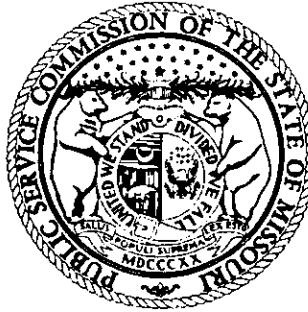


**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**



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.

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Case No. ER-97-81

REPORT AND ORDER

Issue Date:

July 16, 1997

Effective Date:

July 28, 1997

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.)
)
) Case No. ER-97-81
)
)

APPEARANCES

Gary W. Duffy and James C. Swearengen, Brydon, Swearengen & England, P.C., 312 East Capitol Avenue, Post Office Box 456, Jefferson City, Missouri 65102, for The Empire District Electric Company.

Stuart W. Conrad, Finnegan, Conrad & Peterson, L.C., 1209 Penntower Office Center, 3100 Broadway, Kansas City, Missouri 64111, for Praxair, Inc., and ICI Explosives USA, Inc.

Lewis R. Mills, Jr., Deputy Public Counsel, Office of the Public Counsel, Post Office Box 7800, Jefferson City, Missouri 65102, for the Office of the Public Counsel and the public.

Roger W. Steiner, Assistant General Counsel, R. Blair Hosford, Assistant General Counsel, and Timothy J. McClellan, Assistant General Counsel, Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri 65102, for the staff of the Missouri Public Service Commission.

ADMINISTRATIVE

LAW JUDGE: Joseph A. Derque, III.

REPORT AND ORDER

Procedural History

On August 30, 1996, The Empire District Electric Company (EDE) filed tariffs reflecting increased rates for electric service to the Missouri service area of the company designed to produce an annual increase in revenue of 13.81 percent or approximately \$23 million. The proposed tariffs bear an effective date of July 28, 1997. On September 20, 1996,

the Commission suspended the proposed tariffs for the statutory period of 11 months. Intervention was granted to two large industrial consumers jointly, those being ICI Explosives USA, Inc. and Praxair, Inc. (ICI/Praxair).

On April 4, 1997, prior to the scheduled evidentiary hearing, a Unanimous Stipulation And Agreement (Stipulation) was filed for Commission approval. Under the terms of that agreement, the Commission was given the option of considering in this docket a lengthy and complex joint recommendation between ICI/Praxair and EDE, attached to the Stipulation as Appendix A. The Commission declined to do this, and instead opened a separate docket, In re Consideration of a Competitive Market Research Project and Pilot Open Access Program for Empire Dist. Elec. Co., Case No. EO-97-491 (May 13, 1997).

In addition, the Stipulation provides for isolated adjustments to the true-up audit, which closed March 31, 1997, through May 31, 1997. These adjustments hinge almost entirely on whether State Line Combustion Turbine II (SLCT2) is in-service, used and useful on or before May 31, 1997. The outcome of these matters will be determined in the section of this Report And Order titled "The In-Service Criteria." The Commission will consider only numbered paragraphs 1 through 7 in the portion of this Report And Order styled "Stipulation And Agreement."

Findings of Fact

The Missouri Public Service Commission has considered all of the competent and substantial evidence of record and makes the following findings of fact.

Stipulation and Agreement

The text of the Unanimous Stipulation And Agreement is attached to this Report And Order as Attachment A. The remainder of the appendices to the Stipulation have not been attached as some highly confidential material appears in those appendices.

Presentation of the Stipulation was held on April 30, 1997. Testimony was entered by the parties regarding the issues in the main case, absent true-up issues, and in response to Commission inquiry.

A true-up hearing was scheduled and held on May 23, 1997. Two issues were presented in the hearing for Commission consideration. Those issues involved: (1) the amount to be allowed in rates for payroll expenses; and (2) approximately \$6 million amount to be paid to Westinghouse upon completion of SLCT2. After the hearing a First Amendment to the Stipulation And Agreement (Amendment) was filed in which the payroll cost issue was settled. The First Amendment to the Unanimous Stipulation And Agreement is attached to this Report And Order as Attachment B.

While the amended Stipulation states that intervenor ICI/Praxair is not a signatory, ICI/Praxair later filed a letter with the Commission stating that they did not oppose the agreement and waived their right to a hearing. ICI/Praxair also stated in that letter that they did not object to the Commission treating the amended Stipulation as a unanimous agreement.

The amended Stipulation purports to settle all issues except for approximately \$3 million which would be added to EDE's annual revenue requirement should the SLCT2 plant meet the in-service criteria by the June 21, 1997 extended deadline. Without the approximately \$3 million in-service amount, the agreed-upon addition to annual revenue requirement

consists of an increase in the amount of \$10,589,364 as reflected in the testimony of Staff witnesses and as agreed to by the parties.

The In-Service Criteria

On June 30, 1997, the Staff filed a status report on SLCT2 stating that the plant did not meet two of the agreed-upon in-service criteria by the extended June 21, 1997 deadline. Both the Office of the Public Counsel (OPC) and EDE filed responses to the Staff status report and requests for a hearing. The Commission determined that an additional evidentiary hearing was necessary to determine the status of SLCT2 as of June 21, 1997.

This additional evidentiary hearing was held on July 10, 1997, with all parties presenting either evidence, argument or both. The Commission makes the following findings from all evidence on the record.

The Commission finds that no question of fact exists as to the status of SLCT2 either now or as of the June 21, 1997 deadline. Evidence at the hearing reflected the fact that SLCT2 did not meet the requirements of two of the nine specific criteria on June 21, 1997. EDE witnesses admitted that the criteria had not been met on the date of the hearing. EDE based its claim for the additional \$3 million on the premise that the plant was in operation and supplying power to both EDE customers and to the wholesale power market as of June 18, 1997. EDE termed this "substantial compliance" and maintained that it should be awarded the additional \$3 million amount.

The facts reflect that of the nine criteria to be met, as set out in the Stipulation and amended Stipulation, and agreed to by all parties including EDE, two of those criteria were not met by the deadline and have not yet been met. SLCT2 failed to meet Criteria 9 which required the

generating unit to demonstrate its ability to operate at or above a pre-defined minimum load for three days. This criteria mandated that the unit carry out a transition from burning natural gas to burning distillate oil during the three-day period, after which oil was to be burned for eight hours. The failure of a small water injection pump, designed to clear the fuel lines during the change from gas to oil, prevented this transition from occurring. The pump problem also caused SLCT2 to fail Criteria 2 which required the unit to demonstrate its ability to start via a remote signal while burning distillate oil. The unit did pass that part of Criteria 2 requiring a remote start while burning natural gas.

The Commission is presented with a Stipulation And Agreement, as amended, which by its terms must be accepted by this Commission as a whole or not at all. Failure of the Commission to accept the Stipulation in total constitutes grounds for any of the parties to void the agreement. As has been stated, an integral part of that agreement is compliance with all nine specified criteria by the extended cutoff date of June 21, 1997. EDE failed to meet two of the criteria.

The Commission finds the Stipulation, as amended, to be in the public interest. The Commission finds the additional revenue requirement of \$10,589,364 to be reasonable and justified on the record in this case. The Commission rejects the position of EDE that "substantial" compliance by SLCT2 with the in-service criteria is sufficient, and rejects the inclusion into revenue requirement of the additional \$3,352,013.

The Commission has reviewed the evidence submitted at the Stipulation presentation and the contents of the Stipulation and amended Stipulation, and finds the Stipulation, as amended, to be reasonable and

in the public interest. The Commission will approve the Stipulation and order EDE to file tariffs in full compliance with that agreement.

Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions of law.

The Empire District Electric Company is a regulated public utility, and the Commission has jurisdiction over The Empire District Electric Company and this matter pursuant to Chapters 386 and 393, RSMo 1994.

