

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

In the Matter of the tariff filing of The)	
Empire District Electric Company)	
to implement a general rate increase for)	Case No. ER-2006-0315
retail electric service provided to customers)	
in its Missouri service area)	

**RESPONSE OF THE EMPIRE DISTRICT ELECTRIC COMPANY TO STAFF
RECOMMENDATION**

Comes now The Empire District Electric Company ("Empire") and for its Response to the Staff Recommendation filed in this matter on December 29, 2006, states as follows to the Missouri Public Service Commission ("Commission").

1. Empire concurs with the Staff Recommendation that the revised tariff sheets filed by Empire in this docket on December 28, 2006 in response to the Commission's December 21, 2006 Report and Order be allowed to become effective for service rendered on January 1, 2007. Empire submits that the revised tariff sheets are, in fact, consistent with the Commission's Report and Order and appreciates the Staff's efforts to allow the revised tariff sheets to become effective January 1, 2007, consistent with the requirements of law and long-standing Commission custom, practice and precedent.

2. With regard to the matters which the Staff pleading states "might be considered to be open," Empire states that resolution of those issues in any other fashion would simply serve to result in a higher revenue requirement which Empire may or may not be entitled to recover. These issues may be properly addressed by the Commission at a later date, and should not delay the approval of Empire's tariff sheets.

3. Corporate allocations was identified as an issue in the true-up portion of the hearing in this case. This question arose during the true-up because of Empire's acquisition of

the natural gas properties formerly owned by Aquila, Inc. The body of the Report and Order, however, appears to be silent with respect to this issue. A non-binding statement of position regarding this issue was submitted by the Staff, Empire and OPC. Under the statement of position, Empire's revenue requirement is reduced \$650,000 to reflect the effect of Empire's acquisition of Aquila Inc.'s Missouri natural gas properties. This amount is supported by the evidence (Tr. 1279-1280). Any other competent and substantial evidence in the record on this issue would only support a smaller adjustment and thus a higher revenue requirement.

Respectfully submitted,

A handwritten signature in cursive script, reading "Diana C. Carter", is written over a horizontal line.

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Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was electronically transmitted, sent by U.S. Mail, postage prepaid, or hand-delivered, on this 29th day of December, 2006, to:

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