

**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 Service Provided to )  
Customers in the Missouri Service Area of )  
the Company. )

**File No. ER-2011-0004**

**JOINT LIST OF ISSUES, LIST OF WITNESSES, ORDER OF WITNESSES,  
ORDER OF PARTIES FOR CROSS EXAMINATION, AND ORDER OF OPENING STATEMENTS**

COME NOW The Empire District Electric Company (“Empire”), the Staff of the Missouri Public Service Commission (“Staff”), the Missouri Department of Natural Resources (DNR), the City of Joplin (“Joplin”), and the Office of the Public Counsel (“Public Counsel”), and jointly state as follows:

**LIST OF ISSUES, LIST OF WITNESSES, AND ORDER OF WITNESSES**

1. The signatories request that the Commission determine the following issues, and receive testimony from the indicated witnesses in the order that follows, pursuant to the indicated schedule:

Monday, May 23, morning

**Openings**

**SO2 Emissions Revenue** – What is the appropriate level of SO<sub>2</sub> emissions revenue to be included in Empire’s revenue?

**Witnesses: Foster, Keith**

Monday, May 23, afternoon

**SWPA**

a. How should payments Empire received from the Southwest Power Administration related to the White River Minimum Flows issue be returned to rate payers?

1) Should Empire return the payments to its customers through base rates, or return them to customers outside of general rates through the FAC?

2) When should Empire begin to return the payments to its customers?

3) Over what length of time should the payments be amortized?

**Witnesses: Oligschlaeger, Walters, Tarter, Keith, Robertson**

b. How should taxes associated with payments Empire received from the Southwest Power Administration related to the White River Minimum Flows issue be recognized?

- 1) Should Empire recover the taxes from its customers through general rates, or recover them from customers outside of general rates through the FAC?
- 2) When should Empire begin to recover the taxes from its customers?
- 3) Over what length of time should the taxes be amortized?
- 4) Should a deferred tax asset be recognized in Empire's rate base related to the Southwest Power Administration payment tax timing difference?

**Witnesses: Oligschlaeger, Williams, Keith, Robertson**

**Accumulated Deferred Income Taxes** – Should Empire's rate base include FAS 123 accumulated deferred income taxes (ADIT) asset?

**Witnesses: Harrison, Williams**

Tuesday, May 24, morning

**Fuel Adjustment Mechanism**

- a. Should the sharing percentage in Empire's Fuel Adjustment Clause be changed from 95/5 percent to 85/15 percent?
- b. At what level should the FAC fuel base be set?
- c. Should the fixed costs associated with Empire's natural gas storage be excluded from the FAC and calculation of the FAC base, but be included in the operations expense for this case?

**Witnesses: Barnes, Beck, Tarter, Keith, Kind**

Tuesday, May 24, afternoon

**Fuel and Purchase Power** –

- a. What coal prices (coal and petroleum coke initial and freight), hourly purchased power prices, and Elk River wind prices should be used in modeling fuel and purchase power expense?
- b. Should the fixed and variable costs and benefits of the Southern Star Central Pipeline storage contract be included in rates?

**Witnesses: Lange, Foster, Oligschlaeger, Tarter, Keith**

**Ice Storm Expense** -- Should the amortization period for the remaining ice storm expense be extended to four years beyond the effective date of rates in this proceeding or left unchanged?

**Witnesses: Oligschlaeger, Keith, Lafferty**

(Lafferty only)

Wednesday, May 25, morning

**Ice Storm Expense** - Continued

**Remediation** -- What is the appropriate level of remediation expense to include in Empire's cost of service?

**Witnesses: Harrison, McGarrah**

Wednesday, May 25, afternoon

**Demand Side Management<sup>1</sup>**

- a. Should the potential study costs be included in the Regulatory asset for demand side management and amortized?
- b. What period of amortization should be established for DSM expenditures after the Regulatory Plan?
- c. What Demand Side Management Programs should Empire continue and/or implement, and at what annual spending levels?

**Witnesses: Rogers, McMellen, McCormack, Kind, Bickford, Fred**

Thursday, May 26, morning

**Rate of Return**

- a. What cost of equity should be used in setting Empire's rates?

