

Stipulation and Agreement:

All parties have either signed the *Stipulation and Agreement* or joined in the settlement. The Commission will therefore treat the agreement as a unanimous agreement. The parties agreed to waive procedural rights for all issues resolved in the *Stipulation and Agreement* if approved by the Commission without condition or modification. The parties also consent to the admission of pre-filed written testimony by the parties. The *Stipulation and Agreement* includes an increase in Empire's annual revenues by \$20,390,000, exclusive of any applicable license, occupation, franchise, gross receipts taxes, of similar fees or taxes, to become effective on September 14, 2016. The revenue requirement is based on a return on equity range of 9.5 to 9.9 percent. Under the *Stipulation and Agreement*, the monthly residential customer charge will be increased to \$13.00 and a \$3 million revenue neutral shift to the residential class is credited to the general power, commercial service, and large power service classes. The *Stipulation and Agreement* also supports the Commission's approval of Staff's depreciation rates, the amortization rates for discontinued Vegetation/Infrastructure and O&M trackers for Iatan Common, Iatan 2 and Plum Point, and the sharing of rate case expense by the mechanism ordered in ER-2014-0370, which links Empire's recovery of rate case expense to the percentage of its rate increase request found or agreed to be just and reasonable. The agreement supports the continuation of the trackers for Riverton 12 O&M and Pension/OPEB expenses.

The *Stipulation and Agreement* also requests the Commission adopt Staff's recommended in-service criteria for the conversion of Empire's Riverton Unit 12 from a simple cycle gas turbine to a combined cycle gas turbine. Riverton Unit 12 first went into

service in 2007, but became fully operational and used for service as a combined cycle gas turbine on May 1, 2016.¹

Decision:

Empire is an electric corporation and public utility subject to Commission regulations pursuant to Chapters 386 and 393, RSMo.² When seeking to increase the rates it charges its customers, Empire has the burden of proof to show by a preponderance of the evidence that increased rates are just and reasonable.³ The Commission will balance the interests of Empire's investors in making a reasonable return with the interest of the consumers.⁴ The Commission is not bound to the use of any single formula when determining just and reasonable rates.⁵ It is the results reached, not the method employed which are controlling.⁶

The Commission will grant the parties' request to enter all pre-filed testimony prepared by the parties into the record. Evaluating the *Stipulation and Agreement* based on the competent evidence of the whole record, the Commission independently finds and concludes that Empire has met its burden of proof that the rates proposed in the *Stipulation and Agreement* are just and reasonable. After reviewing the whole record and the terms of the unanimous *Stipulation and Agreement*, the Commission independently concludes that the terms of the agreement support safe and adequate

¹ See EFIS Item No. 160, pre-filed true-up testimony of Timothy Wilson, pg. 1-2.

² All statutory references are to the 2000 Missouri Revised Statutes, as cumulatively supplemented.

³ Section 393.150. *Bonney v. Environmental Engineering, Inc.*, 224 S.W.3d 109, (Mo.App. 2007).

⁴ *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944).

⁵ *State ex rel. Associated Natural Gas Co. v. Pub. Serv. Comm'n*, 706 S.W.2d 870, (Mo.App. W.D. 1985).

⁶ *Id.*

service and result in just and reasonable rates. The Commission will therefore approve the *Stipulation and Agreement*.

The Commission is not required to state separately findings of facts or conclusions of law for those issues disposed of by stipulation and agreement.⁷

Low-Income Pilot Program:

The *Stipulation and Agreement* also states that if the Commission orders a low-income rate pilot program, the cost of the program will receive the same regulatory asset/ rate base treatment as demand side management program costs.⁸ At the on-the-record hearing on June 29, it was acknowledged that the inclusion of this language in the *Stipulation and Agreement* represented an agreement by the parties as to how to fund a program, if ordered by the Commission.⁹ Counsel for Empire stated that the parties were unable to reach a consensus on the amount to be included and the parameters for a potential low-income pilot program and would be looking for an order by the Commission directing the amount to be used for such a program and possibly the program's design.¹⁰

Decision:

Section 393.140(11) authorizes the Commission to regulate the rates Empire charges its customers. The Commission has the authority to grant interim test rates or experimental rates as a matter of necessary implication from practical necessity.¹¹ The Commission will authorize Empire to implement an experimental residential low-income

⁷ §536.090.

⁸ See paragraph 13, h of the *Stipulation and Agreement* and paragraph 15, in which the signatories agree Empire will continue to amortize demand side management costs incurred after the end of the Regulatory Plan and prior to the implementation of any plan under MEEIA for a total term of six years. EFIS Item no. 172.

⁹ Transcript June 29, 2016, Volume 7, Hearing, pg. 211.

¹⁰ Transcript June 29, 2016, Volume 7, Hearing, pg. 216.

¹¹ *State ex rel. Laclede Gas Co. v. Pub. Serv. Comm'n*, 535 S.W.2d 561, 567, n1 (Mo.App. 1976).

pilot program that provides a 100 percent discount on the customer charge for eligible low-income customers, based on LIHEAP eligibility. The goal of the temporary pilot program shall be to evaluate the impact a discount in the customer charge for low-income residential customers has on the disconnection and bad debt rates for Empire both during and after participation in the program. The results of the experimental program shall be reviewed in Empire's next general rate case.

