

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

In the Matter of the Fourth Prudence Review	)	
Of Costs Subject to the Commission-Approved	)	<b><u>File No. EO-2014-0057</u></b>
Fuel Adjustment Clause of The Empire District	)	
Electric Company	)	

**STAFF’S PRUDENCE AUDIT REPORT AND RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its report and recommendation on its fourth prudence review of The Empire District Electric Company’s (“Empire”) fuel adjustment clause (“FAC”), states:

1. On September 3, 2013, Staff filed a *Notice of Start of Fourth Prudence Audit*, giving notice that Staff had initiated, on September 3<sup>rd</sup>, its fourth prudence audit of costs subject to Empire’s fuel and purchased power costs less off-system sales revenues, net emission allowances and Renewable Energy Credits (“REC”), if any. The audit period was for Empire’s ninth six-month accumulation period, September 1, 2012, through February 28, 2013. In its notice Staff stated that it planned to file its prudence audit recommendation by Friday, February 28, 2014. Commission Rule 4 CSR 240-20.090(7)(B) requires Staff to file its recommendation within 180 days of initiating such an audit.

2. Staff found no imprudence during its fourth review of the fuel and purchased power costs less off-system sales revenues, net emission allowances and REC’s subject to Empire’s FAC, which it conducted pursuant to 4 CSR 240-20.090(7)(B) and §386.266.4(4) RSMo Supp. 2012. Staff’s report regarding that review

which contains highly confidential information (marked "HC"), and a version with the highly confidential information redacted (marked "NP"), are attached as Attachment A and Attachment B, respectively. Staff reviewed areas identified and discussed in its *Staff Report* for Empire's ninth six-month accumulation period.

**WHEREFORE,** Staff respectfully submits its *Report and Recommendation* regarding its fourth prudence review of the costs subject to Empire's fuel adjustment clause for the period of September 1, 2012, through February 28, 2013.

Respectfully Submitted,

**/s/ Tim Opitz**

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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 28<sup>th</sup> day of February, 2014.

**/s/ Tim Opitz**