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May 31, 2002

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

Re: Case No. **ER-2002-1074**

Dear Mr. Roberts:

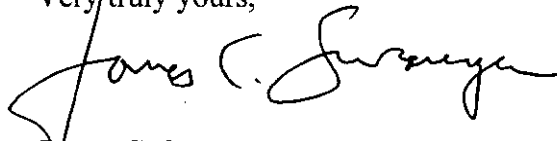
Enclosed for filing on behalf of The Empire District Electric Company, please find an original and eight (8) copies of Responsive Suggestions of The Empire District Electric Company In Support Of Unanimous Stipulation And Agreement Regarding "Error" In Case No. ER-2001-299 And An Immediate Reduction Of The Interim Energy Charge.

Copies of this filing will be provided to all parties of record.

Would you please see that this filing is brought to the attention of the appropriate Commission personnel.

I thank you in advance for your cooperation in this matter.

Very truly yours,



James C. Swearengen

JCS/lar
Enclosure
cc: All Parties of Record

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

In the Matter of the Tariff Revisions)	
Respecting the Interim Energy Charge of)	Case No. ER-2002-1074
The Empire District Electric Company)	

RESPONSIVE SUGGESTIONS OF THE EMPIRE DISTRICT
ELECTRIC COMPANY IN SUPPORT OF UNANIMOUS STIPULATION
AND AGREEMENT REGARDING "ERROR" IN CASE NO. ER-2001-299
AND AN IMMEDIATE REDUCTION OF THE INTERIM ENERGY CHARGE

COMES NOW The Empire District Electric Company ("Empire"), and for its Responsive Suggestions in Support of Unanimous Stipulation And Agreement Regarding "Error" In Case No. ER-2001-299 And An Immediate Reduction Of The Interim Energy Charge ("Agreement"), respectfully states as follows to the Missouri Public Service Commission ("Commission"):

1. Empire is appreciative of the efforts of the parties to this case which led to the Agreement and urges the Commission to approve it.

2. As the Commission is aware, through its Report and Order issued in Empire's 2001 electric rate case, Case No. ER-2001-299, the Commission approved a Unanimous Stipulation And Agreement Regarding Fuel And Purchase Power Expense And Class Cost Of Service And Rate Design ("the Fuel Stipulation and Agreement"). The Fuel Stipulation and Agreement provided for a true-up audit and process involving an Interim Energy Charge ("IEC") to be implemented by Empire.

3. The Agreement for which Commission approval is now sought will specify in greater detail the matter in which the IEC true-up audit and process will work and in particular how any refund amount referred to in the Fuel Stipulation and Agreement will be calculated. Consequently, the potential for certain issues that might arise in connection

with the IEC true-up audit should be reduced or eliminated. Further, the issue that gave rise to Empire's tariff filing, which is the subject of Case No. ER-2002-425, the \$3.6 million "error" in Empire's 2001 electric rate case, will be resolved. Approval of the Agreement will also bring about an immediate \$7 million annual rate reduction.

4. At the outset, it should be made clear that from Empire's perspective the recovery of the \$3.6 million error which was made in the calculation of Empire's revenue requirement in its 2001 electric rate case can be or could have been "guaranteed" only if the error had not occurred and those dollars, reflecting the costs of Empire's off-system sales and fuel adders, had been placed in Empire's base rates in that proceeding. Unfortunately that did not happen. While the Agreement does indicate that Empire has the opportunity to recover some level of the costs of its off-system sales and other fuel adders in the context of the IEC true-up, there is no "guarantee" that the Agreement will allow Empire to actually recover the entire \$3.6 million to which it is entitled and which should have been included in base rates. In fact, under the Agreement Empire will recover these costs only to the extent that its total Missouri jurisdictional fuel and purchased power costs are above the base rate of \$0.0252 per Kwh.

5. Consequently, in view of the foregoing, while Empire does acknowledge that it has the opportunity to recover the costs of off-system sales and fuel adders under the Agreement, in all likelihood it will not recover \$3.6 million in this fashion. Notwithstanding this fact, if the Commission approves the Agreement, Empire will no longer assert that it has not had or does not continue to have the opportunity to recover these costs.

6. Approval of the Agreement will also result in a rate reduction. Subsequent to the inception of the IEC, Empire significantly reduced its risk and its customers' risk of

exposure to high cost natural gas through the year 2005 by entering into relatively low priced forward contracts and financial positions for a significant portion of its anticipated natural gas requirements. Because of these circumstances, Empire now desires to reduce the IEC charges to its customers to reflect this reduced risk and seeks approval of Rider CIEC, filed with the Commission on May 15, 2002, to accomplish this.

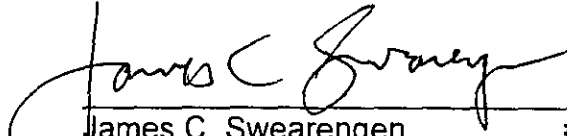
7. Therefore, Empire urges the Commission to approve the Agreement thereby affording Empire the opportunity to recover the costs of its off-system sales and other fuel adders not currently reflected in permanent rates and thereby also approving Rider CIEC which is designed to reduce the amount collected by the IEC by approximately \$7 million annually.'

8. Finally, the Commission should be aware that on May 14, 2002 Empire filed its Application for Rehearing of the Commission's May 9, 2002 decision in Case No. ER 2002-425 involving its request for interim rate relief. If the Commission approves the Agreement, Empire will withdraw its Application for Rehearing and forego its right to appeal the Commission's May 9, 2002 decision in said Case No. ER-2002-425.

'Rider CIEC was filed with the Commission on May 15, 2002 with a proposed effective date of June 14, 2002. On May 16, 2002, the parties filed with the Commission a Motion for Expedited Treatment seeking approval of the Agreement and Rider CIEC on an expedited basis, said Commission order approving the Agreement and Rider CIEC to become effective 10 days after issuance. For any such Commission order to comply with the motion, it must be issued on or before Tuesday, June 4, 2002 given the June 14, 2002 effective date of Rider CIEC. In the event the Commission does not act by that date, Empire may be required to withdraw and refile Rider CIEC or to extend the effective date of said tariff.

WHEREFORE, for the above stated reasons, Empire recommends that the Commission issue its order approving the Agreement and Rider CIEC.

Respectfully submitted,


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Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered, on this 31ST day of May, 2002, to all parties of record.

