

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

In the Matter of the Third Prudence Review)	
Of Costs Subject to the Commission-)	<u>File No. EO-2013-0114</u>
Approved Fuel Adjustment Clause of)	
The Empire District Electric Company)	

STAFF REPORT

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its report on the third prudence review of The Empire District Electric Company's ("Empire") fuel adjustment clause ("FAC"), states as follows:

1. On September 21, 2012, Staff filed a *Notice of Start of Third Prudence Audit*, which gave notice that Staff initiated its third prudence audit of costs subject to Empire's Commission-approved FAC on September 17, 2012. Staff also gave notice it planned to file its recommendation regarding that audit by Tuesday, February 26, 2013, pursuant to Commission Rule 4 CSR 240-20.090(7)(B), which requires Staff to file a recommendation within 180 days of initiating an audit.

2. On January 9, 2013, the Commission issued an *Order Directing Notice, Acknowledging Automatic Parties, and Establishing Intervention Date*, directing any interested parties to file an application to intervene no later than January 29, 2013.

3. On January 29, 2013, Dogwood Energy, LLC ("Dogwood") filed an *Application to Intervene*, which Empire opposed.

4. On February 20, 2013, the Commission ordered Dogwood to further clarify why the Commission should grant it intervention and ordered Empire and Staff to respond to Dogwood's clarification no later than February 25, 2013. The Commission

ordered Staff to include in its filing a recommendation on whether to grant Dogwood's application to intervene.

5. On February 25, 2013, Staff filed its *Recommendation on Dogwood's Application to Intervene*, recommending the Commission give Dogwood until March 5, 2013, after Staff files a report on its prudence audit, to further plead as to why Dogwood should be allowed to intervene in this case. Staff also recommended the Commission deny intervention unless that further pleading shows why Dogwood has an interest different from that of the general public that may be adversely affected by a final order in this case or that shows granting Dogwood intervention would serve the public interest. On the same day, Empire filed a *Reply to Dogwood Energy's Further Response Regarding its Application to Intervene*, continuing its opposition to Dogwood's intervention.

6. Pursuant to Commission Rule 4 CSR 240-20.090(7) and Section 386.266.4(4) RSMo Supp. 2012, Staff has conducted its third review of the fuel and energy costs subject to Empire's FAC. Staff's report regarding that review, HC and NP, is attached. Staff reviewed areas identified and discussed in its *Staff Report* for Empire's sixth, seventh and eighth accumulation periods. Based upon its review, as detailed in its report, Staff found no evidence of imprudence for the period of March 1, 2011, through August 31, 2012.

WHEREFORE, Staff hereby submits its recommendation regarding its third prudence review of the costs subject to Empire's Commission-approved fuel adjustment clause for the period of March 1, 2011, through August 31, 2012.

Respectfully submitted,

/s/ Amy E. Moore

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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 26th day of February, 2013.

/s/ Amy E. Moore