

Exhibit No.

Issue: Accounting Schedules, Income Statement and  
Rate Base Adjustments

Witness: Jayna R. Long

Type of Exhibit: Direct Testimony

Sponsoring Party: Empire District Gas

Case No.

Date Testimony Prepared: June 2009

**Before the Public Service Commission  
of the State of Missouri**

**Direct Testimony**

**of**

**Jayna R. Long**

**June 2009**

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JAYNA R. LONG  
ON BEHALF OF  
THE EMPIRE DISTRICT GAS COMPANY  
BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION

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DIRECT TESTIMONY  
OF  
JAYNA R. LONG  
THE EMPIRE DISTRICT GAS COMPANY  
BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION  
CASE NO.

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. Jayna R. Long. My business address is 602 Joplin Street, Joplin, Missouri.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Empire District Electric Company (“Empire”), as a Regulatory  
6 Analyst.

7 **Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS MATTER?**

8 A. I am appearing on behalf of The Empire District Gas Company (“EDG or Company”).  
9 EDG is a wholly owned subsidiary of Empire that was formed to hold the Missouri gas  
10 assets acquired from Aquila, Inc. (“Aquila”) on June 1, 2006.

11 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**  
12 **BACKGROUND.**

13 A. I hold a Bachelor of Science degree in Business Administration with majors in  
14 accounting and marketing from Missouri Southern State University. I was employed by  
15 Leggett & Platt, Inc. immediately following my graduation in 1993 where I held various  
16 positions as an accountant at the Corporate Office and then was promoted to Division  
17 Controller. I have also served as a Plant Controller for Invensys Inc. and Controller for

1 Clark Industries. In May 2001, I joined Empire as a Senior Internal Auditor where I  
2 remained until October 2003. At that time, I accepted my current position.

3 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE BEFORE**  
4 **THE MISSOURI PUBLIC SERVICE COMMISSION (“COMMISSION”)?**

5 A. The purpose of my testimony is to present certain schedules in support of the proposed  
6 tariffs filed by EDG as required by the Commission’s Minimum Filing Requirements. In  
7 addition to the schedules, I will provide explanations of several adjustments made to  
8 EDG’s rate base and income statement test year.

9 **Q. WHAT TEST YEAR DID THE COMPANY USE IN DETERMINING RATE**  
10 **BASE, OPERATING INCOME AND RATE OF RETURN?**

11 A. The schedules included in this filing are based on the historical test year for the twelve  
12 months ending December 31, 2008, adjusted for known and measurable changes.

13 **Q. PLEASE IDENTIFY THE SCHEDULES YOU ARE SPONSORING.**

14 A. I am sponsoring schedules JRL-1 through JRL-5, which generally consist of financial and  
15 other information which supports EDG’s Northwest, North and South operating district  
16 revenue requirements.

17 **Q. ARE THESE DISTRICTS TREATED SEPARATELY FOR RATE PURPOSES?**

18 A. The North, Northwest, and South regions have separate purchase gas adjustment rates.  
19 However, the North and South regions are currently combined into one operating district  
20 for base rates. In this rate case, EDG is requesting the Northwest district also be  
21 combined with the North and South district into the same base rates. This is addressed in  
22 the testimony of EDG witness Overcast.

23 **Q. PLEASE CONTINUE.**

1 A. Schedule JRL-1 calculates a revenue deficiency based on an assumed return on equity of  
2 11.3%, as discussed in the testimony of EDG witness Dr. Vander Weide. Schedule JRL-  
3 2 shows the detailed components of rate base, which reflect the investments made by  
4 Empire to provide gas service in the three operating areas. Schedule JRL-3 provides the  
5 test year income statement along with all known and measurable changes, resulting in the  
6 net income available.

7 **Q. WHAT IS SCHEDULE JRL-4?**

8 A. Schedule JRL-4 provides a brief description of all adjustments made to the income  
9 statement, as well as indicating the sponsoring witness for that adjustment. Various  
10 witnesses will be providing testimony supporting the adjustments.

11 **Q. WHAT IS SCHEDULE JRL-5?**

12 A. This schedule is the proof of revenue which includes the billing determinants that were  
13 used by EDG.  
14

15 **II. RATE BASE ADJUSTMENTS**

16 **Q. PLEASE IDENTIFY THE RATE BASE ADJUSTMENTS YOU ARE**  
17 **SPONSORING.**

18 A. I am sponsoring two adjustments to rate base. The first adjustment is the allocation of  
19 common plant to EDG's natural gas business. The second adjustment is to annualize  
20 inventory.

