



SERVICES YOU COUNT ON

*RECEIVED*

MAY 15 2002

*Records  
Public Service Commission*

May 15, 2002

Mr. Dale Hardy Roberts  
Executive Secretary  
Missouri Public Service Commission  
PO Box 360  
Jefferson City, MO 65102-0360

Dear Mr. Roberts:

In accordance with 4 CSR 240-2.200 The Empire District Electric Company requests an increase in the Company's gross annual water revenues in the amount of \$361,117 or 33.9%.

The reason for the proposed change is due to the modernization and improvement of the water distribution system and increases in our operating and maintenance expenses.

The required MOPSC annual assessment fees applicable to the Company have been paid in full.

The Company's 2001 Annual Report is on file with the Missouri Public Service Commission.

One copy of this letter is being furnished this date to the Office of Public Counsel.

Respectfully Submitted,

David W. Gibson

c: Office of the Public Counsel

May 31, 2002

To Our Water Customers

RECEIVED  
JUN 03 2002  
UTILITY OPERATIONS  
DIVISION

On May 15, 2002 The Empire District Electric Company (Company) requested a permanent increase in its current water rates under the Missouri Public Service Commission's (Commission) small company rate increase procedure. This notice is being sent to you as a required part of that process.

The Company is seeking an increase in its water service revenues of \$361,117 (approximately 33.9%) due to increased costs and investment of approximately \$3,600,00 since the last increase in water rates in February 1994.

Below is a comparison of a current bill and a proposed bill for a residential customer using 4,000 gallons per month:

Monthly Rate Bill (for 4,000 gallons, 5/8" meter)	with current rate	with proposed rate
Customer charge	5.62	7.53
Usage charge 4,000 gallons	7.48	10.00
Total Monthly charge	13.10	17.53
Proposed increase 33.9%		

Beginning sometime soon, the Staff of the Commission (Commission Staff) will conduct an independent investigation of the books, records and water operations of the Company. Based upon that investigation, the Commission Staff will then make its recommendations regarding the Company's rate increase request, and necessary changes to water system operations, to the Commission for its consideration.

The Office of the Public Counsel (Public Counsel), a state agency responsible for representing the interests of the consumer before the Commission, may conduct its own investigation, but at a minimum will review the results of the commission Staff's investigation. The Public Counsel will then make its own recommendations regarding the Company's rate increase request, and necessary changes to system operations, to the Commission for its consideration.

Any customer who has questions or comments regarding the Company's water service rate increase request, or who has experienced recent service problems with the water system, should contact the Commission Staff and the Public Counsel **within 30 days of the date of this notice**. To do so, please use the addresses, telephone numbers or fax numbers shown below. The Commission Staff and/or the Public Counsel will respond to all such customer contacts, during the course of their investigations.

Missouri Public Service Commission  
Water and Sewer Department  
P.O. Box 360  
Jefferson City, MO 65102  
Phone: 573/751-3437 or 800/392-4211  
Fax: 573/751-1847

Office of the Public Counsel  
Attn: Ruth O'Neill  
P.O. Box 7800  
Jefferson City, MO 65102  
Phone: 573/751-1304  
Fax: 573/751-5562

Upon completion of the Commission Staff's and the Public Counsel's investigations, the Company may be requested to send out a second customer notice regarding the results of the investigations. Additionally, the Public Counsel may request that the Commission hold a local public hearing.

**However, neither a second customer notice nor a local public hearing will happen automatically.** Therefore, please take the time now to express your views about the Company's rate increase requests, and the operation of its system, to the Commission Staff and the Public Counsel.

Regardless of whether the Company sends out a second customer notice, or whether a local public hearing is eventually held, no increase in rates will take effect without the approval of the Missouri Public Service Commission.

Attachment B - 1

**EMPIRE DISTRICT ELECTRIC COMPANY**  
**WATER SERVICE**

602 Joplin Street • PO Box 127 • Joplin, Missouri 64802

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November 12, 2002

Dear Customer:

On May 15, 2002, Empire District Electric Company (Company) submitted a request for permanent increase in its current water rates, under the Missouri Public Service Commission's (Commission) small company rate increase procedure.

By its request, the Company was seeking increases in its customer rates intended to generate an increase in the Company's annual operating revenues for water service of \$361,117. The Company believes these increases in its operating revenues are necessary to meet current operating expenses.

As a result of the Company's request, the Staff of the Public Service Commission (Commission Staff) conducted an investigation of the Company's books and records and the Company's operations. Based upon the results of its investigation, the Commission Staff is recommending an increase in the Company's annual operating water revenues of \$357,951.

The Office of the Public Counsel (Public Counsel), a state agency responsible for representing the interests of consumers before the Commission, has reviewed the results of the Commission Staff's investigation. However, the Public Counsel has not yet taken a final position regarding the Commission Staff's recommended increase in the Company's annual operating revenues. The Public Counsel has indicated that it will review the responses to this customer notice letter before making the determination of whether to request that the Commission hold a local public hearing.

