

Exhibit No. 27
Issue: Depreciation
Witness: Donald S. Roff
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Empire District Electric
Case No. ER-2008-0093
Date Testimony Prepared: April 2008

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

Surrebuttal Testimony

of

Donald S. Roff

April 2008

Empire Exhibit No. 27
Case No(s). ER-2008-0093
Date 5-12-08 Rptr XF

SURREBUTTAL TESTIMONY
OF
DONALD S. ROFF
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2008-0093

1 **Q. PLEASE STATE YOUR NAME, ADDRESS AND BUSINESS**
2 **AFFILIATION.**

3 **A. My name is Donald S. Roff and I am President of Depreciation Specialty**
4 **Resources. My business address is 2832 Gainesborough Drive, Dallas, Texas**
5 **75287.**

6 **Q. ARE YOU THE SAME DONALD S. ROFF WHO SUBMITTED DIRECT**
7 **AND REBUTTAL TESTIMONY IN THIS PROCEEDING BEFORE THE**
8 **MISSOURI PUBLIC SERVICE COMMISSION (“COMMISSION”) ON**
9 **BEHALF OF THE EMPIRE DISTRICT ELECTRIC COMPANY**
10 **(“EMPIRE” OR “COMPANY”)?**

11 **A. Yes.**

12 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

13 **A. The purpose of my surrebuttal testimony is to address the subject of depreciation**
14 **rates and depreciation accounting and the position stated by the Missouri Public**
15 **Service Commission Staff (“Staff”) witness Ms. Rosella L. Schad.**

16 **Q. HAVE YOU PREPARED ANY SCHEDULES IN CONNECTION WITH**
17 **YOUR TESTIMONY?**

1 A. Yes. Surrebuttal Schedule DSR-1 has been provided to identify third party
2 reimbursements for the period 2000 - 2006. Surrebuttal Schedule DSR-2 has
3 been provided to identify insurance proceeds. Surrebuttal Schedule DSR-3
4 contains the salvage and cost of removal analyses for certain accounts. Each will
5 be discussed later in my surrebuttal testimony.

6 **Q. WERE THESE SCHEDULES PREPARED BY YOU, OR UNDER YOUR**
7 **DIRECT SUPERVISION?**

8 A. Yes, they were.

9 **Q. WHAT ARE THE ISSUES ADDRESSED BY STAFF WITNESS MS.**
10 **SCHAD IN HER REBUTTAL?**

11 A. Ms. Schad itemizes five issues or concerns in her rebuttal testimony. The first is
12 her interpretation of the Commission's Order Approving Stipulation and
13 Agreement in Case No. EO-2005-0263. The second deals with my proposal to
14 change certain negative net salvage allowances in the form of a "cap" to the level
15 of cost of removal. The third area is Empire's request to use a vintage
16 amortization accounting process for certain General Plant accounts. The fourth
17 area relates to the treatment of third party reimbursements in the net salvage
18 allowance for certain accounts. The fifth area expresses Staff's concern with
19 what Ms. Schad describes as "Empire's deficiencies in maintaining historical
20 mortality records and salvage/cost of removal data". Lastly, Ms. Schad addresses
21 the OPC proposal to utilize remaining life depreciation rates, a subject that I also
22 address in my rebuttal testimony.

23 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMMISSION'S ORDER**

1 **APPROVING STIPULATION AND AGREEMENT IN CASE NO. EO-**
2 **2005-0263?**

3 A. The Order states the following: "The Commission should review Empire's
4 depreciation and amortization rates accordingly in Empire's future rate cases."
5 Thus, I believe the interpretation expressed by Ms. Schad, that the Commission's
6 order prohibits changes in depreciation rates and costs while the regulatory plan is
7 in effect is incorrect. As far as I can tell, there is no automatic amortization under
8 the regulatory plan to compensate for an increase (or decrease) in depreciation
9 rates. The Order does state that the Commission should review Empire's
10 depreciation rates in future cases. That is the exact intent of Empire's request for
11 revised depreciation rates in this proceeding. Empire witness Keith will further
12 discuss in his surrebuttal testimony the inappropriateness of Ms. Schad's
13 recommendation to use regulatory amortization in place of ordinary rate revenue
14 for recovery of deprecation expense

15 **Q. WHAT IS THE ISSUE WITH RESPECT TO NEGATIVE NET SALVAGE?**

16 A. The existing depreciation rates for four accounts for Empire have a negative net
17 salvage limit of 100% and were changed to negative 125% in my depreciation
18 study. These accounts are:

19 Account 355 - Transmission, Poles and Fixtures
20 Account 364 - Distribution, Poles, Towers and Fixtures
21 Account 365 - Distribution, Overhead Conductors and Devices
22 Account 369 - Distribution, Services

23 In addition, the current depreciation shows that Account 356, Transmission,

1 Overhead Conductors and Devices should have a net salvage cap of negative
2 125%.

3 Ms. Schad testifies that I have not provided evidence in this case that the 100%
4 negative net salvage cap approved by the Commission is appropriate and I have
5 not provided support to change the magnitude of the cap to negative 125%.
6 Surrebuttal Schedule DSR-3 contains the salvage and cost of removal analysis for
7 each of these five accounts. At page 7, line 8 of her rebuttal testimony, she
8 provides some figures for Account 364 in support of her position.

9 **Q. HOW DO YOU CHARACTERIZE HER DISCUSSION OF THE DATA**
10 **ASSOCIATED WITH ACCOUNT 364?**

11 A. It is incorrect.

12 **Q. PLEASE EXPLAIN.**

13 A. While Ms. Schad shows the correct total figures, she has mischaracterized the
14 amount that she describes as salvage. There are several components of Account
15 108, Accumulated Provision for Depreciation. These include, salvage, cost of
16 removal, retirements, depreciation accruals and other credits. The other credits
17 include third party payments, as well as insurance proceeds, which are NOT
18 salvage. In my depreciation study, special treatment was given to these
19 transactions. Moreover, Ms. Schad provides no basis for not changing the net
20 salvage cap from 100% to 125%. The basis for my selections is contained on
21 Surrebuttal Schedule DRS-3.

22 **Q. WHAT ARE THIRD PARTY PAYMENTS?**

23 A. In this depreciation study, third party payments are amounts received from

1 someone other than a customer, generally a government agency, and represent
2 payments for replacement assets. These amounts have been separately identified,
3 contrary to the testimony of Ms. Schad, and have been provided as Surrebuttal
4 Schedule DSR-1.

5 **Q. HOW WERE THESE THIRD PARTY PAYMENTS TREATED IN YOUR**
6 **DEPRECIATION STUDY?**

7 A. In order to properly reflect the impact of these third party payments on the net
8 salvage allowance, the third party payments were related to additions. This
9 treatment provides the correct credit, similar to how Contributions in Aid of
10 Construction ("CIAC") are accounted for in the study.