The standard for Commission approval of a stipulation and agreement is whether the agreement is just, reasonable, and in the public interest. The Commission finds the Stipulation And Agreement as amended to be just, reasonable and in the public interest, and will approve the agreement as amended.

Section 393.150, RSMo 1994, establishes the Public Service Commission's authority to determine whether proposed rates are just and reasonable. The Commission finds the proposed rates, as agreed to in the above Stipulation And Agreement as amended, resulting in an increase in the annual amount of revenue requirement of \$10,589,364, is reasonable and will be approved.

IT IS THEREFORE ORDERED:

1. That the tariffs filed with the Commission by The Empire District Electric Company on August 30, 1996 are hereby rejected.

2. That the Unanimous Stipulation And Agreement filed by the parties April 4, 1997, as amended by the First Amendment to the Unanimous

Stipulation And Agreement filed June 23, 1997, as set out in Attachments A and B hereto, is hereby approved.

3. That in accordance with the above approved Stipulation And Agreement, the State Line Combustion Turbine II did not meet all of the nine specified criteria by the extended cutoff date of June 21, 1997, and the additional revenue requirement, as specified in the Stipulation And Agreement as amended, is \$10,589,364.

4. That The Empire District Electric Company shall file tariffs in accordance with this Report And Order no later than August 7, 1997.

5. That this Report And Order shall become effective on July 28, 1997.

BY THE COMMISSION



**Cecil I. Wright
Executive Secretary**

(S E A L)

Zobrist, Chm., Crumpton, Drainer,
Murray and Lumpe, CC., concur.

Dated at Jefferson City, Missouri,
on this 16th day of July, 1997.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED
APR 4 - 1997
MISSOURI
PUBLIC SERVICE COMMISSION

In the matter of The Empire District Electric)
Company for authority to file tariffs)
increasing rates for electric service provided)
to customers in its Missouri service area.)

Case No. ER-97-81

UNANIMOUS STIPULATION AND AGREEMENT

On August 30, 1996, The Empire District Electric Company (Empire or Company), submitted to the Commission proposed tariffs reflecting increased rates for electric service provided to customers in the Missouri service area of the Company. The proposed tariffs contained a requested effective date of September 30, 1996, and were designed to produce an annual increase of approximately 13.8% (\$23,438,000) in the Company's revenues exclusive of applicable taxes. On September 20, 1996, the Commission suspended the proposed tariffs for a period of 120 days plus an additional six months beyond the proposed effective date.

On October 11, 1996, Empire filed the direct testimony and schedules of six witnesses. Pursuant to the Commission's procedural schedule, on February 13, 1997, the parties filed direct testimony on revenue requirement. The Staff of the Missouri Public Service Commission (Staff) filed the direct testimony and schedules of eighteen witnesses; the Office of the Public Counsel (OPC) filed the direct testimony of one witness; ICI Explosives USA, Inc. and Praxair, Inc. (Industrials) filed the direct testimony and schedules of three witnesses.

Thereafter, on February 20, 1997, the Staff, OPC and Industrials filed direct testimony on rate design. The Staff filed direct testimony and schedules of seven witnesses; OPC filed the direct

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testimony and schedules of two witnesses; Industrials filed the additional direct testimony of one witness. On February 25, 1997, the Industrials filed the schedules of one witness.

By its Order dated, March 3, 1997, the Commission granted intervention to the Industrials. A prehearing conference was held during the week of March 10, 1997. Empire, Staff, OPC and the Industrials appeared and participated at the prehearing conference. As a result of the prehearing conference and subsequent negotiations, the undersigned parties (Parties) have reached the following stipulations and agreements:

1. Empire shall be authorized to file revised tariff sheets containing rate schedules for electric service designed to produce an increase in overall Missouri jurisdictional gross annual electric revenues of nine million nine hundred eighty five thousand dollars (\$9,985,000) plus an additional amount to be determined by the true-up audit exclusive of any applicable license, occupation, franchise, gross receipts taxes or other similar fees or taxes.

2. The parties agree that there will be an equal percentage increase in firm rates for all customer classes.

3. A true-up audit will be conducted, with the results to be provided to the Commission on or before May 2, 1997. If necessary, a true-up hearing shall be held on May 23, 1997. The true-up shall include the following items calculated through March 31, 1997.

RATE BASE:

- A. Plant in service.
- B. Depreciation reserve.
- C. Deferred taxes.
- D. Related cash working capital effects.

Changes in Missouri jurisdictional rate base above \$358,005,194 as a result of the true-up audit will be valued for revenue requirement purposes in accordance with the following procedure. For every one dollar (\$1.00) change in rate base as of March 31, 1997, the revenue requirement will be adjusted by \$.1311. (This amount will be updated to reflect any change in Capital Structure resulting from the true-up audit). An example of this calculation follows:

Change in Rate Base	\$1,000,000
Revenue Requirement Factor	<u>.1311</u>
Change in Revenue Requirement	\$ 131,100

CAPITAL STRUCTURE:

- A. Rate of return - embedded cost of capital components.
- B. Capital structure.

INCOME STATEMENT:

- A. Revenues for customer growth.
- B. Payroll - employee levels and current wage rates.
- C. Fuel and purchase power expense - adjusted for customer growth thru March 31, 1997.

The adjustment is to be calculated by multiplying \$.01478/kwh by the customer growth adjustment to total company net system input above or below the base of 4,198,046,066 kwh.

- D. Rate case expense.
- E. Depreciation expense.
- F. Related income tax effects.

Changes in income statement items affecting Missouri jurisdictional Net Income Before Taxes above or below \$36,222,988 as a result of the true-up audit will be valued for revenue requirement purposes on a dollar for dollar basis. In other words, every dollar change in revenue or expense will result in a dollar change in revenue requirement.

OTHER

- A. Allocation factors except for production and transmission factors.

Isolated Adjustments to the True-up Audit

The Parties agree that if State Line Combustion Turbine No. 2 (SLCT2) is determined by the Parties to be in-service and used and useful on or before May 31, 1997, using the criteria found within the direct testimony of Staff witness C. Bruce Deering, the following isolated adjustments to the true-up audit will be made:

- A. Amounts actually paid by Empire to Westinghouse Electric Corporation (Westinghouse) through May 31, 1997.

- B. For SLCT2 construction costs not covered under the Westinghouse contract, the Parties agree to reflect those costs in the true-up revenue requirement if documentation verifying that such costs have been booked and paid by Empire is provided to the parties at least five working days prior to the true-up hearing.

- C. Fuel inventories for SLCT2, depreciation expense for SLCT2, and operations and maintenance other than fuel for SLCT2.

- D. The decrease in Empire's demand capacity charges effective June 1, 1997.

- E. Certain transmission line projects as referenced in the direct testimony of Staff witness Deering.

- F. Certain State Line combustion turbine unit 1 costs that were not allowed in Empire's previous rate case due to failure to meet required NOx emission standards.

The Parties agree that the costs associated with items D, E and F will be included in the true-up revenue requirement recommendation if: 1) the in-service criteria for these items found

within the Direct Testimony of Staff witness Deering is successfully complied with by Empire; 2) appropriate documentation verifying that such costs have been booked and paid by Empire is provided to the Parties at least five working days before the true-up hearing for inclusion in the true-up revenue requirement.

Any changes to rate base resulting from inclusion of the isolated adjustments through May 31, 1997 referenced above in the true-up audit will be valued at the same revenue requirement factor used to calculate rate base changes through March 31, 1997, as described earlier.

The Parties will file the revenue requirement valuation of the isolated adjustments with the Commission prior to the true-up hearing.

4. Empire agrees that the 1/2% discount as provided by Municipal Street Lighting Service Schedule SPL will be eliminated by phasing it out over the next two years. The discount will be reduced to 1/4% in the compliance filing and will be eliminated (reduced to 0%) one year after the effective date of the compliance tariffs at one half of the discount per year.