THE COMMISSION ORDERS THAT:

1. The following exhibits are admitted into the record: Empire Exhibits 1-31; Staff Exhibits 1-24, OPC Exhibits 1-18, Division of Energy Exhibits 1-5, Joplin Exhibit 1; MEUA Exhibits 1-3, and MECG Exhibits 1-5.

2. The *Stipulation and Agreement*, filed on June 20, 2016, is approved. The parties shall comply with the terms of the *Stipulation and Agreement*. A copy of the *Stipulation and Agreement* shall be attached to this order as "Attachment A" and is incorporated by reference as if fully set forth herein.

3. The tariff submitted by Empire on October 16, 2015, and assigned Tracking No. YE-2016-0104, is rejected.

4. No later than August 15, 2016, Empire shall file new tariff sheets consistent with this order and the terms of the *Stipulation and Agreement* bearing an effective date of September 14, 2016.

5. Empire shall establish an experimental low-income pilot program with a total program budget of \$250,000, no later than January 1, 2017, with a goal of studying the impact removing the customer charge for certain low-income residential customers has on the company's disconnection and bad debt percentages. The

program shall be implemented by January 1, 2017, or as soon as possible thereafter, and shall run until either the funds are exhausted or until rates are implemented from Empire's next general rate case, whichever occurs first. Empire shall track the program's cost as a regulatory asset for recovery consideration by the Commission in the company's next general rate case. The Commission shall assign a separate file from File No. ER-2016-0023 for monitoring the low-income pilot program and establishing standards and guidelines for the program. All parties to this general rate case shall be made parties to the low-income pilot program file.

6. The Commission adopts Staff's recommended in-service criteria for the conversion of Riverton Unit 12 to a combined cycle gas turbine and finds that it was operational and used for service as of May 1, 2016.

7. Empire shall file the information required by Section 393.275.1, RSMo. 2000, and Commission Rule 4 CSR 240-10-060 no later than October 5, 2016.

8. This order shall become effective on September 9, 2016.

BY THE COMMISSION



A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney, and Rupp, CC., concur;
Coleman, C., absent.

Burton, Senior Regulatory Law Judge.

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

In the Matter of The Empire District Electric)	
Company for Authority to File Tariffs Increasing)	
Rates for Electric Service Provided to Customers)	Case No. ER-2016-0023
in the Company's Missouri Service Area)	

STIPULATION AND AGREEMENT

COME NOW The Empire District Electric Company ("Empire" or "Company"), the Staff of the Commission ("Staff"), the Office of the Public Counsel ("OPC"), the City of Joplin ("Joplin"), the Missouri Department of Economic Development – Division of Energy ("DE"), and the Midwest Energy Consumers Group ("MECG") (collectively, the "Signatories"), by and through their respective counsel, and for their Stipulation and Agreement (this "Stipulation"), respectfully state as follows to the Missouri Public Service Commission ("Commission"):

1. All parties to this rate case proceeding, with the exception of the Midwest Energy Users' Association ("MEUA"), are Signatories to this Stipulation. MEUA has been involved with all settlement negotiations and reached an agreement in principle with the Signatories on all issues. MEUA, however, has not had an opportunity to fully review this settlement document, and, as such, is not a signatory at this time. MEUA will make a separate filing regarding its position, or all parties will submit an amended stipulation as soon as possible.

2. This Stipulation is being entered into solely for the purpose of settling all contested issues in this case. Unless otherwise explicitly provided herein, none of the Signatories shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost of service or valuation determination or cost allocation, rate design, revenue recovery, or revenue-related methodology. Except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding.

3. This Stipulation has resulted from extensive negotiations among the parties, and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and none of the Signatories shall be bound by any of the agreements or provisions hereof.

4. In the event the Commission accepts the specific terms of this Stipulation without condition or modification, the Signatories waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any issues not explicitly addressed by this Stipulation.

5. **Admission of Testimony:** The Signatories consent to the admission of and request that the Commission admit into the record in this proceeding the following pre-filed written testimony: Empire Exhibits 1-31; Staff Exhibits 1-24; OPC Exhibits 1-18; DE Exhibits 1-5; Joplin Exhibit 1; MEUA Exhibits 1-3; and MECG Exhibits 1-5.

6. **Total Revenue Requirement:** The Signatories agree that Empire should be authorized to file tariffs designed to increase the Company's revenues by \$20,390,000 annually, exclusive of any applicable license, occupation, franchise, gross receipts taxes, or similar fees or taxes, to become effective on September 14, 2016. The Signatories intend to submit specimen tariff sheets within one week.

The Signatories further agree that Staff's billing determinants and current revenues for this case, plus an overall increase of \$20,390,000, should be used as the revenue requirement in the setting of rates in this case.

This revenue requirement is based on a return on equity (“ROE”) range of 9.5 to 9.9 percent.

