

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) Case No. ER-90-138
Missouri service area of the company.)
)

APPEARANCES: James C. Swearengen and Gary W. Duffy, Hawkins, 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, Lathrop Norquist & Miller, 2345 Grand Avenue,
Kansas City, Missouri 64108, for Atlas Powder Co., Missouri Precision
Castings, Inc., and Union Carbide Corporation.

John B. Coffman, Assistant Public Counsel, Office of Public Counsel,
Post Office Box 7800, Jefferson City, Missouri 65102, for the Office
of Public Counsel and the public.

Penny G. Baker, Assistant General Counsel, Missouri Public Service
Commission, Post Office Box 360, Jefferson City, Missouri 65102, for
the staff of the Missouri Public Service Commission.

REPORT AND ORDER

On December 29, 1989, The Empire District Electric Company submitted
tariffs reflecting an increase in electric rates totaling approximately \$8,200,000, a
7.36 percent increase. By order issued January 23, 1990, the Commission suspended
the tariffs until November 29, 1990, and established a procedural schedule, including
an intervention date. Atlas Powder Co., Missouri Precision Castings, Inc., and Union
Carbide Corporation were granted intervention by order issued March 6, 1990.

Prefiled testimony was filed by the parties and a prehearing conference was
held in this matter beginning August 13, 1990. As a result of the prehearing con-
ference a Stipulation And Agreement was filed with the Commission on August 24, 1990.

Findings of Fact

The Missouri Public Service Commission, having considered all of the
competent and substantial evidence upon the whole record, makes the following
findings of fact.

The Empire District Electric Company (Empire) is a regulated public utility providing electric service to Missouri customers within its service area. Empire filed this rate case to receive Commission approval to increase rates to customers. As a result of negotiations between Empire, Commission Staff, the Office of Public Counsel and intervenors, a Stipulation And Agreement has been filed which proposes to resolve all of the issues raised by the parties.

The Stipulation And Agreement is made a part of this order as Attachment A. The tariffs which were Appendices A and B to the Stipulation are not attached because of the number of pages. These appendices, though, are incorporated by reference into this order. By the agreement, the parties propose that Empire be authorized to file tariffs which reflect an increase in electric revenues of \$5,700,000, which is approximately a 5.71 percent increase. The parties request that the rates become effective September 10, 1990.

The parties stipulate to the admission of all prefiled testimony into the record without cross-examination. The parties recommend the Commission establish a docket for a cost of service and rate design study, with the parties to this proceeding as parties to the new docket. Additionally, the parties stipulated that Staff shall have the right to file a report confirming the continued operation of the recently installed rail and coal handling facilities if requested to do so by the Commission.

The Commission has reviewed the Stipulation And Agreement and finds that the rate increase agreed to by the parties is just and reasonable. The increase is less than that requested by Empire and has been agreed upon by all parties. The Commission will also receive all of the prefiled testimony into the record and establish a cost of service and rate design docket for Empire.

Conclusions of Law

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

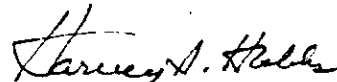
The Commission has jurisdiction over Empire pursuant to the provisions of Chapters 386 and 393, R.S.Mo. 1986. Empire's tariffs which were the subject of this proceeding were suspended pursuant to the provisions of Section 393.150, R.S.Mo. 1986.

For ratemaking purposes, the Commission may accept a Stipulation And Agreement in settlement of any and all contested matters raised by the parties. The Commission concludes that the matters agreed upon by the parties in this case are reasonable and will be adopted.

IT IS THEREFORE ORDERED:

1. That the Stipulation And Agreement, Attachment A, filed by the parties be hereby adopted as a resolution of all issues in this proceeding.
2. That the tariffs submitted by The Empire District Electric Company on December 29, 1989, are hereby rejected and, in lieu thereof, the tariffs attached to the Stipulation And Agreement are approved for service on or after September 10, 1990.
3. That Case No. EO-91-74 be hereby established for the investigation into the cost of service and rate design of The Empire District Electric Company.
4. That all prefiled testimony of the parties is received into the record.
5. That this Report And Order shall become effective on the 10th day of September, 1990.

BY THE COMMISSION



Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., Mueller, Rauch,
McClure and Letsch-Roderique, CC.,
concur.

Dated at Jefferson City, Missouri,
on this 31st day of August, 1990.

FILED
AUG 24 1990
PUBLIC SERVICE COMMISSION

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-90-138

STIPULATION AND AGREEMENT

On December 29, 1989, The Empire District Electric Company (the "Company") caused to be filed with the Missouri Public Service Commission (the "Commission") certain revised electric rate schedules and contracts reflecting increased rates for electric service provided to customers in the Missouri service area of the Company. The proposed rate schedules and contracts bore a requested effective date of January 29, 1990, and were designed to produce an increase of approximately 7.36 percent (\$8,200,000) in electric charges, exclusive of gross receipts and other similar taxes.

On January 23, 1990, the Commission issued a Suspension Order and Notice of Proceedings establishing intervention deadlines and a procedural schedule. On March 6, 1990, the Commission issued an order granting intervention to Atlas Powder Company, Missouri Precision Castings (the "Atlas Industrials") and Union Carbide Corporation.

