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DANA K. JOYCE  
General Counsel

June 5, 2001

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

FILED<sup>3</sup>

JUN 05 2001

Missouri Public  
Service Commission

**RE: Case No. ER-2001-299**

Dear Mr. Roberts:

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

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Dennis L. Frey  
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DLF:ccl  
Enclosure  
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED<sup>3</sup>

JUN 05 2001

Missouri Public  
Service Commission

In the Matter of The Empire District )  
Electric Company's Tariff Sheets )  
Designed to Implement a General Rate )  
Increase for Retail Electric Service )  
Provided to Customers in the Missouri )  
Service Area of the Company )

Case No. ER-2001-299

**REVISED RECONCILIATION OF PARTIES' POSITIONS**  
**ON THE REVENUE REQUIREMENT ISSUES**

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

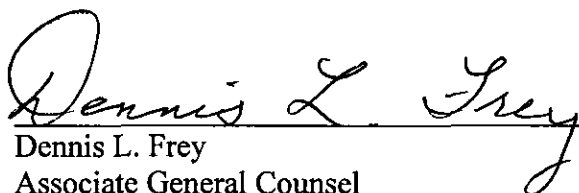
1. On May 23, 2001, pursuant to the procedural schedule ordered in this case, the Staff, acting on behalf of the above-listed parties, filed a Reconciliation of Parties' Positions on the Revenue Requirement Issues. On May 31, 2001, during the evidentiary hearing in this case, the presiding Regulatory Law Judge, directed the filing of another reconciliation, incorporating any changes to the originally filed reconciliation that might be appropriate. Accordingly, the Staff submits, on behalf of the above-listed parties the Revised Reconciliation of Parties' Positions on the Revenue Requirement Issues, which is marked as Appendix A and attached hereto.

2. With one exception, the dollar values presented in the Revised Reconciliation are the same as those presented in the original Reconciliation, filed May 23. The exception is that the "Staff/Company Difference" with respect to the "Depreciation Expense" issue has been broken

down into three component parts; namely, differences associated with Net Salvage, Amortization of Net Salvage, and Shorter Plant Life. The total of the three components is approximately equal \$10,185,882, which is also the originally filed value, with rounding error accounting for the difference.

Respectfully submitted,

DANA K. JOYCE  
General Counsel

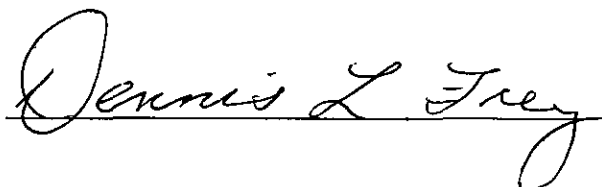


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### **Certificate of Service**

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 5th day of June 2001.



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

Line Number	Description of Issues	Staff Position	Company Position	OPC Position	Staff/ Company Difference	Change In Revenue Requirement	Change In Revenue Requirement
1	Company Adjusted Revenue Requirement						\$ 39,143,661
	<u>Revenue Items:</u>						
	<u>Expense Items:</u>						
	Payroll - Incentive Compensation	\$ -	\$ 264,925		\$ (264,925)	\$ (264,925)	\$ 38,878,736
	Bad Debt Expense - Factor-up on additional Revenue Req	\$ -	\$ 50,431		\$ (50,431)	\$ (50,431)	\$ 38,828,305
	SLCC Plant Maintenance Expense (A)						
	(A) This item is included in Staff's \$35,000,000 Allowance - Staff included \$8,000,000 times Juris factor of .8013 or \$6,410,400.						
	Depreciation Expense	\$ 18,249,834	\$ 28,445,716		\$ (10,195,882)	\$ (10,195,882)	\$ 28,632,423
	Difference associated with Net Salvage				\$ (2,832,250)		
	Difference Associated with Amortization of Net Salvage				\$ (1,699,350)		
	Difference Associated with the Shorter Plant Life				\$ (5,664,500)		
	<u>Rate of Return/Cost of Capital Differences</u>						
	Return on Equity difference between Staff and Public Counsel on Staff's Rate Base					\$ 3,424,648	\$ 25,207,775
	Capital Structure difference between Staff and Public Counsel on Staff's Rate Base					\$ 448,983	\$ 24,758,792
	Rate Base Differences other than SLCC unit					\$ (1,509,103)	\$ 26,267,895
	Return on Equity difference between Public Counsel and Company					\$ 5,164,480	\$ 21,103,415
	Capital Structure difference between Public Counsel and Company					\$ 1,751,183	\$ 19,352,232
	Staff Adjusted Revenue Requirement as of May 22 - Run D includes an allowance of \$35,000,000 for Known and Measurable Changes						\$ 19,352,232

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

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

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

**Service List for**  
**Case No. ER-2001-299**  
**Verified: June 4, 2001 (ccl)**

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