

**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 service provided )  
to customers in the Missouri service area of the )  
company. )

Case No. ER-2008-0093

**STAFF'S FINANCIAL SCENARIO**

Comes now the Staff of the Missouri Public Service Commission (Staff) and in response to the Commission's July 30, 2008 Order Requesting Scenario states as follows:

1. The Commission's July 30, 2008 Order directs the Staff to file a financial scenario describing the effect on The Empire District Electric Company's (Empire's) revenue requirement and resulting rates. In particular, the Commission requests the impact of the scenario positions on the average residential customer.

2. The Staff has not seen the Report and Order mentioned in the Commission's Order, but based upon the scenario assumptions in the Commission's July 30 Order the impact of the adjusted rates would increase rates by 6.7%. The average residential customer bill would increase by \$6.13 per month.

3. Though the Commission did not request an updated regulatory plan amortization (RPA) calculation as part of its scenario order, the Staff included that calculation in order to determine the net rate change amount that will actually affect customers as a result of this proceeding. As the Commission will recall from Staff witness Mark L. Oligschlaeger's true-up direct testimony, the parties have agreed to incorporation of a "negative" RPA amount in the overall revenue requirement determination in this case if the RPA calculation in fact results in a negative number.

4. The scenario assumptions resulted in a “traditional” revenue requirement increase of \$27,745,475 above current revenues. When this traditional revenue requirement scenario result is incorporated into the RPA calculation, the result is a negative regulatory plan amortization amount of \$5,705,080. The further reduction in this RPA amount from the negative \$2,849,541 RPA calculation attached to the true-up direct testimony of Staff witness Oligschlaeger is primarily caused by the higher ROE percentage assumed in this scenario compared to the ROE assumed in the Staff’s true-up, for which the revenue requirement impact of a higher ROE is offset dollar-for-dollar by a lower RPA. Offsetting the negative regulatory plan amortization result of \$5,705,080 against the increased traditional revenue requirement increase amount of \$27,745,475 results in a net rate increase to Empire’s Missouri retail customers of \$22,040,395, based upon the Commission’s scenario assumptions.

Respectfully submitted,

**/s/ Steven C. Reed**

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## **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 30th day of July 2008.

/s/ Steven C. Reed

**Impact as of 07/30/2008 Scenario Rates on an Average Residential Customer**

	<b>Current Rates</b>	<b>Scenario Rates</b>	<b>Amonut Increase</b>	<b>% Increase</b>
<b>Average Annual Bill</b>	\$1,098.92	\$1,172.53	\$73.61	6.7%
<b>Average Monthly Bill</b>	\$91.58	\$97.71	\$6.13	6.7%

**Impact as of 07/30/2008 Scenario Rates on an Average Residential Customer**

Total Missouri Revenue Requirement Increase	\$22,040,395
Residential Class Revenue Requirement Increase	\$9,990,219

Average Amount of Increase to Monthly Bill	\$6.13
Average Percentage Increase to Monthly Bill	6.7%

**Average Residential Bill (1000kWh per Month) on Current Rates**

	Units	Current Rate	Current Bill Revenue
Customer Charge	12	\$10.35	\$124.20
Energy Charge			
Summer kWh	4000	\$0.0888	\$355.20
Winter kWh			
First 600 kWh	4,800	\$0.0888	\$426.24
Over 600 kWh	3,200	\$0.0604	\$193.28
Total kWh	12,000		\$974.72
<b>Annual Bill</b>			<b>\$1,098.92</b>
<b>Monthly Bill</b>			<b>\$91.58</b>

**Average Residential Bill (1000kWh per Month) on Scenario Rates**

	Units	Rates on Scenario	Bill Revenue on Scenario Rates
Customer Charge	12	\$11.04	\$132.52
Energy Charge			
Summer kWh	4000	\$0.0947	\$378.99
Winter kWh			
First 600 kWh	4,800	\$0.0947	\$454.79
Over 600 kWh	3,200	\$0.0644	\$206.23
Total kWh	12,000		\$1,040.01
<b>Annual Bill</b>			<b>\$1,172.53</b>
<b>Monthly Bill</b>			<b>\$97.71</b>

<b>Percentage change</b>	<b>6.7%</b>
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