11 **Q. HOW DOES EMPIRE ACCOUNT FOR CIAC?**

12 A. Customer contributions are credited to construction (Plant in Service).

13 **Q. PLEASE EXPLAIN HOW YOUR TREATMENT OF THIRD PARTY**
14 **PAYMENTS IS SIMILAR TO HOW THE EFFECT OF EMPIRE'S**
15 **ACCOUNTING FOR CIAC IS REFLECTED ON EMPIRE'S BOOKS,**
16 **ESPECIALLY FROM A DEPRECIATION ANALYSIS PERSPECTIVE.**

17 A. Consider the following two examples. A customer pays \$400 for a line extension
18 that costs Empire \$1,400 to construct. The \$400 payment is credited to the
19 construction work order making the actual addition to plant in service \$1,000. In
20 the second example, the Department of Transportation ("DOT") requires Empire
21 to relocate a line due to highway construction. Empire bills the DOT \$4,000 as
22 payment for its construction cost of \$14,000. In this case, Empire records an
23 addition of \$14,000 and a credit to accumulated depreciation of \$4,000. In order

1 to reflect this payment correctly from a depreciation analysis standpoint, the third
2 party reimbursement of \$4,000 must be related to the \$14,000 addition, producing
3 an equivalent salvage percentage of 28.57%. Thus, the depreciation factor is
4 71.43% of the \$14,000 investment balance, producing the correct total
5 depreciation of \$10,000. The data provided in the depreciation study is complete,
6 and Ms. Schad's assertion that the Staff can't evaluate the appropriateness of
7 including reimbursements in the depreciation rate calculation is unfounded.

8 **Q. HOW WERE INSURANCE PROCEEDS TREATED IN YOUR**
9 **DEPRECIATION STUDY?**

10 A. Insurance proceeds were eliminated from the depreciation study salvage and cost
11 of removal analysis.

12 **Q. WHY WERE THE INSURANCE PROCEEDS ELIMINATED FROM THE**
13 **SALVAGE AND COST OF REMOVAL ANALYSIS?**

14 A. The insurance proceeds were eliminated from the salvage and cost of removal
15 analysis because they are not a component of depreciation. The regulatory
16 definition of depreciation is:

17 Depreciation, as applied to depreciable utility plant, means the loss in
18 service value not restored by current maintenance, incurred in connection
19 with the consumption or prospective retirement of utility plant in the
20 course of service from causes which are known to be in current operation
21 and against which the utility is not protected by insurance. Among the
22 causes to be given consideration are wear and tear, decay, action of the
23 elements, inadequacy, obsolescence, changes in the art, changes in
24 demand and requirements of public authorities.

25 Thus insurance is not a part of depreciation and insurance proceeds were
26 appropriately eliminated from the salvage and cost of removal analysis. The
27 amounts eliminated are shown on Surrebuttal Schedule DSR-2.

1 **Q. YOU MENTIONED ABOVE THAT MS. SCHAD CLAIMS THAT EMPIRE**
2 **DOES NOT PROVIDE A BASIS FOR CHANGING THE NET SALVAGE**
3 **CAP FROM NEGATIVE 100% TO NEGATIVE 125%. WHAT IS THE**
4 **BASIS FOR YOUR RECOMMENDATION?**

5 A. The basis for my recommendation is contained in Surrebuttal Schedule DSR-3. A
6 review of the cost of removal percentages for these five accounts for the period
7 2002 – 2006, the most recent five-year band, shows a minimum of 152%. My
8 negative 125% cap is conservative.

9 **Q. MS. SCHAD TESTIFIES IN HER REBUTTAL TESTIMONY AT PAGE 5,**
10 **LINE 22, THAT YOU ONLY REFLECTED REIMBURSEMENTS ON A**
11 **SELECTIVE BASIS. IS THIS TRUE?**

12 A. No. Third party reimbursements do not occur in every asset category. I reflected
13 all the reimbursements that were identified for the period 2000 – 2006. Ms.
14 Schad's assertion is incorrect.

15 **Q. MS. SCHAD EXPRESSES A CONCERN REGARDING THE QUALITY**
16 **OR INTEGRITY OF EMPIRE'S MORTALITY DATA. DO YOU HAVE**
17 **ANY COMMENTS?**

18 A. Yes, I do. Ms. Schad seems to be basing this conclusion on the effect of one
19 unique transaction. There were thousands of transactions that made up the data
20 input to the depreciation study. I am absolutely convinced that Empire is in
21 compliance with Missouri rules and that the input data utilized by me in the
22 depreciation study produce reliable and acceptable results. Ms. Schad mentions
23 that I had several e-mail correspondences with Empire seeking clarification and

1 guidance on data entries, adjustments and balances of historical mortality data.
2 This is a normal part of a depreciation study in order to understand Empire's
3 accounting process, as well as to explain the significance of certain historical
4 entries. I am confident that the results and recommendations developed in my
5 depreciation study are based upon accurate and reliable data. The one example
6 that Ms. Schad provides at page 8 of her rebuttal testimony was a unique event,
7 relating to Empire putting one of its units of property into inventory. This one
8 example does not merit concern as to the quality or integrity of Empire's
9 mortality data.

10 **Q. DOES THE STAFF SUPPORT THE VINTAGE AMORTIZATION**
11 **ACCOUNTING THAT YOU HAVE RECOMMENDED?**

12 A. No. Ms. Schad makes reference to a 1997 order in a Missouri Public Service
13 case. In that order, vintage amortization accounting was not approved, but a
14 higher capitalization threshold was authorized.

15 **Q. DO YOU STILL BELIEVE THAT VINTAGE AMORTIZATION**
16 **ACCOUNTING IS A GOOD PROCESS?**

17 A. Yes, I do. Vintage amortization accounting eliminates the need for tracking
18 thousands of small dollar items that are difficult to account for. It also provides
19 an orderly process for retiring and amortizing these asset categories, allowing the
20 Property Accounting department to devote more time to other duties. The
21 alternative proposed by Ms. Schad is to raise the capitalization threshold. This is
22 problematic for several reasons. First, what is the appropriate new threshold?
23 Second, Empire's budgets have already been established at the existing levels.

1 Third, each existing asset that does not meet the proposed threshold would have to
2 be retired, creating a possible under-recovery situation. Fourth, a new threshold
3 does NOT eliminate the problem of unreported retirements. My proposed
4 approach provides a systematic and rational process for retiring and amortizing
5 these assets.

6 **Q. MS. SCHAD TESTIFIES AT PAGE 11, LINE 5, THAT EMPIRE IS NOT**
7 **IN COMPLIANCE WITH 4 CSR 240-3.175 BECAUSE IT DID NOT FILE**
8 **ESTIMATED RETIREMENT DATES WITH THE DEPRECIATION**
9 **STUDY. DO YOU HAVE ANY COMMENTS?**

10 **A.** It is my understanding that Empire did file estimated retirement dates for Riverton
11 units 7 and 8 in the Integrated Resource Plan ("IRP"). The lives of other facilities
12 extend beyond that 20 year planning horizon. The generating facilities and
13 General Plant structures were not analyzed on a life span basis in the depreciation
14 study, so no retirement date estimates were developed.