5. Empire agrees to eliminate the church and school rider in the compliance filing.

6. Empire agrees that it will file a tariff reflecting a thermal energy storage rider within sixty days of the Commission's order approving this Stipulation and Agreement.

7. The interest rate on customer deposits will remain the same as in Empire's current tariff (9%).

8. As a result of settlement negotiations Empire and Industrials have attached to and incorporated as Appendix A to this Stipulation a proposal for a Competitive Market Research Project and Pilot Open Access Program ("Research and Pilot Program") including provisions for a residential research open access study to be performed by Empire. Empire and Industrials intend

to collaborate with the Staff and OPC in this proceeding and to work out details of these programs for possible agreement between the parties. If permitted by Commission order, Empire shall implement the attached programs within sixty days following the effective date of such order or as soon as practicable thereafter.

The commitment to collaborate by Staff and OPC should not be construed as acquiescence or agreement at this time with the specifics of the proposed Research and Pilot Program. While the Staff and OPC expert witnesses have time commitments to other matters before the Commission, the Staff and OPC agree to make a good faith effort to review the proposed Research and Pilot Program and provide substantive input in a timely manner. It is the express intent of the Parties to provide the Commission with as much time as possible to consider the Research and Pilot Program.

The non objection of Staff and OPC to submitting the Research and Pilot Program for consideration by the Commission should not be construed as a present waiver of their right to contest the proposed Research and Pilot Program, together with any subsequent modifications, before the Commission; nor is OPC precluded at this time from seeking a writ of review, appealing a Commission order or pursuing any other appropriate legal remedy. The Staff and OPC specifically reserve the right to file recommendations and/or testimony, either in support of or in opposition to the Research and Pilot Program and, if necessary, to request a full hearing on the proposed Research and Pilot Program. The Staff and OPC agree not to attempt to enjoin the Commission from considering and issuing an order respecting the proposed Research and Pilot Program in this case.

The Parties' agreement respecting revenue requirement and rate design is not contingent in any manner upon either the Commission's order related to establishing the Research and Pilot

Program or upon the support, non objection, or opposition of any party to the proposed Research and Pilot Program.

9. None of the Parties to this Stipulation and Agreement shall have been deemed to have approved or acquiesced in any ratemaking or procedural principle, any method of cost determination or cost allocation, or any service or payment standard, and none of the Parties shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in this or any other proceeding, except as otherwise expressly specified herein.

10. This Stipulation and Agreement has resulted from extensive negotiations among the Parties. The terms of the Stipulation and Agreement are interdependent except for the Research and Pilot Program proposed by Empire and Industrials. In the event the Commission does not approve and adopt the matters addressed in Paragraphs 1-7 of this Stipulation and Agreement, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

11. It is the express intent of the Parties that any action or inaction by the Commission on the Research and Pilot Program will not affect this Stipulation and Agreement regarding all matters addressed in Paragraphs 1-7.

12. To the extent the Commission approves and adopts the matters addressed in Paragraphs 1-7 of the Stipulation and Agreement, the Parties waive, with respect to the issues resolved: their respective rights pursuant to Section 536.080.1 (RSMo. 1994) to present testimony, to cross-examine witnesses, and to present oral argument and written briefs; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 (RSMo. 1994); and their respective rights to judicial review pursuant to Section 386.510 (RSMo. 1994).

13. The Parties agree that all of the prefiled testimony submitted by Empire, Staff, OPC, and Industrials in this case shall be received into evidence without the necessity of their respective witnesses taking the stand.

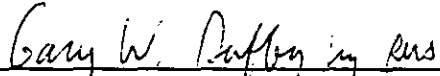
14. The Staff will submit to the Commission a memorandum explaining its rationale for entering into Paragraphs 1-7 of the Stipulation and Agreement. Each party of record shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's memorandum, a responsive memorandum which shall also be served on all Parties. All memoranda submitted by the Parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all Parties, and shall not become a part of the record of this proceeding or bind or prejudice the Party submitting such memorandum in any future proceeding or in this proceeding, whether or not the Commission approves this Stipulation and Agreement. The contents of any memorandum provided by any Party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation of Paragraphs 1-7 the Commission requests, provided that the Staff shall, to the extent reasonably practicable, promptly provide other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

To assist the Commission in its review of this Stipulation and Agreement, the Parties also request that the Commission advise them of any additional information that the Commission may desire from the parties relating to the matters addressed in this Stipulation and Agreement, including any procedures for furnishing such information to the Commission.

WHEREFORE, for the foregoing reasons, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation and Agreement.

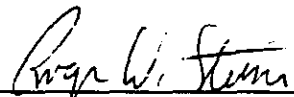
Respectfully submitted,



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**ATTORNEY FOR THE OFFICE OF
THE PUBLIC COUNSEL**

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 4th day of April, 1997.

Robert V. Steen

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

FILED
JUN 23 1997
MISSOURI
PUBLIC SERVICE COMMISSION

In the matter of The Empire District Electric)
Company for authority to file tariffs)
increasing rates for electric service provided)
to customers in its Missouri service area.)

Case No. ER-97-81

**FIRST AMENDMENT TO
UNANIMOUS STIPULATION AND AGREEMENT**

Come now The Empire District Electric Company ("Empire"), the Staff of the Missouri Public Service Commission ("Staff"), and the Office of the Public Counsel ("Public Counsel") and stipulate and agree as follows:

1. On April 4, 1997, all of the parties to this proceeding filed a Unanimous Stipulation and Agreement ("the Stipulation") in this proceeding. An on-the-record presentation on paragraphs 1 through 7 of the Stipulation was held on April 30, 1997.
2. The Stipulation provided, among other things, for a true-up and for isolated adjustments to the true-up. The Staff of the Commission performed a true-up audit and the results were presented to the Commission in the true-up hearing held on May 23, 1997. At that hearing, there was an issue involving payroll costs that was discussed. The Stipulation also provided for certain items to be determined as of May 31, 1997.
3. On June 2, 1997, Empire filed a "Motion to Modify Order Establishing Test Year" which stated that due to unforeseen problems, including the failure of a hydrogen seal, State Line Unit 2 did not meet the in-service criteria as of midnight on May 31, 1997. The Motion asked the Commission to modify its order establishing the cut-off date to change May 31 to June 21, 1997.
4. Both prior and subsequent to the filing of the motion, Empire has had discussions

with the Staff and other parties concerning the issue of State Line Unit 2 meeting the in-service criteria. On June 6, 1997, Empire and the Staff filed a "Joint Notice of Agreement in Principle and Joint Motion for Extension of Time." In that Joint Motion, Empire and Staff stated that they had reached an agreement in principle regarding the issues surrounding State Line Unit 2 and the cut-off date, and the payroll issue discussed in the true-up hearing, and that they would be contacting the other parties regarding that agreement in principle. On June 19, 1997, a "Joint Notice of Agreement in Principle" was filed with the Commission notifying the Commission that an agreement in principle disposing of all issues had been reached between Staff, OPC and Empire.

5. As a result of the continuing settlement discussions, the undersigned parties have reached agreement on appropriate modifications to the Stipulation which remove material which has been superseded by the course of events and that reflect their agreement on the settlement of this proceeding.

6. This First Amendment is a non-unanimous stipulation in that it has not been signed by counsel for ICI Explosives USA, Inc. ("ICI") and Praxair, Inc. ("Praxair") (collectively "ICI/Praxair"). However, accompanying the filing of this First Amendment is a letter from counsel for ICI/Praxair which acknowledges receipt of this First Amendment, states their non-opposition to this First Amendment, and waives their right to a hearing under 4 CSR 240-2.115(2) and to notice under 4 CSR 240-2.115(3). Therefore, under the terms of 4 CSR 240-2.115(1), the parties expect the Commission to treat this First Amendment "as a unanimous stipulation and agreement."

