

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

In the Matter of The Empire District Electric)
Company for Authority to File Tariffs Increasing)
Rates for Electric Service Provided to Customers) Case No. ER-2016-0023
in the Company's Missouri Service Area)

REVISED LIST OF ISSUES AND ORDER OF WITNESSES

COMES NOW The Empire District Electric Company (“Empire” or “Company”), by and through counsel and on behalf of all parties to this proceeding, and respectfully submits this Revised List of Issues and Order of Witnesses. This List of Issues includes contributions by several parties with adverse positions in this action; it is necessarily a compromise. Not all parties agree that every issue listed is properly an issue to be decided by the Missouri Public Service Commission (“Commission”) in this case. Not all parties agree on the wording of every issue.

Thursday, June 2, 2016:

8:30 a.m. Preliminary Matters (exhibits should be premarked)

Opening Statements (to address the issues to be tried on this day)

Empire
Commission Staff (“Staff”)
Office of the Public Counsel (“OPC”)
Missouri Division of Energy (“DE”)
Missouri Energy Consumers’ Group (“MECG”)
Missouri Energy Users’ Association (“MEUA”)
City of Joplin
Renew Missouri

Testimony

1. Regulatory Policy

Beecher (Empire)
Bolin (Staff)
Marke (OPC)

2. Rate Case Expense

Keith (Empire)
McMellen (Staff)
Sarver (Staff)
Conner (OPC)

3. Low-Income Rate Pilot Program

Keith (Empire)
S. Kliethermes (Staff)
Marke (OPC)
Kroll (DE) –Ms. Kroll will also testify on weatherization at this time–
Hyman (DE)

4. Incentive Compensation Expense:

- A. What level of cash incentives based on performance goals should be included in the cost of service?
- B. Should executive stock awards be included?
- C. Should “Lightning Bolts” be included?

Beecher (Empire)
Green (Staff)
Hyneman (OPC)

1:00 p.m. Testimony, continued.

5. Merger/Payroll Adjustment: Should there be a disallowance of payroll expense related to the pending merger with Algonquin utilities?

Beecher (Empire)
McMellen (Staff)

6. SERP Expense: What is the appropriate amount of SERP expense to include in rates?

Beecher (Empire)
Harrison (Staff)
Hyneman (OPC)

7. Property Tax Expense: What is the appropriate amount of property tax expense to include in rates?

Williams (Empire)
Sarver (Staff)

8. Bad Debt Expense: What level of Bad Debt Expense should be included in rates?

Owens (Empire)
Sarver (Staff)
Roth (OPC)

Monday, June 6, 2016:

9:45 a.m. Opening Statements (to address the issues to be tried on this day)

Testimony, continued.

9. Prepayments: Should the prepayments related to the working funds for Iatan, Plum Point and KCP&L land lease be included in rate base?

Woods (Empire)
Grisham (Staff)
Connor (OPC)

10. Riverton 12:

- A. What is the appropriate Riverton 12 O&M Tracker base level?
- B. What accounts should be included in the tracker?
- C. What level of O&M expense should be included in the cost of service for Riverton 12?

Woods (Empire)
Green (Staff)
Roth (OPC)

11. Natural Gas Hedging Policy: Should Empire continue hedging for natural gas?

Mertens (Empire)
Riley (OPC)

1:00 p.m. Testimony, continued.

12. Depreciation:

- A. What depreciation rates should be approved in this case?
- B. Are Staff's adjustments with respect to Empire's "stopped depreciation" accounts appropriate?
- C. Are Staff's adjustments with respect to Empire's Riverton Reserve Deficiency appropriate?
- D. Should the Commission allow rate recovery of Empire's loss on retirement of Riverton plant assets (reserve deficiency)?

Sullivan (Empire)
Robinett (Staff)
Hyneman (OPC)

Tuesday, June 7, 2016:

8:30 a.m. Opening Statements (to address the issues to be tried on this day)

Testimony, continued.

13. Demand Side Management (DSM) Programs: What DSM programs should Empire offer after the effective dates of rates from this case?

Keith (Empire)
Fortson (Staff)
Hyman (DE)
Marke (OPC)

14. Low-Income Weatherization:

- A. Should there be an increase to the amount of weatherization funds Empire collects in base rates?
- B. Should there be an evaluation of Empire's weatherization program, and if so what should be the scope of the evaluation?

Keith (Empire)
Boustead (Staff)
Kroll (DE) –will testify on this issue on Thursday, June 2–
Marke (OPC) –Mr. Marke will also testify on class cost of service, rate design, and special contract revenues at this time–

1:00 p.m. Testimony, continued.

15. Cost of Capital

- A. What is the appropriate value for Return on Equity ("ROE") that the Commission should use in setting Empire's Rate of Return?
- B. What capital structure should the Commission use to determine the rate of return?
- C. What is the appropriate value for embedded cost of debt?