15 **Q. PLEASE SUMMARIZE YOUR SURREBUTTAL TESTIMONY.**

16 **A.** My surrebuttal testimony addresses the depreciation rates, vintage amortization
17 accounting and data integrity issues raised by Staff witness Ms. Schad. I endorse
18 the vintage amortization accounting approach, and encourage this Commission to
19 approve its use for Empire. Such approval will result in a systematic and rational
20 process for those General Plant asset categories and will enable a better use of
21 Property Accounting resources. The Staff has not demonstrated any need for
22 retaining the existing depreciation rates and my recommended depreciation study
23 rates remain appropriate, and I iterate my study recommendations to approve new

1 depreciation rates. Ms. Schad's interpretation of Case No. EO-2005-0263 is
2 incorrect in that the order says nothing about automatically adjusting the
3 regulatory amortization to reflect changes in depreciation rates. The Staff's
4 concerns regarding data integrity are misplaced and limited to a few unique
5 events. Empire's data is accurate and reliable and produces meaningful results.

6 **Q. DOES THIS COMPLETE YOUR SURREBUTTAL TESTIMONY?**

7 **A. Yes.**

AFFIDAVIT OF DONALD S. ROFF

STATE OF TEXAS)
) ss
COUNTY OF DALLAS)

On the 24th day of April, 2008, before me appeared Donald S. Roff, to me personally known, who, being by me first duly sworn, states that he is the President of Depreciation Specialty Resources and acknowledged that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.

Donald S. Roff
Donald S. Roff

Subscribed and sworn to before me this 24th day of April, 2008



Ethel Z. Taylor
Notary Public

My commission expires: August 13, 2010

DONALD S. ROFF
SURREBUTTAL TESTIMONY

FERC Code	Job	Job Title	Month	T-Year	Reimbursements	Subtotals
355	KT0003R	RET MISC TRANSMISSION LINES	9	2000	(9,564.90)	
355	MT0003R	Retire Misc Transmission Lines	9	2000	(10,772.77)	(20,337.67)
355	MT0003R	Retire Misc Transmission Lines	5	2001	(1,371.25)	
355	MT0003R	Retire Misc Transmission Lines	8	2001	(5,173.21)	(6,544.46)
355	MT0003R	Retire Misc Transmission Lines	12	2002	(1,535.36)	
355	MT6733R	HWY 13 RD MOVE JOB 69KV	8	2003	(96,446.00)	
355	MT7197R	relocate facil. Hwy86 & RTE CC	11	2004	(23,365.00)	
355	MT7280R	I&R Transmission poles-32nd St	11	2004	(20,205.25)	(43,570.25)
355	AT3886R	Rel line #21-0 Hwy 59 Rd Widen	12	2005	(13,851.36)	
355	MD7053R	Relocate Fac for Hwy 249 Extension	11	2005	(38,466.23)	
355	MD8287R	I&R #08-3 Line-Hwy 13 Rd Move	12	2005	(91,942.62)	(144,260.21)
355	MT7325R	Relocate #34 Line 69KV-Hwy 249	11	2006	(35,456.54)	
355	MT8285R	I&R #08-3 Line -Hwy 13 Rd Move	11	2006	(97,024.35)	
355	MT8680R	Raise 161kv line #83-0-Hwy 249	11	2006	(17,971.92)	
355	MT9547R	R 161KD & Dist Ckts, Hw 13 move	12	2006	(12,258.62)	(162,711.43)
355 Total					(475,405.38)	
356	MT0003R	Retire Misc Transmission Lines	9	2000	(993.67)	
356	MT0003R	Retire Misc Transmission Lines	5	2001	(1,845.34)	
356	MT0003R	Retire Misc Transmission Lines	8	2001	(3,389.50)	(5,234.84)
356	MT0003R	Retire Misc Transmission Lines	12	2002	(636.95)	
356	MT6733R	HWY 13 RD MOVE JOB 69KV	8	2003	(76,755.30)	
356	MT7197R	relocate facil. Hwy86 & RTE CC	11	2004	(24,158.71)	
356	MT7280R	I&R Transmission poles-32nd St	11	2004	(2,137.52)	
356	OT5292R	I/R TRANS LINE HWY125 RD MOVE	11	2004	(24,229.01)	(50,525.24)
356	AT3886R	Rel line #21-0 Hwy 59 Rd Widen	12	2005	(48,594.69)	
356	MD7053R	Relocate Fac for Hwy 249 Extension	11	2005	(149,342.69)	
356	MD8287R	I&R #08-3 Line-Hwy 13 Rd Move	12	2005	(151,325.05)	(349,262.43)
356	MT7325R	Relocate #34 Line 69KV-Hwy 249	11	2006	(213,204.34)	
356	MT8285R	I&R #08-3 Line -Hwy 13 Rd Move	11	2006	(110,817.65)	
356	MT9547R	R 161KD & Dist Ckts, Hw 13 move	12	2006	(15,169.18)	(339,191.17)
356 Total					(822,599.60)	
364	AD0021R	Retire Misc Distribution Lines	9	2000	(1,889.39)	
364	KD0007R	Retire Small Extensions - Over	9	2000	(1,409.89)	
364	KD0021R	Retire Misc Distribution Lines	9	2000	(205.17)	
364	MD0021R	Retire Misc Distribution Lines	9	2000	(42,702.72)	
364	MD0021R	Retire Misc Distribution Lines	10	2000	(8,296.91)	
364	OD0021R	Retire Misc Distribution Lines	9	2000	(2,237.77)	(56,741.85)
364	MD0021R	Retire Misc Distribution Lines	5	2001	(8,484.32)	
364	MD0021R	Retire Misc Distribution Lines	6	2001	(17,426.62)	
364	MD0021R	Retire Misc Distribution Lines	10	2001	(6,845.79)	(32,756.73)
364	MD0021R	Retire Misc Distribution Lines	5	2002	(10,379.46)	
364	MD0021R	Retire Misc Distribution Lines	9	2002	(10,004.10)	
364	MD0021R	Retire Misc Distribution Lines	12	2002	(6,503.58)	
364	MD6048R	RAPID COMM SYS INSPECT	7	2002	(148,519.80)	
364	MD6085R	Media Com Sys Inspect	7	2002	(34,043.00)	(209,449.94)
364	MT6733R	HWY 13 RD MOVE JOB 69KV	8	2003	(8,701.22)	
364	MD0021R	Retire Misc Distribution Lines	12	2004	(12,846.74)	
364	MD6378R	RETIRE DIST 7TH ST. & HWY 249	8	2004	(14,465.23)	
364	MD7560R	Interchange-Hwy 71 & EE-MODOT	12	2004	(44,028.66)	
364	MT7197R	relocate facil. Hwy86 & RTE CC	11	2004	(17,265.39)	

