



Commissioners
KELVIN L. SIMMONS
Chair
SHEILA LUMPE
CONNIE MURRAY
STEVE GAW

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.psc.state.mo.us>

September 14, 2001

WESS A. HENDERSON
Director, Utility Operations
ROBERT SCHALLENBERG
Director, Utility Services
DONNA M. KOLILIS
Director, Administration
DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

FILED

SEP 14 2001

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

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 **SCENARIOS**.

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
Associate General Counsel
(573) 751-8700
(573) 751-9285 (Fax)
dfrey03@mail.state.mo.us

DLF:ccl
Enclosure
cc: Counsel of Record

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

FILED
SEP 14 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

SCENARIOS

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), with the assistance and cooperation of The Empire District Electric Company ("Empire"), the Office of the Public Counsel, and Praxair, Inc., and states the following to the Missouri Public Service Commission ("Commission"):

1. On September 13, 2001, the Commission issued an Order directing that the Staff, with the assistance and cooperation of the other parties, file no later than 2:00 p.m. on September 14, 2001, a pleading responding to four scenarios set forth in the Commission's Order, and incorporating the following assumptions:

- a) The responses are based on the figures from the Staff's True-Up Reconciliation Of Parties Positions On The Revenue Requirement Issues, which was filed on August 31, 2001.
- b) The figures reflect the Staff's position on bad debt.
- c) The Staff's revenue requirement is increased by \$223,500 for incentive payments to Empire employees.
- d) Empire's actual capital structure as of June 30, 2001 is utilized.
- e) The figures reflect the Staff's position on property taxes.

f) The issuance costs associated with Empire's trust preferred stock (TOPrS) are treated the same way as they are in calculating the embedded cost of debt.

g) The figures reflect the assumption that the Commission will approve the three stipulation and agreements submitted in this case.

2. On September 14, 2001, the Commission issued an Order Regarding Scenarios, which added a return on equity assumption of 10.25%. Pursuant to that order, each of the scenarios is based on a return on equity of 10.25%.

3. The four scenarios for which responses are ordered appear below along with the Staff's response:

A.1. Empire's proposal regarding the Cost of Service-Depreciation issues shall be utilized, including Empire's proposal regarding depreciation for plant and facilities at the State Line Power Plant.

Response: The associated revenue requirement is \$28,750,368 plus the interim energy charge of \$19,643,484, which results in a total revenue requirement of \$48,393,852.

A.2. Staff's proposal regarding the Cost of Service-Depreciation issues shall be utilized, including Staff's proposal regarding depreciation for plant and facilities at the State Line Power Plant.

Response: The associated revenue requirement is \$17,865,826 plus the interim energy charge of \$19,643,484, which results in a total revenue requirement of \$37,509,310.

A.3. The Commission rejects both Empire's position and the Staff's position regarding the depreciation issues, and leaves depreciation rates at the currently authorized levels. However, Empire's proposal for calculating depreciation for plant and facilities at the State Line Power Plant shall be utilized.

Response: The associated revenue requirement is \$25,562,056 plus the interim energy charge of \$19,643,484, which results in a total revenue requirement of \$45,205,540.

A.4. The Commission rejects both Empire's position and the Staff's position regarding the depreciation issues, and leaves depreciation rates at the currently authorized levels. However, Staff's proposal for calculating depreciation for plant and facilities at the State Line Power Plant shall be utilized.

Response: The associated revenue requirement is \$22,993,556 plus the interim energy charge of \$19,643,484, which results in a total revenue requirement of \$42,637,040.

4. No additional assumptions were made in the scenarios.

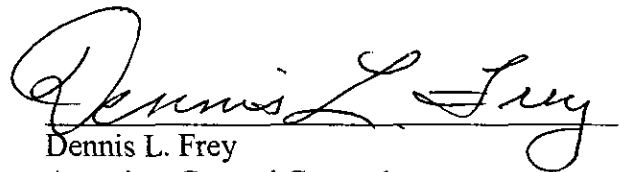
5. The revenue requirement associated with each scenario was developed using the Staff's revenue requirement (EMS) software.

6. The information contained herein has been shared with the parties prior to filing, and corrections to the amounts were made based upon their review. Should the parties believe that additional changes are necessary, the Commission's September 13, 2001 Order affords them that opportunity.

7. The Staff, on its own behalf and on behalf of the other parties, acknowledges and apologizes for the fact that as a result of the extremely tight timeline and despite the best efforts of all concerned, it was unable to file these Scenarios by 2:00 p.m., as ordered by the Commission.

Respectfully submitted,

DANA K. JOYCE
General Counsel

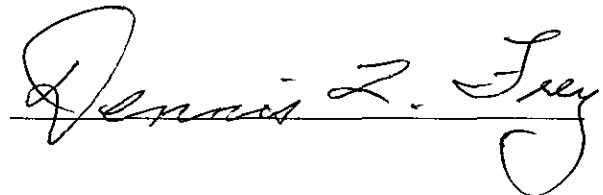


Dennis L. Frey
Associate General Counsel
Missouri Bar No. 44697

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-8700 (Telephone)
(573) 751-9285 (Fax)
dfrey03@mail.state.mo.us (e-mail)

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 14th day of September 2001.



**Service List for
Case No. ER-2001-299
Verified: September 12, 2001 (lb)**

**Office of the Public Counsel
P. O. Box 7800
Jefferson City, MO 65102**

**Gary Duffy
Brydon, Swearngen & England, P.C.
P. O. Box 456
Jefferson City, MO 65102-0456**

**Stuart W. Conrad
Finnegan, Conrad & Peterson
3100 Broadway, Suite 1209
1209 Penntower Office Bldg.
Kansas City, MO 64111**

**Henry T. Herschel
308 E. High Street Suite 301
Jefferson City, MO 65101**