

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

In the Matter of the Application of The)	
Empire District Electric Company for)	
the Issuance of an Accounting Authority)	<u>Case No. EU-2011-0387</u>
Order Relating to its Electrical Operations)	
and for a Contingent Waiver of the Notice)	
Requirement of 4 CSR 240-4.020(2))	

PUBLIC COUNSEL’S RESPONSE TO STAFF RECOMMENDATION

COMES NOW the Office of the Public Counsel for its Response to Staff Recommendation states as follows:

1. On June 6, 2011, The Empire District Electric Company filed an Application for an Accounting Authority Order (AAO) related to the tornado that struck Joplin on May 22, 2011.
2. Unlike a typical disaster-related AAO that seeks authority to defer and capture repair costs and capital costs related to a natural disaster like a tornado or an ice storm, in its application Empire also sought to defer and capture profits that its shareholders allegedly lost because of reduced sales after the tornado.
3. On August 17, the Staff filed its recommendation in which it recommended that the Commission grant accounting authority for the repair and capital costs associated with the tornado, but deny authority for the alleged lost profits. Public Counsel wholeheartedly agrees with the recommendation to deny accounting authority for the alleged lost profits, and generally agrees with the recommendation to grant accounting authority for the more traditional repair and capital costs.
4. However, Public Counsel disagrees with one aspect of Staff’s recommendation. Staff recommends that amortization of the deferred amounts not begin until January 2012,

despite its statement that “it is not appropriate for a utility to ‘hoard’ such deferrals for an extended period in its balance sheet....” Public Counsel also believes that such delays are inherently unfair to ratepayers, and so recommends that the ten-year amortization begin shortly after the event, in this case June 1, 2011.

5. This treatment is consistent the treatment afforded Empire for previous storm costs. In Case No. ER-2008-0093 the Commission found reasonable and approved a Non-unanimous Stipulation and Agreement as to Certain Issues.¹ That agreement provided that Empire would begin amortization of costs from a January 2007 ice storm in February 2007, and costs from a December 2007 ice storm in January 2008.

WHEREFORE, Public Counsel respectfully submits this response to the Staff recommendation and requests that the Commission establish a ten-year amortization period beginning on June 1, 2011.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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¹ “Order Approving Stipulation and Agreement as to Certain Issues,” issued April 23, 2008.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been emailed this 26th day of August 2011 to the parties of record:

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