

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 1st day of
July, 2015.

In the Matter of The Empire)	
District Electric Company for Authority)	<u>File No. ER-2014-0351</u>
to File Tariffs Increasing Rates for)	Tracking No. YE-2015-0074
Electric Service Provided to Customers)	
in the Company's Missouri Service Area)	

ORDER CLARIFYING REPORT AND ORDER

Issue Date: July 1, 2015

Effective Date: July 1, 2015

On June 24, 2015, the Commission issued a Report and Order with a July 24 effective date. In the Report and Order, the Commission determined that rates for the Residential rate class should be increased by 25% of the needed 8.1% revenue neutral rate adjustment (an approximate increase of 2% before the approved revenue rate increase is applied.)¹ On June 26, The Empire District Electric Company ("Empire") and the Staff of the Commission filed a *Joint Motion for Clarification of Report and Order* ("Motion"). In the Motion, Empire and Staff seek clarification on the rate design for the other rate classes as a result of the increase to the Residential class. Specifically, Empire and Staff seek an explanation of how the rate design supported by Midwest Energy Consumers Group ("MECG") should be applied to Staff's BIP² Class Cost of Service Study ("CCOSS").³

¹ EFIS Item No. 313; Report and Order pg. 8, ¶1 and pg. 20. The approximate 8.1% revenue neutral increase for the residential class was supported by Staff's Class Cost of Service Study.

² Base and Intermediate Peak analysis method.

³ EFIS Item No. 313; Report and Order, pg. 15, ¶10; the Commission found Staff's BIP Class Cost of Service Study to most reasonably recognize the relationship between the cost to serve and the cost of producing energy.

Empire and Staff assert that based on Staff's Base and Intermediate Peak ("BIP") CCOSS, the Commission intended the Small Heating ("SH"), Commercial Building ("CB"), Large power ("LP"), Total Electric Building ("TEB"), and General Power ("GP") rate classes to receive off-setting revenue neutral decreases of approximately 25% of the over-contribution identified for each class in Staff's BIP CCOSS. Under the interpretation supported by Empire and Staff, the revenue requirement for the Special Contract-Praxair ("SC-P") rate class will be held constant on a revenue neutral basis, even though Staff's CCOSS supports a slight increase.⁴

MECG filed a response to the Motion on June 30 stating its belief that the Commission only intended for the LP, TEB and GP rate classes to receive a revenue neutral decrease. MECG does not contradict Empire and Staff's position that the Commission intended for the SC-P rates class to be held constant on a revenue neutral basis. To the extent that the CB and SH rate classes are contributing more than Empire's cost to serve those classes according to Staff's CCOSS, they are entitled to a revenue neutral decrease to their revenue requirement by approximately 25% of the over-contribution.

The Commission will grant the Motion and clarify that based on Staff's CCOSS, which the Commission found in its Report and Order to most reasonably recognize the relationship between the cost to serve and the cost of producing energy, no decrease on a revenue neutral basis shall occur for the SC-P rate class. Consistent with Staff's CCOSS recommendations, no rate increases shall occur for the Feed Mill & Grain Elevator Service ("PFM") and Lighting and Miscellaneous rate classes.

⁴ Exhibit 210, R. Kliethermes Rebuttal, pg. 5. Staff's CCOSS supports approximately 2.7% revenue neutral increase for the SC-P class.

THE COMMISSION ORDERS THAT:

1. The *Joint Motion for Clarification of Report and Order* is granted.
2. The Commission clarifies that the rate design approved in its June 24, 2015 Report and Order is consistent with the results in Column F of Appendix A to the *Joint Motion for Clarification of Report and Order*, which will be incorporated into this order. The revenue requirement for the SC-P rate class will be held constant on a revenue neutral basis and the PFM and Lighting and Miscellaneous rate classes will receive no rate increase.
3. This order shall be effective when issued.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

R. Kenney, Chm., Stoll, W. Kenney,
Hall, and Rupp, CC., concur.

Kim S. Burton, Regulatory Law Judge,
by delegation of authority
pursuant to Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 1st day of July, 2015.