

**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) Case No. ER-2012-0345
Service Provided to Customers in the Missouri)
Service Area of the Company)

MECG STATEMENT OF POSITIONS

COMES NOW the Midwest Energy Consumers Group (“MECG”) and, and for its
Statement of Positions respectfully states as follows:

Iatan Plant:

Should the disallowances ordered by the Commission in Case Nos. ER-2010-0355 and ER-2010-0356 with regard to Kansas City Power & Light and KCPL – Greater Missouri Operations also be ordered against Empire’s Iatan plant balances?

Position: Yes, Iatan rate base values should reflect the prudence disallowances made by the Commission in recent KCPL and GMO rate cases. MECG supports the position of Staff on this issue.

Should carrying costs be adjusted?

Position: Yes. Empire’s carrying cost should be adjusted to reflect the Iatan disallowances made by the commission in recent KCPL and GMO rate cases. MECG supports the position of Staff on this issue.

Depreciation Reserve – Iatan Adjustments

Should the disallowances ordered by the Commission in Case Nos. ER-2010-0355 and ER-2010-0356 be made against Empire’s Iatan plant balances?

Position: Yes. Empire’s depreciation reserve balances should be reduced to reflect the Iatan disallowances made by the Commission in recent KCPL and GMO rate cases. MECG supports the position of Staff on this issue.

Joplin Tornado O&M Asset

Should the Joplin tornado O&M asset be included in rate base?

Position: No. MECG supports the position of Staff and OPC on this issue.

Maintenance Normalization Adjustments at Empire generation units

What is the appropriate normalization period or method of normalization for Empire's generation units?

Position: MECG supports the position of Staff on this issue.

Cash Working Capital (CWC)

What Billing lag should be used to adjust the overall Revenue lag for purposes of CWC?

Position: MECG supports the position of MEUA witness Rackers on this issue.

Should prepaid fuel and purchased power items be eliminated from prepayments and addressed only in the Collections lag?

Position: MECG supports the position of MEUA witness Rackers on this issue.

Fuel and Purchased Power - Net Base Fuel and Purchased Power Costs

What amount of off-system sales revenue should be included in Empire's net base fuel and purchase power costs included in the revenue requirement used to set rates in this case?

Position: MECG supports the position of MEUA witness Rackers on this issue.

What amount of REC revenue and certain post process fuel run adjustments should be included in net base fuel and purchased power costs included in the revenue requirement used to set rates in this case?

Position: MECG supports the position of Staff on this issue.

(c) What amount of Plum Point demand charges should be included in net base fuel and purchased power costs included in the revenue requirement used to set rates in this case?

Position: MECG supports the position of Staff on this issue.

Economic Development Rider

Should non-participating customers be held harmless of the revenues foregone by Empire for service under an EDR?

Position: MECG takes no position on this issue at this time.

Pay Station Fees

Should pay station fees be paid directly by the user at the time of the transaction or included in Empire's revenue requirement?

Position: MECG takes no position on this issue at this time.

FAC Tariff

Should Empire be permitted to flow SPP transmission costs and revenues through its FAC?

Position: No. The statute only allows for transportation costs. Missouri statutes clearly recognize a distinction between gas "transportation" costs and electric "transmission" costs. Section 386.266 is a limited grant of authority. It is unlawful for the Commission to attempt to expand the scope of Section 386.266 to include costs not expressly provided by the General Assembly.

If so, which SPP transmission costs and revenues should flow through Empire's FAC?

Position: Transmission costs cannot lawfully be flowed through the FAC.

Should Empire be required to make changes to its FAC tariff sheets to make the provisions of Empire's FAC more consistent with the FACs currently in place for other Missouri investor-owned electric utilities? If so, what changes should be made to Empire's FAC tariff sheets?

Position: MECG takes no position on this issue at this time.

SPP Transmission Tracker

If the Commission determines that Empire should not be permitted to flow SPP transmission costs and revenues through the FAC, should those transmission costs and revenues be deferred in a transmission cost and revenue tracker using the trued-up test year amounts of those charges and revenues as the base against which changes will be tracked, with amounts above the base booked to a regulatory asset and amounts below the base booked to a regulatory liability?

Position: No. Tracker mechanisms disturb the careful balancing of risk envisioned by the Missouri Supreme Court. Furthermore, trackers shift the risk of increases in a particular cost and eliminate any incentive for the utility to engage in cost minimization.

If the Commission determines that Empire should be permitted to defer changes in transmission costs and revenues through a tracker, should any conditions apply to that tracker? If so, what conditions should apply?

Position: MECG supports the position of Staff on this issue, but reserves the right to suggest additional conditions based upon the evidence presented.

SPP Transmission Expenses

What is the appropriate level of SPP Transmission Expense to include in Empire's revenue requirement?

Position: MECG supports the position of MEUA witness Rackers on this issue.

SPP Integrated Market Costs

Should test year costs incurred by Empire to prepare for and participate in the SPP Integrated Marketplace be included in the revenue requirement used to set rates in this case, or should some or all of those costs be deferred for consideration in a future rate case?

Position: MECG supports the position of MEUA witness Rackers on this issue.

Rate case expense

Were prior rate case expenses amortized or normalized; if they were amortized, should Empire be allowed to recover the unamortized portion of prior rate case expenses?

Position: Staff supports the position of Staff on this issue. Previous rate cases included a normalized amount of rate case expense. As such, there is not an unamortized portion left to recover.

Advertising

Should the costs of certain radio and TV advertisements be categorized as "general?"

Position: Staff supports the position of Staff on this issue.

Outside services

What is the appropriate level of outside services expense?

Position: Staff supports the position of MEUA witness Rackers on this issue.