21 **Allocation of Common Plant**

22 **Q. PLEASE EXPLAIN THE FIRST ADJUSTMENT TO ALLOCATE COMMON**  
23 **PLANT TO EMPIRE'S NATURAL GAS BUSINESS.**

A. Empire records the common general plant on the electric company's books in their entirety. A rate case adjustment is required to allocate a portion of the common general plant to the gas operations. The allocation is based on a three part formula called the Massachusetts formula, which is described in Empire's Cost Allocation Manual filed with the Commission. The result of this allocation increases the general plant in service and the provision for accumulated depreciation for general plant on the gas operations as follows:

Description	Northwest	North/South
Plant in Service	\$159,496	\$1,537,481
Accumulated Depreciation	\$82,548	\$795,732
Net Plant in Service	\$76,948	\$741,749

**Q. HAS THIS ADJUSTMENT BEEN MADE IN PRIOR EMPIRE RATE CASES?**

A. Yes, an adjustment using consistent methodology to this was made by Empire and the Missouri Public Service Commission Staff ("Staff") in Empire's last electric rate case, Case No. ER-2008-0093.

**Inventory**

**Q. PLEASE DESCRIBE THE ADJUSTMENTS TO ANNUALIZE INVENTORY.**

A. During the test year, EDG purchased gas meters and charged the cost of these meters to construction work in progress rather than directly into an inventory account at the time of purchase. These costs were later reclassified during a review of the construction jobs in progress by Empire's accounting department, and an accounting entry was made to remove all of the remaining unused meters from construction-work-in-progress and

1 record the unused meters in an inventory account. This accounting entry was made  
2 during the latter part of the test year. The rate case adjustment I am sponsoring reflects  
3 the test year impact on the inventory balance of the correcting entry for a full year. The  
4 net impact of this rate case adjustment is an increase in rate base of \$34,852 for the  
5 Northwest district and \$275,922 for the North and South district.

6  
7 **III. REVENUE ADJUSTMENTS**

8 **Q. PLEASE DESCRIBE THE REVENUE ADJUSTMENTS THAT HAVE BEEN**  
9 **MADE TO THE TEST YEAR.**

10 A. The two operating districts were reviewed separately and adjustments made to reflect  
11 normalized test year revenue in each district. The test year revenues have been adjusted  
12 to reflect customer growth/loss as of March 31, 2009, normalized weather and the  
13 elimination of Purchase Gas Adjustment Clause ("PGA") revenue. Furthermore, sales  
14 and revenue have been adjusted to remove the revenue associated with unbilled sales and  
15 franchise taxes.

16 **Customer Growth/Loss**

17 **Q. PLEASE EXPLAIN THE ADJUSTMENT RELATED TO THE CHANGING**  
18 **NUMBER OF CUSTOMERS.**

19 A. Revenues have been adjusted to reflect the revenue that would have been generated if the  
20 number of EDG customers existing at March 31, 2009 had been served by the Company  
21 for the entire test year. For the residential customer class RS and small volume customers  
22 SCF, SVF and SVTS, the differences between the March 31, 2009 level of customers and  
23 the average customers adjusted for season in each month of the test year were multiplied

1 by the average weather normalized CCF per customer for that month. The resulting  
2 change in CCF sales was then multiplied by the average class weather normalized margin  
3 per CCF to obtain the revenue adjustment related to customer growth/loss. The formula  
4 for this is shown below:

$$RA = NCCF/C \times NR/C$$

$$C = TUC - (AC \pm SA)$$

Where: RA = Revenue Adjustment

NCCF = Weather normalized CCF

NR = Weather normalized billed revenue

TUC = Forecasted customer level at time of true-up

AC = Average customers for previous and current month

SA = Seasonal adjustment

6 **Q. PLEASE ELABORATE ON THE SEASONAL ADJUSTMENT MADE TO THE**  
7 **NUMBER OF CUSTOMERS.**

8 A. The seasonal adjustment is made to reflect the decrease in customers during the summer  
9 months when gas space heating is not in demand. The Company's historical customer  
10 patterns show that a small number of customers completely turn off their gas service  
11 during the warmer months and then have their gas service turned back on as temperatures  
12 begin to cool in the fall.

