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**Missouri Public Service Commission**

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May 14, 2001

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Director, Utility Operations

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DANA K. JOYCE  
General Counsel

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

**RE: Case No. ER-2001-299**

**FILED<sup>3</sup>**

MAY 14 2001

Missouri Public  
Service Commission

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **PROPOSED LIST OF ISSUES, LIST OF WITNESSES, AND ORDER OF CROSS-EXAMINATION.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Dennis L. Frey  
Associate General Counsel  
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[dfrey03@mail.state.mo.us](mailto:dfrey03@mail.state.mo.us)

DLF:ccl  
Enclosure  
cc: Counsel of Record

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

**FILED<sup>3</sup>**  
MAY 14 2001

Missouri Public  
Service Commission

In the Matter of The Empire District )  
Electric Company's Tariff Sheets )  
Designed to Implement a General Rate )  
Increase for Retail Electric Service )  
Provided to Customers in the Missouri )  
Service Area of the Company )

Case No. ER-2001-299

**PROPOSED LIST OF ISSUES, LIST OF WITNESSES  
AND ORDER OF CROSS-EXAMINATION**

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff") and respectfully states as follows:

1. On November 3, 2000, The Empire District Electric Company ("Company") filed with the Missouri Public Service Commission ("Commission") tariff sheets designed to increase its rates for electric service to the Company's customers in Missouri.

2. On January 4, 2001, the Commission issued its Order Setting Test Year, Setting True-Up Hearing and Adopting Procedural Schedule, wherein the Commission required the parties to develop and agree on a list of issues to be determined by the Commission in this case, and also to file a list of witnesses along with the order of cross-examination. The information was to be filed by May 10, 2001.

3. Pursuant to the ordered procedural schedule, the parties have assembled the following list of issues, list of witnesses, and order of cross-examination. The listing of issues below is not to be considered as an agreement by any party that any particular listed issue is, in fact, a valid or relevant issue. Indeed, in the subsequent filing of position statements, some parties may state that they consider a particular listed issue to not be a valid issue. This "non-binding" listing of

issues is not to be construed as impairing any party's ability to argue about any of these issues or related matters, or to restrict the scope of its response to arguments made by other parties.

### **LIST OF ISSUES**

The parties have agreed upon the following list of contested issues<sup>1</sup>:

1. Cost of Service - Depreciation

A. Should Empire's **test year** depreciation expense be adjusted?

(1) What are the appropriate average service lives for plant in service other than at State Line Power Plant?

(2) How shall the net salvage component be treated?

B. How shall the depreciation for plant and facilities at State Line Power Plant be calculated?

(1) Should future additional plant investments be **recognized**?

(2) What are the appropriate average service lives for plant **investment**?

(3) How shall the net salvage component be treated?

2. Cost of Service - Bad Debt

Shall the Empire's Bad Debt expense be allowed to follow changes in Missouri jurisdictional revenues?

3. Payroll - Incentive Pay

Shall discretionary, performance based, incentive pay for employees be allowed?

4. Class Cost of Service/Rate Design

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<sup>1</sup> There may be other possible issues, depending on the disposition of the two Stipulation and Agreements being submitted in this case.

- (a) What should be the appropriate method of class cost of service allocation in this case?
- (b) What is the appropriate allocation of any increase in revenues to customer classes?
- (c) What are the appropriate adjustments to rates for the various customer classes?
- (d) What is the appropriate rate design treatment of the Interim Energy Charge?

5. Capital Structure/Rate of Return

- (a) What capital structure is appropriate for Empire?
- (b) What return on **common** equity is appropriate for Empire?

6. State Line Power Plant and Energy Center

- (a) What are the appropriate capital costs for inclusion in rate base for the State Line Combined Cycle Unit?
- (b) What are the appropriate expenses for Operation and Maintenance at the State Line Power Plant and the Empire Energy Center?

7. True-Up Issues: The list above represents the issues that the parties believe are appropriate to present to the Commission during the hearings scheduled in May and June, 2001, and thus represent issues where there is a present controversy. The parties have not included in that list (and have not scheduled for hearing at this time) issues that the parties believe are more appropriate to the true-up portion of the case, thus, the list presented above is not intended to be a complete list of all possible issues which may arise during the course of this proceeding. It is to be noted that in its January 4, 2001 Order Setting Test Year, Setting True-Up Hearing and Adopting Procedural Schedule, the Commission adopted the list of true-up items set forth in a Staff recommendation filed on December 15, 2000. The list included the following items: a) Rate Base---plant in service, depreciation reserve, deferred taxes, fuel inventories for oil and coal – prices, related cash working capital; b) Capital Structure---rate of return (embedded cost of long-term debt, short-term debt and preferred stock) and capital structure; c) Income Statement--revenues and customer sales to account for growth, payroll (employee levels, current wage rates, payroll-related benefits, and payroll taxes), fuel prices for gas, oil and freight, purchased power prices, system loads, fuel and purchased power expense, rate case expense, property insurance, depreciation expense, property taxes, and income tax effects; d) invoices associated with the new State Line Combined Cycle Unit (through July 31, 2001) and e) jurisdictional allocation factors.