Pursuant to the Suspension Order, as modified by a notice issued on May 2, 1990, a prehearing conference was convened

beginning on August 13, 1990, with representatives of all parties present. As a result of discussions and negotiations during the prehearing conference, the parties stipulate and agree as follows:

1. The Company shall be authorized to file revised electric rate schedules and contracts designed to increase its Missouri jurisdictional annual electric revenues by \$5,700,000 above test year rate revenues of \$99,796,218 all exclusive of license, occupation, franchise, gross receipts or other similar fees or taxes. The \$5,700,000 represents a 5.71 percent increase above test year rate revenues.

2. The rate schedules and contracts which are designed to and do in fact implement the revenue increase agreed to herein on a uniform percentage basis for each rate schedule are attached hereto as Appendix A and made a part hereof for all purposes. The rate schedules and contracts reflect an increase in the rate of interest to be paid on customer deposits from six percent per annum to nine percent per annum. The rate schedules and contracts, which bear an issue date of August 20 and an effective date of September 10, 1990, shall become effective for service rendered on and after September 10, 1990.

3. Attached hereto as Appendix B is a schedule of depreciation rates that shall be prescribed by the Commission for the Company's electric properties, said depreciation rates to become effective concurrently with the revised rate schedules and contracts attached as Appendix A.

4. The Parties recommend to the Commission that it establish a docket for a cost of service and rate design study for the Company, and that the parties hereto be considered parties to that proceeding without the need for further intervention. The order to be issued by the Commission shall provide, inter alia, for an intervention period and a prehearing conference at which a discussion will take place to determine a procedural schedule. The Company acknowledges that in this settlement it has received funding for additional positions and for software modifications to allow it to perform a continuous load research program.

5. The Company shall promptly initiate the conversion of its continuing property records to a mechanized system with the goal of completing the mechanization process by December 31, 1993. If it appears during the process that the Company cannot meet this goal, the Company shall promptly notify the Staff and the parties shall seek the approval of the Commission to extend the target date for the completion of the process.

6. The prefiled direct testimony, schedules and exhibits of the following witnesses, the minimum filing requirements submitted by the Company, and the Staff accounting schedules shall be received into evidence without the necessity of their taking the stand:

A. The Company: Robert L. Lamb, Virgil E. Brill, Robert B. Fancher, Gregory A. Knapp, Michael L. Metzler.

B. The Staff: Melvin T. Love, Larry Cox, Jim Durand, Jim Gray, Tom Imhoff, Jim Ketter, Lena Mantle, Jay Moore, Mike Proctor, John Renken, Becky Rucker, Jim Schwieterman, Martin Turner, Mike Wallis, and James Watkins.

C. The Public Counsel: Philip B. Thompson, Russell W. Trippensee.

7. Except as specifically provided above, this Stipulation and Agreement represents a negotiated dollar settlement for the sole purpose of disposing of this case, and none of the signatories to this Stipulation and Agreement shall be prejudiced or bound in any manner by the terms of the Stipulation and Agreement in any other proceeding, or in this proceeding should the Stipulation and Agreement not be accepted by the Commission in its entirety.

8. Except as otherwise specifically provided herein, the parties to this Stipulation and Agreement shall not be deemed to have approved or acquiesced to any ratemaking principle, valuation method, cost of service method, depreciation principle or method, or rate design proposal underlying or allegedly underlying this Stipulation and Agreement, the revised rate schedules and contracts attached as Appendix A and the depreciation rates attached as Appendix B.

9. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to cross examine witnesses, and present oral arguments or written briefs pursuant to Section 536.080.1 RSMo

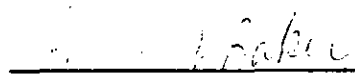
1986; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1986; and their respective rights to judicial review as regarding the disposition of this matter pursuant to Section 386.510 RSMo 1986.

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

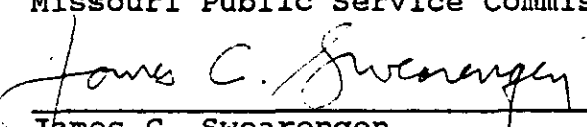
11. The Staff shall have the right to file with the Commission a summary of the provisions of the Stipulation and Agreement including a report confirming the continued operation of the Company's recently installed rail and coal handling facilities, and to provide to the Commission whatever further explanation the Commission requests. The summary shall not become a part of the record of this proceeding and shall not bind or prejudice the Staff in any future proceeding or in this proceeding in the event the Commission does not approve the Stipulation and Agreement. The contents of the summary provided by Staff are its own and not acquiesced in or otherwise adopted by the other signatories to the

Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

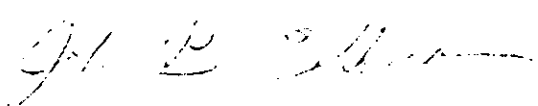
Respectfully submitted,


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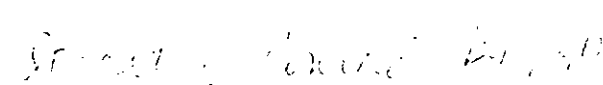
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Dated: August 22, 1990