13 **Q. HOW WAS THIS PATTERN OF DISCONNECT AND RECONNECT TAKEN**  
14 **INTO ACCOUNT IN THE ADJUSTMENT?**

15 A. A report was compiled that listed all of the customers for the RS, SCF, SVF and SVTS  
16 classes by month. Customers that turned off their service during the summer months  
17 were identified by tracking those customers that had gas service at the beginning of the  
18 year (January) and at the end of the year (December) but did not have gas service in

1 either July or August. For those customers that met these conditions, the months that the  
2 customers were off the system were counted and used to reduce the customer count  
3 during the months when they would not be taking service.

4 **Q. HOW WAS CUSTOMER GROWTH/LOSS COMPUTED FOR THE LARGE**  
5 **VOLUME CUSTOMERS?**

6 A. The large volume customer classes LVF, LVI, and LVTS were reviewed on an individual  
7 customer basis to calculate the impact of customer growth/loss on revenue. This  
8 individual customer approach was used due to the fact that large customers have a high  
9 usage per customer and any changes in customer load patterns due to anomalies can have  
10 a significant impact on revenue.

11 **Q. WHAT WERE THE RESULTS OF YOUR ANALYSIS OF CUSTOMER**  
12 **GROWTH ON THE GAS SYSTEM?**

13 A. Our analysis indicated that the revenue needed to be adjusted downward in each of the  
14 operating districts. The Northwest district required a reduction in revenue of \$6,158 and  
15 the North and South district required a reduction in revenue of \$273,831.

16 **Weather**

17 **Q. HOW WAS REVENUE ADJUSTED FOR WEATHER?**

18 A. The test year sales levels and revenues were adjusted to reflect normal weather. The  
19 method used to determine the weather normalized sales levels is presented in the direct  
20 testimony of EDG witness Aaron Doll. To arrive at the related impact on revenue, the  
21 current rates were applied to the sales volume adjustment derived by EDG witness Doll.  
22 The revenue adjustment related to weather resulted in a decrease in revenue for each of

1 the operating districts or \$181,798 for the Northwest district and a decrease of \$605,524  
2 for the North and South district.

3 **Unbilled Revenue**

4 **Q. PLEASE DESCRIBE THE ADJUSTMENT RELATED TO UNBILLED**  
5 **REVENUE.**

6 A. Unbilled revenue is accrued each month in the general ledger to reflect an estimate of the  
7 revenue earned during the calendar month, but not yet billed due to cycle billing. For rate  
8 case purposes, the impact of unbilled revenue has been eliminated from the test year.  
9 This elimination results in a decrease in revenue of \$221,167 for the Northwest district  
10 and a decrease in revenue of \$1,146,175 for the North and South district.

11 **City Franchise Taxes**

12 **Q. PLEASE EXPLAIN THE ADJUSTMENT TO ELIMINATE CITY FRANCHISE**  
13 **TAXES.**

14 A City franchise tax is not a revenue source designed to be collected through the application  
15 of a Commission-approved tariff. It is a municipal tax that EDG is obligated to collect  
16 and remit to the various municipalities where the Company provides gas service.  
17 Although there is no impact on EDG's earnings related to city franchise taxes because it  
18 is offset by an equal amount of expense, it is more appropriate for rate case purposes, if  
19 EDG's revenue requirement reflects only the revenue that will be generated through the  
20 application of approved Commission tariffs and does not reflect the revenue or expense  
21 associated with franchise taxes. The adjustment decreases revenue \$309,311 on the  
22 Northwest district and \$2,423,973 on the North and South district. In both service areas  
23 the adjustment has been reflected as both a reduction in revenue and a reduction in taxes

other than income taxes.

**PGA Revenue**

**Q. PLEASE DISCUSS WHY THE ACUTAL PURCHASE GAS ADJUSTMENT  
CLAUSE (“PGA”) REVENUE WAS ELIMINATED FROM THE REVENUE  
REQUIREMENT.**

A. EDG’s PGA tariff enables EDG to bill its customers for the actual cost of gas as a separate line item on their bill with no margin to EDG. Therefore the revenue and gas cost related to the PGA have been eliminated from the test year. The following table shows the amounts to be eliminated from the test year.

	Northwest	North/South
PGA Revenue	(\$4,507,654)	(\$36,703,907)
Gas Cost in Expense	(\$4,700,643)	(\$37,929,499)

It should be noted that a projected cost of natural gas and the related PGA revenue have been included in the rate case to present a complete picture of the impact of EDG’s rate increase on our customers’ average bill. In addition, a cost of natural gas and the related revenue has to be included in the filing to properly establish the ongoing level of uncollectible account expense.