7. The undersigned parties agree that paragraph numbered 1 on page 2 of the Stipulation shall be and hereby is amended to read in its entirety as follows:

1. Empire shall be authorized to file revised tariff sheets

containing rate schedules for electric service designed to produce an increase in overall Missouri jurisdictional revenues in an amount to be determined by the application of paragraph 3 hereof, exclusive of any applicable license, occupation, franchise, gross receipts taxes or similar fees or taxes.

8. The undersigned parties agree that paragraph numbered 3 appearing on pages 2, 3, 4, and 5 of the Stipulation shall be and hereby is amended to read in its entirety as follows:

3. Authorized Increase, Application, Resolution of True-Up and Other Issues, General Rate Increase Moratorium:

A. Authorized Increase: The increase in overall Missouri jurisdictional revenues referred to in paragraph 1 hereof shall be determined as follows: If, on or before midnight on June 21, 1997, State Line Unit 2 ("the plant") meets the in-service criteria contained in the prepared direct testimony of C. Bruce Deering, the increase shall be \$13,941,377, which is the revenue requirement shown on Schedule 2 of David Winter's supplemental true-up testimony (Exhibit TU-2). The \$13,941,377 is subject to downward adjustment based on the items in paragraphs 6, 7, and 8 of Schedule 1 HC to Mr. Deering's testimony. If the plant does not meet the in-service criteria, as may be adjusted as set out above, the increase shall be \$10,589,364 which is the amount shown on Schedule 1 of Exhibit TU-2.

B. Application of Increase: At an increase of \$10,589,364, the equal percentage increase to the existing firm

rates in all classes as specified by paragraph 2 is 6.43 percent. At an increase of \$13,941,377, the equal percentage increase to the existing firm rates in all classes as specified by paragraph 2 is 8.46 percent. If there is a reduction in the \$13,941,377 amount as provided in paragraph 3.A., it shall be applied pro rata. In all cases the equal percentage increase to the existing firm rates shall be calculated by dividing the revenue increase by firm rate revenues of \$164,713,211. Incorporated into this agreement as Attachment 1 are Schedule 1 which shows the dollar and percentage increase to each tariff class, Schedule 2 which shows the current and stipulated rates, and Schedule 3 which shows the impact of the stipulated rates on typical residential electric bills for a revenue increase of \$10,589,364 (6.43 percent increase). Incorporated into this agreement as Attachment 2 are Schedule 1 which shows the dollar and percentage increase to each tariff class. Schedule 2 which shows the current and stipulated rates, and Schedule 3 which shows the impact of the stipulated rates on typical residential electric bills for a revenue increase of \$13,941,377 (8.46 percent increase).

C. Resolution of True-Up And Other Issues: If the Commission approves this Stipulation in its entirety: (1) Empire will withdraw its proposal regarding the "payroll" issue discussed at the true-up hearing on May 23, 1997; (2) Empire agrees that it will not seek, in this proceeding, to recover in rates amounts paid

to Westinghouse after May 31, 1997, such amounts having been discussed on page 4 of Exhibit TU-2; (3) Empire agrees it will cease booking AFUDC (Allowance for Funds Used During Construction), and will not seek authority from the Commission to defer recording of carrying costs, depreciation and other expenses associated with State Line 2 after that plant goes into service.

D. General Rate Increase Moratorium:

I. If State Line 2 meets the in-service criteria as discussed in paragraph 3.A., and Empire is thereby authorized to implement an increase of \$13,941,377 (which amount may be adjusted pursuant to paragraphs 6, 7 and 8 of Schedule 1 HC to Mr. Deering's testimony), Empire agrees it will not file proposed tariffs seeking a general rate increase [as defined in 4 CSR 240-10.070(2)] applicable to its Missouri electric operations prior to July 29, 1998, unless an unusual event(s) occurs which would have a significant adverse impact on Empire's electric operations, such as: an act of God, a significant change in the federal or state tax laws, a significant change in the federal or state laws involving the manner in which electric utilities are required to provide service in Missouri, an extended outage or unplanned shutdown of a major generating unit or units, or the failure of a vendor of purchased power to Empire to meet its contractual commitments involving a significant amount of purchased power. Nevertheless, any party may file with the Commission prior to July 29, 1998, proposed

tariff changes which do not effect a general rate increase, including, but not limited to, changes in the descriptions or terms of existing tariff provisions or proposed new rate classifications or which seek to recover new costs imposed on Empire; provided, that if such a request is filed, any party may oppose it and shall not be deemed to have consented to the establishment of a new docket to consider such request or to the proposals of the party making the request. This provision is not intended to preclude presentation to the Commission and the Commission's resolution of disputes respecting the proper application of Empire's tariffs.

II. If State Line 2 meets the in-service criteria as discussed in paragraph 3.A., and Empire is thereby authorized to implement an increase of \$13,941,377 (which amount may be adjusted pursuant to paragraphs 6, 7 and 8 of Schedule 1 HC to Mr. Deering's testimony), then Staff and OPC will not file, encourage, or assist others to file a rate reduction case or complaint regarding the reasonableness of Empire's rates applicable to Empire's Missouri electric operations prior to July 29, 1998.


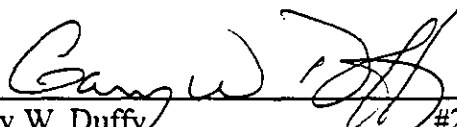
III. If State Line 2 does not meet the in-service criteria as discussed in paragraph 3.A., and Empire is thereby authorized to implement an increase of \$10,589,364, then the general rate case or rate complaint moratorium provisions in paragraphs 3.D.I. and II. shall neither apply nor go into effect.

9. The undersigned parties have agreed to this First Amendment to the Stipulation as

of this 23rd day of June, 1997, and agree that it shall take effect on the date hereof.


10. In all other respects, the Stipulation remains unchanged.

Respectfully submitted,

	
Roger W. Steiner #39586	Gary W. Duffy #24905
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ATTORNEY FOR THE STAFF OF THE
MISSOURI PUBLIC SERVICE
COMMISSION

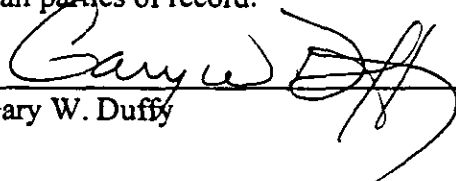
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ATTORNEY FOR THE OFFICE OF THE
PUBLIC COUNSEL

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was mailed or hand-delivered on June 23, 1997, to all parties of record.


Gary W. Duffy

stp1amd.006/gdede7/wpw

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO.ER-97-81
MISSOURI RETAIL FIRM RATE REVENUES AND
INCREASE TO TARIFFS AND CUSTOMER CLASSES
(NO STATE LINE COMBUSTION TURBINE NO.2 COSTS INCLUDED)**