**Witnesses: Atkinson, Vander Weide**

- b. What cost of debt should be used in setting Empire's rates?

**Witnesses: Atkinson, Gipson**

- c. What capital structure should be used in setting Empire's rates?

**Witnesses: Atkinson, Vander Weide, Gipson**

(Vander Weide and Atkinson to be taken 6/2 pm)

Thursday, May 26, afternoon

**Plant in Service**

- a. What is the appropriate level of Iatan AQCS, Iatan 2 and Iatan Common plant in service to include in rate base?<sup>2</sup>
  - 1) What is the value of the disallowances ordered by the Commission regarding Iatan in File Nos. ER-2010-0355 and ER-2010-0356, if these KCPL disallowances are applied to Empire based on Empire's ownership share in the Iatan plants?
  - 2) Should the Commission order Staff's recommended disallowances concerning the prudence of the Enerfab contract and the prudence of the Iatan bonuses, and, if so, at what amounts?

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<sup>1</sup> The signatories have reached agreement in principal as to several related DSM issues that originally appeared in testimony. However, those agreements are not reflected in any filed stipulation and agreement, or any other document currently before the Commission. The signatories list the following issues herein, with the intent to either stipulate to any final agreement on the record at the evidentiary hearing or file a stipulation and agreement as to any settled issues of the following: (1) With the elimination of Empire's ELIP tariff, how should the remaining ELIP shareholder funds be dispersed? Note, that the Company's expenditures for the low income weatherization program is not an issue at this time; however, any party agreement on the remaining ELIP funds may also alter the amount of weatherization funds available for dispersal, and the signatories reserve the right to state a position on this discrete issue at that time; (2) Should the company complete its evaluation of LED SAL systems and file either a proposed LED lighting tariff(s) or an update to the Commission on when it will file a proposed LED lighting tariff(s) with or without completion of its own independent pilot program of LED SAL systems no later than twelve months following the Commission's Report and Order; (3) Should the Company move all DSM programs from an annual program year to a calendar year basis beginning in 2012; (4) Should the Commission allow the Company to establish an advisory group without explicit voting rights on DSM programs and program costs to replace the Customer Programs Collaborative?

<sup>2</sup> The signatories have agreed to waive cross examination of the following witnesses on these issues: Brent Davis, Robert Bell, Chris Giles, Dan Meyer, Dr. Kris Nielsen, Forrest Archibald, Chuck Hyneman, Keith Majors, and Dave Elliot, and the signatories further agree to have the pre-filed testimony of these witnesses admitted into evidence in this matter.

3) What is the applicability of the aforementioned disallowances, if any, to Empire?

**Witnesses: Gipson, Heady, Kolster, McDonald**

b. What is the appropriate level of Iatan Common plant in service to use in calculating Construction Accounting through the date rates in this case take effect?

**Witnesses: McMellen, Delano**

(Construction Accounting to be taken 6/2 pm)

Friday, May 27, morning

### **Policy**

**Property Taxes --** Should the property tax ratio be based on most current year results or a five year average?

**Witnesses: Westhues, Long**

Friday, May 27, afternoon

### **Depreciation**

a. What are the appropriate depreciation rates for Empire's assets?

b. Is there a reserve deficiency associated with the Riverton coal units? If so, should any such deficiency be amortized over the remaining life of the plant?

**Witnesses: Robinett, Gilbert, Sullivan, Delano**

(Delano to be taken 6/2 pm)

Thursday, June 2, morning

### **Bad Debt**

a. Should bad debt expense be based on a write off percentage applied to revenue or a three year average of Empire's actual bad debt expense?

b. If bad debt expense is based on a write off percentage applied to revenue, what level of revenue should be used to calculate Empire's actual bad debt expense?

**Witnesses: McMellen, Long, Lafferty**

### **Rate Design / Class Cost of Service**

a. What party's billing determinants should be used for designing rates?

**Witnesses: Won, Wells, McMellen, Long, Meisenheimer**

b. At what level should the residential and small commercial classes' customer charge be set?

**Witnesses: Scheperle, Overcast, Keith, Meisenheimer**

c. Should any interclass shifts in class revenue responsibility be ordered?