This revenue requirement reflects rate case expense calculated pursuant to the sharing mechanism ordered by the Commission for use in Commission Case No. ER-2014-0370 (linking Empire’s recovery of rate case expense to the percentage of its rate increase request found or agreed to be just and reasonable).

The electric rates to be established for Empire pursuant to this Stipulation reflect a normalized level of fuel and purchased power costs, which is used to set the fuel adjustment clause (“FAC”) base factor.

7. **Depreciation:** Staff’s depreciation rates are authorized by the Commission in this case, and the Commission should order Empire to use the depreciation rates as shown in Schedule A attached hereto. Staff’s reserve adjustments, attached hereto as Schedules B and C, are recorded on Empire's books reflecting amounts updated through the effective date of new rates. Empire will no longer engage in the process of discontinuing depreciation on assets when reserves are equal to or higher than original costs.

8. **Discontinued Trackers:** As of March 31, 2016, the unamortized regulatory asset balances are as follows:

Vegetation/Infrastructure	\$2,182,407
O&M – Iatan Common	\$759,080
O&M – Iatan 2	(\$196,421)
O&M – Plum Point	\$110,308

For Vegetation/Infrastructure, \$436,481 shall be amortized annually, over a period of five (5) years. For O&M – Iatan Common, \$253,027 shall be amortized annually, over a period of three (3) years. For O&M – Iatan 2, (\$65,474) shall be amortized annually, over a period of three (3)

years. For O&M – Plum Point, \$36,769 shall be amortized annually, over a period of three (3) years.

9. **Riverton 12 O&M Tracker:** The Signatories agree that the tracker for Riverton 12 shall continue, with the base set at \$2.7 million, Missouri jurisdictional. Given that Riverton 12 was recently converted from a simple cycle to a combined cycle unit, there is no operational history by which to determine an appropriate level of Riverton O&M costs. As such, the parties agree that this is an extraordinary situation that allows for the use of a tracker mechanism. All non-labor O&M shall be tracked (FERC accounts attached hereto as Schedule D). Fluctuations in actual charges above and below the annual level of expense (base) shall continue to be recorded in a regulatory asset/liability account.

10. **Pension/OPEB:** The Signatories request that the Commission authorize the continuation of a tracker mechanism for pension and OPEB expenses. The annual level of ongoing Missouri jurisdictional pension and OPEBs expense is \$8,269,970 and \$2,683,757, respectively. This includes the actuarially determined expenses for 2015 of \$7,664,807 for pensions and \$2,731,018 for OPEBs, and the five (5) year amortization of Missouri jurisdictional amounts of \$605,163 for pensions and (\$47,261) for OPEBs.

The Missouri jurisdictional regulatory asset as of March 31, 2016, is a total of \$3,025,815 for pensions and (\$236,305) for OPEBs. The prepaid pension asset balance as of March 31, 2016 is \$23,314,960, Missouri jurisdictional. The Accounting Standards 715-30 and 715-60 (FAS 87/106) tracker language shall continue in effect.

11. **Solar Rebates:** The following language shall be added to Empire's solar rebate tariff, included in the contract between Empire and the customer, and shall be placed on Empire's website:

Disclaimer: Possible Future Rules and/or Rate Changes
Affecting Your Photovoltaic ("PV") System

1. Your PV system is subject to the Commission's current rates, rules, and regulations. The Commission may alter its rules and regulations and/or change rates in the future. If this occurs, your PV system is subject to those changes, and you will be responsible for paying any future increases to electricity rates, charges, or service fees from the Company.
2. The Company's electricity rates, charges, and service fees are determined by the Commission and are subject to change based upon the decisions of the Commission. These future adjustments may positively or negatively impact any potential savings or the value of your PV system.
3. Any future electricity rate projections which may be presented to you are not produced, analyzed, or approved by the Company or the Commission. They are based on projections formulated by external third parties not affiliated with the Company or the Commission.

The solar rebate regulatory asset is included in rate base (\$6,200,545 as of March 31, 2016) and shall be amortized over ten (10) years, pursuant to the Commission's Renewable Energy Standard ("RES") rule, 4 CSR 240-20.100.

12. **Current DSM / Energy Efficiency:** The Signatories agree that the Company's current Demand Side Management ("DSM") programs will continue to be offered, with the total annual budget for all DSM programs remaining at \$1.25 million.

- a. The incentive structure for the current Commercial and Industrial ("C&I") program will be modified to a range of \$0.06 to \$0.10/kWh of first year energy savings, which the Company can adjust to maximize program participation.
- b. Remaining DSM portfolio funds for the 2016 calendar year not anticipated to be used by residential programs may be utilized by the C&I program, so that the C&I program will again be made available to customers as soon as possible following Commission approval of this Stipulation.

c. The Company will spend at least 5% of the annual DSM budget on marketing DSM programs other than C&I and will report quarterly marketing expenditures in its quarterly reports to the DSM Advisory Group (“DSMAG”).

d. Rates shall be designed so that DSM expenditures will be collected from the Residential and C&I rate groups according to which groups those programs are offered.

e. Current regulatory asset treatment and rate base inclusion for costs will be continued.

f. The Signatories agree that the current DSM programs will be discontinued when the Company’s new DSM program tariffs become effective. Pursuant to paragraph 13 below, the new DSM programs shall take effect on January 1, 2017, or as soon as possible after January 1, 2017.

