

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

FILED
JUN 19 1997
MISSOURI
PUBLIC SERVICE COMMISSION

In the matter of The Empire District Electric)
Company of Joplin, Missouri, for authority)
to file tariffs increasing rates for electric) Case No. ER-97-81
service provided to customers in the)
Missouri service area of the company.)

JOINT NOTICE OF AGREEMENT IN PRINCIPLE

Comes now The Empire District Electric Company ("Empire"), the Staff of the Missouri Public Service Commission ("Staff"), and the Office of the Public Counsel ("OPC"), by and through counsel, and for their notice to the Commission respectfully state as follows:

1. This pleading is to notify the Commission that the Staff, OPC and Empire have reached an agreement in principle which would obviate the necessity of the Commission having to rule on the payroll issue discussed at the true-up hearing. It would also settle issues regarding the State Line Unit 2 plant, as more particularly discussed herein. Staff, OPC and Empire have not had sufficient time to produce a formal document containing the agreement for filing with the Commission and have not been able to discuss the settlement with counsel for ICI and Praxair. The undersigned parties make this filing in an attempt to keep the Commission fully informed.

2. The undersigned parties are in the process of preparing a document to memorialize the agreement in principle.

3. The agreement in principle between Empire, OPC and the Staff has these basic

terms:

A. Empire, OPC and Staff agree to settle on the revenue requirement shown on Schedule 2 of David Winter's supplemental true-up testimony, which is \$13,941,377 if State Line 2 meets the in-service criteria contained in the prepared direct testimony of C. Bruce Deering, on or before midnight on June 21, 1997. The \$13,941,377 is subject to adjustment based on the items in paragraphs 6, 7, and 8 of Schedule 1 HC to Mr. Deering's testimony. If the plant does not meet the in-service criteria on or before that time, the agreed-upon revenue requirement will be the \$10,589,364 shown on Schedule 1 of Mr. Winter's testimony.

B. Empire will not pursue the payroll issue discussed at the true-up hearing on May 23 and the Commission will therefore not have to decide that issue.

C. Empire will not file proposed tariffs seeking a general rate increase for its Missouri electric operations prior to July 29, 1998, except under extraordinary circumstances, to be defined in the final agreement.

D. Empire will not seek, in this proceeding, to recover in rates amounts paid to Westinghouse after May 31, 1997, such amounts having been discussed on page 4 of Mr. Winter's Supplemental True-Up testimony (Exhibit TU-2).

E. Empire will cease booking AFUDC (Allowance for Funds Used During Construction), and will not seek authority from the Commission to defer recording of carrying costs, depreciation and other expenses associated with State Line 2 after that plant goes into service.

4. In summary, Staff, OPC and Empire have reached an agreement in principle which would resolve all outstanding issues between them. OPC, Staff and Empire will be

discussing the matter with counsel for ICI and Praxair, but do not expect opposition to such a stipulation. The parties will be working towards filing the settlement documents with the Commission as soon as possible.

Respectfully submitted,

Roger Steiner by GWD
Roger W. Steiner MBE #39586
Assistant General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
(573) 751-7434
(573) 751-9285 (facsimile)

ATTORNEYS FOR THE STAFF OF THE
MISSOURI PUBLIC SERVICE
COMMISSION

Gary W. Duffy
Gary W. Duffy MBE #24905
BRYDON, SWEARENGEN & ENGLAND P.C.
312 E. Capitol Avenue
P. O. Box 456
Jefferson City, MO 65102
(573) 635-7166
(573) 635-3847 facsimile

ATTORNEYS FOR THE EMPIRE DISTRICT
ELECTRIC COMPANY

Lewis R. Mills by GWD
Lewis R. Mills, Jr. MBE # 35275
Deputy Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

(573) 751-1304
(573) 751-5562 (facsimile)

ATTORNEY FOR THE OFFICE OF THE
PUBLIC COUNSEL

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was either mailed or hand-delivered on June 19, 1997, to counsel for all parties of record.

Gary W. Duffy
Gary W. Duffy