**Q. DO YOU HAVE ANY OTHER REVENUE ADJUSTMENTS?**

A. Yes. An adjustment was made to correct the revenue discrepancy that occurred from customer switches in pricing plans. This resulted in a decrease in the Northwest district of \$6,158 and an increase in the North and South district of \$7,297. An adjustment was also included in revenue to account for the contracted demand of an LVI customer

increasing the North and South revenue by \$172,800.

**IV. EXPENSE ADJUSTMENTS**

**Q. PLEASE IDENTIFY THE EXPENSE ADJUSTMENTS THAT HAVE BEEN MADE TO THE TEST YEAR.**

A. I am sponsoring adjustments to income statement expense for the test year as follows:

- Normalize Maintenance Expense
- Annualize Commission Assessment Fees
- Annualize Postage Increase
- Amortize Rate Case Expense
- Include Customer Deposit Interest
- Annualize Bad Debt Expense
- Annualize Payroll and Payroll Taxes
- Amortize Chillicothe AAO
- Annualize Property Taxes

**Q. DOES THIS LIST INCLUDE ALL OF THE INCOME STATEMENT ADJUSTMENTS?**

A. No. Other EDG witnesses will sponsor income statement adjustments as well. Those adjustments (and the sponsoring witnesses) are:

- Stock Issuance Cost (Mr. Sager)
- Right-of-Way Clearing (Mr. Teter)
- Depreciation Expense (Mr. Sullivan)
- Energy Efficiency (Ms. McCormack)

1           ■ Pension/Post Retirement Benefits (“OPEB”) (Ms. Delano)

2           Previously, I discussed the removal of City Franchise Fees and Gas Cost from expense. I  
3           will not discuss these adjustments again in this section.

4           **Maintenance**

5   **Q. PLEASE EXPLAIN THE ADJUSTMENT MADE TO MAINTENANCE**  
6   **EXPENSE.**

7   A. The adjustment normalizes non-payroll maintenance expense for distribution accounts for  
8       the test year. The maintenance expense was decreased for the Northwest district by  
9       \$5,876 and increased for the North and South district by \$59,743. The adjustment is  
10      needed to remove any fluctuations from the level which would be expected to occur  
11      normally.

12 **Q. HOW WAS THIS DONE?**

13 A. After removing the payroll costs from maintenance expense, a monthly average of  
14      maintenance cost was calculated using the last 31 months of accounting information. The  
15      difference between the annualized average monthly cost and the test year actual cost  
16      resulted in the required adjustment.

17 **Q. WHY DID YOU USE ONLY 31 MONTHS?**

18 A. The information used to calculate the adjustment was limited to the time that Empire has  
19      owned and operated the gas company.

20 **Q. WHY WERE PAYROLL COSTS REMOVED PRIOR TO CALCULATING THE**  
21 **MONTHLY AVERAGES?**

22 A. Payroll is annualized in a separate adjustment. The costs were removed to avoid double  
23      counting the payroll costs.

**Commission Assessment Fees**

**Q. WHY WAS AN ADJUSTMENT TO THE COMMISSION ASSESSMENT FEES NEEDED?**

A. During the test year, the Commission assessment fees may change. The adjustment annualizes the most current amount known. The adjustment increased the Northwest district expense by \$99 and the North and South district expense by \$749.

**Postage**

**Q. PLEASE EXPLAIN THE ADJUSTMENT FOR POSTAGE EXPENSE.**

A. The adjustment was made to annualize postage expense to reflect the increases in postage rates which took effect May 12, 2008 and May 11, 2009. The Northwest district increase to expense was \$1,592 and the North and South district increase was \$11,127.

**Rate Case Amortization**

**Q. DID THE COMPANY MAKE ANY ADJUSTMENTS TO AMORTIZE RATE CASE COSTS?**

A. Yes. EDG estimated the total rate case costs based on similar costs from studies in previous electric rate cases. The total costs were amortized over three years. Rate case amortization for the Northwest district is \$14,067 and for the North and South district \$106,933.

**Q. ARE THERE ANY OTHER COMMENTS CONCERNING RATE CASE EXPENSE THAT YOU WOULD LIKE TO MAKE?**

A. Yes. The Office of the Public Counsel and certain Industrial Interveners have appealed or filed other actions in connection with the last two Empire electric rate case orders in the Western District Court of Appeals, the Missouri Supreme Court, the Cole County

1 Circuit Court, and most recently in the Jasper County Circuit Court. Empire, like  
2 virtually all other large utilities in the State of Missouri, has been forced to spend a  
3 significant amount of money defending the orders that were issued by this Commission.