13. **Planned DSM / Energy Efficiency:** The Signatories agree that between the effective date of this Stipulation and January 1, 2017, or as soon as possible after January 1, 2017, they will work together through the existing DSMAG to develop four (4) new DSM programs, namely, a Residential HVAC, a C&I custom rebate, a low-income multi-family, and either a non-low-income multi-family, single family low-income or an on-bill financing program targeted at low-income families.

a. The DSMAG will model these programs to the extent possible on existing programs in the state of Missouri and/or other best practices identified by the DSMAG.

b. Each program developed will include a proposed annual budget, energy and demand savings target(s), and marketing strategy.

c. All programs will have impact and process evaluation, measurement and verification (“EM&V”) performed by a third party independent contractor for the first two (2) full program years at a budget of 5% of the actual expenditures for the two (2) full program years.

d. The DSMAG will investigate Pay As You Save (“PAYS”) Financing and similar programs, the feasibility of administering PAYS Financing and similar programs in Empire’s service territory, and Empire will arrange for a presentation on PAYS Financing or a similar program at a Commission Agenda meeting.

e. Signatories agree that the Company will implement these or similar programs on January 1, 2017, or as soon as possible after January 1, 2017.

f. Signatories agree that the programs implemented on January 1, 2017, or as soon as possible after January 1, 2017, will have a term of not less than two (2) years.

g. Current regulatory asset treatment and rate base inclusion for costs will be continued as specified in Paragraph 15.

h. If the Commission orders a low-income rate pilot program in this case, the cost of the program will also receive regulatory asset/rate base treatment as specified in Paragraph 15.

14. **DSM Regulatory Asset:** The Signatories agree that Empire will continue amortization of the DSM regulatory asset for costs incurred during the Regulatory Plan, Case No. EO-2005-0263, for a total term of ten (10) years.

15. **DSM Program Costs:** The Signatories agree Empire will continue amortization for the DSM program costs incurred after the end of the Regulatory Plan and prior to any program implementation under MEEIA for a total term of six (6) years.

16. **Low-Income Weatherization:** The Signatories agree that Empire will continue its current low-income weatherization program, with an annual budget of \$250,000 (increased from \$225,000). If the budget amount is not spent in any given Empire budget year, the balance will roll over to be spent cumulatively with the annual budget amount in the next Empire budget year. On a going forward basis, the low-income weatherization program is not a "demand-side measure" or program for purposes of RSMo. §393.1075.7. Costs for this program are built into and will be recovered through the agreed-upon revenue requirement.

The Signatories agree to a process evaluation ("Evaluation"), to be conducted by an independent evaluator, of the Company's Low-Income Weatherization Program. The Evaluation shall conduct a process review including: (1) the Company and Community Action Agencies' ("CAAs") administration of Company funded weatherization funds, and (2) communication between the Company and CAAs regarding these funds. The Evaluation will identify why funds for Low-Income Weatherization remain unspent, whether barriers exist to full utilization of Company funded weatherization funds, and will recommend solutions to remedy these barriers.

Aside from the above-identified evaluation topics and goals, and the process evaluation topics the evaluator may generally choose to review, the Signatories will develop a list of data to be collected from the CAAs for the process evaluation to analyze potential barriers to program participation.

The Signatories agree that the cost of the low-income weatherization process evaluation should not exceed \$15,000, with the cost of the evaluation being funded through the Company's weatherization program funding.

17. **FAC Tariff and Base:** The Signatories agree that Empire should be allowed to continue its FAC, as modified herein. The sharing mechanism shall remain at 95%/5%, and the

transmission percentages shall remain the same (50% of MISO non-administrative costs, 34% of SPP non-administrative costs).

The listing of accounts for costs and revenues flowing through the FAC are attached hereto as Schedule E. Empire shall include in its monthly FAC submission, the FAC costs in each of the general ledger accounts in Schedule E for that month and the twelve months ending that month.

The electric rates to be established for Empire pursuant to this Stipulation reflect a base level of fuel and purchased power costs of \$24.15/MWh.

18. **Residential Customer Charge.** The Signatories agree that the residential customer charge will be increased to \$13.00.

19. **Rate Design:** There shall be a \$3 million revenue neutral shift to the residential class, allocated as follows: -\$2 million to GP; -\$525,000 to CB; -\$340,000 to LP; and -\$135,000 to the Praxair class.

After the revenue neutral shifts, the non-energy efficiency overall rate increase will be allocated on an equal percentage basis to all classes except feed mill and lighting.

For the LP class, the volumetric energy charges shall not be increased as part of this case.

The following Small Heating Rate charges should be matched to their Commercial Building counterparts:

- a. Customer Charge,
- b. Summer First Block Charge,
- c. Summer Second Block Charge, and
- d. Non-Summer First Block Charge.

