

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

In the matter of The Empire District	)	
Electric Company' Application to Modify	)	<u>Case No. ER-2010-0105</u>
Its Fuel Adjustment Clause.	)	Tariff No. YE-2010-0244

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEET**

Comes now the Staff of the Missouri Public Service Commission and for its recommendation states:

1. On October 1, 2009, The Empire District Electric Company ("Empire") filed one (1) tariff sheet with the Commission bearing a proposed effective date of December 1, 2009. With the tariff sheet Empire proposes to revise the Cost Adjustment Factor (CAF) of its Fuel Adjustment Clause the Commission approved as part of its *Report and Order* in Case No. ER-2008-0093 from the first revised CAF value of \$0.00081 to a negative \$0.00037 per kilowatt hour. By means of this proposed change in the CAF Empire requests an decrease in the revenues it bills through its fuel adjustment clause of \$820,443.

2. In the attached Memoranda (Appendix A), the Missouri Public Service Commission Energy Department Staff and Energy Resource Analysis Section Staff recommend that the Commission issue an Order that approves the following proposed tariff sheet, as filed on October 1, 2009, to become effective on December 1, 2009, as requested by Empire, subject to both true-up and prudence reviews:

P.S.C. Mo. No. 5, Section 4  
2<sup>nd</sup> Revised Sheet No. 17c Canceling 1<sup>st</sup> Revised Sheet No. 17c

3. The Staff has verified that Empire has filed its annual report and is not delinquent on any assessment. The Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, the Staff recommends that the Commission issue an order that approves the following proposed tariff sheet, as filed on October 1, 2009, to become effective on the effective date requested, December 1, 2009:

P.S.C. Mo. No. 5, Section 4

2<sup>nd</sup> Revised Sheet No. 17c Canceling 1<sup>st</sup> Revised Sheet No. 17c

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams  
Deputy General Counsel  
Missouri Bar No. 35512

Attorney for the Staff of the  
Missouri Public Service Commission  
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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronically mailed to all counsel of record this 27<sup>th</sup> day of October 2009.

/s/ Nathan Williams

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. ER-2010-0105, File No. YE-2010-0244  
The Empire District Electric Company

FROM: James Watkins, Manager, Economic Analysis  
Mack McDuffey, Rate & Tariff Examiner II

/s/ James C. Watkins 10/27/09  
Energy Department / Date

/s/ Nathan Williams 10/27/09  
General Counsel's Office / Date

SUBJECT: Staff Recommendation for **Approval** of Tariff Sheet Filed to Decrease Revenues  
Related to The Empire District Electric Company's Fuel Adjustment Clause  
Pursuant to the Commission's Report and Order from Case No. ER-2008-0093

DATE: October 30, 2009

On October 1, 2009, The Empire District Electric Company (Empire) filed with the Commission one (1) tariff sheet bearing a proposed effective date of December 1, 2009 to revise the Cost Adjustment Factor (CAF) of its Fuel Adjustment Clause (FAC). By means of the proposed tariff sheet Empire requests a decrease of \$820,443 in the revenues it bills through its FAC by decreasing the CAF from \$0.00081 to \$(0.00037) per kilowatt hour. On October 27, 2009, Empire filed a substitute tariff sheet to correct two dates in the filed tariff sheet, as requested by the Commission's Energy Department Staff (Staff).

The Energy Resource Analysis Section has reviewed the tariff sheet and the accompanying work papers and has determined that: (1) Empire's calculation satisfies the standards set forth in Schedule FAC's 2<sup>nd</sup> Revised Sheet No. 17c; (2) Empire is current on its Surveillance Monitoring reports as required by 4 CSR 240-20.090(10); and (3) Empire timely filed its proposed tariff sheet 2<sup>nd</sup> Revised Sheet No. 17c. The Staff, therefore, recommends to the Commission that it issue an order approving the following proposed tariff sheet, as filed on October 1, 2009, and substituted on October 27, 2009, to become effective on December 1, 2009, as requested by Empire, subject to both true-up and prudence reviews:

P.S.C. Mo. No. 5, Section 4  
2<sup>nd</sup> Revised Sheet No. 17c Canceling 1<sup>st</sup> Revised Sheet No. 17c

The Staff has verified that this Company is not delinquent on any assessment or the filing of its annual report. The Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

## MEMORANDUM

TO: Mack McDuffey, Rate and Tariff Examiner II, Energy Tariff/Rate Design Section

FROM: David Roos, Regulatory Economist III, Energy Resource Analysis Section  
Leon Bender, Utility Regulatory Engineer I, Energy Resource Analysis Section

SUBJECT: The Empire District Electric Company Tariff Tracking No. YE 2010-0244,  
Case No. ER-2010-0105

DATE: October 30, 2009

On October 1, 2009, The Empire District Electric Company (Empire) filed its proposed 2<sup>nd</sup> Revised Sheet No. 17c to update the Cost Adjustment Factor (CAF) of its fuel adjustment clause (FAC). This current filing, opening Case No. ER-2010-0105, is in compliance with the 4 CSR 240-3.161 Electric Utility Fuel and Purchased Power Cost Recovery Mechanism Filing and Submission Requirements, § 386.266 RSMo, and the *Report and Order* this Commission issued in Case No. ER-2008-0093. Included in the current filing are the proposed tariff sheet, the testimony of W. Scott Keith of Empire, and workpapers. The workpapers support Empire's calculation of the difference between Empire's actual fuel and purchased power costs and Empire's FAC base costs during Accumulation Period 2 of Empire's FAC – March 2009 through August 2009.

The accumulation periods, recovery periods, and other specifications of Empire's FAC are set out in its tariff sheets designated Schedule FAC Sheets 17 and 17a through 17c, which also describe how Empire is to calculate the CAF for each six-month Recovery Period, in this case Recovery Period 2 – December 2009 through May 2010.

The Energy Resource Analysis Section has performed a review of the data and mathematical calculations that support Empire's proposed update to the CAF, and in particular the values on lines 1 through 11 on the proposed 2<sup>nd</sup> Revised Sheet No. 17c. The review included examination of the workpapers, testimony, and tariff sheet filed in this case, as well as the monthly monitoring reports and quarterly surveillance monitoring reports applicable to the second accumulation period. The data provided and the mathematical calculations satisfy the definitions and requirements of Empire's Schedule FAC Sheets 17 and 17a through 17c.

Empire is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5).

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

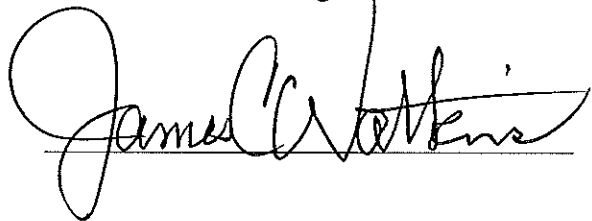
In the Matter of Empire District's Application to Modify  
FAC Tariff

)  
) **Case No. ER-2010-0105**  
) **File No. YE-2010-0244**

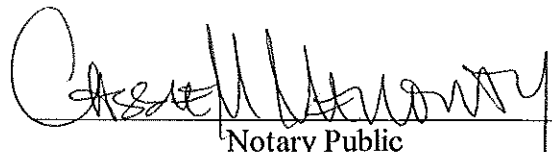
**AFFIDAVIT OF JAMES C. WATKINS**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

James C. Watkins, of lawful age, on oath states: that he has participated in the preparation of the foregoing Staff Recommendation; that he has knowledge of the matters set forth in such recommendation; and that such matters are true to the best of his knowledge and belief.

  
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Subscribed and sworn to before me this 27<sup>th</sup> day of October, 2009.

  
\_\_\_\_\_

Notary Public



CASSIE M. MELLOWAY  
My Commission Expires  
October 30, 2011  
Cole County  
Commission #07337959