Sager (Empire)
Vander Weide (Empire)
Griffin (Staff)

Wednesday, June 8, 2016:

8:30 a.m. Opening Statements (to address the issues to be tried on this day)

16. Class Cost of Service and Rate Design:

- A. What, if any, revenue neutral interclass shifts are supported by Class Cost of Service studies?
- B. What, if any, revenue neutral interclass shifts should be made in designing the rates resulting from this case?
- C. What, if any, changes to the residential customer charge are supported by Class Cost of Service studies?
- D. What, if any, changes to the residential customer charge should be made in designing the rates resulting from this case?
- E. How should revenue requirement related to energy efficiency programs be allocated to the customer classes?
- F. How should any revenue requirement increase be implemented in this case?
- G. Should the Commission open a working docket so the parties to this case can discuss the implementation of revised block rate designs for Empire's residential customers?

- H. What, if any, changes to the General Power, SC-P and Large Power customer, demand and energy rate elements should be made in designing the rates resulting from this case?

Keith (Empire)
Kliethermes, S. (Staff)
Kliethermes, R. (Staff)
Hyman (DE)
Marke (OPC)
Haase (Joplin)
Johnstone (MEUA)
Nelson (MECG) –only available the afternoon of June 8–
Chriss (MECG)
Maini (MECG)

17. Special Contract Revenues: Should Empire’s other Missouri retail customers be held harmless of the revenue impact of the interruptible bill credits Empire offers to its Special Contract customer?

Keith (Empire)
Kliethermes, S. (Staff)
Marke (OPC)
Maini (MECG)
Nelson (MECG)

Thursday, June 9, 2016:

8:30 a.m. Opening Statements (to address the issues to be tried on this day)

18. Fuel Adjustment Clause:

- A. Should Empire’s FAC be continued?
- B. If the Commission approves a FAC, should it contain costs that Empire does not currently incur?
- C. If the Commission approves a FAC, what additional reporting requirements should it include?
- D. If the Commission approves a FAC, should the incentive mechanism be changed to 90%/10%?

Tarter (Empire)
Roos (Staff)
Mantle (OPC)

19. Production Cost Model: What is the appropriate base amount of fuel expense to include in rates?

Tarter (Empire)
Lange (Staff)
Mantle (OPC)

1:00 p.m. Testimony, continued.

20. Cost of Removal and State Flow-Through

- A. Should an adjustment be made for cost of removal issues related to prior years?
- B. Should an adjustment be made related to state income tax flow through for prior years?

Williams (Empire)
McMellen (Staff)
Hyneman (OPC)

21. Accumulated Deferred Income Tax

- A. Should the FAS123 deferred tax asset for stock based compensation be included in rate base?
- B. Should the deferred tax asset for alternative minimum tax be included in rate base?

Williams (Empire)
McMellen (Staff)
Hyneman (OPC)

Friday, June 10, 2016:

8:30 a.m. Opening Statements (to address the issues to be tried on this day)

Testimony, continued.

22. Allocations

- A. Should there be an adjustment to allocate corporate costs to Empire's affiliate EDI?
- B. Should there be an adjustment to allocate corporate costs to Empire's water department?

- C. What is the appropriate way to calculate A&G expenses for Empire's water department?
- D. Should the Commission approve the Cost Allocation Manual ("CAM") submitted by Empire for Commission approval on August 23, 2011, or otherwise take action on Empire's CAM in Case No. AO-2012-0062, or should the Commission direct Empire to adopt the CAM proposed by Office of Public Counsel in this case?

Keith (Empire)
McMellen (Staff)
Hyneman (OPC)

23. Trackers

- A. Should the Vegetation Management Tracker balance be included in rate base?
- B. Should the May 2011 Tornado Deferrals Tracker balance be included in rate base?
- C. Should the Carrying Costs Tracker balance for Iatan 1, Iatan 2 and Plum Point be included in rate base?
- D. Should the O&M Tracker balance for Iatan 1, Iatan 2 and Plum Point Tracker balance be included in rate base?
- E. Should the Pension Tracker balance be included in rate base?
- F. Should the OPEBs Tracker balance be included in rate base?
- G. Should the SWPA Capacity Loss Reimbursement Tracker balance be included in rate base?
- H. Should the PeopleSoft software deferred balance be included in rate base?

Owens (Empire)
Bolin (Staff)
McMellen (Staff)
Roth (OPC)
Hyneman (OPC)

1:00 p.m. Testimony, continued.

24. Vegetation Management Tracker Amortization: What is the updated balance of the tracker amortization that should be included in Empire's cost of service?

Owens (Empire)
Green (Staff)
Roth (OPC)

25. Iatan 2, Iatan Common, and Plum Point O&M Tracker Amortization: What is the updated balance of the tracker amortization that should be included in Empire's cost of service?

Owens (Empire)
Green (Staff)
Roth (OPC)

Respectfully submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

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ATTORNEYS FOR THE EMPIRE
DISTRICT ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing document was filed in EFIS, notifying all counsel of record of the filing, and that a copy of the same was sent via electronic mail on this 27th day of May, 2016, to all counsel of record.

/s/ Diana C. Carter