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-2008-0093

SECOND STIPULATION AND AGREEMENT AS TO CERTAIN ISSUES

The Empire District Electric Company ("Empire" or the "Company"); the Office of the Public Counsel ("Public Counsel"); the Staff of the Missouri Public Service Commission ("Staff"); the Missouri Department of Natural Resources Energy Center ("DNR"); and Praxair, Inc. and Explorer Pipeline Company (collectively, the "Identified Industrial Intervenors") respectfully state to the Missouri Public Service Commission ("Commission") that, as a result of negotiations, the undersigned parties ("Parties") have reached the stipulations and agreements contained herein in order to settle the certain issues specified below.

1. This Stipulation and Agreement is intended to settle the following issues previously identified by some or all of the Parties through testimony and or schedules:

- Bad Debt Expense;
- Payroll/Incentive Compensation:
- Expensed Project Costs;
- Pensions/OPEBs;
- Regulatory Plan Amortization Issues;
- Energy Efficiency;
- Employee Purchase Plan; and
- Rate Design.

2. In settlement of the above issues, the Company's revenue requirement, as computed by the Staff, shall be increased by $110,000, exclusive of the Expensed

Project Costs, which are discussed separately herein. This revenue requirement is reflected in the Staff's Revised Reconciliation, which is attached hereto as Appendix A. This revenue requirement is based on the Company's present rate revenues of $329,872,014, and the midpoint of Staff's recommended range of Return on Equity. This revenue requirement does not take into account the impact of Empire's regulatory plan amortizations.

3. **Pension/OPEBs** In each of the Company's last two rate cases, Case Nos. ER-2004-0570 and ER-2006-0315, the Commission approved stipulations and agreements that provide for Empire to have its pension rate allowance set equal to its most current annual level of pension expense, as calculated under FAS 87. Those stipulations and agreements also set up a tracker mechanism for Empire's pension expense, in which any excess or deficiency of the Company's pension rate allowance, compared to its ongoing level of FAS 87 expense, is treated as a regulatory asset or liability that is then included in Empire's rate base and amortized, as an addition or reduction to pension expense, over a five-year period. To (i) ensure that additional funds required to avoid benefit restrictions under certain provisions of the Pension Protection Act of 2006 are properly reflected in rates, (ii) to clarify, for ratemaking purposes, the accounting treatment of any special events under FAS 88 and FAS 106 that would require the Company to recognize one-time charges (expense) or credits (income), and (iii) to ensure that any of these one-time charges or credits is properly reflected in rates, the Parties hereby agree to add to the previous stipulations and agreements related to pensions/OPEBs as set forth in Appendix B, which is attached hereto and incorporated herein by reference. Empire agrees that it will inform the Parties of the occurrence of any special events under FAS 88 and FAS 106 that would trigger the accounting treatment set forth in Appendix B, as well as any contributions of additional amounts to its pension trust fund to avoid Pension Protection Act benefit restrictions. In addition, the Parties

specifically reserve the right to challenge the prudency of future pension/OPEBs expenses that Empire proposes to recover through the Pension/OPEBs tracker mechanism.

4. **Expensed Project Costs** The Parties agree that certain project costs, totaling $443,744 for Empire's Missouri jurisdictional operations, that the Company incurred to facilitate its overall integrated resource planning and ultimately its decision to participate in new coal-fired generation construction projects, should not be included as normal, test-period operating expenses, but, instead, should be included as part of the plant investment in latan 2 and recovered over the life of that plant. This reduction of $443,744 already has been reflected in Staff's revenue requirement as presented in Appendix A.

5. **Regulatory Plan Amortization Issues** The Parties agree that the amount of Additional Net Balance Sheet Investment to be included in the calculation of Regulatory Amortization in this case is $94,500,000. The Parties further agree, for purposes of this proceeding only, that the expense amortization of the January 2007 and December 2007 ice storm costs should be reflected in the regulatory plan amortization calculations, and that the regulatory plan amortization should be calculated using the 2007 PPA debt equivalent and 2007 PPA depreciation adjustment.