DONALD S. ROFF
SURREBUTTAL TESTIMONY

FERC Code	Job	Job Title	Month	T-Year	Reimbursements	Subtotals
364	MT7280R	I&R Transmission poles-32nd St	11	2004	(43,782.57)	
364	OT5292R	I/R TRANS LINE HWY125 RD MOVE	11	2004	(69,289.22)	(201,677.81)
364	AT3886R	Rel line #21-0 Hwy 59 Rd Widen	12	2005	(35,249.26)	
364	KD1638R	I & R DIST BAXTER SPGS. BRIDGE	11	2005	(165,001.37)	
364	MD0007R	RETIRE SMALL EXTENSIONS	10	2005	(22,617.24)	
364	MD0021R	Retire Misc Distribution Lines	10	2005	(38,238.19)	
364	MD6041R	I&R P&F's Reeds Sprg Junction	11	2005	(162,415.23)	
364	MD7053R	Relocate Fac for Hwy 249 Extension	11	2005	(52,429.10)	
364	MD8287R	I&R #08-3 Line-Hwy 13 Rd Move	12	2005	(20,896.14)	
364	MD8461R	Ext. City of Webb City	11	2005	(15,000.00)	
364	MD8836R	Ext to Kohls & Northpk Crossing	11	2005	(36,051.00)	
364	MD8960R	Ext to Kohls & Northpk Crossing	11	2005	(12,892.16)	
364	MD9172R	R 3 Phase from 1284 to Canterbury	11	2005	(43,638.13)	
364	MD9176R	R pole for storm sewer 3rd St	11	2005	(24,166.12)	
364	MD9360R	R OH 12KV Northpark Cross/Kohl	12	2005	(15,977.36)	
364	MD9598R	R UG & OH for UMB & MRV (Kohls	12	2005	(21,608.16)	
364	MD9772R	R UG line for Gary Hall proper	12	2005	(8,514.04)	(674,693.50)
364	MD0021R	Retire Misc Distribution Lines	11	2006	(15,818.61)	
364	MD10440R	MODOT Reloc 12KV to Walmart SC	11	2006	(4,853.43)	
364	MD10582R	Carnation Street Road Move	12	2006	(10,695.06)	
364	MD7327R	Relocate Fac@Hwy171 for Hwy249	11	2006	(30,668.61)	
364	MD9478R	R Ext to Kohls from 3rd St NPC	8	2006	(48,646.67)	
364	MD9659R	Western Taney Co Fire Dist Est	10	2006	(8,309.87)	
364	MD9857R	US160/SAC River Bridge Replace	10	2006	(18,410.22)	
364	MT7325R	Relocate #34 Line 69KV-Hwy 249	11	2006	(4,223.41)	
364	MT9547R	R 161KD & Dist Ckts, Hw 13 move	12	2006	(17,080.82)	(158,706.70)
364 Total					(1,342,727.75)	
365	AD0021R	Retire Misc Distribution Lines	9	2000	(1,500.45)	
365	KD0007R	Retire Small Extensions - Over	9	2000	(924.23)	
365	KD0021R	Retire Misc Distribution Lines	9	2000	(1,234.07)	
365	MD0021R	Retire Misc Distribution Lines	9	2000	(27,869.93)	
365	MD0021R	Retire Misc Distribution Lines	10	2000	(7,731.58)	
365	OD0021R	Retire Misc Distribution Lines	9	2000	(1,016.17)	(40,276.43)
365	MD0021R	Retire Misc Distribution Lines	5	2001	(2,797.62)	
365	MD0021R	Retire Misc Distribution Lines	6	2001	(4,940.22)	
365	MD0021R	Retire Misc Distribution Lines	10	2001	(1,957.62)	(9,695.46)
365	KD1638R	I & R DIST BAXTER SPGS. BRIDGE	2	2002	(6,970.73)	
365	MD0021R	Retire Misc Distribution Lines	5	2002	(2,668.05)	
365	MD0021R	Retire Misc Distribution Lines	9	2002	(3,436.19)	
365	MD0021R	Retire Misc Distribution Lines	12	2002	(2,235.20)	
365	MD6048R	RAPID COMM SYS INSPECT	7	2002	(3,114.05)	(18,424.22)
365	MT6733R	HWY 13 RD MOVE JOB 69KV	8	2003	(61,900.64)	
365	MD6378R	RETIRE DIST 7TH ST. & HWY 249	8	2004	(45,690.59)	
365	MD7560R	Interchange-Hwy 71 & EE-MODOT	12	2004	(17,653.47)	
365	MT7197R	relocate facil. Hwy86 & RTE CC	11	2004	(30,130.98)	
365	MT7280R	I&R Transmission poles-32nd St	11	2004	(5,200.47)	
365	OT5292R	I/R TRANS LINE HWY125 RD MOVE	11	2004	(1,069.44)	(99,744.95)
365	AT3886R	Rel line #21-0 Hwy 59 Rd Widen	12	2005	(91,256.93)	
365	MD0007R	RETIRE SMALL EXTENSIONS	10	2005	(20,656.81)	
365	MD0021R	Retire Misc Distribution Lines	10	2005	(14,276.95)	

DONALD S. ROFF
SURREBUTTAL TESTIMONY

FERC Code	Job	Job Title	Month	T-Year	Reimbursements	Subtotals
365	MD6041R	I&R P&F's Reeds Sprg Junction	11	2005	(50,480.99)	
365	MD7053R	Relocate Fac for Hwy 249 Extension	11	2005	(53,360.16)	
365	MD8287R	I&R #08-3 Line-Hwy 13 Rd Move	12	2005	(17,273.19)	
365	MD8836R	Ext to Kohls & Northpk Crossing	11	2005	(12,595.66)	
365	MD8960R	Ext to Kohls & Northpk Crossing	11	2005	(36,406.32)	
365	MD9172R	R 3 Phase from 1284 to Canterbury	11	2005	(5,045.40)	
365	MD9176R	R pole for storm sewer 3rd St	11	2005	(24,534.41)	
365	MD9360R	R OH 12KV Northpark Cross/Kohl	12	2005	(28,335.09)	
365	MD9598R	R UG & OH for UMB & MRV (Kohls)	12	2005	(27,080.60)	(381,302.51)
365	MD0007R	RETIRE SMALL EXTENSIONS	11	2006	(22,050.00)	
365	MD0021R	Retire Misc Distribution Lines	10	2006	(9,791.22)	
365	MD10440R	MODOT Reloc 12KV to Walmart SC	11	2006	(28,458.95)	
365	MD10582R	Carnation Street Road Move	12	2006	(12,013.94)	
365	MD7327R	Relocate Fac@Hwy171 for Hwy249	11	2006	(39,642.53)	
365	MD9857R	US160/SAC River Bridge Replace	10	2006	(3,425.88)	
365	MT7325R	Relocate #34 Line 69KV-Hwy 249	11	2006	(31,779.57)	
365	MT9547R	R 161KD & Dist Ckts, Hw 13 move	12	2006	(67,897.38)	(215,059.47)
365 Total					(826,403.68)	
366	MD9562R	R ext for Whispering Meadows	10	2006	(9,200.00)	
366 Total					(9,200.00)	
Grand Total					(3,476,336.41)	