4 **Q. PLEASE CONTINUE.**

5 A. In anticipation of similar actions with regard to our gas operations and in order to keep  
6 EDG whole, we are requesting a Rate Case Expense Recovery ("RCER") Rider.

7 **Q. HOW WOULD THE RATE CASE EXPENSE RECOVERY RIDER WORK?**

8 A. As proposed, the Rider will allow EDG to accumulate the cost of the rate case and related  
9 actions in a regulatory asset and then recover the cost beyond those included in base rates  
10 based on Mcf usage over the next three years. The surcharge will appear as a separate  
11 line item on the customer statements. The RCER rider has been included in the tariff  
12 sheets proposed by EDG in this case.

13 **Q. HAS SUCH A RIDER BEEN IMPLEMENTED IN OTHER JURISDICTIONS?**

14 A. Yes. We designed our tariffs from similar riders approved for Entergy and CenterPoint  
15 Energy, both in Texas.

16 **Q. IS THIS THE ONLY METHOD AVAILABLE FOR RECOVERY OF THESE**  
17 **COSTS?**

18 A. No. An adjustment could be made to the test year to project the amount of rate case and  
19 related expense EDG will incur. Because it is difficult to project the expenses associated  
20 with the appeal process and because we have very limited control of the expenses  
21 associated with the appeal process, we believe the Rider is the more appropriate choice  
22 for recovery of these costs.

23 **Q. HAVE YOU MADE AN ADJUSTMENT TO RATE CASE EXPENSE?**

1 A. Yes. The adjustment we made to the test year for rate case expense reflects the cost  
2 associated with the rate case before the Commission. It does not take into consideration  
3 the cost associated with subsequent appeals or other related actions.

4 **Customer Deposit Interest**

5 **Q. PLEASE EXPLAIN THE CUSTOMER DEPOSIT INTEREST ADJUSTMENT.**

6 A. Empire's adjustment annualizes interest expense related to customer deposits. Customer  
7 deposits are interest bearing so the customer deposits are deducted from rate base, but the  
8 associated interest on the customer deposits is included in the overall cost of service. To  
9 calculate this adjustment or reclassification, a 5% interest rate (prime + 1%) was  
10 multiplied by the balance in customer deposits. The customer deposit interest to be  
11 included in the cost of service is \$6,302 for Northwest district and \$55,147 for the North  
12 and South district.

13 **Bad Debt**

14 **Q. HAVE YOU PROPOSED AN ADJUSTMENT TO BAD DEBT EXPENSE?**

15 A. Yes, we have increased the bad debt expense or uncollectible expense by \$469,891.

16 **Q. PLEASE EXPLAIN HOW THIS ADJUSTMENT WAS COMPUTED.**

17 A. The adjustment was computed by taking the twelve month ending bad debt expense for  
18 each of the twelve months in the test year divided by the twelve month ending revenue.  
19 The results of each of these twelve calculations was then averaged and multiplied by the  
20 revenue requirement of the filed rate case.

21 **Q. WHY WAS THIS METHOD CHOSEN?**

22 A. EDG believes that using a historical average has been the traditional method approved by  
23 the Commission. Other natural gas distribution companies operating in Missouri have

1 attempted to modify this method so that the portion of bad debt expense associated with  
2 the cost of gas could be recovered as a component of the PGA. While EDG believes this  
3 method has merit, the Commission has to-date not approved this modification. Therefore,  
4 EDG has chosen to use a more traditional calculation.

5 **Q. WHY DID EDG APPLY THE RATE TO THE TEST YEAR REVENUE**  
6 **REQUIREMENT?**

7 A. Bad Debt expense should be applied in the same manner used to reflect the additional  
8 income taxes that are associated with the rate increase. For example, if \$2.2 million of  
9 additional revenue is recommended this will need to be increased by the effect of the bad  
10 debt factor to arrive at the overall net increase required of \$2.2 million. The Commission  
11 Staff accepted this method used by Empire in its last rate electric case, Case No. ER-  
12 2008-093. Using the method, the calculation of the adjustment resulted in an overall  
13 increase of \$96,990 for the Northwest district and \$372,902 for the North and South  
14 district.