<u>COST OF SERVICE CLASS/TARIFF</u>	<u>TOTAL MO RETAIL FIRM RATE REVENUE</u>	<u>INCREASE IN FIRM RATE REVENUE</u>	<u>% INCREASE</u>
RESIDENTIAL:			
GENERAL	\$37,906,470	\$2,436,996	6.43%
WATER HEATING	\$11,026,379	\$708,883	6.43%
SPACE HEATING	\$26,434,412	\$1,699,461	6.43%
TOTAL RESIDENTIAL	\$75,367,261	\$4,845,339	
SMALL GENERAL SERVICE:			
COMMERCIAL BLDGS	\$17,908,867	\$1,151,356	6.43%
SMALL HEATING	\$6,409,271	\$412,050	6.43%
FEED MILLS	\$92,840	\$5,969	6.43%
TRAFFIC SIGNALS	\$19,268	\$1,239	6.43%
TOTAL SMALL GS	\$24,430,247	\$1,570,613	
LARGE GENERAL SERVICE:			
TOTAL ELECTRIC BLDGS	\$12,393,025	\$796,744	6.43%
GENERAL POWER	\$27,883,833	\$1,792,643	6.43%
TOTAL LARGE GS	\$40,276,858	\$2,589,387	
LARGE POWER	\$18,082,021	\$1,162,488	6.43%
SPECIAL CONTRACTS	\$3,564,859	\$229,184	6.43%
ELECTRIC FURNACE	\$106,248	\$6,831	6.43%
LIGHTING			
STREET LIGHTING	\$778,319	\$50,038	6.43%
PRIVATE LIGHTING	\$1,967,486	\$126,489	6.43%
SPECIAL LIGHTING	\$139,912	\$8,995	6.43%
TOTAL LIGHTING	\$2,885,717	\$185,522	
TOTAL MO FIRM RATE REVENUE	\$164,713,211	\$10,589,364	
TOTAL REVENUE INCREASE	\$10,589,364		
PERCENTAGE INCREASE IN EACH RATE COMPONENT		6.43%	

THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO.ER-97-81
THE IMPACT OF STIPULATED RATES ON
TYPICAL RESIDENTIAL ELECTRIC BILLS
(NO STATE LINE COMBUSTION TURBINE NO.2 COSTS INCLUDED)

	<u>SUMMER AVERAGE</u>	<u>WINTER AVERAGE</u>	<u>ANNUAL AVERAGE</u>
NORMALIZED USE (KWH/MONTH)	1,131	676	828
BILL ON CURRENT RATES (\$/MONTH)	\$74.21	\$45.09	\$54.80
BILL ON STIPULATED RATES (\$/MONTH)	\$78.98	\$47.99	\$58.32
DOLLAR CHANGE FROM CURRENT (\$/MONTH)	\$4.77	\$2.90	\$3.52
PERCENT CHANGE FROM CURRENT (%)	6.43%	6.43%	6.43%

NOTE: THESE CALCULATIONS USE THE RESIDENTIAL RATES WHICH WOULD RESULT FROM A \$10,589,364 TOTAL INCREASE.

A COMPARISON OF MISSOURI TYPICAL RESIDENTIAL ELECTRIC BILLS BY COMPANY

	<u>EFFECTIVE DATE</u>	<u>SUMMER AVERAGE</u>	<u>WINTER AVERAGE</u>	<u>ANNUAL AVERAGE</u>
EMPIRE DISTRICT ELECTRIC CO.	11/15/95	\$74.21	\$45.09	\$54.80
ST. JOSEPH LIGHT & POWER CO.	06/15/95	\$79.23	\$44.05	\$55.78
EMPIRE DISTRICT ELECTRIC CO.	SUMMER 1997	\$78.98	\$47.99	\$58.32
CITIZENS ELECTRIC CORP.	03/28/97	\$82.02	\$53.90	\$63.27
UNION ELECTRIC CO. (1)	08/01/95	\$99.33	\$45.84	\$63.67
KANSAS CITY POWER & LIGHT CO.	01/01/97	\$92.75	\$50.48	\$64.57
MISSOURI PUBLIC SERVICE	06/29/93	\$93.59	\$55.67	\$68.31

(1) CUSTOMERS MAY RECEIVE ANNUAL SHARING CREDITS UNDER THE EXPERIMENTAL ALTERNATIVE REGULATION PLAN. THE ANNUAL SHARING CREDIT FOR LAST YEAR WOULD HAVE BEEN \$15.30 (\$1.28 PER MONTH) FOR THIS TYPICAL RESIDENTIAL CUSTOMER.

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-97-81
CURRENT AND STIPULATED RATES - BY TARIFF
(NO STATE LINE COMBUSTION NO.2 COSTS INCLUDED)**

RESIDENTIAL SERVICE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE	\$7.00	\$7.45	\$0.45	6.43%
ENERGY CHARGES				
SUMMER				
FIRST 600 KWH	\$0.0594	\$0.0632	\$0.0038	6.43%
OVER 600 KWH	\$0.0594	\$0.0632	\$0.0038	6.43%
WINTER				
FIRST 600 KWH	\$0.0594	\$0.0632	\$0.0038	6.43%
OVER 600 KWH	\$0.0350	\$0.0373	\$0.0023	6.43%

COMMERCIAL SERVICE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE	\$10.00	\$10.64	\$0.64	6.43%
ENERGY CHARGE:				
SUMMER				
FIRST 700 KWH	\$0.0680	\$0.0724	\$0.0044	6.43%
OVER 700 KWH	\$0.0680	\$0.0724	\$0.0044	6.43%
WINTER				
FIRST 700 KWH	\$0.0680	\$0.0724	\$0.0044	6.43%
OVER 700 KWH	\$0.0463	\$0.0493	\$0.0030	6.43%

SMALL HEATING SERVICE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE	\$10.00	\$10.64	\$0.64	6.43%
ENERGY CHARGE:				
SUMMER				
FIRST 700 KWH	\$0.0680	\$0.0724	\$0.0044	6.43%
OVER 700 KWH	\$0.0680	\$0.0724	\$0.0044	6.43%
WINTER				
FIRST 700 KWH	\$0.0680	\$0.0724	\$0.0044	6.43%
OVER 700 KWH	\$0.0354	\$0.0377	\$0.0023	6.43%

FEED MILL & GRAIN ELEVATOR (67)

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE	\$15.00	\$15.96	\$0.96	6.43%
ENERGY CHARGE:				
SUMMER				
FIRST 700 KWH	\$0.0870	\$0.0926	\$0.0056	6.43%
OVER 700 KWH	\$0.0870	\$0.0926	\$0.0056	6.43%
WINTER				
FIRST 700 KWH	\$0.0870	\$0.0926	\$0.0056	6.43%
OVER 700 KWH	\$0.0790	\$0.0841	\$0.0051	6.43%

THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-97-81
CURRENT AND STIPULATED RATES - BY TARIFF
(NO STATE LINE COMBUSTION NO.2 COSTS INCLUDED)

GENERAL POWER SERVICE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE:				
REG MTR BILLS	\$36.31	\$38.64	\$2.33	6.43%
IDR MTR BILLS	\$133.58	\$142.17	\$8.59	6.43%
DEMAND CHARGE:				
SUMMER KW	\$4.94	\$5.26	\$0.32	6.43%
WINTER KW	\$3.86	\$4.11	\$0.25	6.43%
PRIMARY DISCOUNT:				
SUMMER KW	\$0.171	\$0.182	\$0.011	6.43%
WINTER KW	\$0.171	\$0.182	\$0.011	6.43%
ENERGY CHARGE:				
SUMMER				
FIRST 150 HU	\$0.0508	\$0.0541	\$0.0033	6.43%
NEXT 200 HU	\$0.0321	\$0.0342	\$0.0021	6.43%
OVER 350 HU	\$0.0288	\$0.0307	\$0.0019	6.43%
WINTER				
FIRST 150 HU	\$0.0299	\$0.0318	\$0.0019	6.43%
NEXT 200 HU	\$0.0288	\$0.0307	\$0.0019	6.43%
OVER 350 HU	\$0.0281	\$0.0299	\$0.0018	6.43%