DONALD S. ROFF
SURREBUTTAL TESTIMONY

FERC Code	Job	Job Title	Month	T-Year	Amount
353	KP1175R	Flood damage 1993	12	2004	69,593.71
353	KP1317R	Flood Damage Equip - Sub 167	7	2001	403,199.35
353	MT8201R	Storm Damage Sub 418-Stockton	12	2004	110,000.00
353	MT8201R	Storm Damage Sub 418-Stockton	5	2005	146,228.93
353 Total					729,021.99
362	MD7025R	Move Sub Struct. for Highway P	12	2003	286,919.09
362	MD7524R	I&R 12KV Tie Bus Conductor Sub 258	12	2003	111,400.36
362	MD7964R	I&R BO Sub #342 Facilities Hit by Truck	8	2004	12,427.95
362	MD8203R	Storm Damage Sub 631-Stockton	12	2004	275,000.00
362	MD8203R	Storm Damage Sub 631-Stockton	5	2005	365,572.32
362	MD8205R	Storm Damage Sub 366-CJ East	12	2004	616,000.00
362	MD8205R	Storm Damage Sub 366-CJ East	5	2005	818,882.01
362	MD8209R	Storm Damage Sub 152-Monett HT	12	2004	55,000.00
362	MD8209R	Storm Damage Sub 152-Monett HT	5	2005	73,114.47
362	MT6681R	RET FACILITIES MONETT SUB 152	12	2003	28,942.37
362 Total					2,643,258.57
Grand Total					3,372,280.56

DEPRECIATION SPECIALTY RESOURCES

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THE EMPIRE DISTRICT ELECTRIC COMPANY
ACCOUNT NO.: 35500000
TRANSM - POLES & FXTURES

6-18-2007

YEAR	ADDITIONS	RETIREMENTS	REIMBURSEMENTS		SALVAGE		COST OF REMOVAL		NET SALVAGE			
			AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO	W/REIMB.	W/O REIMB.		
1992	0.	23084.	0.	0.0%	23240.	101.0%	67891.	294.0%	-193.0%	-193.0%		
1993	0.	19398.	0.	0.0%	49739.	256.0%	194770.	1004.0%	-748.0%	-748.0%		
1994	0.	34563.	0.	0.0%	23421.	68.0%	116375.	337.0%	-269.0%	-269.0%		
1995	0.	25630.	0.	0.0%	129631.	506.0%	129929.	507.0%	-1.0%	-1.0%		
1996	0.	22855.	0.	0.0%	327497.	1433.0%	142758.	625.0%	808.0%	808.0%		
1997	0.	53438.	0.	0.0%	37482.	70.0%	215496.	403.0%	-333.0%	-333.0%		
1998	0.	23588.	0.	0.0%	-146702.	-622.0%	-1500.	-6.0%	-616.0%	-616.0%		
1999	0.	34199.	0.	0.0%	464.	1.0%	148011.	433.0%	-431.0%	-431.0%		
2000	2251554.	5590.	20338.	1.0%	2667.	48.0%	95581.	1710.0%	-1661.0%	-1662.0%		
2001	808924.	2878.	6544.	1.0%	1766.	61.0%	17626.	612.0%	-550.0%	-551.0%		
2002	1076934.	2503.	1535.	0.0%	7597.	303.0%	-18975.	-758.0%	1062.0%	1062.0%		
2003	0.	60765.	96446.	0.0%	1858.	3.0%	139227.	229.0%	-226.0%	-226.0%		
2004	1352330.	136867.	43570.	3.0%	5696.	4.0%	208140.	152.0%	-145.0%	-148.0%		
2005	1030000.	97265.	144260.	14.0%	8778.	9.0%	275920.	284.0%	-261.0%	-275.0%		
2006	2566532.	45637.	162711.	6.0%	21943.	48.0%	59797.	131.0%	-77.0%	-83.0%		
			9086274.	588259.	475405.	5.0%	495075.	84.0%	1791048.	304.0%	-215.0%	-220.0%

3YR-BANDS

1992-1994	0.	77044.	0.	0.0%	96400.	125.0%	379037.	492.0%	-367.0%	-367.0%
1993-1995	0.	79590.	0.	0.0%	202790.	255.0%	441075.	554.0%	-299.0%	-299.0%
1994-1996	0.	83047.	0.	0.0%	480548.	579.0%	389063.	468.0%	110.0%	110.0%
1995-1997	0.	101922.	0.	0.0%	494610.	485.0%	488183.	479.0%	6.0%	6.0%
1996-1998	0.	99880.	0.	0.0%	218277.	219.0%	356754.	357.0%	-139.0%	-139.0%
1997-1999	0.	111224.	0.	0.0%	-108756.	-98.0%	362008.	325.0%	-423.0%	-423.0%
1998-2000	2251554.	63377.	20338.	1.0%	-143572.	-227.0%	242093.	382.0%	-608.0%	-609.0%
1999-2001	3060478.	42667.	26882.	1.0%	4896.	11.0%	261218.	612.0%	-600.0%	-601.0%
2000-2002	4137412.	10971.	28418.	1.0%	12029.	110.0%	94232.	859.0%	-749.0%	-749.0%
2001-2003	1885858.	66146.	104526.	6.0%	11220.	17.0%	137878.	208.0%	-186.0%	-191.0%
2002-2004	2429264.	200135.	141552.	6.0%	15150.	8.0%	328393.	164.0%	-151.0%	-157.0%
2003-2005	2382330.	294898.	284276.	12.0%	16331.	6.0%	623287.	211.0%	-194.0%	-206.0%
2004-2006	4948862.	279770.	350542.	7.0%	36417.	13.0%	543857.	194.0%	-174.0%	-181.0%

SHRINKING BAND

1997-2006	9086274.	462731.	475405.	5.0%	-58453.	-13.0%	1139324.	246.0%	-254.0%	-259.0%
1998-2006	9086274.	409293.	475405.	5.0%	-95935.	-23.0%	923828.	226.0%	-244.0%	-249.0%
1999-2006	9086274.	385705.	475405.	5.0%	50767.	13.0%	925328.	240.0%	-222.0%	-227.0%

DEPRECIATION SPECIALTY RESOURCES

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ACCOUNT NO.: 35500000
TRANSM - POLES & FUXTURES

6-18-2007

YEAR	ADDITIONS	RETIREMENTS	REIMBURSEMENTS		SALVAGE		COST OF REMOVAL		NET SALVAGE	
			AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO	W/REIMB.	W/O REIMB.
2000-2006	9086274.	351506.	475405.	5. %	50303.	14. %	777317.	221. %	-202. %	-207. %
2001-2006	6834720.	345916.	455068.	7. %	47636.	14. %	681735.	197. %	-177. %	-183. %
2002-2006	6025796.	343038.	448523.	7. %	45871.	13. %	664110.	194. %	-173. %	-180. %
2003-2006	4948862.	340535.	446988.	9. %	38274.	11. %	683085.	201. %	-180. %	-189. %
2004-2006	4948862.	279770.	350542.	7. %	36417.	13. %	543857.	194. %	-174. %	-181. %
2005-2006	3596532.	142903.	306972.	9. %	30721.	21. %	335717.	235. %	-205. %	-213. %
2006	2566532.	45637.	162711.	6. %	21943.	48. %	59797.	131. %	-77. %	-83. %
USE										

1997										
2002										
2006										

DEPRECIATION SPECIALTY RESOURCES

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THE EMPIRE DISTRICT ELECTRIC COMPANY
ACCOUNT NO.: 35600000
TRANSM - OH CONDUCTORS