The Parties also have agreed upon the format of the Regulatory Plan Amortization. Attached to this Stipulation and Agreement as Appendix C, and incorporated herein by reference, is an illustration of the calculation of the Regulatory Plan Amortization using this agreed upon Additional Net Balance Sheet Investment. Appendix C is intended to display a hypothetical calculation showing the agreement reached herein on the basic structure and is not intended to indicate the numbers to be included in the calculation or the overall level of Regulatory Plan Amortization that is recommended by any of the Parties or that will ultimately be required in this rate case,

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which will depend upon the Commission's ultimate findings concerning Empire's overall traditional revenue requirement.

6. **Energy Efficiency** The Parties agree that Empire shall meet with and provide updates to the Customer Programs Collaborative ("CPC") once every three months. At these meetings, Empire shall also document the status of the various program details and issues as specified in the Stipulation and Agreement in Case No. EO-2005-0263, as well as the amount of expenditures for program marketing. * In addition, the parties agree that Empire will also provide interim updates mailed electronically to the CPC members as necessary to facilitate timely action on items that need attention. The Parties agree that information provided by Empire to the CPC for comment or response shall be addressed by the CPC within 15 days of submission.

The Parties also agree that, for each program approved for implementation by the CPC, Empire will develop a marketing and resource plan and present the marketing and resource plan to the CPC concurrent with the filing of the tariff to implement a program. For all programs for which Empire has already filed tariffs with the Missouri Public Service Commission on or before the date of this Stipulation and Agreement, Empire will develop and present marketing and resource plans to the CPC within 60 days of the effective date of the Order approving this Stipulation and Agreement. Marketing and resource plans shall be updated each program year and shall include, but not be limited to:

1) Plan Overview

   a) Definition of the program

   b) Effective date of the tariff

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* Program implementation, including the amount of expenditures for each program and level of customer participation; program evaluations, including evaluation consultants chosen, evaluation budgets, evaluation expenditures and copies of completed evaluations; and new program selection and design efforts, including copies of program screening results.

c) Pertinent Company contacts, i.e. program director, program coordinator, product manager, etc.

2) Objective of the Program including measures, incentives, and marketing budget

3) Target Market
   a) Program customer demographics

   b) Target vendors / Trade ally demographics (if appropriate)

4) Program Promotion and Delivery Plan

   a) Details on scheduled promotional events and activities

   b) Details on promotional materials

5) Program Process

6) Expectations of the Program

The Parties further agree that Empire will provide the CPC with an annual report for each program beginning one year from the program's effective date. Annual reports shall include, but not be limited to:

1) expenditures for each program by budget category (program delivery, project management, marketing and customer incentives),

2) annual energy and demand savings for each program, if available,

3) number of customers participating in the program; and

4) marketing activities.

The Parties agree that the CPC shall monitor the implementation and administration of Empire's customer programs, which may include selection of consultant(s) to assist in the implementation and administration of those programs.

The Parties further agree that all of the CPC governance procedures and standards detailed in the Commission-approved Stipulation and Agreement in Case No. EO-2005-0263 (pages 25-30) that apply to 1) customer programs objectives building, 2) consultant selection, 3) design, screening, and pre-implementation evaluation, 4) customer program portfolio choice, and 5) post-implementation evaluation, will also apply to issues and problems that CPC members choose to address with respect to implementation and administration of customer programs. This provision does not otherwise modify or amend any of the provisions of the Stipulation and Agreement in Case No. EO-2005-0263.

7. **Employee Purchase Plan** Empire requested the discontinuation of its Employee Purchase Plan, on the basis that the cost of this program is not reflected in the rates charged to Empire's Missouri customers and that fewer than 20 employees have used the program annually since January 2005. The Parties agree that Section A, Employee Purchase Plan, of Tariff Section 4 Sheet 8, Promotional Practices Schedule PRO, should be modified to provide that the Employee Purchase Plan will remain available for employees with current contracts under the plan as of the effective date of the tariffs implemented as a result of this rate case, but that no new contracts will be entered into under the plan.

