeding. A subsequent Order, issued October 26, directed the Staff to file, by November 7, a pleading indicating whether it supports or opposes the October 18, 2005 Application To Intervene filed by Aquila, Inc. ("Aquila"), and, in the case of a statement of support, an explanation as to how Aquila's participation as a party will serve the public interest. The instant pleading constitutes the Staff's response to both of the aforementioned Commission Orders.

3. The Staff submits that the nature of this case is such that the mere filing of a Staff recommendation is not the most appropriate way to proceed. The Staff believes that the

Applications To Intervene of the SPP RTO, Aquila, Inc., and most recently the Midwest Independent Transmission System Operator, Inc. (“MISO”) should not be viewed as unusual. The Staff also anticipates that the Office of the Public Counsel (“Public Counsel”) will be very active in both this docket and in Case No. EO-2006-0142, Application of Kansas City Power & Light Company (“KCPL”) for authority to transfer functional control of certain transmission assets to the SPP RTO. Accordingly, the Staff believes that, instead of requiring a Staff recommendation, the Commission should set an intervention period and schedule an early prehearing conference to convene shortly thereafter for the purpose of developing a procedural schedule that calls for the filing of testimony by the Staff, Public Counsel and intervenors, and provides considerable time for negotiations among the parties. The Staff is hopeful that Empire’s Application can eventually be resolved via stipulation and agreement, as was the case with the request of Union Electric Company, d/b/a AmerenUE to participate in MISO through a contractual relationship with GridAmerica, Inc., Case No. EO-2003-0271. The Staff would note that a procedural schedule was set in Case No. EO-2003-0271 and then was suspended in that proceeding while the parties negotiated a very detailed settlement over a period of some seven months.

4. With respect to Aquila’s Application To Intervene in this proceeding, the Staff supports this request. The Staff would note that it anticipates that in the near future, Aquila will refile with the Commission for authority to transfer functional control of certain transmission assets to MISO, and that Empire and KCPL will seek to intervene in Aquila’s case. The Staff submits that all of these cases are interrelated, dealing in part with the reality that Missouri is on at least one seam between regional transmission organizations/independent transmission system operators, and that as a consequence, it is not advisable to proceed as if each of these electric

utilities is operating in a vacuum in seeking Commission authorization to transfer functional control of certain transmission assets. Specifically, the Staff would note that Aquila is directly interconnected with both Empire and KCPL, and any determination by the Commission regarding Empire's or KCPL's Application for authority to transfer functional control of certain transmission assets to the SPP RTO will have a direct effect on Aquila. MISO will also be affected by such a determination, as it has negotiated certain seams agreements with the SPP RTO.¹

WHEREFORE, the Staff submits its Status Report, and respectfully requests that the Commission set an intervention period and schedule an early prehearing conference to follow soon thereafter for the purpose of developing a proposed procedural schedule. In addition, the Staff recommends that both Aquila and MISO be granted full intervention in this proceeding.

Respectfully submitted,

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/s/ Dennis L. Frey

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¹ The Staff would note that Dr. Michael S. Proctor has reviewed this pleading and concurs with the recommendations made herein.

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 1st day of November 2005.

/s/ Dennis L. Frey