6-18-2007

YEAR	ADDITIONS	RETIREMENTS	REIMBURSEMENTS		SALVAGE		COST OF REMOVAL		NET SALVAGE			
			AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO	W/REIMB.	W/O REIMB.		
1992	0.	63271.	0.	0.0%	84405.	133.0%	190142.	301.0%	-167.0%	-167.0%		
1993	0.	7466.	0.	0.0%	39291.	526.0%	155441.	2082.0%	-1556.0%	-1556.0%		
1994	0.	48408.	0.	0.0%	2933.	6.0%	114673.	237.0%	-231.0%	-231.0%		
1995	0.	-4798.	0.	0.0%	125115.	-2608.0%	50364.	-1050.0%	-1558.0%	-1558.0%		
1996	0.	26324.	0.	0.0%	435240.	1653.0%	95935.	364.0%	1289.0%	1289.0%		
1997	0.	99092.	0.	0.0%	248129.	250.0%	263300.	266.0%	-15.0%	-15.0%		
1998	0.	46489.	0.	0.0%	85961.	185.0%	176483.	380.0%	-195.0%	-195.0%		
1999	0.	123661.	0.	0.0%	18659.	15.0%	119124.	96.0%	-81.0%	-81.0%		
2000	4334466.	2623.	994.	0.0%	443.	17.0%	2755.	105.0%	-88.0%	-88.0%		
2001	553804.	2976.	5235.	1.0%	2273.	76.0%	-3529.	-119.0%	196.0%	195.0%		
2002	1466815.	2384.	637.	0.0%	4039.	169.0%	-1876.	-79.0%	248.0%	248.0%		
2003	7198704.	218701.	76755.	1.0%	87311.	40.0%	598834.	274.0%	-233.0%	-234.0%		
2004	1539832.	459436.	50525.	3.0%	79295.	17.0%	998002.	217.0%	-197.0%	-200.0%		
2005	482168.	93201.	349262.	72.0%	36311.	39.0%	272635.	293.0%	-181.0%	-254.0%		
2006	745.	201866.	339191.	45529.0%	21032.	10.0%	150629.	75.0%	45465.0%	-64.0%		
			15576534.	1391100.	822600.	5.0%	1270436.	91.0%	3182911.	229.0%	-132.0%	-137.0%

3YR-BANDS

1992-1994	0.	119145.	0.	0.%	126629.	106.%	460256.	386.%	-280.%	-280.%
1993-1995	0.	51077.	0.	0.%	167339.	328.%	320477.	627.%	-300.%	-300.%
1994-1996	0.	69934.	0.	0.%	563287.	805.%	260971.	373.%	432.%	432.%
1995-1997	0.	120618.	0.	0.%	808484.	670.%	409599.	340.%	331.%	331.%
1996-1998	0.	171905.	0.	0.%	769330.	448.%	535718.	312.%	136.%	136.%
1997-1999	0.	269242.	0.	0.%	352749.	131.%	558907.	208.%	-77.%	-77.%
1998-2000	4334466.	172773.	994.	0.%	105063.	61.%	298362.	173.%	-112.%	-112.%
1999-2001	4888270.	129260.	6228.	0.%	21375.	17.%	118349.	92.%	-75.%	-75.%
2000-2002	6355085.	7983.	6865.	0.%	6754.	85.%	-2651.	-33.%	118.%	118.%
2001-2003	9219323.	224061.	82627.	1.%	93622.	42.%	593428.	265.%	-222.%	-223.%
2002-2004	10205351.	680520.	127917.	1.%	170644.	25.%	1594960.	234.%	-208.%	-209.%
2003-2005	9220704.	771337.	476543.	5.%	202917.	26.%	1869471.	242.%	-211.%	-216.%
2004-2006	2022745.	754503.	738979.	37.%	136638.	18.%	1421267.	188.%	-134.%	-170.%

SHRINKING BAND

1997-2006	15576534.	1250429.	822600.	5.%	583452.	47.%	2576357.	206.%	-154.%	-159.%
1998-2006	15576534.	1151337.	822600.	5.%	335323.	29.%	2313057.	201.%	-166.%	-172.%
1999-2006	15576534.	1104848.	822600.	5.%	249363.	23.%	2136573.	193.%	-166.%	-171.%

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THE EMPIRE DISTRICT ELECTRIC COMPANY
ACCOUNT NO.: 35600000
TRANSM - OH CONDUCTORS

6-18-2007

YEAR	ADDITIONS	RETIREMENTS	REIMBURSEMENTS		SALVAGE		COST OF REMOVAL		NET SALVAGE	
			AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO	W/REIMB.	W/O REIMB.
2000-2006	15576534.	981187.	822600.	5. %	230703.	24. %	2017449.	206. %	-177. %	-182. %
2001-2006	11242068.	978564.	821606.	7. %	230260.	24. %	2014695.	206. %	-175. %	-182. %
2002-2006	10688264.	975587.	816371.	8. %	227988.	23. %	2018224.	207. %	-176. %	-184. %
2003-2006	9221449.	973203.	815734.	9. %	223949.	23. %	2020100.	208. %	-176. %	-185. %
2004-2006	2022745.	754503.	738979.	37. %	136638.	18. %	1421267.	188. %	-134. %	-170. %
2005-2006	482913.	295067.	688454.	143. %	57343.	19. %	423264.	143. %	19. %	-124. %
2006	745.	201866.	339191.	45529. %	21032.	10. %	150629.	75. %	45465. %	-64. %
USE										
1997										
2002										
2006										

DEPRECIATION SPECIALTY RESOURCES

DEPRECIATION SYSTEM - DSALVG01 RELEASE 7.0

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THE EMPIRE DISTRICT ELECTRIC COMPANY
ACCOUNT NO.: 36400000
DISTR - POLES, TOWERS & F

6-18-2007

YEAR	ADDITIONS	RETIREMENTS	REIMBURSEMENTS		SALVAGE		COST OF REMOVAL		NET SALVAGE	
			AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO	W/REIMB.	W/O REIMB.
1992	0.	137613.	0.	0.%	48258.	35.%	308264.	224.%	-189.%	-189.%
1993	0.	143964.	0.	0.%	86298.	60.%	615146.	427.%	-367.%	-367.%
1994	0.	171959.	0.	0.%	378261.	220.%	442967.	258.%	-38.%	-38.%
1995	0.	247296.	0.	0.%	94601.	38.%	456010.	184.%	-146.%	-146.%
1996	0.	171311.	0.	0.%	412232.	241.%	421049.	246.%	-5.%	-5.%
1997	0.	194867.	0.	0.%	205592.	106.%	406055.	208.%	-103.%	-103.%
1998	0.	76092.	0.	0.%	137558.	181.%	1686.	2.%	179.%	179.%
1999	0.	230290.	0.	0.%	110863.	48.%	691181.	300.%	-252.%	-252.%
2000	1561867.	209027.	56742.	4.%	10786.	5.%	373174.	179.%	-170.%	-173.%
2001	4855289.	134115.	32757.	1.%	6346.	5.%	372393.	278.%	-272.%	-273.%
2002	2401331.	137031.	209450.	9.%	7838.	6.%	-529609.	-386.%	401.%	392.%
2003	2512753.	187470.	8701.	0.%	47751.	25.%	462608.	247.%	-221.%	-221.%
2004	4251553.	319038.	201678.	5.%	79789.	25.%	722570.	226.%	-197.%	-201.%
2005	5984563.	279494.	674693.	11.%	52752.	19.%	537941.	192.%	-162.%	-174.%
2006	10568761.	262230.	158707.	2.%	15795.	6.%	603853.	230.%	-223.%	-224.%
			32136117.	2901798.	1342728.	4.%	1694720.	58.%	5885291.	203.%
									-140.%	-144.%