8. **Rate Design** The Parties agree that any increase in the Company's revenue requirement that is granted in this case should be spread to all individual rate components in the form of an across-the-board increase, with a percentage increase equal to the overall percentage increase to the Company's revenue being applied to each individual rate component. The Parties further agree to the following additional changes to Empire's tariff:

- To add the following verbiage to the Conditions of Service in General Power Service Schedule GP: "Where the customer's use of welding, or other equipment characterized as fluctuating or server demands, or the need for multiple or oversized transformers, necessitates the installation of additional or increased facilities (including distribution transformers, service conductors or secondaries) solely to serve such customer, the applicable provisions of Rider XC will apply in amendment to the provisions of this schedule."
- To add the following verbiage to Section D, "Power Supply," of Chapter III, "Service Specifications," of the Rules and Regulations: "For any poly-phase services, the Customer is responsible for protecting motors and other equipment from damage in case of a single phasing condition on the Company's distribution and/or transmission systems. This removes Empire from any liability associated with 'loss of phase' on the Company's distribution

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and/or transmission systems caused by weather, accidents, or other factors beyond the Company's control."

- To add the following verbiage to the Special Transmission Service Contract: "Praxair, Schedule SC-P: "PAYMENT: The above rate applies only if the bill is paid on or before fifteen (15) days after the date thereof. If not so paid, the above rate plus 5% then applies." This change to the existing tariff is not objectionable to Praxair in view of the similar modifications to other tariffs herein being recommended; but Praxair does not thereby concede that Empire has the ability to unilaterally modify its existing contract with Praxair or to impair the terms of that contract with tariff modifications.

- To change the late payment fee for the following three schedules – Large Power LP, General Power GP, and Total Electric Power TEB – so that the same late payment fee (5%) applies to them as currently applies to the Commercial CB and Small Heating SH rate schedules.

- To implement a distribution facilities charge for the GP, TEB, and LP rate schedules as proposed by Staff in its Class Cost of Service and Rate Design Report. This charge will be in addition to the Company's existing, seasonally-differentiated demand charge structure. The parties agree that the rate values in the column labeled "re-designed rates" on Schedule 3 of the Staff Class Cost of Service and Rate Design Report are the values for the re-designed rates before any rate increase and are the values to which the equal percentage increase referenced in the lead paragraph of this Section 8 will be applied.

- To implement metering adjustments consistent with the Company's most recent loss study. The Parties agree that the appropriate values for the metering adjustments are shown in Schedules 5-8 of the Staff Class Cost-of-Service and Rate Design Report, it being expressly understood that the Parties are not in agreement regarding those proposed tariff sheets in their entirety. The metering adjustment shown for Praxair on page 2 of Schedule 9 is incorrect and should be the same as the 1.0086 shown on Schedule 8.

9. If the Commission unconditionally accepts the specific terms of this Stipulation and Agreement, the portions of the testimony of the following witnesses concerning the settled issues listed in Paragraph 1, *supra*, shall be received into evidence without the necessity of those witnesses taking the stand:

<u>Empire Witnesses and Testimony</u>

W. Scott Keith	Direct, rebuttal and surrebuttal testimony related to all issues specifically identified in this Stipulation and Agreement as being settled;
Jayna R. Long	Direct testimony related to all issues specifically identified in this Stipulation and Agreement as being settled;

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Blake A. Mertens	Direct, rebuttal, and surrebuttal testimony related to all issues specifically identified in this Stipulation and Agreement as being settled;
Dale W. Harrington	Rebuttal testimony related to all issues specifically identified in this Stipulation and Agreement as being settled;
C. Kenneth Vogl	Rebuttal testimony related to all issues specifically identified in this Stipulation and Agreement as being settled;
Laurie A. Delano	Direct testimony related to all issues specifically identified in this Stipulation and Agreement as being settled;
Robert W. Sager	Direct, rebuttal, and surrebuttal testimony related to all issues specifically identified in this Stipulation and Agreement as being settled; and
H. Edwin Overcast	Direct, rebuttal, and surrebuttal testimony related to all issues specifically identified in this Stipulation and Agreement as being settled;
Sherrill L. McCormack	Direct, rebuttal, and surrebuttal testimony related to all issues specifically identified in this Stipulation and Agreement as being settled.

