

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 14th
day of October, 1987.

CASE NO. AO-87-48

In the matter of the investigation
of the revenue effects upon
Missouri utilities of the Tax
Reform Act of 1986.

CASE NO. EO-88-114

In the matter of the Staff review
of The Empire District Electric
Company.

ORDER APPROVING STIPULATION AND AGREEMENT

On October 9, 1987, a Stipulation and Agreement was executed by The Empire District Electric Company (Empire), the Staff of the Missouri Public Service Commission (Staff) and the Office of the Public Counsel (Public Counsel). The Stipulation and Agreement involves a rate reduction to Missouri jurisdictional gross annual electric revenues by \$3,399,608 exclusive of license, occupation, franchise, gross receipts, or other similar fees or taxes.

The Stipulation adequately sets forth all procedural and factual matters in this case and is set forth in Appendix A attached hereto and incorporated herein by reference.

Empire is a public utility subject to the jurisdiction of this Commission pursuant to Chapters 386 and 393, RSMo 1986. For ratemaking purposes the Commission may accept a Stipulation and Agreement in settlement of any matters submitted by the parties. The Commission is of the opinion that the matters of agreement between the parties in this case are reasonable and proper and should be accepted.

1552

It is, therefore,


ORDERED: 1. That the Stipulation and Agreement filed herein on October 9, 1987, be, and it is, hereby approved.

ORDERED: 2. That The Empire District Electric Company be, and it is, hereby authorized to file revised tariffs designed to decrease its Missouri jurisdictional gross annual revenues by \$3,399,608, exclusive of license, occupation, franchise, gross receipts, and other similar fees or taxes. The tariffs shall be substantially in accordance with Appendix 2 attached to the Stipulation and Agreement and shall bear an effective date of October 15, 1987.

ORDERED: 3. That The Empire District Electric Company shall not be subject to any further requirements in Case Nos. AO-87-48 and EO-88-114 and is hereby dismissed as a party from those proceedings.

ORDERED: 4. That this Order shall become effective on the date hereof.

BY THE COMMISSION


Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., Musgrave, Hendren,
and Fischer, CC., Concur.
Mueller, C., Absent.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the investigation)
of the revenue effects upon) Case No. AO-87-48
Missouri utilities of the Tax)
Reform Act of 1986.)

In the matter of the Staff review)
of The Empire District Electric) Case No. EO-88-114
Company.)

STIPULATION AND AGREEMENT

In December of 1986 and March of 1987, The Empire District Electric Company ("Company") caused to be filed with the Missouri Public Service Commission ("Commission") in Case No. AO-87-48 certain information concerning the impact on Company of the Tax Reform Act of 1986 ("TRA 1986"). Subsequently, representatives of Company, the Office of Public Counsel ("Public Counsel") and the Staff of the Missouri Public Service Commission ("Staff") met to discuss the impact of the TRA 1986 on Company's overall revenue requirement.

In May, June and July of 1987, Staff conducted a review and investigation of Company's books and records. Thereafter, representatives of Company, Public Counsel and Staff met to discuss the results of Staff's investigation as well as to further discuss the impact of the TRA on Company's overall revenue requirement. As a result of the foregoing, the parties stipulate and agree as follows:

1. That Company be authorized to file revised tariffs designed to decrease its Missouri jurisdictional gross annual electric revenues by \$3,399,608, exclusive of license, occupation, franchise, gross receipts, or other similar fee taxes.

2. That the tariffs designed to implement said revenue decrease shall be based and calculated on Company's recorded book revenue for its Missouri jurisdictional operations for the twelve month period ended March 31, 1987; that said calculation shall be made in accordance with the Rate Decrease Summary contained in Appendix 1 which is attached and made a part hereof for all purposes; that the

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tariff sheets attached hereto as Appendix 2 and made a part hereof for all purposes have been reviewed by all parties and are designed to and do in fact, implement the revenue decrease agreed to herein.

3. That as soon as possible following the Commission's approval of the Stipulation and Agreement, Company will cause to be filed with the Commission the tariffs attached hereto as Appendix 2, said tariffs to bear an effective date of October 15, 1987.

4. That this Stipulation and Agreement is a negotiated dollar settlement and is intended to and does include, reflect, and fully dispose of any decrease in Company's gross annual revenue requirement for its Missouri jurisdictional operations which presently have been determined to result from the TRA; that additionally, Company shall not be further subject to any present or future requirements in the instant docket, it being understood, however, that neither Staff nor any other party is bound in any proceeding other than the above-captioned docket regarding the effects of the TRA on Empire's revenue requirement.

5. That this Stipulation and Agreement is intended to be binding on the parties and the Commission in this and any other pending or future proceedings in this or any other forum; that none of the provisions of this Stipulation and Agreement, however, shall prejudice, bind or otherwise effect any party should the Commission decide not to approve this Stipulation and Agreement in its entirety or in any way condition its approval of same;

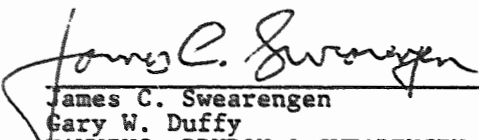
6. That except as otherwise provided herein, the parties to this Stipulation and Agreement shall not be deemed to have approved or acquiesced to any ratemaking principle, valuation method, cost of service method, or rate design proposal;

7. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to present oral arguments or written briefs, pursuant to Section 536.080(1), RSMo 1986, and their respective rights

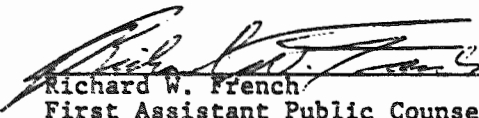
to judicial review regarding the disposition of Casa No. AO-87-48 and Case No. EO-88-___ pursuant to Section 386.510, RSMo 1986.

8. That the agreements contained in this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent; that in the event the Commission does not approve and adopt the terms of this Stipulation and Agreement and in the event the tariffs agreed to herein do not become effective in accordance with the provisions contained herein, this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.


Respectfully submitted,


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Dated: October 9, 1987