

1 STATE OF MISSOURI  
2 PUBLIC SERVICE COMMISSION  
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6 TRANSCRIPT OF PROCEEDINGS  
7 Prehearing Conference  
8 March 24, 2009  
9 Jefferson City, Missouri  
Volume 1

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12 In the Matter of the Application )  
Of The Empire District Electric )  
13 Company for an Accounting )  
Authority Order Concerning ) Case No. EO-2009-0233  
14 Reclassification of Certain )  
Transmission and Distribution )  
15 Facilities )

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KENNARD L. JONES, Presiding,  
SENIOR REGULATORY LAW JUDGE.

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22 REPORTED BY:

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24 MIDWEST LITIGATION SERVICES

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1 P R O C E E D I N G S

2 JUDGE JONES: We are on the record with  
3 Case No. EO-2009-0233, in the matter of the application of  
4 Empire District Electric Company for an Accounting  
5 Authority Order concerning reclassification of certain  
6 transmission and distribution facilities.

7 My name is Kennard Jones. I'm the judge  
8 assigned to the matter. At this time let's take entries  
9 of appearances, beginning with the Empire District.

10 MR. COOPER: Dean L. Cooper appearing on  
11 behalf of the Empire District Electric Company.

12 JUDGE JONES: And the Office of the Public  
13 Counsel.

14 MR. MILLS: Lewis Mills for Public Counsel.

15 JUDGE JONES: And the Staff of the  
16 Commission.

17 MR. WILLIAMS: Nathan Williams appearing  
18 for the Staff.

19 JUDGE JONES: Okay. Seems like the only  
20 disagreement is whether or not to do this now or wait 'til  
21 the rate case. Is that it?

22 MR. COOPER: Certainly the primary issue  
23 from our perspective, I guess, is whether provisional is  
24 good enough, yeah.

25 MR. WILLIAMS: Staff said from our

1 perspective it's okay to do it on an interim basis, but we  
2 haven't definitively said that it should remain that way  
3 going forward.

4 JUDGE JONES: Did you take a position?

5 MR. MILLS: I'm hoping to learn more today.

6 JUDGE JONES: Okay.

7 MR. WILLIAMS: It's my understanding the  
8 company would like that provisional acceptance taken care  
9 of and be what Staff's agreed to going forward.

10 JUDGE JONES: Well, let me ask this first  
11 just so I can understand what this is. This seems a  
12 little different than the Accounting Authority Orders that  
13 I've seen since I've been here. Is that true?

14 MR. COOPER: It's not a deferral of  
15 expenses, which is the more traditional thing we use the  
16 words Accounting Authority Order to refer to. It is how  
17 we account for plant investment.

18 JUDGE JONES: Now, and from reading these  
19 pleadings, I'm understanding that if Empire were to define  
20 its transmission and distribution facilities consistent  
21 with the definition set out by the FERC, then that would  
22 be --

23 MR. COOPER: Approved by FERC.

24 JUDGE JONES: And approved by FERC, then  
25 there would be like an 80-some-thousand-dollar difference

1 in assets, or how does that work?

2 MR. WILLIAMS: Do you want to give your  
3 understanding or do you want me to take a stab at mine?

4 MR. COOPER: Or Mr. Oligschlaeger.

5 MR. WILLIAMS: Well, there are two  
6 components. The FERC has changed how to do the  
7 accounting, and it's also, as I understand it, told the  
8 companies to change their existing accounting over to the  
9 new accounting. And the company's estimated what impact  
10 that would have on, I guess, costs for purpose of how they  
11 keep their records, which the Commission isn't bound to  
12 use costs as they do have them recorded according to FERC  
13 accounting for purposes of ratemaking, but that's the  
14 starting point.

15 JUDGE JONES: I see.

16 MR. WILLIAMS: Mark probably has a better  
17 idea to the dollar impact. The company's estimated what  
18 kind of an impact --

19 JUDGE JONES: So you-all may differ on the  
20 impact, basically?

21 MR. OLIGSCHLAEGER: Not necessarily.

22 MR. COOPER: Not significantly, I don't  
23 think.

24 MR. OLIGSCHLAEGER: I think the company's  
25 estimate's in the ballpark for what they were purporting

1 to measure. There may also be some revenue requirement  
2 impacts in terms of how Empire and other SPP companies  
3 will collect transmission revenues based on this  
4 reclassification.

5 JUDGE JONES: This is the biggest question  
6 I have. Why not just redefine it like FERC says, and  
7 instead of trying to foresee what impacts it may have,  
8 just do what it says and whatever happens happens?

9 MR. WILLIAMS: My understanding, the  
10 company said it would cost more to redo things than it  
11 would to leave it the way it is.

12 MR. COOPER: Yeah. There's an  
13 administrative cost in going backwards to kind of undo the  
14 current accounting and then -- and then redo it in  
15 accordance with the new definition of the transmission  
16 versus distribution investment. So that's what we're  
17 trying to avoid. We don't want to go backwards and redo a  
18 bunch of that already. We just want to do it moving  
19 forward.

20 JUDGE JONES: As more distribution and  
21 transmission lines come into play --

22 MR. COOPER: I say going forward. Actually  
23 we're going to start 2008, I think, January 1, 2008.

24 MR. OLIGSCHLAEGER: That's your proposal.

25 JUDGE JONES: Okay. So the cost would

1     outweigh any potential benefit.

2                     Okay. Those are all the questions I had.

3     I guess have you-all talked prior to today?

4                     MR. WILLIAMS: Not significantly is my  
5     understanding.

6                     MR. COOPER: I was going to say, there have  
7     been some conversations. There probably need to be more  
8     conversations.

9                     JUDGE JONES: Okay.

10                    MR. COOPER: Or at least it's our hope  
11     there will be conversations.

12                    MR. OLIGSCHLAEGER: Yes.

13                    JUDGE JONES: Is there anything else you  
14     want to talk about on the record?

15                    Okay. Let's see if you guys can work it  
16     out. Go from there.

17                    WHEREUPON, the recorded portion of the  
18     prehearing conference was concluded.

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## 1 C E R T I F I C A T E

2 STATE OF MISSOURI )  
3 ) ss.  
4 COUNTY OF COLE )

5 I, Kellene K. Feddersen, Certified  
6 Shorthand Reporter with the firm of Midwest Litigation  
7 Services, and Notary Public within and for the State of  
8 Missouri, do hereby certify that I was personally present  
9 at the proceedings had in the above-entitled cause at the  
10 time and place set forth in the caption sheet thereof;  
11 that I then and there took down in Stenotype the  
12 proceedings had; and that the foregoing is a full, true  
13 and correct transcript of such Stenotype notes so made at  
14 such time and place.

15 Given at my office in the City of  
16 Jefferson, County of Cole, State of Missouri.

17 \_\_\_\_\_  
18 Kellene K. Feddersen, RPR, CSR, CCR  
19 Notary Public (County of Cole)  
20 My commission expires March 28, 2009.  
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