The Total Electric Building customer charge should be realigned with the corresponding General Power rate charge.

After these adjustments, including setting the residential customer charge, all remaining rates within each class shall be increased by the same percentage.

20. **Volumetric Rate Design / Block Rates:** Staff, OPC, DE, and Empire agree to work together to develop an analysis regarding responsible energy use as related to residential block rates, with said analysis to be filed by Empire as part of its direct testimony in Empire's next general rate case.

21. **Reporting:** The Signatories agree that Empire should continue to provide monthly quality of service reporting, should continue submitting monthly revenue and usage reports to Staff, and should continue providing the following information as part of its monthly FAC reports (as agreed to in the Non-Unanimous Stipulation and Agreement filed May 12, 2010, in Case No. ER-2010-0130):

- a. Monthly SPP market settlements and revenue neutrality uplift charges;
- b. Notify Staff within 30 days of entering a new long-term contract for transportation, coal, natural gas or other fuel; natural gas spot transactions are specifically excluded;
- c. Provide Staff with a monthly natural gas fuel report that includes all transactions, spot and longer term; the report will include term, volumes, price and analysis of number of bids;
- d. Notify Staff within 30 days of any material change in Empire's fuel hedging policy, and provide the Staff with access to new written policy;
- e. Provide Staff its Missouri Fuel Adjustment Interest calculation work papers in electronic format with all formulas intact when Empire files for a change in the cost adjustment factor;
- f. Notify Staff within 30 days of any change in Empire's internal policies for participating in the SPP; and

g. Continue to provide Staff access to all contracts and policies upon Staff's request, at Empire's corporate office in Joplin, Missouri.

Further, Empire will provide its quarterly FAC report to David Woodsmall, as counsel for MECCG.

22. **Cost Allocation Manual ("CAM"):** Within two weeks of the filing of this Stipulation, Empire, Staff, and OPC shall present a jointly proposed procedural schedule in Empire's CAM docket, Case No. AO-2012-0062.

23. **Riverton 12:** The Signatories request that the Commission adopt Staff's recommended in-service criteria regarding the conversion of the existing Riverton Unit 12 simple cycle gas turbine, which went into service in 2007, to a combined cycle gas turbine and find Riverton 12 to be "fully operational and used for service."

24. **True-Up and Briefing:** The Signatories agree that true-up testimony and a true-up hearing in this case are no longer needed and also agree that no post-hearing briefing is needed.

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Settlement Sch. A

6-20-2016

Schedule JAR(DEP)-td1
The Empire District Electric Company
Staff Recommended Annual Depreciation Rates
ER-2016-0023

Account Number	Account Description	Remaining Life (years)	Recommended Net Salvage	Recommended Remaining Life Depreciation Rate (%)
STEAM PRODUCTION PLANT				
Riverton				
311	Structures and Improvements	3	-10.00%	10.00%
312	Boiler Plant Equipment	3	-10.00%	10.00%
314	Turbogenerator Units	3	-10.00%	10.00%
315	Accessory Electric Equipment	3	-10.00%	10.00%
316	Miscellaneous Power Plant Equipment	3	-10.00%	10.00%
Asbury				
311	Structures and Improvements	20	-10.00%	4.29%
312	Boiler Plant Equipment	20	-10.00%	4.82%
314	Turbogenerator Units	20	-10.00%	4.89%
315	Accessory Electric Equipment	20	-10.00%	3.78%
316	Miscellaneous Power Plant Equipment	20	-10.00%	3.28%
Iatan 1				
311	Structures and Improvements	25	-10.00%	1.93%
312	Boiler Plant Equipment	25	-10.00%	2.78%
312	Unit Train	11	0.00%	6.67%
314	Turbogenerator Units	25	-10.00%	2.74%
315	Accessory Electric Equipment	25	-10.00%	2.81%
316	Miscellaneous Power Plant Equipment	25	-10.00%	2.80%
Iatan 2				
311	Structures and Improvements	55	-10.00%	1.53%
312	Boiler Plant Equipment	55	-10.00%	1.53%
314	Turbogenerator Units	55	-10.00%	1.53%
315	Accessory Electric Equipment	55	-10.00%	1.54%
316	Miscellaneous Power Plant Equipment	55	-10.00%	1.66%
Iatan Common				
311	Structures and Improvements	55	-10.00%	1.92%
312	Boiler Plant Equipment	55	-10.00%	1.80%
314	Turbogenerator Units	55	-10.00%	1.92%
315	Accessory Electric Equipment	55	-10.00%	1.92%
316	Miscellaneous Power Plant Equipment	55	-10.00%	1.89%
Plum Point				
311	Structures and Improvements	45	-10.00%	2.44%
312	Boiler Plant Equipment	45	-10.00%	2.26%
312	Unit Train	10	0.00%	6.67%
314	Turbogenerator Units	45	-10.00%	2.26%
315	Accessory Electric Equipment	45	-10.00%	2.20%
316	Miscellaneous Power Plant Equipment	45	-10.00%	2.15%
HYDRAULIC PRODUCTION PLANT				
331	Structures and Improvements	38	-10.00%	1.80%
332	Reservoirs, Dams and Waterways	38	-10.00%	1.82%
333	Waterwheels, Turbines and Generators	38	-10.00%	2.45%
334	Accessory Electric Equipment	38	-10.00%	2.38%
335	Miscellaneous Power Plant Equipment	38	-10.00%	1.72%

