

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 7th day of
April, 2005.

In the Matter of the Tariff Filing of The Empire)	
District Electric Company to Implement a)	
General Rate Increase for Retail Electric)	<u>Case No. ER-2004-0570</u>
Service Provided to Customers in its Missouri)	Tariff File No. YE-2004-1324
Service Area.)	

ORDER CONCERNING APPLICATIONS FOR REHEARING
AND MOTIONS FOR CLARIFICATION OR
RECONSIDERATION

Procedural History:

On April 30, 2004, The Empire District Electric Company submitted to the Missouri Public Service Commission certain proposed tariff sheets, Tariff File No. YE-2004-1324. Following an evidentiary hearing, the Commission issued its Report and Order on March 10, 2005, effective March 27, rejecting the proposed tariff sheets filed by Empire. Empire filed compliance tariffs on March 17, which were approved on March 21, effective on and after March 27.

The Commission's Staff filed its Motion for Clarification on March 21. On March 25, the Public Counsel filed his Application for Rehearing; the Missouri Industrial Energy Consumers filed their Motion for Clarification and Alternative Application for Rehearing; Praxair and Explorer Pipeline filed their Application for Rehearing, Reconsideration or Clarification; and Empire filed its Application for Rehearing.

Clarification:

The Commission will grant clarification in two respects.

First, Staff's Motion for Clarification will be granted. Its purpose is to implement the Commission's decisions as to depreciation.

Second, several parties requested clarification as to the Commission's position on the Discounted Cash Flow Method widely used by experts in developing opinions as to an appropriate return on equity. The Commission states that its resolution of the present case is founded on the record developed in this case and its application thereto of controlling law. It is intended only to resolve the issues presented in this case. The Commission does not intend to abandon or discourage use of the Discounted Cash Flow Method in the future and expects to hear expert testimony based on the use of this method in future cases.

Reconsideration and Rehearing:

Having considered the parties' requests for reconsideration and applications for rehearing, the Commission is of the opinion that the same should be denied.

IT IS THEREFORE ORDERED:

1. That the Motion for Clarification filed by the Staff of the Missouri Public Service Commission on March 21, 2005, is granted. The Empire District Electric Company is directed to comply with the requests contained in Staff's motion.
2. That Clarification is granted, as several parties requested, as discussed above.
3. That the several Applications for Rehearing and for Reconsideration timely filed herein by The Empire District Electric Company, the Public Counsel, Praxair, Inc., and

Explorer Pipeline Company, and the members of the Missouri Industrial Energy Consumers, are denied.

4. That this order shall become effective on April 7, 2005.

BY THE COMMISSION

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Davis, Chm., Murray and Appling,
CC., concur.
Gaw and Clayton, CC., dissent.

Thompson, Deputy Chief Regulatory Law Judge