

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

In the Matter of The Empire District Electric	)	
Company of Joplin, Missouri for Authority	)	
to File Tariffs Increasing Rates for Electric	)	Case No. ER-2008-0093
Service Provided to Customers in the	)	
Missouri Service Area of the Company	)	

**NON-UNANIMOUS STIPULATION AND AGREEMENT  
AS TO CERTAIN ISSUES**

The Empire District Electric Company ("Empire" or the "Company"); the Office of the Public Counsel ("Public Counsel"); and the Staff of the Missouri Public Service Commission ("Staff") respectfully state to the Missouri Public Service Commission ("Commission") that, as a result of negotiations, the undersigned parties ("Parties") have reached the stipulations and agreements contained herein in order to settle the certain issues specified below.

1. This Stipulation and Agreement is intended to settle the following issues previously identified by some or all of the Parties through testimony and or schedules.

- Outside Services;
- Edison Electric Institute Dues;
- State Income Tax Flowback;
- Rate Case Expense;<sup>\*</sup>
- Ice Storm Costs – Rate Base Treatment;
- Ice Storm Costs – Deferred Taxes;
- Amortization of January and December 2007 Ice Storm Expenses;<sup>†</sup>

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<sup>\*</sup> Staff will continue to update and reflect Empire's prudently incurred, known and measurable rate case expenses throughout this proceeding.

<sup>†</sup> For purposes of future ratemaking, Empire shall be considered to have begun to amortize its January ice storm expenses in February 2007 and its December 2007 ice storm expenses in January 2008. Recognition of the expenses associated with the December 2007 ice storm will be given in this rate proceeding for a five-year amortization of prudently incurred costs

- Production Maintenance Expense (all issues except Asbury SCR); and
- Deferred Taxes – VEBA.

2. In settlement of the above issues, the Company's revenue requirement, as computed by the Staff, shall be increased by \$1,248,000, exclusive of the December 2007 ice storm expenses which currently is estimated to be \$1,728,747. Staff's current revenue requirement calculation, which includes the agreed upon increase of \$1,248,000 (exclusive of the December 2007 ice storm expenses), is reflected in the Staff's Revised Reconciliation, which is attached hereto as **Appendix A**. Staff's current revenue requirement calculation is based on the Company's present rate revenues of \$329,872,014 and the midpoint of Staff's recommended range of Return on Equity.

3. Unless called to respond to questions of by the Commission or the Regulatory Law Judge, if the Commission accepts the specific terms of this Stipulation and Agreement the portions of the testimony of the following witnesses concerning the settled issues listed in paragraph 1, supra, shall be received into evidence without the necessity of those witnesses taking the stand:

**Empire Witnesses and Testimony**

W. Scott Keith	Direct testimony related to all issues listed in Paragraph 1 of this Stipulation and Agreement;
Jayna R. Long	Direct testimony related to all issues listed in Paragraph 1 of this Stipulation and Agreement;
Blake Mertens	Direct testimony related to all issues listed in Paragraph 1 of this Stipulation and Agreement;
Mike Palmer	Direct testimony related to all issues listed in Paragraph 1 of this Stipulation and Agreement;

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in accordance with the treatment recommended in Staff's testimony for the January 2007 ice storm deferral amortization. The amount of annual amortization in this proceeding related to the December 2007 ice storm will be determined after the parties have had an opportunity to review Empire's quantifications and accounting treatment of its ice storm expenditures.

**Staff Witnesses and Testimony**

Mark Oligschlaeger	Direct testimony related to all issues listed in Paragraph 1 of this Stipulation and Agreement;
Paula Mapeka	Direct testimony related to all issues listed in Paragraph 1 of this Stipulation and Agreement;
Dana Eaves	Direct testimony related to all issues listed in Paragraph 1 of this Stipulation and Agreement;
Amada McMellen	Direct testimony related to all issues listed in Paragraph 1 of this Stipulation and Agreement;

**Public Counsel Witnesses and Testimony**

Ted Robertson	Direct testimony related to all issues listed in Paragraph 1 of this Stipulation and Agreement.
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4. This Stipulation and Agreement is being entered into solely for the purpose of settling the issues in this case that are identified in Paragraph 1 above. Unless otherwise explicitly provided herein, none of the signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination, cost allocation, or revenue-related methodology.

5. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. If the Commission does not approve this Stipulation and Agreement unconditionally and without modification, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

6. If the Commission does not unconditionally approve this Stipulation and Agreement without modification, and notwithstanding the provision herein that it shall become void, neither this Stipulation and Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the

rights that any Party has for a decision in accordance with §536.080, RSMo 2000, or Article V, Section 18, of the Missouri Constitution, and the Parties shall each retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval. Any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from, and not be considered as part of, the administrative or evidentiary record before the Commission for any purpose whatsoever.

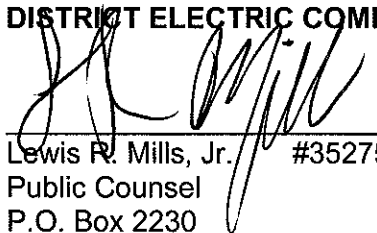
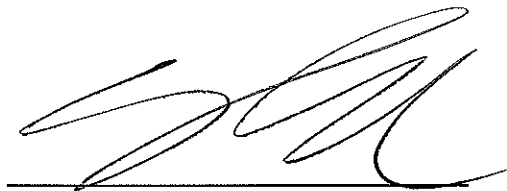
7. In the event the Commission unconditionally accepts the specific terms of this Stipulation and Agreement without modification, the signatories waive their respective rights to: i) present oral argument and written briefs pursuant to §536.080.1, RSMo 2000; ii) the reading of the transcript by the Commission pursuant to RSMo §536.080.2, RSMo 2000; iii) seek rehearing, pursuant to §536.500, RSMo 2000; and iv) judicial review pursuant to §386.510, RSMo 2000. These waivers apply only to the issues that are resolved hereby, and specifically do not apply to any matters raised in any prior or subsequent Commission proceeding or any matters not explicitly addressed by this Stipulation and Agreement.

8. The Staff may file suggestions or a memorandum in support of this Stipulation and Agreement. Each of the Parties shall be served with a copy of any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive memorandum consistent with this Stipulation and Agreement, which shall also be served on all Parties. The contents of any suggestions or memorandum provided by any Party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

9. The Staff also shall have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests; provided, that the Staff shall, to the extent reasonably practicable, provide the other Parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

WHEREFORE, for the foregoing reasons, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation and Agreement.

Respectfully submitted,

  
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**ATTORNEY FOR THE STAFF  
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SERVICE COMMISSION**

**Empire District Electric Company**  
**ER-2008-0093**  
**Revenue Requirement Reconciliation**  
**4/3/2008**

Line No.			
1	Company Revenue Requirement Per Reconciliation		32,256,601
2	Difference due to Updated Case and Accepted Positions		(0)
3	<b>Company Revenue Requirement</b>		<b>32,256,601</b>
4			
5	Rate of Return & Capital Structure		
6	Rev. Req. Value of Return on Equity Issues (Above)	(7,792,028)	
7	Effect of Interest Synchronization on Rate Base Diff	497,698	
8	Sub-Total Rate of Return and Capital Structure Differences		(\$7,294,330)
9			
10	Rate Base Issues :		
11	Asbury SCR Rate Base Addition	(3,767,768)	
12	Cash Working Capital Including Offsets	65,961	
13	Sub Total - Rate Base Issues		(\$3,701,807)
14			
15	Income Statement - Revenue Issues		
16	Sub Total - Revenue Adjustments		
17			
18	Income Statement - Expense Issues		
19	Normalize Bad Debt Expense	(192,779)	
20	Annualize Payroll Taxes	5,842	
21	Payroll Annualization	(908,320)	
22	Annualize Depreciation Expense	(2,575,127)	
23	Annualized Level of Property Tax Expense	(257,437)	
24	To Adjust O&M Expense for Asbury SCR Equipment	(1,152,712)	
25	Total Oper.& Maint. Expense		(5,080,532)
26	Depreciation Issue - Tax Impact	(17,227)	(17,227)
27	Deferred Income Tax	106,696	
28	Total of Deferred Tax & Amortization		106,696
29	Total Value of All Issues		(\$15,987,200)
30	Unreconciled Difference		(\$3)
31	Unreconciled Difference/Rounding		(\$0)
32		16,269,401	
33	<b>Staff Revenue Requirement</b>	<b>(\$4)</b>	<b>\$16,269,397</b>