Schedule JAR(DEP)-td1
The Empire District Electric Company
Staff Recommended Annual Depreciation Rates
ER-2016-0023

Account Number	Account Description	Remaining Life (years)	Recommended Net Salvage	Recommended Remaining Life Depreciation Rate (%)
OTHER PRODUCTION PLANT				
Riverton 10 & 11				
341	Structures and Improvements	18	-5.00%	4.52%
342	Fuel Holders, Producers and Access.	18	-5.00%	2.98%
343	Prime Movers	18	5.00%	2.54%
344	Generators	18	5.00%	2.43%
345	Accessory Electric Equipment	18	-5.00%	3.56%
346	Miscellaneous Power Plant Equipment	18	-5.00%	3.31%
Riverton 12 CC				
341	Structures and Improvements	41	-5.00%	2.55%
342	Fuel Holders, Producers and Access.	41	-5.00%	2.08%
343	Prime Movers	41	5.00%	2.28%
344	Generators	41	5.00%	2.06%
345	Accessory Electric Equipment	41	-5.00%	2.41%
346	Miscellaneous Power Plant Equipment	41	-5.00%	2.20%
Energy Center 1&2				
341	Structures and Improvements	10	-5.00%	4.50%
342	Fuel Holders, Producers and Access.	10	-5.00%	4.50%
343	Prime Movers	10	5.00%	3.42%
344	Generators	10	5.00%	3.50%
345	Accessory Electric Equipment	10	-5.00%	5.47%
346	Miscellaneous Power Plant Equipment	10	-5.00%	4.50%
Energy Center 3&4 (FT8)				
341	Structures and Improvements	28	-5.00%	3.20%
342	Fuel Holders, Producers and Access.	28	-5.00%	2.87%
343	Prime Movers	28	5.00%	2.84%
344	Generators	28	5.00%	3.15%
345	Accessory Electric Equipment	28	-5.00%	2.99%
346	Miscellaneous Power Plant Equipment	28	-5.00%	2.78%
Stateline CT				
341	Structures and Improvements	25	-5.00%	1.80%
342	Fuel Holders, Producers and Access.	25	-5.00%	1.50%
343	Prime Movers	25	5.00%	1.84%
344	Generators	25	5.00%	1.30%
345	Accessory Electric Equipment	25	-5.00%	1.82%
346	Miscellaneous Power Plant Equipment	25	-5.00%	1.80%
Stateline CC				
341	Structures and Improvements	36	-5.00%	2.08%
342	Fuel Holders, Producers and Access.	36	-5.00%	2.08%
343	Prime Movers	36	5.00%	1.88%
344	Generators	36	5.00%	2.18%
345	Accessory Electric Equipment	36	-5.00%	2.01%
346	Miscellaneous Power Plant Equipment	36	-5.00%	2.43%

Schedule JAR(DEP)-fd1
The Empire District Electric Company
Staff Recommended Annual Depreciation Rates
ER-2016-0023

Account Number	Account Description	Retirement Rate (%)	Recommended Net Salvage	Recommened Depreciation Rate (%)
TRANSMISSION PLANT				
352	Structures & Improvements	1.82%	-10.00%	2.00%
353	Station Equipment	1.67%	-10.00%	1.83%
354	Towers & Fixtures	1.54%	-10.00%	1.69%
355	Poles & Fixtures	1.67%	-100.00%	3.33%
356	Overhead Conductors	1.43%	-25.00%	1.79%
DISTRIBUTION PLANT				
361	Structures & Improvements	1.67%	-10.00%	1.83%
362	Station Equipment	2.00%	-10.00%	2.20%
364	Poles, Towers & Fixtures	1.82%	-100.00%	3.64%
365	Overhead Conductors	1.79%	-100.00%	3.57%
366	Underground Conduit	2.50%	-35.00%	3.38%
367	Underground Conductors	3.13%	-15.00%	3.59%
368	Transformers	2.22%	-10.00%	2.44%
369	Services	2.22%	-100.00%	4.44%
370	Meters	2.27%	0.00%	2.27%
371	Meter Installations	3.33%	-40.00%	4.67%
373	Street Lighting	2.22%	-50.00%	3.33%
GENERAL PLANT				
390	Structures & Improvements	2.38%	-10.00%	2.62%
391.1	Office Furniture and Equipment	4.17%	0.00%	4.17%
391.2	Computer Equipment	10.00%	0.00%	10.00%
392	Transportation Equipment	7.14%	10.00%	6.43%
393	Stores Equipment	2.86%	0.00%	2.86%
394	Tools, Shop & Garage Equipment	5.00%	0.00%	5.00%
395	Laboratory Equipment	2.38%	0.00%	2.38%
396	Power Operated Equipment	5.56%	5.00%	5.28%
397	Communication Equipment	4.55%	0.00%	4.55%
398	Miscellaneous Equipment	3.70%	0.00%	3.70%