TOTAL ELECTRIC BUILDINGS

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE:				
REG MTR BILLS	\$36.31	\$38.64	\$2.33	6.43%
IDR MTR BILLS	\$133.58	\$142.17	\$8.59	6.43%
DEMAND CHARGE:				
SUMMER KW	\$3.09	\$3.29	\$0.20	6.43%
WINTER KW	\$2.54	\$2.70	\$0.16	6.43%
PRIMARY DISCOUNT:				
SUMMER KW	\$0.171	\$0.182	\$0.011	6.43%
WINTER KW	\$0.171	\$0.182	\$0.011	6.43%
ENERGY CHARGE:				
SUMMER				
FIRST 150 HU	\$0.0596	\$0.0634	\$0.0038	6.43%
NEXT 200 HU	\$0.0377	\$0.0401	\$0.0024	6.43%
OVER 350 HU	\$0.0339	\$0.0361	\$0.0022	6.43%
WINTER				
FIRST 150 HU	\$0.0312	\$0.0332	\$0.0020	6.43%
NEXT 200 HU	\$0.0294	\$0.0313	\$0.0019	6.43%
OVER 350 HU	\$0.0284	\$0.0302	\$0.0018	6.43%

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-97-81
CURRENT AND STIPULATED RATES - BY TARIFF
(NO STATE LINE COMBUSTION NO.2 COSTS INCLUDED)**

LARGE POWER SERVICE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE	\$133.58	\$142.17	\$8.59	6.43%
DEMAND CHARGE:				
SUMMER KW	\$7.90	\$8.41	\$0.51	6.43%
WINTER KW	\$4.36	\$4.64	\$0.28	6.43%
SECONDARY ADDER:				
SUMMER KW	\$0.166	\$0.177	\$0.011	6.43%
WINTER KW	\$0.166	\$0.177	\$0.011	6.43%
ENERGY CHARGE:				
SUMMER				
FIRST 350 HU	\$0.0314	\$0.0334	\$0.0020	6.43%
OVER 350 HU	\$0.0163	\$0.0173	\$0.0010	6.43%
WINTER				
FIRST 350 HU	\$0.0277	\$0.0295	\$0.0018	6.43%
OVER 350 HU	\$0.0156	\$0.0166	\$0.0010	6.43%

SPECIAL TRANSMISSION SERVICE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE	\$133.58	\$142.17	\$8.59	6.43%
FACILITIES CHARGE:				
SUMMER KW	\$0.25	\$0.27	\$0.02	6.43%
WINTER KW	\$0.25	\$0.27	\$0.02	6.43%
DEMAND CHARGE:				
SUMMER ON-PEAK KW	\$12.03	\$12.80	\$0.77	6.43%
WINTER ON-PEAK KW	\$8.18	\$8.71	\$0.53	6.43%
ENERGY CHARGE:				
SUMMER				
ON-PEAK KWH	\$0.0239	\$0.0254	\$0.0015	6.43%
SHOULDER KWH	\$0.0190	\$0.0202	\$0.0012	6.43%
OFF-PEAK KWH	\$0.0143	\$0.0152	\$0.0009	6.43%
WINTER				
ON-PEAK KWH	\$0.0165	\$0.0176	\$0.0011	6.43%
OFF-PEAK KWH	\$0.0135	\$0.0144	\$0.0009	6.43%

POWER FURNACE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE	\$0.00	\$0.00	\$0.00	0.00%
ENERGY CHARGE:				
SUMMER KWH	\$0.0420	\$0.0447	\$0.0027	6.43%
WINTER KWH	\$0.0420	\$0.0447	\$0.0027	6.43%

MISCELLANEOUS SERVICE (33)

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE	\$10.00	\$10.64	\$0.64	6.43%
ENERGY CHARGE:				
SUMMER KWH	\$0.0486	\$0.0517	\$0.0031	6.43%
WINTER KWH	\$0.0486	\$0.0517	\$0.0031	6.43%

THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-97-81
CURRENT AND STIPULATED RATES - BY TARIFF
(NO STATE LINE COMBUSTION NO.2 COSTS INCLUDED)

PRIVATE LIGHTING

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
STREET LIGHTING LAMPS:				
MERCURY VAPOR				
6800 LUMENS	\$7.78	\$8.28	\$0.50	6.43%
20000 LUMENS	\$12.94	\$13.77	\$0.83	6.43%
54000 LUMENS	\$24.82	\$26.42	\$1.60	6.43%
SODIUM VAPOR				
6000 LUMENS	\$7.19	\$7.65	\$0.46	6.43%
16000 LUMENS	\$10.46	\$11.13	\$0.67	6.43%
50000 LUMENS	\$17.54	\$18.67	\$1.13	6.43%
METAL HALIDE				
20500 LUMENS	\$16.18	\$17.22	\$1.04	6.43%
36000 LUMENS	\$18.14	\$19.31	\$1.17	6.43%
FLOOD LIGHTING LAMPS:				
MERCURY VAPOR				
20000 LUMENS	\$18.14	\$19.31	\$1.17	6.43%
54000 LUMENS	\$29.97	\$31.90	\$1.93	6.43%
SODIUM VAPOR				
27500 LUMENS	\$17.59	\$18.72	\$1.13	6.43%
50000 LUMENS	\$24.11	\$25.66	\$1.55	6.43%
140000 LUMENS	\$35.23	\$37.49	\$2.26	6.43%
METAL HALIDE				
36000 LUMENS	\$24.56	\$26.14	\$1.58	6.43%
110000 LUMENS	\$35.88	\$38.19	\$2.31	6.43%
OTHER CHARGES:				
ADDL POLES	\$1.00	\$1.06	\$0.06	6.43%
ADDL ANCHOR	\$1.00	\$1.06	\$0.06	6.43%
ADDL CONDUCTOR	\$0.009	\$0.010	\$0.001	6.43%

MUNICIPAL STREET LIGHTING

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
STREET LIGHTING LAMPS:				
INCANDESCENT				
4000 LUMENS	\$32.30	\$34.38	\$2.08	6.43%
10000 LUMENS	\$66.48	\$70.75	\$4.27	6.43%
MERCURY VAPOR				
7000 LUMENS	\$43.87	\$46.69	\$2.82	6.43%
11000 LUMENS	\$52.66	\$56.05	\$3.39	6.43%
20000 LUMENS	\$75.39	\$80.24	\$4.85	6.43%
53000 LUMENS	\$127.20	\$135.38	\$8.18	6.43%
SODIUM VAPOR				
6000 LUMENS	\$41.11	\$43.75	\$2.64	6.43%
16000 LUMENS	\$51.46	\$54.77	\$3.31	6.43%
27500 LUMENS	\$66.97	\$71.28	\$4.31	6.43%
50000 LUMENS	\$95.46	\$101.60	\$6.14	6.43%
130000 LUMENS	\$154.05	\$163.95	\$9.90	6.43%

SPECIAL LIGHTING

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
MINIMUM CHARGE	\$23.00	\$24.48	\$1.48	6.43%
ENERGY CHARGE:				
SUMMER				
FIRST 1000 KWH	\$0.0844	\$0.0898	\$0.0054	6.43%
OVER 1000 KWH	\$0.0660	\$0.0702	\$0.0042	6.43%
WINTER				
FIRST 1000 KWH	\$0.0844	\$0.0898	\$0.0054	6.43%
OVER 1000 KWH	\$0.0660	\$0.0702	\$0.0042	6.43%

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO.ER-97-81
MISSOURI RETAIL FIRM RATE REVENUES AND
INCREASE TO TARIFFS AND CUSTOMER CLASSES
(STATE LINE COMBUSTION TURBINE NO.2 IN SERVICE)**