<u>Staff Witnesses and Testimony</u>

Mark Oligschlaeger	Direct testimony related to all issues specifically identified in this Stipulation and Agreement as being settled;
Paula Mapeka	Direct testimony related to all issues specifically identified in this Stipulation and Agreement as being settled;
Dana Eaves	Direct testimony related to all issues specifically identified in this Stipulation and Agreement as being settled;
Amanda McMellen	Direct testimony related to all issues specifically identified in this Stipulation and Agreement as being settled;
Lena Mantle	Rebuttal and surrebuttal related to all issues specifically identified in this Stipulation and Agreement as being settled;

Curt Wells	Surrebuttal related to all issues specifically identified in this Stipulation and Agreement as being settled; and
James Watkins	Direct, rebuttal, and surrebuttal related to all issues specifically identified in this Stipulation and Agreement as being settled.

Public Counsel Witnesses and Testimony

Ted Robertson	Direct, rebuttal, and surrebuttal testimony related to all issues specifically identified in this Stipulation and Agreement as being settled.

Missouri Department of Natural Resources – Energy Center

Brenda Wilbers	Direct and surrebuttal testimony related to all issues specifically identified in this Stipulation and Agreement as being settled .

Praxair/Explorer Witness and Testimony

Maurice Brubaker	Direct, rebuttal, and surrebuttal related to all issues specifically identified in this Stipulation and Agreement as being settled;
Michael Gorman	Direct, rebuttal, and surrebuttal related to all issues specifically identified in this Stipulation and Agreement as being settled.

10. This Stipulation and Agreement is being entered into solely for the purpose of settling the issues in this case that are specifically identified above as being settled. Unless otherwise explicitly provided herein, none of the signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination, cost allocation, or revenue-related methodology.

11. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. If the Commission does not approve this Stipulation and Agreement unconditionally and without modification, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

12. If the Commission does not unconditionally approve this Stipulation and Agreement without modification, and notwithstanding the provision herein that it shall become void, neither this Stipulation and Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Party has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Parties shall each retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval. Any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from, and not be considered as part of, the administrative or evidentiary record before the Commission for any purpose whatsoever.

13. In the event the Commission unconditionally accepts the specific terms of this Stipulation and Agreement without modification, the signatories waive their respective rights to: i) present oral argument and written briefs pursuant to §536.080.1, RSMo 2000; ii) the reading of the transcript by the Commission pursuant to RSMo §536.080.2, RSMo 2000; iii) seek rehearing, pursuant to §536.500, RSMo 2000; and iv) judicial review pursuant to §386.510, RSMo 2000, solely with respect to the issues settled hereby. These waivers apply only to the issues that are resolved hereby, and specifically do not apply to any matters raised in any prior or subsequent Commission proceeding or any matters in this proceeding not explicitly addressed by this Stipulation and Agreement.

14. Questions from the Commissioners and/or the Regulatory Law Judge regarding this Stipulation and Agreement, if any, shall be directed to the parties, including the Staff, during the evidentiary hearing in the matter, it being contemplated

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that the Commission will take up this Stipulation and Agreement for consideration during the time period in which the evidentiary hearing in this matter is being held.

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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APPENDIX A

The Empire District Electric Company
Case Number: ER-2008-0093
Case Reconciliation
All Positions 5/7/2008

Line No.		Company	Staff	OPC	Industrial Interveners
1	Company/Staff Revenue Requirement Per Reconciliation	$ 35,063,277			
2					
3	Off System Sales			[redacted]	
4	Return on Equity Issues		$ (7,906,178)		[redacted]
5	Effect of Interest Synchronization on Rate Base Difference		$ 485,423		
6	Asbury SCR Rate Base Addition		$ (3,763,417)		
7	Cash Working Capital Including Offsets		$ 157,056		
8	Fuel and Purchase Power			[redacted]	[redacted]
9	Depreciation Expense (Both Asbury SCR and Rates Issues)		$ (2,575,127)		
10	Property Tax Expense - Asbury SCR		$ (257,437)		
11	O&M Expense for Asbury SCR		$ (1,152,712)		
12	Additional Costs for Vegetation/Infrastructure Rule Compliance		$ (225,000)	[redacted]	
13	Depreciation Issue - Tax Impact		$ (134,664)		
14	Deferred Income Tax		$ 106,696		
15	Revenue Requirement Recommendations	$ 35,063,277	$ 19,797,918	[redacted]	[redacted]

Adjustment to Pension and Other Post-Employment Benefits

These provisions are intended to accomplish the following:

1) To clarify, for ratemaking purposes, the accounting treatment of any special events under Statement of Financial Accounting Standards No. 88 ("FAS 88") and FAS 106 that would require the Company to recognize one time charges (expense) or credits (income) and to ensure that any of these one-time charges or credits be properly reflected in rates.
2) To ensure that additional funding required to avoid benefit restrictions under certain provisions of the Pension Protection Act of 2006 are properly reflected in rates.