Settlement Sch. B
6-20-2016

ESTIMATED ACCRUED DEPRECIATION ADJUSTMENTS
EMPIRE DISTRICT ELECTRIC COMPANY
ER-2016-0023
2005-2015

Plant/ Facility	Depreciation Group		Adjustment
Energy Center	342E	Fuel Holders, Producers & Access.	\$480,325
	344E	Generators	\$742,576
	345E	Accessory Electric Equipment	\$60,329
	346E	Miscellaneous Power Plant Equipment	\$537,488
	Plant Total		\$1,820,717
Energy Center FT8	342FT	Fuel Holders, Producers & Access.	\$3,354
Iatan	312IT	Boiler Plant Equipment	\$15,724
	316IT	Miscellaneous Power Plant Equipment	\$35,459
	Plant Total		\$51,183
Iatan 2	316I2	Miscellaneous Power Plant Equipment	\$526,273
Iatan Common	314IC	Turbogenerator Units	\$2
	315IC	Accessory Electric Equipment	\$25
	Plant Total		\$27
Iatan Transmission	352I	Structures & Improvements	\$25,213
	353I	Station Equipment	\$11,339
	Plant Total		\$36,552
Riverton	314R	Turbogenerator Units	\$166,558
	315R	Accessory Electric Equipment	\$94,621
	316R	Miscellaneous Power Plant Equipment	\$24
	Plant Total		\$261,203
Stateline	341S	Structures & Improvements	\$227,197
	346S	Miscellaneous Power Plant Equipment	\$85,345
	Plant Total		\$312,542
Stateline CC	342C	Fuel Holders, Producers & Access.	\$62,170
	354	Towers & Fixtures	\$8,345
GRAND TOTAL			\$3,082,367

SINGLE SHEET DEPRECIATION AND NET SALVAGE CALCULATIONS
 PLANT BALANCE @ 9/30/2015 FOR OCTOBER 2015 DEPRECIATION

Settlement Sch. C
 6-20-2016

DEPR GRP	FERC DESCR	Adjustments
RIVERTON 788		
311R	Structures	\$3,442,188
312R	Boiler Plant	\$4,831,456
314R	Turbogenerators	\$1,390,628
315R	Access. Electric	\$410,252
316R	Misc. Equipment	-\$41,047
IATAN 1		
316I	Misc. Equipment	-\$436,275
ENERGY CENTER		
341E	Structures	-\$697,697
342E	Fuel Holders	-\$791,573
344E	Generators	-\$3,894,864
346E	Misc. Equipment	-\$2,045,394
STATE LINE UNIT 1		
341S	Structures	-\$528,654
346S	Misc. Equipment	-\$127,963
STATE LINE CC		
342C	Fuel Holders	-\$1,510,097

Settlement Sch. D
6-20-2016

<u>Title</u>	<u>Internal Account Number</u>	<u>FERC Account</u>
Conv & Seminar-Operations	500011	500
Opr Spr & Eng-Air Abate&Monit	500036	500
Operation Supervision & Eng	500039	500
Micro Software-Production	500046	500
Regulatory & Environm Report	500180	500
Exp Of Feedwater System	502093	502
Exp Of Steam Boiler	502108	502
Exp-Condens & Cooling H2O Sys	505112	505
Exp Of H2 System	505119	505
Safety Expenses-Prod	506025	506
Misc Steam Power Expenses	506126	506
Exp Of Prime Movers	548123	548
Exp of Environmental Devices	548124	548
Safety Expenses-Comb Turbine	549025	549
Exp of Misc Other Power	549120	549
Maint Supervision & Engineer	551201	551
Exp of Structures	552121	552
Mtce Of Structures - SL	552135	552
Mnt CEM Equip Combustion Turb	553144	553
Mtce of Turbines	553160	553
Mtce Of Hrsg Pressure Parts	553163	553
Mtce of Environmental Devices	553164	553
Mtce of Feedwater Systems	553166	553
Riverton Deferred Maintenance	553168	553
Riverton MtcTrk MO ER2014-0351	553169	553
Mtce of Generators	553170	553
Mtce of Turbine Aux Equip	553161	553
Mtce of Elec Control System	553175	553
Maint Of Gen & Elect Eq-Other	553231	553
Unit #12 Combustion Turbine	553232	553
Exp of Misc Power Plant Equip	554110	554
Mtce of Misc Plant Systems	554130	554
Mtce Of Misc Plant Tools	554131	554
Dist Substation Equip Maint	592052	592

