

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

In the Matter of the Ninth Prudence Review of)
Costs Subject to the Commission-Approved Fuel) **Case No. EO-2021-XXXX**
Adjustment Clause of The Empire District Electric)
Company d/b/a Liberty (Empire).)

**STAFF'S NOTICE OF START OF NINTH
FUEL ADJUSTMENT CLAUSE PRUDENCE REVIEW**

COMES NOW the Staff of the Missouri Public Service Commission and, for its Notice of Start of Ninth Fuel Adjustment Clause Prudence Review, states:

1. The tariff of The Empire District Electric Company d/b/a Liberty (Empire) (“Liberty-Empire”) provides as part of its fuel adjustment clause (“FAC”) that “Prudence reviews of the costs subject to this FAC shall occur no less frequently than every eighteen months.”¹ This comports with the language of both Commission Rule 20 CSR 4240-20.090(11) and § 386.266.5(4) RSMo.

2. Commission Rule 20 CSR 4240-20.090(11)(B), in part, provides: “The Staff shall file notice within ten (10) days of starting its [rate adjustment mechanism] prudence review.” It also establishes the following schedule of dates by which certain events are to take place keyed off of the date Staff initiates its prudence review:

Time from Staff prudence audit initiation within which event is to occur	Event
180 days after	Submission of Staff recommendation to Commission regarding Staff’s examination and analysis
190 days after	Request for hearing
210 days after	Commission Order, if no hearing requested

¹ The Empire District Electric Company d.b.a. Liberty, P.S.C. MO. No. 6, Sec. 4, Original Sheet No. 17p.

3. Staff plans to conduct a prudence review of the costs and revenues associated with Liberty-Empire's FAC for the period September 1, 2019 through February 28, 2021. This review period corresponds to the 23rd through 25th sequential accumulation periods and their associated recovery periods² for Liberty-Empire's FAC.

4. This is Staff's ninth prudence review of Liberty-Empire's FAC. Staff filed its recommendations and reports to the Commission for prior prudence reviews of Liberty-Empire's FAC as follows:

Review Number	File Number	Review Period
1	EO-2010-0084	September 1, 2008 – August 31, 2009
2	EO-2011-0285	September 1, 2009 – February 28, 2011
3	EO-2013-0114	March 1, 2011 – August 31, 2012
4	EO-2014-0057	September 1, 2012 – February 28, 2013
5	EO-2015-0214	March 1, 2013 – February 28, 2015
6	EO-2017-0065	March 1, 2015 – August 31, 2016
7	EO-2018-0244	September 1, 2016 – February 28, 2018
8	EO-2020-0059	March 1, 2018 – August 31, 2019

5. In each of Liberty-Empire's general electric rate cases where the Commission has approved Liberty-Empire to have or continue to have a FAC, the accumulation periods have remained the same- two six-month accumulation periods each year, September through February and March through August.

6. Staff initiated this ninth prudence review of the costs and revenues associated with Liberty-Empire's Commission-approved FAC on March 4, 2021. Staff plans to file its

² AP25's recovery period falls outside of this prudence review period, as AP25's recovery billing months are June 2021 through November 2021. However, during the course of this prudence review period Staff will review the billed revenue for AP25 once the information is available.

recommendation to the Commission regarding the Staff's examination and analysis in this case by August 31, 2021, within the 180 day requirement of the rule.

7. Staff may change its review approach during this review, and in future prudence reviews as well, based on the particular utility and the particular conditions prevailing at the time of the review. The Staff's Energy Resources Department is primarily responsible for this prudence review. The Staff plans to file its recommendation at the conclusion of its prudence review covering the following topics:

Section 1 - Standard of Prudence

A. Standard requires documentation and includes other Commission principles as appropriate, such as the Commission's Affiliate Transactions Rules, which also requires documentation.

Section - 2 Audit Scope

- A. Presently Known Areas To Review
1. Liberty-Empire's Total Book Costs as Allocated to Missouri for Fuel Consumed in Liberty-Empire's Generating Units
 2. Liberty-Empire's FAC Cost Recovery from Customers (Revenues)
 3. Costs and Revenues Associated with Liberty-Empire's Fuel Hedging Program
 4. Purchased Power Energy Charges, Including Applicable Transmission Fees
 5. Southwest Power Pool Variable Costs and Revenues
 6. Emission Allowance Costs and Revenues; and
 7. Off System Sales

- B. Tests/Investigations to Address/Discover Other Significant Items Impacting Fuel and Purchased Power Cost Recovery Amount
1. Comparison of Base Fuel Components and Amounts to Claimed Cost Components and Amounts
 2. Plant Outages
 3. Heat Rates
 4. Fuel, Freight and Transportation / Purchase Power Contracts;
and
 5. Self-Commitment of Certain Generation Facilities

WHEREFORE, the Staff of the Missouri Public Service Commission hereby provides notice that it started its ninth prudence review of the costs and revenues associated with Liberty-Empire's Commission-approved fuel adjustment clause on March 4, 2021, for the review period September 1, 2019, through February 28, 2021, and that it plans to submit its recommendation to the Commission regarding the results of Staff's examination and analysis by filing its recommendation in this docket by Tuesday, August 31, 2021.

Respectfully submitted,

/s/ Jeffrey A. Keevil

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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 electronic mail to counsel of record as reflected on the certified service list maintained by the Commission in its Electronic Filing Information System on this 4th day of March, 2021.

/s/ Jeffrey A. Keevil