## CALENDAR OF ISSUES; ORDER OF WITNESSES

Tuesday, May 29, 2001

8:30 a.m. Entries of Appearance and Marking of Exhibits

Wednesday, May 30, 2001

8:30 a.m. Opening Statements

10:00 a.m. Depreciation

A. Test Year Depreciation Expense

B. State Line Depreciation Issues

Witnesses: Empire: Loos, Lyons\*

Staff: Adam

Public Counsel:

\* scheduled to testify out of order on Friday June 1, 2001

Thursday, May 31, 2001

8:30 a.m. Bad Debt Expense

Witnesses: Empire: Gipson

Staff: Boltz

Payroll - Incentive Pay

Witnesses: Empire: McKinney

Staff: Fischer

Friday, June 1, 2001

8:30 a.m. Depreciation – Empire witness Lyons (out of order)

Capital Structure/Rate of Return

Witnesses: Empire: Murry, McKinney, Gibson

Staff: McKiddy

Public Counsel: Burdette

Monday, June 4, 2001

8:30 a.m. State Line Power Plant and Energy Center

A. Capital Costs

Witnesses: Empire: Rolph, Wilson, Beecher

Staff: Featherstone, Oligschlaeger, Elliott

B. Operating and Maintenance Expense

Witnesses: Empire: Groninger, Beecher

Staff: Featherstone, Elliott, P. Williams

Tuesday, June 5, 2001

8:30 a.m. Class Cost of Service/Rate Design

Witnesses: Empire: Gibson

Staff: Watkins, Pyatte, Ross

Public Counsel: Hu

Praxair: Brubaker

Wednesday, June 6, 2001

8:30 a.m. (Reserved for possible hearing on fuel and purchased power issues covered by Stipulation and Agreement)  
(Reserved for possible hearing on in-service criteria issues covered by Stipulation and Agreement)  
(Reserved for possible carry-over of previously scheduled issues)

Thursday, June 7, 2001

8:30 a.m. (Reserved for possible hearing on fuel and purchased power issues covered by Stipulation and Agreement)  
(Reserved for possible hearing on in-service criteria issues covered by Stipulation and Agreement)  
(Reserved for possible carry-over of previously scheduled issues)

Friday, June 8, 2001

8:30 a.m. (Reserved for possible hearing on fuel and purchased power issues covered by Stipulation and Agreement)  
(Reserved for possible hearing on in-service criteria issues covered by Stipulation and Agreement)  
(Reserved for possible carry-over of previously scheduled issues)

Order of Cross-Examination (except Class Cost of Service/Rate Design):

For Empire witnesses, cross will be by Praxair, Public Counsel, then Staff.

For Staff witnesses, cross will be by Praxair, Public Counsel, then Empire

For Public Counsel witnesses, cross will be by Staff, Praxair, then Empire

For Praxair witnesses, cross will be by Empire, Public Counsel, then Staff

Order of Cross-Examination (Class Cost of Service/Rate Design):

For Empire witnesses, cross will be by Staff, Praxair, then Public Counsel

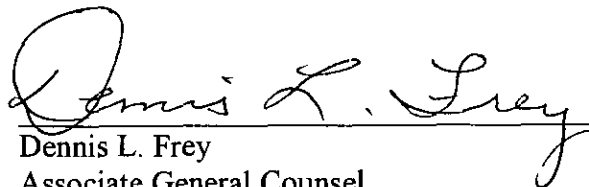
For Staff witnesses, cross will be by Public Counsel, Empire, then Praxair

For Public Counsel witnesses, cross will be by Staff, Empire, then Praxair

For Praxair witnesses, cross will be by Empire, Public Counsel, then Staff

Respectfully submitted,

DANA K. JOYCE  
General Counsel

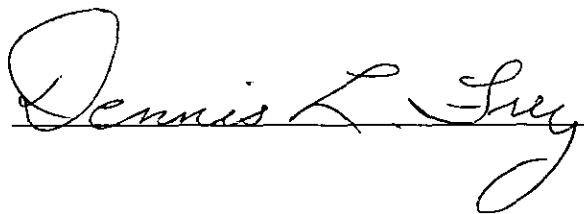


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#### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 14th day of May 2000.



**Service List for**  
**Case No. ER-2001-299**  
**Verified: May 10, 2001 (ccl)**

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