

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

In the Matter of Program Criteria of The Empire)	Case No. E0-2005-0386
District Electric Company)	

STAFF RECOMMENDATION

Comes now the Staff of the Missouri Public Service Commission (Staff) and submits the attached Staff Recommendation (Appendix A) requesting that the Missouri Public Service Commission (Commission) approve the tariff sheets filed on September 14, 2005 by The Empire District Electric Company (Empire) or permit them to go into effect by operation-of-law to implement a Commercial Facility Energy Audit Program, a Change A Light Program and a Weatherization Program consistent with the terms of the Stipulation And Agreement As To Certain Issues approved by the Commission in its March 10, 2005 Report And Order in Case No. ER-2004-0570. The tariff sheets for which Commission approval is sought have an effective date of October 14, 2005. The Staff would note that these programs were agreed to in proceedings before the Commission, Empire's 2004-2005 general rate increase case (ER-2004-0570), prior to the proposal and approval of the Empire Experimental Regulatory Plan in Case No. EO-2005-0263.

Wherefore the Staff requests that the Commission approve the tariff sheets filed by Empire with an effective date of October 14, 2005 respecting the implementation of a Commercial Facility Energy Audit Program, a Change A Light Program and a Weatherization Program or permit the tariff sheets go into effect by operation-of-law.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/Steven Dottheim

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 12th day of October 2005.

/s/ Steven Dottheim

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2005-0386, File No. YE-2006-0196
The Empire District Electric Company

FROM: James Watkins, Manager, Economic Analysis, Project Coordinator
Henry Warren, Regulatory Economist II
Mack McDuffey, Rate & Tariff Examiner II

/s/ James Watkins/10-12-05

Energy Department / Date

/s/ Steven Dottheim/10-12-05

General Counsel's Office / Date

SUBJECT: Staff Recommendation For **Approval** of Tariff Sheets Filed To Implement A
Missouri Commercial Facility Energy Audit Program, Missouri Change A Light
Program and Missouri Weatherization Program

DATE: October 11, 2005

On September 14, 2005, The Empire District Electric Company (Empire or Company) of Joplin, Missouri, filed with the Missouri Public Service Commission (Commission) three (3) tariff sheets with a proposed effective date of October 14, 2005. On September 22, 2005, Empire filed a substitute tariff sheet to correct a typographical error contained in the original filing as requested by the Commission's Energy Department Staff (Staff). This filing is to implement the "Missouri Commercial Facility Energy Audit Program", the "Energy Star Change a Light Program" and the "Weatherization Program" pursuant to Section 6 – Low Income Weatherization Program, Section 7 – Lighting (Change A Light Program) and Section 9 - Commercial Energy Efficiency Audits of the Stipulation and Agreement As To Certain Issues (Stipulation and Agreement) approved by the Commission in its March 10, 2005 Report And Order in Case No. ER-2004-0570. On April 26, 2005, Empire filed Notice (In the matter of Program Criteria of The Empire District Electric Company) establishing Case No. EO-2005-0386 relating to Paragraph 11 of the Stipulation and Agreement.

The objective of the Missouri Commercial Facility Energy Audit Program is to increase commercial facility owners' awareness of energy-efficient measures and encourage the replacement of inefficient electrical equipment and/or improve the energy efficiency of commercial facilities by providing a rebate for a portion of the cost of an energy audit and implementation of energy-saving projects that improve efficient use of electricity by commercial customers. The program is designed to encourage the use of high-efficiency space and water heating equipment, central air conditioning, lighting and other measures in commercial buildings. Energy-efficient equipment will save money on energy bills, may delay the need for upgrades on the customer's electrical facilities, may delay the need for additional generation capacity, and will help reduce the demand on the natural resources needed to produce energy.

The Missouri Commercial Facility Energy Audit Program is a voluntary program available only to commercial facilities located in Missouri that are receiving electric service from Empire. The target market is small commercial facilities that would benefit significantly from such a program with a

maximum rebate of \$5,000. An Empire customer is only allowed to participate in the program one time per facility.

The Missouri Commercial Facility Energy Audit Program is administered by Empire and provides rebates to a maximum of five (5) customers for the maximum amount who have energy audits performed on their commercial facilities by an approved energy audit firm. A rebate of up to \$500 is available to offset up to 50% of the cost of an initial energy audit. If the initial energy audit identifies a potential for energy savings, an additional rebate of up to \$500 (up to 50% of the cost of the initial energy audit) is available to customers that have a follow-up detailed energy audit performed to identify specific energy-saving projects. If these energy-saving projects are implemented by the customer, an additional rebate of up to 33% of the cost of implementing the energy-saving projects is available. The total of all rebates to a participant in this program is a maximum of \$5,000. The total of all rebates to all participants is limited to a maximum of \$25,000.

The objective of the Energy Star Change a Light Program is to encourage the replacement of inefficient energy consuming lights by providing a rebate for a portion of the costs of Energy Star[®] compact fluorescent light (CFL) bulbs. The program is designed to educate consumers on the energy and money saving benefits of CFL bulbs, torchiere lamps and other Energy Star[®] products through marketing and media outreach efforts as well as offer an instant rebate towards the purchase of an Energy Star[®] lighting product. Energy Star[®] is a label awarded for energy efficiency.

The Collaborative Committee has recommended, and Empire has proposed with this tariff filing, implementing the Energy Star Change a Light Program. The overall budget for Missouri for Empire will be \$20,000. Pursuant to the Change A Light Campaign for 2005, consumers will be offered a \$2.00 instant rebate on the purchase of CFL bulbs. Empire will provide \$1.45 - \$1.50 towards the rebate not to exceed \$11,615 in total annually, and participating manufacturers will contribute an additional \$0.50 - \$0.55 towards the rebate. Empire anticipates their consumers will purchase 7,133 CFL bulbs for the 2005 campaign which will be administered by Midwest Energy Efficiency Alliance (MEEA). The program will conclude on December 31, 2005 or when \$11,615 of reimbursements have been completed, whichever occurs first.

Empire's low-income Weatherization Program is consistent with federal weatherization assistance program guidelines. The program will be implemented through the Community Action Agencies operating within Empire's service territory for the benefit of Empire's low-income residential customers.

At the conclusion of the program, MEEA will conduct an evaluation of the program that will include a quantification of the energy saving specific to Empire, the lessons learned from the program and recommendations for next year's program.

The Staff has reviewed the filed tariff sheets, and is of the opinion that they were filed in a timely manner and are in compliance with the Commission's Report And Order in Case No. ER-2004-0570. The Company has provided the supporting information required by 4 CSR 240-3.150 (3) for Promotional Practices tariff filings. Staff therefore recommends that the Commission issue an order approving the following proposed tariff sheets, as filed on September 14, 2005, and substituted on September 22, 2005, to become effective on October 14, 2005, as requested in Empire's cover letter, or permit the tariff sheets to go into effect by operation of law:

P.S.C. MO. NO. 5, Section 4

Original Sheet No. 8a

Original Sheet No. 8b

Original Sheet No. 8c

The Staff has verified that this Company is not delinquent on any assessment or the filing of its annual report. Each of the other three investor-owned electric companies regulated by the Commission has filed or will file similar tariff sheets to participate in the Change A Light Program. The following electric cases involving Empire are also before the Commission at this time:¹

EO-2005-0020

EO-2005-0386

EO-2006-0141

¹ This company may provide other types of utility services in Missouri; however, only pending electric cases are listed.