

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

NOV - 8 1996

MISSOURI
PUBLIC SERVICE COMMISSION

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-97-81

TEST YEAR RECOMMENDATION

Comes now the Staff of the Public Service Commission of the State of Missouri ("Staff") and, pursuant to the Suspension Order and Notice ("Suspension Order") issued herein by the Commission on September 20, 1996, respectfully states as follows:

1. The Empire District Electric Company ("Empire") has recommended a test year ending December 31, 1996, for this proceeding; however, as Empire recognizes, such a test year would not be based on actual data, but would include budgeted data. Therefore, Staff recommends a test year of the twelve months ending September 30, 1996, which constitutes the latest actual quarterly information which will be available in sufficient time for Staff to conduct its audit and prepare its direct testimony in this case.

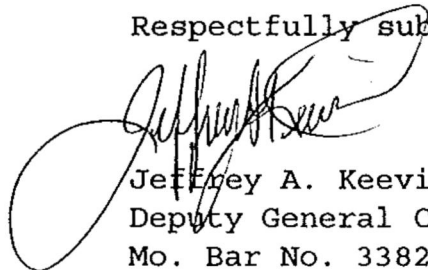
Staff is not proposing an update period, due to the fact that Staff anticipates a significant true-up (see below), and any necessary updating beyond the test year can be accomplished at that time. As provided in the Suspension Order, Staff will make its specific true-up recommendation at the time of filing its direct testimony.

2. Empire has a significant plant addition (approximately \$42 million according to Empire's test year recommendation) planned to be placed in service at the end of May, which would have to be handled in some sort of true-up mechanism if it is to be placed in rates in this proceeding; in its true-up recommendation, Empire indicated that information on items associated with this addition will be available to Staff "no later than June 13, 1997", and that a true-up hearing could be scheduled "before the end of June, if necessary." The tariffs at issue in this case have been suspended until July 28, 1997. The time provided in recent Commission orders for consideration of true-up results (See St. Louis County Water, Case No. WR-96-263; Missouri Gas Energy, Case No. GR-96-285; both provided approximately 90 days between the cut-off date of the true-up period and the operation of law date) would be reduced by approximately one month if the new plant addition is to be included in a true-up, and under Empire's proposal there would be only approximately one month between the true-up hearing and the

operation of law date. If the Commission considers this amount of time to be insufficient, Staff respectfully requests that the Commission issue an order so indicating as soon as possible so that the parties may take whatever steps may be appropriate.

WHEREFORE, Staff respectfully requests the Commission issue an order (1) adopting a test year of the twelve months ending September 30, 1996, with no update, as the test year for use in this proceeding, and (2) addressing the issue of the amount of time needed by the Commission between the conclusion of any true-up proceedings in this case and the operation of law date (i.e., July 28, 1997).

Respectfully submitted,

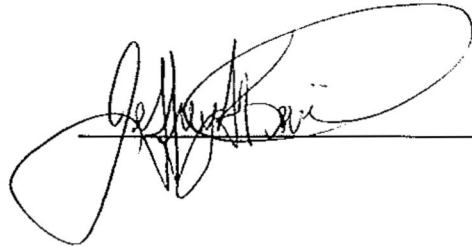


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CERTIFICATE OF SERVICE

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 8th day of October, 1996.



A handwritten signature in dark ink, appearing to be "J. H. [unclear]", is written over a horizontal line. The signature is stylized with large loops and a long horizontal stroke at the end.

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Case No. ER-97-81
Revised: November 7, 1996

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