

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

In the matter of The Empire District Electric)
Company of Joplin, Missouri for Authority to)
File Tariffs Increasing Rates for Electric) **File No. ER-2012-0345**
Service Provided to Customers in the)
Missouri Service Area of the Company.)

STAFF’S STATEMENTS OF POSITION

COMES NOW the Staff (“Staff”) of the Missouri Public Service Commission (“Commission”) and states as follows:

1. Regarding the issue *Is Empire facing a financial emergency or near emergency that warrants the Commission authorizing it to implement an interim-subject-to-refund rate increase pending implementation of final general rates in this case?*, **Staff’s position is that no, Empire is not facing a financial emergency or near emergency, nor has it alleged that it faces a financial emergency or near emergency.**

2. Regarding the issue *Do Empire’s tornado recovery costs and post-tornado cost of service due to the May 2011 Joplin tornado warrant the Commission authorizing it to implement an interim-subject-to-refund rate increase pending implementation of final general rates in this case?*, **Staff’s position is that no, neither Empire’s recovery costs nor post-tornado cost of service warrant implementation of an interim rate increase. Empire has received accounting authority to protect against adverse financial impacts associated with its tornado recovery costs. Further, based on information received to date, Empire has not experienced an overall decrease in revenue since the occurrence of the tornado, and is**

potentially experiencing an average increase in revenues related to the hotter than normal summer weather for the summer of 2012.

3. Regarding the issue *Is there any other basis(es) that warrants the Commission authorizing Empire to implement an interim-subject-to-refund rate increase pending implementation of final general rates in this case?*, **Staff's position is that no, there is not. No party has presented or alleged any evidence Empire is entitled to relief under any basis. In short, Empire's basis for requested relief is that a very bad thing happened in its service territory, and it would like to get more money sooner as a consequence.**

4. Regarding the issue *If the answer to 1, 2 or 3 is "yes," what should be the amount of the interim-subject- to-refund rate increase, and what conditions, if any, should the Commission impose on it?*, **Staff's position is that no interim rate increase is appropriate, and that to the extent Empire would be allowed an interim rate increase as described in its direct filing, the amount should be:**

(a) **Reduced for the tornado-related capital additions because Empire has not demonstrated it experienced any net growth to rate base at this time since its last case; this would be a reduction to Empire's request of \$4.5 million.**

(b) **Reduced by any offsetting increased summer revenues against the revenue loss associated with tornado-related customer reductions. Staff is unable to provide an exact quantification of this reduction until actual usage and revenues for these summer months is provided. Subject to confirmation of actual usage and revenues, Staff expects that this reduction would consume the remainder of Empire's requested amount. In the event the netting of these amounts would result in a negative total, Staff will not pursue an over-earnings complaint, as these matters will be addressed in the ongoing general rate case.**

Further, in addition to any increase being collected subject-to-refund, Staff would reserve the right to recommend any appropriate additional conditions on review

of a Commission determination of any appropriate interim increase amount and collection and potential refund methodology.

WHEREFORE, Staff submits these statements of position.

Respectfully submitted,

/s/ Sarah L. Kliethermes

Sarah L. Kliethermes MBE 60024
Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
Phone: (573) 751-6726
Fax: (573) 751-2690
E-mail: sarah.kliethermes@psc.mo.gov

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 4th day of September, 2012.

/s/ Sarah L. Kliethermes