Property Insurance expense

What insurance policy should be used in the calculation of property insurance expense?

Position: Staff supports the position of Staff on this issue.

Banking Fees

Should fees to secure short term debt for construction be expensed or capitalized?

Position: Staff supports the position of MEUA witness Rackers on this issue.

Payroll and Benefits - Incentive Compensation

What level of cash incentives based on performance goals should be included in the cost of service?

Position: Staff supports the position of MEUA witness Rackers on this issue.

Should executive stock awards be included?

Position: Staff supports the position of MEUA witness Rackers on this issue.

Should lightning bolts be included?

Position: Staff supports the position of MEUA witness Rackers on this issue.

Dues and Donations – Including EEI Dues

What amount of test year dues and donations, including EEI dues, should be included in the revenue requirement used to set rates in this case?

Position: Staff supports the position of OPC on this issue.

Depreciation and Amortization

What are the appropriate depreciation rates?

Position: Staff supports the position of Staff on this issue.

Riverton Amortization

Should the Commission order an amortization associated with the projected retirements of Riverton 7 and 8?

Position: No, as detailed in Staff's testimony, Empire's current depreciation reserve is sufficient to cover the retirement of these units.

Taxes - Property tax

What amount of property tax expense should be included in the revenue requirement used to set rates in this case?

Position: MECG supports the position of MEUA witness Rackers on this issue.

Taxes - Current & Deferred income taxes

Should an adjustment be made related to state income tax flow through for prior years?

Position: MECG supports the position of Staff on this issue.

Should an adjustment be made for cost of removal tax issues related to prior years?

Position: MECG supports the position of Staff on this issue.

Iatan/Plum Point Trackers

What is the appropriate base cost to be built into rates?

Position: MECG supports the position of Staff on this issue.

What FERC accounts should be included in the tracker?

Position: MECG supports the position of Staff on this issue.

Bad Debt Expense

What level of bad debt expense should be included?

Position: MECG supports the position of Staff on this issue.

Should the revenue requirement be factored up for bad debts?

Position: No.

Vegetation Management Tracker

What is the proper level of expense?

Position: MECG supports the position of Staff on this issue.

What is the proper base level to be used in the tracker?

Position: MECG supports the position of Staff on this issue.

Corporate Franchise Tax

Should the lower rate for 2013 corporate franchise taxes be included in Empire's revenue requirement?

Position: MECG supports the position of MEUA witness Rackers on this issue.

Rate Design - LED Street and Area Lighting

Within twelve months of the effective date of rates authorized by the Commission in this case, should Empire be required to complete its own evaluation of LED SAL systems and either (i) file proposed LED lighting tariff sheet(s), or (ii) update the Commission regarding when the Company intends to file such tariff sheet(s)?

Position: MECG takes no position on this issue at this time.

Rate Design & Class Cost of Service

Does Staff's revenue proof contain Staff normalized billing units? If not, what adjustment should be made?

Position: MECG takes no position on this issue at this time.

What is the appropriate customer charge for the Residential class?

Position: MECG takes no position on this issue at this time.

What is appropriate per-class rate increase for this case? (Scheperle; Meisenheimer; Brubaker)

Position: MECG supports the position of OPC on this issue. Class revenue increases should be allocated in a two step process. The first step should assigned the revenue requirement associated with energy efficiency programs to rate schedules in proportion to "non-opt out" KWh's. The second step should spread any additional revenue increase to classes based on an equal percentage of current base rate revenue.

DSM Cost Recovery

Should pre-MEEIA DSM programs be set forth on a separate tariff?

Position: Pre-MEEIA costs should be calculated on a class specific basis (after accounting for opt-out customers) and either included as a separate tariff or as a separate avoidable rate on each general class rate schedule.

Should pre-MEEIA DSM program costs be shown on a separate line item on customer bills?

Position: Yes.

How should the pre-MEEIA DSM revenue requirement be grossed up?

Position: There should be no gross up of the DSM revenue requirement.

How should the pre-MEEIA DSM revenue requirement be allocated among Empire's customer classes?

Position: Pre-MEEIA DSM costs should be allocated to each rate schedule in proportion to non-opt out kWh's.

Other Rate Design Issues - Low Income Weatherization

Should the maximum and average per-unit amount be eliminated?

Position: MECG takes no position on this issue at this time.

Should Staff's recommended tariff language revision be implemented?

Position: MECG takes no position on this issue at this time.

Rate of Return

What value for the return on equity should the Commission use to determine Empire's rate of return in the revenue requirement used to set rates in this case?

Position: MECG supports the position of MECG witness Gorman on this issue.

What capital structure should the Commission use to determine the rate of return included in the revenue requirement used to set rates in this case?

Position: MECG supports the position of MECG witness Gorman on this issue.

What is the appropriate cost of debt?

Position: MECG supports the position of Staff on this issue.

Asbury Unit Train

Was Empire's sale of the Asbury unit train properly booked by Empire?

Position: MECG supports the position of Staff on this issue.

Were the lease proceeds associated with the Asbury unit train properly booked?

Position: MECG supports the position of Staff on this issue.

Did Empire properly book depreciation expense after the retirement of the Asbury unit train, but prior to Empire's next rate case?

Position: MECG supports the position of Staff on this issue.

Respectfully submitted,



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ATTORNEY FOR THE MIDWEST
ENERGY CONSUMERS GROUP

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by email, facsimile or First Class United States Mail to all parties by their attorneys of record as provided by the Secretary of the Commission.

A handwritten signature in black ink, appearing to read "David L. Woodsmall". The signature is written in a cursive style with a large initial "D".

David L. Woodsmall

Dated: February 13, 2013