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Missouri Public Service Commission

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May 23, 2001

BRIAN D. KINKADE
Executive Director

WESS A. HENDERSON
Director, Utility Operations

ROBERT SCHALLENBERG
Director, Utility Services

DONNA M. KOLILIS
Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

FILED³

MAY 23 2001

Missouri Public
Service Commission

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

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **RECONCILIATION OF PARTIES' POSITIONS ON THE REVENUE REQUIREMENT ISSUES.**

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
(573) 751-8700
(573) 751-9285 (Fax)
dfrey03@mail.state.mo.us

DLF:ccl
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

MAY 23 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

RECONCILIATION OF PARTIES' POSITIONS
ON THE REVENUE REQUIREMENT ISSUES

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), on its own behalf and on behalf of The Empire District Electric Company ("Company") and the Office of the Public Counsel ("OPC"), and Praxair, Inc. ("Praxair") and states the following to the Missouri Public Service Commission ("Commission"):

1. In its January 4, 2001 Order Setting Test Year, Setting True-Up Hearing and Adopting Procedural Schedule, the Commission established a procedural schedule, which among other things directed that a Reconciliation of issues be filed in this case on May 23, 2001.

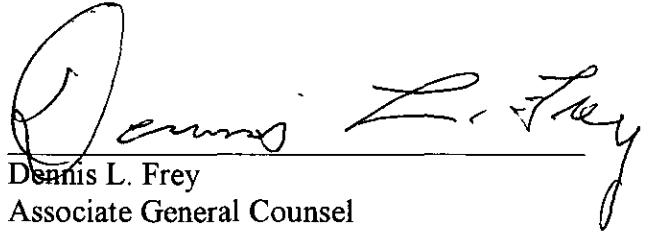
2. The parties have conferred and the Staff, the Company, OPC, and Praxair have prepared the Reconciliation, which is marked as Appendix A and is attached hereto.

3. The dollar values presented in the Reconciliation are stated as known at the time of the May 2001 evidentiary hearing, which is about to commence. The amounts for various issues can be expected to change by the time of the true-up hearing in August of 2001, and those changes will be reflected in the scheduled filing of the true-up reconciliation on August 30, 2001.

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Respectfully submitted,

DANA K. JOYCE
General Counsel

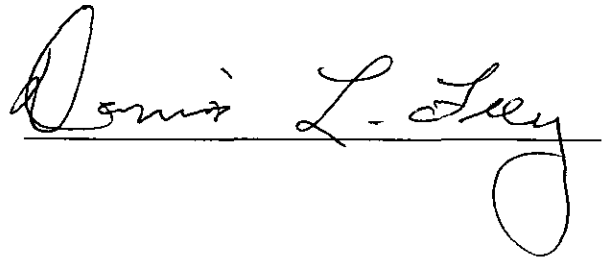
A handwritten signature in cursive script, reading "Dennis L. Frey", written over a horizontal line.

Dennis L. Frey
Associate General Counsel
Missouri Bar No. 44697

Attorney for the Staff of the
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dfrey03@mail.state.mo.us (e-mail)

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 23rd day of May 2001.

A handwritten signature in cursive script, reading "Dennis L. Frey", written over a horizontal line.

Empire District Electric Company
Case No. ER-2001-299
Case Reconciliation Between Staff, Company and Public Counsel

File Name: EDE Case NO-2001-299 Case Reconciliation.
Sheet: A

Line Number	Description of Issues	Staff Position	Company Position	OPC Position	Staff/ Company Difference	Change In Revenue Requirement	Change In Revenue Requirement
1	Company Adjusted Revenue Requirement <u>Revenue Items:</u>						\$ 39,143,661
	<u>Expense Items:</u>						
2	Payroll - Incentive Compensation	\$ -	\$ 264,925		\$ (264,925)	\$ (264,925)	\$ 38,878,736
3	Bad Debt Expense - Factor-up on additional Revenue Req	\$ -	\$ 50,431		\$ (50,431)	\$ (50,431)	\$ 38,828,305
4	SLCC Plant Maintenance Expense (A)						
5	(A) This item is included in Staff's \$35,000,000 Allowance - Staff included \$8,000,000 times Juris factor of .8013 or \$6,410,400.						
6	Depreciation Expense	\$ 18,249,834	\$ 28,445,716		\$ (10,195,882)	\$ (10,195,882)	\$ 28,632,423
	<u>Rate of Return/Cost of Capital Differences</u>						
7	Return on Equity difference between Staff and Public Counsel on Staff's Rate Base					\$ 3,424,648	\$ 25,207,775
8	Capital Structure difference between Staff and Public Counsel on Staff's Rate Base					\$ 448,983	\$ 24,758,792
9	Rate Base Differences other than SLCC unit					\$ (1,509,103)	\$ 26,267,895
10	Return on Equity difference between Public Counsel and Company					\$ 5,164,480	\$ 21,103,415
11	Capital Structure difference between Public Counsel and Company					\$ 1,751,183	\$ 19,352,232
12	Staff Adjusted Revenue Requirement as of May 22 - Run D includes an allowance of \$35,000,000 for Known and Measurable Changes						\$ 19,352,232

Staff's		Percent Of Capital	Embedded Cost	Mid Point Weighted Cost	Gross Weighted Cost
<u>Rate of Return Calculation:</u>				9.03%	
13	Common Stock Equity	39.80%		3.59%	5.83%
14	Preferred Stock	0.00%		0.00%	0.00%
15	Long-Term Debt	60.20%	7.88%	4.74%	4.74%
16	Short-Term Debt	0.00%		0.00%	0.00%
17	Total	100.00%		8.33%	10.57%

18 Rate Base Factor-up for tax purposes is $1/(1-.3839) = 1.6231$ Factored Return On Rate Base 10.57%

Company's		Percent Of Capital	Embedded Cost	11.50%	Cost
<u>Rate of Return Calculation:</u>					
19	Common Stock Equity	47.50%		5.46%	8.87%
20	Preferred Stock	0.00%		0.00%	0.00%
21	Long-Term Debt	52.50%	7.91%	4.15%	4.15%
22	Short-Term Debt	0.00%		0.00%	0.00%
23	Total	100.00%		9.62%	13.02%

Public Counsel's		Percent Of Capital	Embedded Cost	10.00%	Cost
<u>Rate of Return Calculation:</u>					
24	Common Stock Equity	41.86%		4.19%	6.79%
25	Preferred Stock	0.00%		0.00%	0.00%
26	Long-Term Debt	58.14%	7.90%	4.59%	4.59%
27	Short-Term Debt	0.00%		0.00%	0.00%
28	Total	100.00%		8.78%	11.38%

Service List for
Case No. ER-2001-299
Verified: May 22, 2001 (ccl)

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