

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

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

**Case No. EO-2020-XXXX**

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

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

1. The tariff of The Empire District Electric Company ("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."<sup>1</sup> 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:

---

<sup>1</sup> The Empire District Electric Company, P.S.C. MO. No. 5, Sec. 4, Original Sheet No. 17ab.

<b>Time from Staff prudence audit initiation within which event is to occur</b>	<b>Event</b>
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

3. Staff plans to conduct a prudence review of the costs and revenues associated with Empire's FAC for the period March 1, 2018 through August 31, 2019. This review period corresponds to the 20<sup>th</sup> through 22<sup>nd</sup> sequential accumulation periods and their associated recovery periods<sup>2</sup> for Empire's FAC.

4. Staff initiated this prudence review of the costs and revenues associated with Empire's Commission-approved FAC on September 4, 2019. Staff plans to file its recommendation and report on its review of this prudence review period of March 1, 2018 through August 31, 2019, by Friday February 28, 2020, within the 180 day requirement of the rule. This is Staff's eighth prudence review of Empire's FAC. Staff filed its recommendations and reports to the Commission for prior prudence reviews of Empire's FAC as follows:

---

<sup>2</sup> AP22's recovery period falls outside of this prudence review period, as AP22's billing months are December 2019 through May 2020.

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,
3	EO-2013-0114	March 1, 2011 – August 31, 2012
4	EO-2014-0057	September 1, 2012 – February 28,
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,

5. In each of Empire's general electric rate cases where the Commission has approved 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. The following table identifies Empire's Commission-approved FAC tariff sheets which were applicable for electric service provided to its customers during the review period March 1, 2018 through August 31, 2019:

Original Sheet No. 17u
Original Sheet No. 17v
Original Sheet No. 17w
Original Sheet No. 17x
Original Sheet No. 17y
Original Sheet No. 17z
Original Sheet No. 17aa
Original Sheet No. 17ab
3rd Revised Sheet No. 17ac
4th Revised Sheet No. 17ac
5th Revised Sheet No. 17ac
6th Revised Sheet No. 17ac
7th Revised Sheet No. 17ac <sup>3</sup>

---

<sup>3</sup> Staff anticipates 7<sup>th</sup> Revised Sheet No. 17ac will be filed soon, and be applicable for service on and after December 1, 2019; however, its costs and revenues will relate to AP 22.

7. Staff initiated its eighth prudence review of the costs and revenues associated with Empire's Commission-approved FAC on September 4, 2019. Staff plans to file its recommendation to the Commission regarding the Staff's examination and analysis in this case by February 28, 2020.

8. 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. Empire's Total Book Costs as Allocated to Missouri for Fuel Consumed in Empire's Generating Units
2. Empire's FAC Cost Recovery from Customers (Revenues)
3. Costs and Revenues Associated with 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 eighth prudence review of the costs and revenues associated with Empire's Commission-approved fuel adjustment clause on September 4, 2019, for the review period March 1, 2018, through August 31, 2019, 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 Friday, February 28, 2020.

Respectfully submitted,

**/s/ Jeffrey A. Keevil**

Jeffrey A. Keevil

Missouri Bar No. 33825

P. O. Box 360

Jefferson City, MO 65102

(573) 526-4887 (Telephone)

(573) 751-9285 (Fax)

Jeff.keevil@psc.mo.gov (e-mail)

### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 4<sup>th</sup> day of September, 2019.

**/s/ Jeffrey A. Keevil**