<u>COST OF SERVICE CLASS/TARIFF</u>	<u>TOTAL MO RETAIL FIRM RATE REVENUE</u>	<u>INCREASE IN FIRM RATE REVENUE</u>	<u>% INCREASE</u>
RESIDENTIAL:			
GENERAL	\$37,906,470	\$3,208,415	8.46%
WATER HEATING	\$11,026,379	\$933,276	8.46%
SPACE HEATING	\$26,434,412	\$2,237,417	8.46%
TOTAL RESIDENTIAL	\$75,367,261	\$6,379,108	
SMALL GENERAL SERVICE:			
COMMERCIAL BLDGS	\$17,908,867	\$1,515,812	8.46%
SMALL HEATING	\$6,409,271	\$542,483	8.46%
FEED MILLS	\$92,840	\$7,858	8.46%
TRAFFIC SIGNALS	\$19,268	\$1,631	8.46%
TOTAL SMALL GS	\$24,430,247	\$2,067,784	
LARGE GENERAL SERVICE:			
TOTAL ELECTRIC BLDGS	\$12,393,025	\$1,048,949	8.46%
GENERAL POWER	\$27,883,833	\$2,360,096	8.46%
TOTAL LARGE GS	\$40,276,858	\$3,409,046	
LARGE POWER	\$18,082,021	\$1,530,468	8.46%
SPECIAL CONTRACTS	\$3,564,859	\$301,731	8.46%
ELECTRIC FURNACE	\$106,248	\$8,993	8.46%
LIGHTING			
STREET LIGHTING	\$778,319	\$65,877	8.46%
PRIVATE LIGHTING	\$1,967,486	\$166,529	8.46%
SPECIAL LIGHTING	\$139,912	\$11,842	8.46%
TOTAL LIGHTING	\$2,885,717	\$244,248	
TOTAL MO FIRM RATE REVENUE	\$164,713,211	\$13,941,377	
TOTAL REVENUE INCREASE	\$13,941,377		
PERCENTAGE INCREASE IN EACH RATE COMPONENT		8.46%	

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO.ER-97-81
THE IMPACT OF STIPULATED RATES ON
TYPICAL RESIDENTIAL ELECTRIC BILLS
(STATE LINE COMBUSTION TURBINE NO.2 IN SERVICE)**

	<u>SUMMER AVERAGE</u>	<u>WINTER AVERAGE</u>	<u>ANNUAL AVERAGE</u>
NORMALIZED USE (KWH/MONTH)	1,131	676	828
BILL ON CURRENT RATES (\$/MONTH)	\$74.21	\$45.09	\$54.80
BILL ON STIPULATED RATES (\$/MONTH)	\$80.49	\$48.91	\$59.44
DOLLAR CHANGE FROM CURRENT (\$/MONTH)	\$6.28	\$3.82	\$4.64
PERCENT CHANGE FROM CURRENT (%)	8.46%	8.46%	8.46%

NOTE: THESE CALCULATIONS USE THE RESIDENTIAL RATES WHICH WOULD RESULT FROM A \$13,941,377 TOTAL INCREASE.

A COMPARISON OF MISSOURI TYPICAL RESIDENTIAL ELECTRIC BILLS BY COMPANY

	<u>EFFECTIVE DATE</u>	<u>SUMMER AVERAGE</u>	<u>WINTER AVERAGE</u>	<u>ANNUAL AVERAGE</u>
EMPIRE DISTRICT ELECTRIC CO.	11/15/95	\$74.21	\$45.09	\$54.80
ST. JOSEPH LIGHT & POWER CO.	06/15/95	\$79.23	\$44.05	\$55.78
EMPIRE DISTRICT ELECTRIC CO.	SUMMER 1997	\$80.49	\$48.91	\$59.44
CITIZENS ELECTRIC CORP.	03/28/97	\$82.02	\$53.90	\$63.27
UNION ELECTRIC CO. (1)	08/01/95	\$99.33	\$45.84	\$63.67
KANSAS CITY POWER & LIGHT CO.	01/01/97	\$92.75	\$50.48	\$64.57
MISSOURI PUBLIC SERVICE	06/29/93	\$93.59	\$55.67	\$68.31

(1) CUSTOMERS MAY RECEIVE ANNUAL SHARING CREDITS UNDER THE EXPERIMENTAL ALTERNATIVE REGULATION PLAN. THE ANNUAL SHARING CREDIT FOR LAST YEAR WOULD HAVE BEEN \$15.30 (\$1.28 PER MONTH) FOR THIS TYPICAL RESIDENTIAL CUSTOMER.

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-97-81
CURRENT AND STIPULATED RATES - BY TARIFF
(STATE LINE COMBUSTION NO.2 IN SERVICE)**

RESIDENTIAL SERVICE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE</u>	
			(\$)	(%)
CUSTOMER CHARGE	\$7.00	\$7.59	\$0.59	8.46%
ENERGY CHARGES				
SUMMER				
FIRST 600 KWH	\$0.0594	\$0.0644	\$0.0050	8.46%
OVER 600 KWH	\$0.0594	\$0.0644	\$0.0050	8.46%
WINTER				
FIRST 600 KWH	\$0.0594	\$0.0644	\$0.0050	8.46%
OVER 600 KWH	\$0.0350	\$0.0380	\$0.0030	8.46%

COMMERCIAL SERVICE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE</u>	
			(\$)	(%)
CUSTOMER CHARGE	\$10.00	\$10.85	\$0.85	8.46%
ENERGY CHARGE:				
SUMMER				
FIRST 700 KWH	\$0.0680	\$0.0738	\$0.0058	8.46%
OVER 700 KWH	\$0.0680	\$0.0738	\$0.0058	8.46%
WINTER				
FIRST 700 KWH	\$0.0680	\$0.0738	\$0.0058	8.46%
OVER 700 KWH	\$0.0463	\$0.0502	\$0.0039	8.46%

SMALL HEATING SERVICE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE</u>	
			(\$)	(%)
CUSTOMER CHARGE	\$10.00	\$10.85	\$0.85	8.46%
ENERGY CHARGE:				
SUMMER				
FIRST 700 KWH	\$0.0680	\$0.0738	\$0.0058	8.46%
OVER 700 KWH	\$0.0680	\$0.0738	\$0.0058	8.46%
WINTER				
FIRST 700 KWH	\$0.0680	\$0.0738	\$0.0058	8.46%
OVER 700 KWH	\$0.0354	\$0.0384	\$0.0030	8.46%

FEED MILL & GRAIN ELEVATOR (67)

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE</u>	
			(\$)	(%)
CUSTOMER CHARGE	\$15.00	\$16.27	\$1.27	8.46%
ENERGY CHARGE:				
SUMMER				
FIRST 700 KWH	\$0.0870	\$0.0944	\$0.0074	8.46%
OVER 700 KWH	\$0.0870	\$0.0944	\$0.0074	8.46%
WINTER				
FIRST 700 KWH	\$0.0870	\$0.0944	\$0.0074	8.46%
OVER 700 KWH	\$0.0790	\$0.0857	\$0.0067	8.46%

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-97-81
CURRENT AND STIPULATED RATES - BY TARIFF
(STATE LINE COMBUSTION NO.2 IN SERVICE)**