15 **Payroll and Payroll Taxes**

16 **Q. WHAT ADJUSTMENT WAS NEEDED FOR THE PAYROLL AND PAYROLL**  
17 **TAXES?**

18 A. The adjustment was made to normalize test year payroll, payroll taxes and 401k cost.  
19 This adjustment increases the test year expense for the Northwest district by a total of  
20 \$6,625 and the North and South district by \$51,251. The adjusted payroll expense  
21 included in the filing reflects the wages at February 25, 2009, adjusted for known  
22 changes, positions currently authorized but unfilled and the union increase that will occur  
23 in June 2009, when a new union contract will be completed.

**Chillicothe AAO Amortization**

**Q. PLEASE DISCUSS THE CHILICOTHE AAO.**

A. In the case which led to the acquisition of the involved gas properties by Empire, Case No. GO-2006-0205, the parties to the case agreed to allow EDG to reflect on its balance sheet the liability and offsetting regulatory asset for the gas plant site at Chillicothe. The Stipulation and Agreement reflected the following for the Chillicothe manufactured gas site:

(a) The Signatories agree that EDG may reflect on its balance sheet the liability and offsetting regulatory asset, not to exceed \$260,000, for the owned former manufactured gas plant site at Chillicothe (the Chillicothe site), being transferred as part of the Purchase Agreement, in accordance with American Institute of Certified Public Accountants Technical Practice Aid Statement Of Position 96-1. Nothing in this Stipulation prohibits EDG from seeking Commission approval to modify the \$260,000 amount. Nothing in this Stipulation precludes the non-EDG Signatories from opposing any such request.

(b) EDG may request recovery in a future rate case of actually incurred expenditures for the remediation of the Chillicothe site acquired in this transaction. EDG agrees not to seek recovery in any future rate case for remediation expenditures that EDG has not actually incurred. To the extent that actually incurred remediation expenditures are found to be imprudent or unnecessary, EDG agrees that such expenditures are not to be recovered from EDG's gas customers. Nothing in this Stipulation precludes the non-EDG Signatories to this Stipulation from opposing the recovery of any such expenditures in a future rate case.

**Q. HAS EMPIRE INCURRED ANY COSTS IN THE REMEDIATION OF THE MANUFACTURED GAS SITE IN CHILICOTHE?**

A. Yes. EDG has incurred costs of \$67,140 in connection with this site and included the balance as a component of rate base. In addition, we are proposing an adjustment to the income statement that will amortize the balance over five years for the North and South district in the amount of \$13,428.

**Property Taxes**

**Q. PLEASE EXPLAIN THE PROPERTY TAX.**

1 A. The property tax adjustment annualizes EDG's property tax expense. The rate applied to  
2 the property plant in service as adjusted is the property tax rate that Empire anticipates  
3 incurring for 2009. The estimated rate is based on historical rates and expected changes  
4 in assessed valuations. The adjustment resulted in a decrease of \$14,848 for the  
5 Northwest district and a decrease of \$4,690 for the North and South district.

6  
7 **V. UPDATE/TRUE-UP**

8 **Q. IS EDG REQUESTING THAT THE TEST YEAR BE UPDATED IN THIS CASE?**

9 A. Yes. Empire is requesting the financial information be updated through June 2009.

10 **Q. WHAT IS THE PURPOSE OF THE UPDATE?**

11 A. The update will enable all of the parties to the proceeding to use financial information  
12 that is closer to the effective date of the new tariffs that will become effective as part of  
13 this rate case. All of the major components used to develop the new revenue requirement  
14 should be updated, including rate base, customer counts, operating revenues and  
15 operating expenses.

16 **Q. IS EDG ALSO REQUESTING A TRUE-UP AUDIT?**

17 A. EDG is still considering this possibility. Accordingly, EDG requests that the  
18 Commission reserve hearing dates for this. EDG anticipates that it will have a better idea  
19 as to the necessity for a true-up by September 2009. If a true-up becomes necessary,  
20 EDG anticipates working with all of the parties that become involved in the rate case to  
21 develop a complete list of items that will be included.

22 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

23 A Yes, it does.

**AFFIDAVIT OF JAYNA R. LONG**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF JASPER )

On the 4<sup>th</sup> day of June, 2009, before me appeared Jayna R. Long, to me personally known, who, being by me first duly sworn, states that she is a Regulatory Analyst of The Empire District Electric Company and acknowledges that she has read the above and foregoing document and believes that the statements therein are true and correct to the best of her information, knowledge and belief.

Jayna R. Long  
Jayna R. Long

Subscribed and sworn to before me this 4<sup>th</sup> day of June, 2009.

Sherri J. Blalock  
Notary Public

My commission expires: Nov 16, 2010

