

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

In the Matter of the tariff filing of The)	
Empire District Electric Company)	
to implement a general rate increase for)	Case No. ER-2006-0315
retail electric service provided to customers)	
in its Missouri service area)	

MOTION FOR CLARIFICATION

Comes now The Empire District Electric Company ("Empire" or the "Company"),
by counsel, and for its Motion for Clarification in the captioned-matter respectfully states
as follows to the Missouri Public Service Commission ("Commission"):

1. On February 1, 2006, Empire submitted to the Commission certain
proposed tariff sheets designed to produce an additional \$29,513,713 in the Company's
gross annual electric revenues. The filing has been docketed as Case No. ER-2006-
0315.

2. The major factor driving the need for the proposed rate relief is the
increase in fuel and purchased power costs experienced by the Company. In its filing
the Company proposes to recover said costs through its base rates. In addition, the
Company proposes that its existing interim energy charge ("IEC") be terminated and an
energy cost recovery rider ("ECR") pursuant to Senate Bill 179 be implemented to allow

for adjustments (up or down) to the charges for fuel and purchase power expense on a going-forward basis.

3. In the context of the Company's last electric rate case, Case No. ER-2004-0570, Empire, the Office of the Public Counsel, Praxair, Inc. and Explorer Pipeline Company stipulated that Empire could implement an IEC that would "expire no later than . . . three (3) years after the original effective date," "unless earlier terminated by order of the Commission." (Nonunanimous Stipulation and Agreement Regarding Fuel and Purchase Power Expense, Case No. ER-2004-0570, para. 1c, p. 4) (emphasis added). The Commission Staff, the Department of Natural Resources, Union Electric Company and Aquila, Inc. were parties to the case but not parties to the subject Stipulation. The signatory parties further agreed that "for the duration of the IEC" ... Empire would "forego any right it may have to request the use of, or to use, any other procedure or remedy, available under current Missouri statute or subsequently enacted Missouri statute, in the form of a fuel adjustment clause, a natural gas cost recovery mechanism, or any other energy related adjustment mechanism to which the Company would otherwise be entitled." (See Nonunanimous Stipulation and Agreement Regarding Fuel and Purchase Power Expense, Case No. ER-2004-0570, para. 4, pgs. 12-13) (emphasis added).

4. Empire believes that the intent of its agreement is to insure that the IEC, unlike most tariffs, will be in effect for no longer than three years, and to prohibit the Company from having an energy related adjustment mechanism in place in addition to the IEC (a fixed rate surcharge). Empire does not believe that the agreement prohibits it from filing a rate case seeking recovery of all of its costs, including fuel and purchased power, through base rates, a combination of base-rate treatment coupled with an ECR and/or seeking to terminate its IEC. Likewise, Empire does not believe that the agreement prohibits a proper party from filing a complaint with the Commission concerning the Company's rates and charges. Given the circumstances concerning the Company's fuel and purchased power expense, Empire has filed the subject rate case wherein it seeks to terminate its existing IEC and, upon termination of the IEC, implement an ECR.

5. As recently as July of last year, the parties to the subject Case No. ER-2004-0570 Nonunanimous Stipulation understood that Empire would attempt to use SB 179 for fuel and purchase power recovery. The Stipulation and Agreement in Case No. EO-2005-0263 (Empire's Iatan 2 Regulatory Plan) states in relevant part that "Empire has expressly stated that it intends exclusively to rely upon the [fuel and purchased power cost recovery] mechanism of SB 179 for its recovery of fuel and purchased

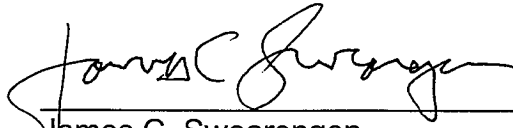
power costs. Accordingly, the Signatory Parties intentionally make no provision for any other fuel and purchased power cost recovery mechanism in this Agreement.” (Stipulation and Agreement, Case No. EO-2005-0263, July 18, 2005, para. 6, p. 16). That Stipulation and Agreement further contemplated the possible filing of rate cases during its term. (Id. At p. 10 (“Any rate case Empire initiates during the term of this agreement shall be subject to the following:”)). The Regulatory Plan was designed to facilitate Empire’s financial ability to participate in latan 2. A key element in the financial health of the Company is the timely recovery of its fuel and purchased power cost.

6. Based on informal discussions with certain parties to the instant rate case, Empire understands that others might argue that the Company is prohibited by the terms of its agreement in Case No. ER-2004-0570 from requesting the termination of its IEC and the use of an ECR at this time. This is an incorrect interpretation of the agreement. The agreement does not prohibit the substitution of an ECR for an IEC. The agreement does contemplate the termination of the IEC in less than three years. If the Commission, however, determines that Empire’s request is inconsistent with the terms of the agreement, unless the parties otherwise agree, Empire will be limited to recovery of its fuel costs through adjustments to its base rates, and a combination of its base rates and the IEC. The ECR vehicle would not be available to the parties and the

Commission to help to deal with the difficult issues involving fuel and purchased power costs.

WHEREFORE, in view of the foregoing Empire moves the Commission to issue its order clarifying that Empire may seek to terminate its existing IEC and implement an ECR in this case.

Respectfully submitted,



James C. Swearingen #21510
Dean L. Cooper #36592
Brydon, Swearingen & England P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102
Telephone (573) 635-7166
Facsimile (573) 634-7431
E-Mail LRackers@brydonlaw.com

Attorneys for The Empire District Electric Company

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered, on this 24TH day of March, 2006, to:

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
gencounsel@psc.mo.gov

Office of the Public Counsel
P.O. Box 2230
Jefferson City, MO 65102
opcservice@ded.mo.gov

Stuart Conrad
Finnegan, Conrad & Peterson
1209 Penntower Office Center
3100 Broadway
Kansas City, MO 64111
Attorney for Praxair & Explorer
stucon@fcplaw.com

Jim Fischer
Fischer & Dority
101 Madison, Suite 400
Jefferson City, MO 65101
Attorney for KCPL
jfischerpc@aol.com

Diana Carter
Brydon, Swearingen & England
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102
Attorney for Aquila, Inc.
dcarter@brydonlaw.com

Shelley Woods
Attorney General's Office
P.O. Box 899
Jefferson City, MO 65102
shelley.woods@ago.mo.gov
Attorney for DNR
Shelley.Woods@ago.mo.gov