List of Sub-Accounts Included and Excluded for FAC

GL	Descriptions	GL	Descriptions	GL	Descriptions
<u>501</u>	<u>Included:</u>	<u>506</u>	<u>Included:</u>	<u>555</u>	<u>Included:</u>
501042	Fuel -Coal	506127	Limestone Expense -Iatan	555430	Direct Purchases
501045	Fuel -Oil	506128	Powdered Activated Carbon	555431	Purchase Power Tolling Fees
501054	Fuel -Natural Gas	506129	Ammonia Expense	555432	Energy Imbalance
501183	Sales Of Ash	506201	Limestone Expense	555437	Interrupt Svc Compensation
501211	Ineffect (Gain)Loss Deri Steam	506202	Ammonia Expense	555800	DA Asset Energy
501212	Effective (Gn)Lss Deriv Steam	506203	Powdered Activated Carbon	555810	DA Non-Asset Energy
501216	NonFAS133Deriv(Gain)/LossStream	506204	Lime Expense	555820	DA Virtual Energy
501300	Fuel -Tires	<u>548</u>	<u>Included:</u>	555840	DA Reg-Up
501401	Ops Mtlb-Fuel Handling	548202	Ammonia Expense	555850	DA Reg-Down
501607	Fuel Adm E Trader Commission	<u>447</u>	<u>Included:</u>	555860	DA Spinning
<u>501</u>	<u>Excluded:</u>	447113	Gen Ark Off-Sys Sale-Resale	555870	DA Supplemental
501011	Conv & Seminar-Fuel	447113	Gen Ark Off-Sys Sale-Resale	555880	DA Other
501400	Ops Labor-Fuel Handling	447124	Gen Ks Off-System Sale-Resale	555900	RT Asset Energy
501601	Fuel Administration -Asbury	447133	Gen Mo Off-Sys Sale-Resale	555910	RT Non-Asset Energy
501604	Fuel Administration -Riverton	447143	Gen OK Off-Sys Sales-Resale	555920	RT Virtual Energy
501605	Fuel Administration Plum Point	447810	SPP IM Revenue -AR	555940	RT Reg-Up
<u>547</u>	<u>Included:</u>	447820	SPP IM Revenue -KS	555950	RT Reg-Down
547205	Natural Gas SLCC Tolling	447830	SPP IM Revenue -MO	555960	RT Spinning
547206	Nat Gas-Tolling SLCC Ineffectiv	447840	SPP IM Revenue -OK	555970	RT Supplemental
547207	Nat Gas-Tolling SLCC Effective	447850	SPP IM Revenue	555980	RT Other
547208	Comb Turb Fuel Sales -Nat Gas	447860	Bilateral/Off Line Aux Revenue	<u>555</u>	<u>Excluded:</u>
547210	Combust Turb Fuel Natural Gas	<u>447</u>	<u>Excluded:</u>	555990	TCR Activity
547211	Ineffect (Gain)Loss Deriv Gas	447430	Aec -Off-Sys-Missouri	555995	ARR Activity
547212	Effective (Gain)Loss Deriv Gas	447540	Oklahoma G R D A Off-System	<u>565</u>	<u>Included:</u>
547213	Fuel -No 2 Oil Fuel	447610	Energy Imbalance -Arkansas	565413	Trans Of Electricity By Others
547301	NonFAS133 Deriv (Gain)/Loss	447620	Energy Imbalance -Kansas	565414	SPP Fixed Chg -Native Load Exclude S1-A
547607	Fuel Adm E Traders Commission	447630	Energy Imbalance -Missouri	565416	Non SPP Fixed Chg -Native Load
<u>547</u>	<u>Excluded:</u>	447640	Energy Imbalance -Oklahoma	565417	PP Non SPP Var -Native Load
547605	Fuel Adm State Line	<u>457</u>	<u>Excluded:</u>	565418	Gen Non SPP Var -Native Load
547606	Fuel Adm Energy Center	457137	Ot EI RvOffSys LTFSTF PTP Trns	565419	Off Sys Sales Trans Costs
547210	Natural gas fixed transportation & fixed storage only	457138	Ot EI RvOffSys NnFrm PTP Trns	<u>565</u>	<u>Excluded:</u>
<u>411</u>	<u>Included:</u>	457139	Ot EI RvOffSys NITS Rev	565414	SPP Schedule 1-A only
411800	Gains-Disposition Emmiss Allow	457140	Oth EI Rev-Off-Sys Losses	565415	SPP Var Chg Schedule 12
<u>509</u>	<u>Included:</u>	457141	Sch 11 NITS	<u>456</u>	<u>Included:</u>
509052	Emission Allowance Exp	457142	Sch 11 PTP	456071	Misc Elec Rev-Green Credits-AR
		457160	Sch 1 PTP	456072	Misc Elec Rev-Green Credits-KS
				456073	Misc Elec Rev-Green Credits-MO
				456074	Misc Elec Rev-Green Credits-OK
				456075	REC Revenue

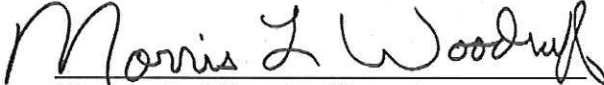
STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 10th day of August 2016.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

August 10, 2016

File/Case No. ER-2016-0023

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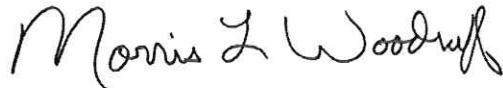
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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



Morris L. Woodruff
Secretary

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.