GENERAL POWER SERVICE					TOTAL ELECTRIC BUILDINGS				
	CURRENT RATES	STIPULATED RATES	DIFFERENCE (\$)	(%)		CURRENT RATES	STIPULATED RATES	DIFFERENCE (\$)	(%)
CUSTOMER CHARGE:					CUSTOMER CHARGE:				
REG MTR BILLS	\$36.31	\$39.38	\$3.07	8.46%	REG MTR BILLS	\$36.31	\$39.38	\$3.07	8.46%
IDR MTR BILLS	\$133.58	\$144.89	\$11.31	8.46%	IDR MTR BILLS	\$133.58	\$144.89	\$11.31	8.46%
DEMAND CHARGE:					DEMAND CHARGE:				
SUMMER KW	\$4.94	\$5.36	\$0.42	8.46%	SUMMER KW	\$3.09	\$3.35	\$0.26	8.46%
WINTER KW	\$3.86	\$4.19	\$0.33	8.46%	WINTER KW	\$2.54	\$2.75	\$0.21	8.46%
PRIMARY DISCOUNT:					PRIMARY DISCOUNT:				
SUMMER KW	\$0.171	\$0.185	\$0.014	8.46%	SUMMER KW	\$0.171	\$0.185	\$0.014	8.46%
WINTER KW	\$0.171	\$0.185	\$0.014	8.46%	WINTER KW	\$0.171	\$0.185	\$0.014	8.46%
ENERGY CHARGE:					ENERGY CHARGE:				
SUMMER					SUMMER				
FIRST 150 HU	\$0.0508	\$0.0551	\$0.0043	8.46%	FIRST 150 HU	\$0.0596	\$0.0646	\$0.0050	8.46%
NEXT 200 HU	\$0.0321	\$0.0348	\$0.0027	8.46%	NEXT 200 HU	\$0.0377	\$0.0409	\$0.0032	8.46%
OVER 350 HU	\$0.0288	\$0.0312	\$0.0024	8.46%	OVER 350 HU	\$0.0339	\$0.0368	\$0.0029	8.46%
WINTER					WINTER				
FIRST 150 HU	\$0.0299	\$0.0324	\$0.0025	8.46%	FIRST 150 HU	\$0.0312	\$0.0338	\$0.0026	8.46%
NEXT 200 HU	\$0.0288	\$0.0312	\$0.0024	8.46%	NEXT 200 HU	\$0.0294	\$0.0319	\$0.0025	8.46%
OVER 350 HU	\$0.0281	\$0.0305	\$0.0024	8.46%	OVER 350 HU	\$0.0284	\$0.0308	\$0.0024	8.46%

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-97-81
CURRENT AND STIPULATED RATES - BY TARIFF
(STATE LINE COMBUSTION NO.2 IN SERVICE)**

LARGE POWER SERVICE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE	\$133.58	\$144.89	\$11.31	8.46%
DEMAND CHARGE:				
SUMMER KW	\$7.90	\$8.57	\$0.67	8.46%
WINTER KW	\$4.36	\$4.73	\$0.37	8.46%
SECONDARY ADDER:				
SUMMER KW	\$0.166	\$0.180	\$0.014	8.46%
WINTER KW	\$0.166	\$0.180	\$0.014	8.46%
ENERGY CHARGE:				
SUMMER				
FIRST 350 HU	\$0.0314	\$0.0341	\$0.0027	8.46%
OVER 350 HU	\$0.0163	\$0.0177	\$0.0014	8.46%
WINTER				
FIRST 350 HU	\$0.0277	\$0.0300	\$0.0023	8.46%
OVER 350 HU	\$0.0156	\$0.0169	\$0.0013	8.46%

SPECIAL TRANSMISSION SERVICE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE	\$133.58	\$144.89	\$11.31	8.46%
FACILITIES CHARGE:				
SUMMER KW	\$0.25	\$0.27	\$0.02	8.46%
WINTER KW	\$0.25	\$0.27	\$0.02	8.46%
DEMAND CHARGE:				
SUMMER ON-PEAK KW	\$12.03	\$13.05	\$1.02	8.46%
WINTER ON-PEAK KW	\$8.18	\$8.87	\$0.69	8.46%
ENERGY CHARGE:				
SUMMER				
ON-PEAK KWH	\$0.0239	\$0.0259	\$0.0020	8.46%
SHOULDER KWH	\$0.0190	\$0.0206	\$0.0016	8.46%
OFF-PEAK KWH	\$0.0143	\$0.0155	\$0.0012	8.46%
WINTER				
ON-PEAK KWH	\$0.0165	\$0.0179	\$0.0014	8.46%
OFF-PEAK KWH	\$0.0135	\$0.0146	\$0.0011	8.46%

POWER FURNACE

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE	\$0.00	\$0.00	\$0.00	0.00%
ENERGY CHARGE:				
SUMMER KWH	\$0.0420	\$0.0456	\$0.0036	8.46%
WINTER KWH	\$0.0420	\$0.0456	\$0.0036	8.46%

MISCELLANEOUS SERVICE (33)

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
CUSTOMER CHARGE	\$10.00	\$10.85	\$0.85	8.46%
ENERGY CHARGE:				
SUMMER KWH	\$0.0486	\$0.0527	\$0.0041	8.46%
WINTER KWH	\$0.0486	\$0.0527	\$0.0041	8.46%

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-97-81
CURRENT AND STIPULATED RATES - BY TARIFF
(STATE LINE COMBUSTION NO.2 IN SERVICE)**

PRIVATE LIGHTING

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
STREET LIGHTING LAMPS:				
MERCURY VAPOR				
6800 LUMENS	\$7.78	\$8.44	\$0.66	8.46%
20000 LUMENS	\$12.94	\$14.04	\$1.10	8.46%
54000 LUMENS	\$24.82	\$26.92	\$2.10	8.46%
SODIUM VAPOR				
6000 LUMENS	\$7.19	\$7.80	\$0.61	8.46%
16000 LUMENS	\$10.46	\$11.35	\$0.89	8.46%
50000 LUMENS	\$17.54	\$19.02	\$1.48	8.46%
METAL HALIDE				
20500 LUMENS	\$16.18	\$17.55	\$1.37	8.46%
36000 LUMENS	\$18.14	\$19.68	\$1.54	8.46%
FLOOD LIGHTING LAMPS:				
MERCURY VAPOR				
20000 LUMENS	\$18.14	\$19.68	\$1.54	8.46%
54000 LUMENS	\$29.97	\$32.51	\$2.54	8.46%
SODIUM VAPOR				
27500 LUMENS	\$17.59	\$19.08	\$1.49	8.46%
50000 LUMENS	\$24.11	\$26.15	\$2.04	8.46%
140000 LUMENS	\$35.23	\$38.21	\$2.98	8.46%
METAL HALIDE				
36000 LUMENS	\$24.56	\$26.64	\$2.08	8.46%
110000 LUMENS	\$35.88	\$38.92	\$3.04	8.46%
OTHER CHARGES:				
ADDL POLES	\$1.00	\$1.08	\$0.08	8.46%
ADDL ANCHOR	\$1.00	\$1.08	\$0.08	8.46%
ADDL CONDUCTOR	\$0.009	\$0.010	\$0.001	8.46%

MUNICIPAL STREET LIGHTING

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
STREET LIGHTING LAMPS:				
INCANDESCENT				
4000 LUMENS	\$32.30	\$35.03	\$2.73	8.46%
10000 LUMENS	\$66.48	\$72.11	\$5.63	8.46%
MERCURY VAPOR				
7000 LUMENS	\$43.87	\$47.58	\$3.71	8.46%
11000 LUMENS	\$52.66	\$57.12	\$4.46	8.46%
20000 LUMENS	\$75.39	\$81.77	\$6.38	8.46%
53000 LUMENS	\$127.20	\$137.97	\$10.77	8.46%
SODIUM VAPOR				
6000 LUMENS	\$41.11	\$44.59	\$3.48	8.46%
16000 LUMENS	\$51.46	\$55.82	\$4.36	8.46%
27500 LUMENS	\$66.97	\$72.64	\$5.67	8.46%
50000 LUMENS	\$95.46	\$103.54	\$8.08	8.46%
130000 LUMENS	\$154.05	\$167.09	\$13.04	8.46%

SPECIAL LIGHTING

	<u>CURRENT RATES</u>	<u>STIPULATED RATES</u>	<u>DIFFERENCE (\$)</u>	<u>(%)</u>
MINIMUM CHARGE	\$23.00	\$24.95	\$1.95	8.46%
ENERGY CHARGE:				
SUMMER				
FIRST 1000 KWH	\$0.0844	\$0.0915	\$0.0071	8.46%
OVER 1000 KWH	\$0.0660	\$0.0716	\$0.0056	8.46%
WINTER				
FIRST 1000 KWH	\$0.0844	\$0.0915	\$0.0071	8.46%
OVER 1000 KWH	\$0.0660	\$0.0716	\$0.0056	8.46%