

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 10<sup>th</sup> day of July,  
2019.

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

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**File No. EO-2018-0244**

**ORDER APPROVING STAFF'S PRUDENCE AUDIT REPORT**

Issue Date: July 10, 2019

Effective Date: August 10, 2019

This case was opened on March 9, 2018, to consider The Empire District Electric Company's seventh fuel adjustment clause prudence review. On September 5, 2018, the Commission's Staff filed a report regarding its review in which it found no incidence or evidence of imprudence by Empire for the period of September 1, 2016, through February 28, 2018. On September 17, 2018, the Office of the Public Counsel filed a motion for evidentiary hearing in which it asserted that Empire had acted imprudently in its natural gas hedging purchasing policies. In raising this issue, Public Counsel was renewing its concerns about Empire's hedging policies that it had raised in Empire's sixth prudence review, which was heard in File No. EO-2017-0065.

At that time, the Commission's finding of no imprudence in Empire's sixth prudence review had been appealed to the Missouri Court of Appeals and was awaiting a decision by the court. Rather than proceed with the seventh prudence review while the sixth was under judicial review, the Commission issued a notice on October 4, 2018, indicating this matter would be held in abeyance pending judicial resolution of the prior case.

On March 5, 2019, the Court of Appeals affirmed the Commission's decision on the sixth prudence review. The Court's order became final and its mandate was issued on May 22, 2019. On June 25, 2019, Public Counsel withdrew its request for hearing.

Since Public Counsel has withdrawn its request for hearing, the Commission may now consider Staff's unopposed report and recommendation.

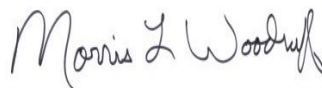
In evaluating prudence, Staff reviewed whether a reasonable person would find that both the information Empire relied on, and the process Empire employed when making the decision under review, were reasonable based on the circumstances at the time the decision was made, without the benefit of hindsight. During its review, Staff found no evidence of imprudence by Empire.

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 fuel adjustment clause to be reasonable, and will approve it.

**THE COMMISSION ORDERS THAT:**

1. Staff's Seventh Prudence Audit Report and Recommendation regarding the costs subject to The Empire District Electric Company's fuel adjustment clause is approved.
2. This order shall become effective on August 10, 2019.
3. This file shall be closed on August 11, 2019.

**BY THE COMMISSION**



Morris L. Woodruff  
Secretary



Silvey, Chm., Kenney, Hall, and Coleman, CC., concur;  
Rupp, C., dissents.

Woodruff, Chief Regulatory Law Judge

**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

**I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 10<sup>th</sup> day of July 2019.**



  
**Morris L. Woodruff**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**July 10, 2019**

**File/Case No. EO-2018-0244**

**Missouri Public Service  
Commission**

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***Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).***

***Sincerely,***



**Morris L. Woodruff  
Secretary**

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