Treatment of special events for pension and OPEB

If The Empire District Electric Company has a curtailment, settlement, or special termination cost or credit due to requirements of applicable accounting rules according to FAS 88 and FAS 106, the following procedure will be used to address the cost reimbursement for pension and OPEB costs:

a. If the special event triggers a charge, then Empire will establish an offsetting regulatory asset. This regulatory asset will not be added to rate base (since it is not a cash item), and it will be amortized over five years beginning when new rates are implemented in Empire's next general electric rate increase or decrease proceeding before the Missouri Public Service Commission. Empire shall make additional contributions to the applicable pension or VEBA trust equal to the amount of the amortization.

b. If the special event triggers a credit, then Empire shall establish an offsetting regulatory liability. This regulatory liability will not be added to rate base (since it is not a cash item), and it will be amortized over five years beginning when new rates are implemented in Empire's next general electric rate increase or decrease proceeding before the Missouri Public Service Commission. Generally, Empire will contribute to the applicable pension or VEBA trust an amount equivalent to its FAS 87/106 costs for the year less the amortization amount, subject to the following condition:

i. If pension cost becomes negative as a result of a FAS 87 and /or FAS 88 credit, the Parties agree Empire shall set up an offsetting regulatory liability. This regulatory liability is a non-cash item which will not require rate base treatment. When FAS 87 costs becomes positive again, the regulatory liability will be amortized over five years, or longer, if necessary to avoid the net of the FAS 87 cost and the offsetting amortized regulatory liability yielding a result which is less than $0 in any year.

Treatment of contributions in excess of FAS87 expense needed to avoid benefit restrictions

If Empire experiences a situation where a contribution equal to the FAS 87 expense is insufficient to avoid the benefit restrictions specified in Pension Protection Act of 2006, thereby causing an inability by Empire to pay out pension benefits to recipients or operate its business in its normal and customary manner, Empire will be allowed to make an additional contribution to alleviate this issue. Additional contributions made pursuant to this Paragraph will increase Empire's rate base by increasing the prepaid pension asset and / or reducing the accrued liability, and will receive regulatory treatment since it is a cash item.