**Witnesses: Scheperle, Overcast, Keith, Meisenheimer, Brubaker**

d. What is the appropriate summer/winter energy rate differential for the Residential class, Commercial Building class, and Commercial Small Heating class?

**Witnesses: Scheperle, Overcast, Keith, Meisenheimer**

e. What is the appropriate summer/winter rate differential in the first 150 hours use of metered demand (energy rate) for the general power class and the total electric building class?

**Witnesses: Scheperle, Overcast, Keith, Meisenheimer**

Thursday, June 2, afternoon

**RoR** Continued – Vander Weide and Atkinson only

**Plant In Service** continued – Construction Accounting only

**Depreciation** continued – Delano only

Friday, June 3, morning

**Rate Case Expense** –

- a. What level of rate case expense should be included in Empire’s cost of service?
- b. Should the costs Empire has incurred in this rate case for consultants be included in Empire’s cost of service?
- c. Should responsibility for non-consultant rate case costs be split evenly between the Company and the ratepayer?

**Witnesses: Westhues, Keith, Lafferty**

**Written-off/Non-Recurring Costs** -- Should Empire’s R&D project costs and software evaluation project be included in Empire’s cost of service?

**Witnesses: Keith, Robertson**

Friday, June 3, afternoon

**Pensions and Other Post –Employment Benefits**<sup>3</sup>

- a. What is the appropriate level of FAS 87 and FAS 106 costs to be included in rate base and expense?
- b. What is the appropriate level of prepaid pension asset costs to be included in rate base?

**Witnesses: McMellen, Delano**

**Payroll, Payroll Taxes and 401K** -- What level of payroll costs should be included in Empire’s cost of service?

- a. What is the appropriate level of incentive compensation for management compensation?
- b. Should non-cash incentive compensation expenditures be included in the cost of service?
- c. Should incentives relating to the lightning bolts programs be included in the cost of service?

**Witnesses: Westhues, Harrington**

**Vegetation Tracker** – Should the Commission’s order include \$3,305,511 for the vegetation tracker (rate base) and \$661,102 for vegetation tracker amortization expense to include in rate base and in expense for Empire’s cost of service?

**Witnesses: Harrison, Long,**<sup>4</sup>

**Plum Point and Iatan 2 O&M Tracker**<sup>5</sup>

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<sup>3</sup> There is no dispute on this issue in the non-true-up prefiled testimony. However, this item may be a true-up issue.

<sup>4</sup> It does not appear from pre-filed testimony that there is any dispute on this issue, however, effectuation of the requested position requires a Commission order.

- a. Should the Commission’s order indicate that a tracker be used for Plum Point and Iatan 2 operations and maintenance (O&M) expense?
- b. Should the Commission’s order indicate that Missouri Jurisdictional amounts of \$2,518,440 be used as the base for Plum Point and \$2,818,683 be used as the base for Iatan 2 be used as the base for each plant?

**Witnesses: Foster**

**ORDER OF PARTIES FOR CROSS EXAMINATION**

2. The signatories request that witnesses be subjected to cross-examination in the following order:

EMPIRE WITNESSES	STAFF WITNESSES	MEUA WITNESSES	OPC WITNESSES	DNR WITNESSES
KCPL	MEUA	Staff	Staff	Empire
DNR	OPC	OPC	MEUA	KCPL
Joplin	Joplin	Joplin	Joplin	OPC
OPC	DNR	DNR	DNR	Joplin
MEUA	KCPL	KCPL	KCPL	Staff
Staff	Empire	Empire	Empire	MEUA

**ORDER OF OPENING STATEMENTS**

- 3. The signatories request that opening statements be taken in the following order:
  - a. Empire,
  - b. Staff,
  - c. Public Counsel,
  - d. MEUA,
  - e. DNR,
  - f. KCPL, and
  - g. Joplin.

WHEREFORE, the signatory parties submit their *Joint List of Issues, List of Witnesses, Order of Witnesses, Order of Parties for Cross Examination, and Order of Opening Statements.*

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<sup>5</sup> It does not appear from pre-filed testimony that there is any dispute on this issue, however, effectuation of the requested position requires a Commission order.

Respectfully submitted,

THE EMPIRE DISTRICT ELECTRIC  
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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 16<sup>th</sup> day of May, 2011.

/s/ Sarah Kliethermes