3YR-BANDS

1992-1994	0.	453536.	0.	0.%	512817.	113.%	1366377.	301.%	-188.%	-188.%
1993-1995	0.	563219.	0.	0.%	559160.	99.%	1514123.	269.%	-170.%	-170.%
1994-1996	0.	590566.	0.	0.%	885095.	150.%	1320025.	224.%	-74.%	-74.%
1995-1997	0.	613473.	0.	0.%	712425.	116.%	1283114.	209.%	-93.%	-93.%
1996-1998	0.	442270.	0.	0.%	755382.	171.%	828790.	187.%	-17.%	-17.%
1997-1999	0.	501249.	0.	0.%	454012.	91.%	1098922.	219.%	-129.%	-129.%
1998-2000	1561867.	515410.	56742.	4.%	259206.	50.%	1066042.	207.%	-153.%	-157.%
1999-2001	6417156.	573432.	89499.	1.%	127995.	22.%	1436749.	251.%	-227.%	-228.%
2000-2002	8818487.	480173.	298948.	3.%	24970.	5.%	215959.	45.%	-36.%	-40.%
2001-2003	9769373.	458616.	250908.	3.%	61935.	14.%	305393.	67.%	-51.%	-53.%
2002-2004	9165637.	643540.	419829.	5.%	135378.	21.%	655570.	102.%	-76.%	-81.%
2003-2005	12748869.	786003.	885072.	7.%	180293.	23.%	1723120.	219.%	-189.%	-196.%
2004-2006	20804876.	860762.	1035078.	5.%	148336.	17.%	1864365.	217.%	-194.%	-199.%

SHRINKING BAND

1997-2006	32136117.	2029655.	1342728.	4.%	675069.	33.%	3641855.	179.%	-142.%	-146.%
1998-2006	32136117.	1834788.	1342728.	4.%	469478.	26.%	3235800.	176.%	-147.%	-151.%
1999-2006	32136117.	1758696.	1342728.	4.%	331920.	19.%	3234114.	184.%	-161.%	-165.%

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THE EMPIRE DISTRICT ELECTRIC COMPANY
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6-18-2007

YEAR	ADDITIONS	RETIREMENTS	REIMBURSEMENTS		SALVAGE		COST OF REMOVAL		NET SALVAGE	
			AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO	W/REIME.	W/O REIME.
2000-2006	32136117.	1528406.	1342728.	4. %	221057.	14. %	2542933.	166. %	-148. %	-152. %
2001-2006	30574250.	1319378.	1285986.	4. %	210271.	16. %	2169758.	164. %	-144. %	-149. %
2002-2006	25718961.	1185264.	1253229.	5. %	203925.	17. %	1797365.	152. %	-130. %	-134. %
2003-2006	23317630.	1048232.	1043779.	4. %	196088.	19. %	2326974.	222. %	-199. %	-203. %
2004-2006	20804877.	860762.	1035078.	5. %	148336.	17. %	1864365.	217. %	-194. %	-199. %
2005-2006	16553324.	541724.	833400.	5. %	68547.	13. %	1141795.	211. %	-193. %	-198. %
2006	10568761.	262230.	158707.	2. %	15795.	6. %	603853.	230. %	-223. %	-224. %

USE

1997

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YEAR	ADDITIONS	RETIREMENTS	REIMBURSEMENTS		SALVAGE		COST OF REMOVAL		NET SALVAGE	
			AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO	W/REIMB.	W/O REIMB.
1992	0.	120798.	0.	0. %	86256.	71. %	295717.	245. %	-173. %	-173. %
1993	0.	193980.	0.	0. %	88113.	45. %	377275.	194. %	-149. %	-149. %
1994	0.	164451.	0.	0. %	171945.	105. %	517523.	315. %	-210. %	-210. %
1995	0.	134918.	0.	0. %	488039.	362. %	436168.	323. %	38. %	38. %
1996	0.	73929.	0.	0. %	391865.	530. %	454270.	614. %	-84. %	-84. %
1997	0.	153088.	0.	0. %	306313.	200. %	619570.	405. %	-205. %	-205. %
1998	0.	128896.	0.	0. %	968116.	751. %	83261.	65. %	686. %	686. %
1999	0.	186947.	0.	0. %	94760.	51. %	603806.	323. %	-272. %	-272. %
2000	5323433.	138914.	40276.	1. %	21278.	15. %	305426.	220. %	-204. %	-205. %
2001	4544934.	80642.	9695.	0. %	15747.	20. %	193593.	240. %	-220. %	-221. %
2002	4368563.	78550.	18424.	0. %	8922.	11. %	-297376.	-379. %	390. %	390. %
2003	7726163.	188478.	61901.	1. %	60978.	32. %	659469.	350. %	-317. %	-318. %
2004	4557325.	334389.	99745.	2. %	134463.	40. %	861963.	258. %	-215. %	-218. %
2005	5179456.	194153.	381302.	7. %	120594.	62. %	516809.	266. %	-197. %	-204. %
2006	1208455.	252394.	215059.	18. %	74804.	30. %	480634.	190. %	-143. %	-161. %
	32908329.	2424527.	826404.	3. %	3032191.	125. %	6108108.	252. %	-124. %	-127. %
3YR-BANDS										
1992-1994	0.	479229.	0.	0. %	346314.	72. %	1190515.	248. %	-176. %	-176. %
1993-1995	0.	493349.	0.	0. %	748096.	152. %	1330966.	270. %	-118. %	-118. %
1994-1996	0.	373297.	0.	0. %	1051848.	282. %	1407962.	377. %	-95. %	-95. %
1995-1997	0.	361935.	0.	0. %	1186216.	328. %	1510009.	417. %	-89. %	-89. %
1996-1998	0.	355913.	0.	0. %	1666293.	468. %	1157101.	325. %	143. %	143. %
1997-1999	0.	468931.	0.	0. %	1369188.	292. %	1306637.	279. %	13. %	13. %
1998-2000	5323433.	454757.	40276.	1. %	1084153.	238. %	992493.	218. %	21. %	20. %
1999-2001	9868367.	406504.	49972.	1. %	131785.	32. %	1102826.	271. %	-238. %	-239. %
2000-2002	14236930.	298107.	68396.	0. %	45947.	15. %	201643.	68. %	-52. %	-52. %
2001-2003	16639660.	347670.	90020.	1. %	85647.	25. %	555685.	160. %	-135. %	-135. %
2002-2004	16652051.	601417.	180070.	1. %	204363.	34. %	1224055.	204. %	-168. %	-170. %
2003-2005	17462944.	717019.	542948.	3. %	316034.	44. %	2038241.	284. %	-237. %	-240. %
2004-2006	10945236.	780936.	696107.	6. %	329860.	42. %	1859406.	238. %	-190. %	-196. %
SHRINKING BAND										
1997-2006	32908329.	1736452.	826404.	3. %	1805973.	104. %	4027154.	232. %	-125. %	-128. %
1998-2006	32908329.	1583363.	826404.	3. %	1499660.	95. %	3407585.	215. %	-118. %	-120. %
1999-2006	32908329.	1454468.	826404.	3. %	531545.	37. %	3324324.	229. %	-190. %	-192. %