Line	Item	Source	Total Company	Juris Alloc
1	Calculation of Amortization to meet Financial Ratio Targets			5/13/2008
2	Case No. ER-2008-0093, Empire District Electric			
3			Total	Juris
4			Company	Alloc
5	Additional Net Balance Sheet Investment	(numeric value for this case only)		94,500,000
6	Rate Base	Staff Acct. Schedule 2 *		680,270,235
7	Jurisdictional Allocation for Capital			0.837404
8				
9	Total Capital	L5+L6		774,770,235
10	Equity	Barnes Workpapers	0.5082	393,738,233
11	Trust Preferred	Barnes Workpapers	0.0458	35,484,477
12	Long-term Debt	Barnes Workpapers	0.4461	345,625,002
13	Cost of Debt	Barnes Workpapers		6.80%
14	Interest Expense	L12 * L13 (+$2,125,000 (TOPRs))		25,627,500
15				
16	Electric Sales Revenue	Staff Acct. Schedule 9, L.1-2, + Rate Increase		363,022,485
17	Other Electric Operating Revenue	Staff Acct. Schedule 9, L.3		3,010,138
18				
19	Operating Revenue	L16 + L17		366,032,623
20				
21	Operating and Maintenance Expense	Staff Acct. Schedule 9, L.94 (less cust. deposits)		220,775,963
22	Depreciation	Staff Acct. Schedule 9, L.97		34,764,791
23	Amortization	Staff Acct. Schedule 9, L.99-100		15,619,601
24	Interest on Customer Deposits	Staff Acct. Schedule 10, Adj. S-82.1		527,165
25	Taxes Other than Income Taxes	Staff Acct. Schedule 9, L.101		12,477,212
26	Federal and State Income Taxes	Staff Acct. Schedule 9, L.112 (plus rate incr. impact)		23,024,516
27	Gains on Disposition of Plant			
28	Total Water Operating Expenses			
29	Total Electric/Water Operating Exp	Sum of L. 21-28		307,189,248
30				
31	Operating Income - Electric	L19 - L29		58,843,375
32				
33	less: Interest Expense	L14		-25,627,500
34	Depreciation	L22		34,764,791
35	Amortization			15,619,601
36	Deferred Taxes	Staff Acct. Schedule 9, L111		-2,884,453
37	Funds from Operations (FFO)	Sum of L31-36		80,715,814
38				
39				
40				
41				
42				
43	Additional Financial Information Needed for Calculation of Ratios			
44	Capitalized Lease Obligations	EDE Accounts 227 + 243	479,951	401,913
45	Short-term Debt Balance	EDE Form 10-Q, p. 8	33,040,000	27,667,828
46	Short-term Debt Interest	EDE Accounts 417.891 + 431.400	2,940,317	2,462,233
47	Cash Interest Paid	Information Supplied by EDE	31,049,437	26,000,923
48	AFUDC Debt (capitalized interest)	EDE Form 10-Q, p. 4	550,469	460,965
49	Imputed PPA Debt Amortization		4,679,375	3,918,527
50	Adjustments Made by Rating Agencies for Off-Balance Sheet Obligations			
51	Debt Adj for Off-Balance Sheet Obligs			
52	Operating Lease Debt Equivalent	Information Supplied by EDE	2,937,000	2,459,456
53	Purchase Power Debt Equivalent	Information Supplied by EDE	63,373,585	53,069,294
54	Total OSB Debt Adjustment	L52 + l53	66,310,585	55,528,749
55				
56	Operating Lease Deprec Adjustment	Information Supplied by EDE	1,255,000	1,050,942
57				
58	Interest Adjustments for Off-Balance Sheet Obligations			
59	Present Value of Operating Leases	L52 * 6.8%	199,716	167,243
60	Purchase Power Debt Equivalent	L53 * 6.8%	4,309,404	3,608,712
61	Total OSB Interest Adjustment	L59 + L60	4,509,120	3,775,955

APPENDIX C

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63	Ratio Calculations		
64	Adjusted Interest Expense	L14 + L46 + L61	31,865,688
65	Adjusted Total Debt 12/31/07	(L11/2) + L12 + L44 + L45 +L54	446,965,730
66	Adjusted Total Debt 12/31/06	Same as L65, but for prior year	443,934,000
67	Adjusted Total Capital	L9 + L44 + L45 + L54	858,368,725
68			
69	Adj. FFO Interest Coverage	(L37 + L56 + L64 + L49)/L64	3.69
70	Adj. FFO as a % ofTotal Debt	(L37 + L56 + L49)/L65	0.1917
71	Adj. Total Debt to Total Capital	L65/L67	0.5207
72			
73	Changes Required to Meet Ratio Targets		
74	Adj. FFO Interest Coverage Target		3.20
75	FFO Adjustment to Meet Target	(L74 - L69) * L64	-15,580,769
76	Interest Adjustment to Meet Target	L37 * (1/L74 - 1) - 1/L69 - 1)	6,671,425
77			
78	Adj. FFO as a % of Total Debt		0.195
79	FFO Adjustment to Meet Target	(L78 - L70) * L65	1,473,034
80	Debt Adjustment to Meet Target	L37 * (1/L78 - 1/L70)	-7,115,913
81			
82	Adj. Total Debt to Total Capital Target		56.50%
83	Debt Adjustment to Meet Target	(L82 - L71) * L67	38,012,599
84	Total Capital Adjustment to Meet Target	L65/L82 - L67	-67,278,937
85			
86	Amortization and Revenue Needed to Meet Targeted Ratios		
87	FFO Adj Needed to Meet Target Ratios	Maximum of L75, L79 or zero	1,473,034
88	Effective Income Tax Rate		0.3839
89	Deferred Income Taxes	L87 * L88/(1 - L88)	-917,867
90	Total Amortization Req for FFO Adj	L87 - L89	2,390,901
91			
92	* All references to Staff Acct. Schedules tie to schedules supporting amounts reflected in the		
93	Accounting Schedules dated 5/7/08		

APPENDIX C