

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 26<sup>th</sup> day of  
March, 2014.

In the Matter of the Fourth Prudence Review     )  
of Costs Subject to the Commission-Approved     )  
Fuel Adjustment Clause of The Empire District     )  
Electric Company     )

**File No. EO-2014-0057**

**ORDER APPROVING STAFF'S PRUDENCE REVIEW**

Issue Date: March 26, 2014

Effective Date: April 5, 2014

The Commission first authorized the use of a Fuel Adjustment Clause ("FAC") by The Empire District Electric Company ("Empire") in File No. ER-2008-0093. The Commission approved the continuation of the FAC in Empire's general rate cases in 2010, 2011 and 2012.<sup>1</sup> Pursuant to Section 386.266.4(4) RSMo (Cum.Supp.2013), a prudence review of Empire's FAC costs must occur no less frequently than at eighteen-month intervals.

On September 3, 2013, the Commission's Staff filed a notice indicating that it started its prudence audit of Empire's FAC for the period September 1, 2012, through February 28, 2013. Commission Rule 4 CSR 240-20.090(7) requires Staff to file its recommendation no later than one hundred eighty days after it initiates the audit. Pursuant to the same rule, other parties to the case have one hundred ninety days after initiation of the audit to request a hearing; otherwise, the Commission must issue an order within two hundred ten days of Staff initiating an audit.

On February 28, 2014, Staff filed its Prudence Audit Report and Recommendation, in which it examined whether Empire prudently incurred the fuel and purchased power costs

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<sup>1</sup> File Nos. ER-2010-0130, ER-2011-0004 and ER-2012-0345, respectively.

and off-system sales revenues associated with its FAC. No party requested a hearing by March 12, 2014, which was the filing deadline to request a hearing. Therefore, the Commission may now consider Staff's Report and Recommendation.

Staff found no evidence of imprudence by Empire for the period of September 1, 2012 through February 28, 2013. In evaluating prudence, Staff reviews, without the benefit of hindsight, whether a reasonable person would find reasonable the information Empire relied on and the process Empire employed at the time the decision was made.

The Commission finds Staff's report and recommendation regarding its prudence review of Empire's fuel and purchased power costs and off-system sales revenue associated with its FAC to be reasonable. No party requested a hearing or objected to Staff's recommendation. Therefore, the Commission will approve Staff's report.

**THE COMMISSION ORDERS THAT:**

1. Staff's report regarding its prudence and audit of the costs subject to The Empire District Electric Company's fuel adjustment clause is approved.
2. This order shall become effective on April 5, 2014.
3. This file shall be closed on April 10, 2014.



**BY THE COMMISSION**

A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

R. Kenney, Chm., Stoll, W. Kenney,  
and Hall, CC., concur.

Burton, Regulatory Law Judge