DEPRECIATION SPECIALTY RESOURCES

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THE EMPIRE DISTRICT ELECTRIC COMPANY
ACCOUNT NO.: 36500000
DISTR - OH CONDUCTORS

6-18-2007

YEAR	ADDITIONS	RETIREMENTS	REIMBURSEMENTS		SALVAGE		COST OF REMOVAL		NET SALVAGE	
			AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO	W/REIMB.	W/O REIMB.
2000-2006	32908329.	1267521.	826404.	3. %	436785.	34. %	2720518.	215. %	-178. %	-180. %
2001-2006	27584896.	1128606.	786127.	3. %	415507.	37. %	2415092.	214. %	-174. %	-177. %
2002-2006	23039962.	1047964.	776432.	3. %	399760.	38. %	2221498.	212. %	-170. %	-174. %
2003-2006	18671399.	969413.	758008.	4. %	390838.	40. %	2518875.	260. %	-215. %	-220. %
2004-2006	10945236.	780936.	696107.	6. %	329860.	42. %	1859406.	238. %	-190. %	-196. %
2005-2006	6387911.	446547.	596362.	9. %	195397.	44. %	997443.	223. %	-170. %	-180. %
2006	1208455.	252394.	215059.	18. %	74804.	30. %	480634.	190. %	-143. %	-161. %
USE										
1997										
2002										
2006										

DEPRECIATION SPECIALTY RESOURCES

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THE EMPIRE DISTRICT ELECTRIC COMPANY
ACCOUNT NO.: 36900000
DISTR - SERVICES

6-18-2007

YEAR	ADDITIONS	RETIREMENTS	REIMBURSEMENTS		SALVAGE		COST OF REMOVAL		NET SALVAGE	
			AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO	W/REIMB.	W/O REIMB.
1992	0.	56031.	0.	0.%	14441.	26.%	76527.	137.%	-111.%	-111.%
1993	0.	39767.	0.	0.%	9631.	24.%	83169.	209.%	-185.%	-185.%
1994	0.	33751.	0.	0.%	11372.	34.%	103318.	306.%	-272.%	-272.%
1995	0.	46247.	0.	0.%	14118.	31.%	131479.	284.%	-254.%	-254.%
1996	0.	-3363.	0.	0.%	11171.	-332.%	112023.	-3331.%	2999.%	2999.%
1997	0.	34834.	0.	0.%	15264.	44.%	105472.	303.%	-259.%	-259.%
1998	0.	30444.	0.	0.%	47.	0.%	1066.	4.%	-3.%	-3.%
1999	0.	57613.	0.	0.%	11935.	21.%	212840.	369.%	-349.%	-349.%
2000	0.	18420.	0.	0.%	2903.	16.%	67535.	367.%	-351.%	-351.%
2001	0.	20449.	0.	0.%	3832.	19.%	92938.	454.%	-436.%	-436.%
2002	0.	26024.	0.	0.%	4717.	18.%	-179827.	-691.%	709.%	709.%
2003	0.	20761.	0.	0.%	3928.	19.%	151981.	732.%	-713.%	-713.%
2004	0.	21796.	0.	0.%	3940.	18.%	143673.	659.%	-641.%	-641.%
2005	0.	15197.	0.	0.%	5622.	37.%	109755.	722.%	-685.%	-685.%
2006	0.	28198.	0.	0.%	8062.	29.%	122130.	433.%	-405.%	-405.%
	0.	446172.	0.	0.%	120983.	27.%	1334079.	299.%	-272.%	-272.%

3YR-BANDS

1992-1994	0.	129549.	0.	0.%	35444.	27.%	263014.	203.%	-176.%	-176.%
1993-1995	0.	119765.	0.	0.%	35121.	29.%	317967.	265.%	-236.%	-236.%
1994-1996	0.	76636.	0.	0.%	36661.	48.%	346821.	453.%	-405.%	-405.%
1995-1997	0.	77719.	0.	0.%	40553.	52.%	348974.	449.%	-397.%	-397.%
1996-1998	0.	61916.	0.	0.%	26481.	43.%	218560.	353.%	-310.%	-310.%
1997-1999	0.	122891.	0.	0.%	27246.	22.%	319377.	260.%	-238.%	-238.%
1998-2000	0.	106477.	0.	0.%	14886.	14.%	281441.	264.%	-250.%	-250.%
1999-2001	0.	96482.	0.	0.%	18671.	19.%	373313.	387.%	-368.%	-368.%
2000-2002	0.	64893.	0.	0.%	11452.	18.%	-19354.	-30.%	47.%	47.%
2001-2003	0.	67235.	0.	0.%	12477.	19.%	65092.	97.%	-78.%	-78.%
2002-2004	0.	68582.	0.	0.%	12584.	18.%	115827.	169.%	-151.%	-151.%
2003-2005	0.	57755.	0.	0.%	13489.	23.%	405409.	702.%	-679.%	-679.%
2004-2006	0.	65192.	0.	0.%	17624.	27.%	375558.	576.%	-549.%	-549.%

SHRINKING BAND

1997-2006	0.	273738.	0.	0.%	60250.	22.%	827562.	302.%	-280.%	-280.%
1998-2006	0.	238904.	0.	0.%	44986.	19.%	722091.	302.%	-283.%	-283.%
1999-2006	0.	208460.	0.	0.%	44939.	22.%	721025.	346.%	-324.%	-324.%

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THE EMPIRE DISTRICT ELECTRIC COMPANY
ACCOUNT NO.: 36900000
DISTR - SERVICES

6-18-2007

YEAR	ADDITIONS	RETIREMENTS	REIMBURSEMENTS		SALVAGE		COST OF REMOVAL		NET SALVAGE	
			AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO	W/REIMB.	W/O REIMB.
2000-2006	0.	150847.	0.	0. %	33004.	22. %	508185.	337. %	-315. %	-315. %
2001-2006	0.	132427.	0.	0. %	30100.	23. %	440650.	333. %	-310. %	-310. %
2002-2006	0.	111977.	0.	0. %	26268.	23. %	347712.	311. %	-287. %	-287. %
2003-2006	0.	85953.	0.	0. %	21552.	25. %	527539.	614. %	-589. %	-589. %
2004-2006	0.	65192.	0.	0. %	17624.	27. %	375558.	576. %	-549. %	-549. %
2005-2006	0.	43395.	0.	0. %	13684.	32. %	231885.	534. %	-503. %	-503. %
2006	0.	28198.	0.	0. %	8062.	29. %	122130.	433. %	-405. %	-405. %

USE

1997

2002

2006