In addition to the monthly rate and commodity rate changes the following changes are also proposed:

- (1) A Late Payment Charge is to be approved;
- (2) A Bad Check Charge of \$20 per bad check is to be approved;
- (3) A Door Collection Charge of \$15 to avoid disconnection is to be approved;
- (4) An Emergency Call Out Charge of \$15 to shut off service where the emergency exists entirely on the customer owned facilities is to be approved;
- (5) A Reconnection Charge from \$3 to \$30 is to be approved;
- (6) A Meter Test Charge increase from \$25 to \$35 is to be approved;
- (7) A Temporary Turn-Off Charge for the customer's convenience of \$25 is to be approved;

Any customer that has questions or comments about the Commission Staff's recommended rate increase should contact the Staff and/or the Public Counsel ***within 20 days of the date of this notice***. To do so, please use the addresses, telephone numbers or fax numbers shown below. Depending upon the response to this notice, the Public Counsel may request that the Public Service Commission hold a local public hearing. ***Regardless of whether a local public hearing is held, no increase in rates will take effect without the approval of the Public Service Commission.***

Below is a residential customer impact statement for a customer using 6,000 gallons per month. This example is shown without applicable taxes.

Sincerely,



Mr. Mike Palmer  
Vice President – Commercial Operations

Missouri Public Service Commission  
Water and Sewer Department  
P.O. Box 360  
Jefferson City, MO 65102  
Phone: 573-751-3437 or 800-392-4211  
Fax: 573-751-1847

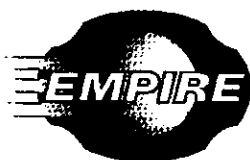
Office of the Public Counsel  
Attn: Ruth O'Neill  
P.O. Box 7800  
Jefferson City, MO 65102  
Phone: 573-751-1304  
Fax: 573-751-5562

## Residential Water Customer Impact

Assume Monthly Bill Computation For A Typical  
Residential Consumer Using 6,000 Gallons Per Month

Monthly Bill:	Minimum Charge	Commodity Charge/unit	Typical Usage (billed)	Total Commodity (Commodity Chg x Typical Usage)	Total Bill (Min.Chg. + Total Commodity)
<b>Proposed Rates</b>	\$7.52	\$2.50	6,000	\$15.00	\$22.52
<b>Current Rates</b>	\$5.62	\$1.87	6,000	\$11.22	\$16.84
<b>Difference</b>	\$1.90	\$0.63		\$3.78	\$5.68
<b>Percentage Difference from Current Rates</b>	33.8%	33.7%		33.7%	33.7%

Note: Proposed rates billed for all metered usage.



SERVICES YOU COUNT ON

David W. Gibson  
Vice President - Regulatory and General Services

November 1, 2002

FILED<sup>S</sup>

NOV 07 2002

Secretary to the Commission  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

Missouri Public  
Service Commission

RECEIVED

NOV 04 2002

RE: Empire District Electric Company  
Small Company Rate Increase Request  
Mo. PSC Working No. QW 2002 0007 (Water)

UTILITY OPERATIONS  
DIVISION

Dear Mr. Secretary:

I am enclosing for filing with the Commission an original and three copies of revised tariff sheets that include rate and language changes reflected in an agreement between the Empire District Electric Company (Company) and the Commission Staff (Staff) on the above subject. The Company initiated the subject rate increase request on May 15, 2002, under the Commission's small company rate increase procedure, and the request was assigned the above-referenced work number.

Additionally, consistent with the Commission's small company rate increase procedure, I am enclosing an Agreement Regarding Disposition of Small Company Rate Increase Request (Agreement). This Agreement reflects a "settlement" between the Company and the Staff regarding all matters related to the Company's water service rate increase request.

The Agreement calls for, and the revised tariff sheet contains, customer rates intended to produce an increase of \$357,951 (an approximate 33.6 % increase) in the Company's annual operating revenues for its water operations. The Agreement also calls for the Commission approval of revised depreciation rates.

The following are also contained in the Agreement:

The implementation of a Late Payment Charge; the implementation of a Bad Check Charge of \$20 per bad check; the implementation of a Door Collection Charge of \$15, to avoid disconnection; the implementation of an Emergency Call Out Charge of \$15 to shut off service where the emergency exists entirely on the customer owned facilities; the increase in the Reconnection Charge from \$3.00 to \$30.00; the implementation of a Temporary Turn-off Charge for the customer's convenience of \$25; and, the modification of interest to be paid on customer deposits.

This Agreement is between the Company and the Staff; therefore, the enclosed tariff sheets bear an effective date that is greater than 45 days from the issue date. The Office of the Public Counsel requests that a second customer notice be accomplished because of the magnitude of these increases.

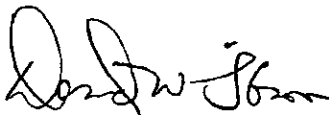
It is my understanding that the Staff will be providing additional information about the Company's

November 1, 2002  
Page 2

rate increase request and the related Staff audit and investigation, for filing in the case papers following the creation of a formal docket.

Please contact me at your convenience if you need anything further.

Sincerely,

A handwritten signature in dark ink, appearing to read "David W. Gibson". The signature is fluid and cursive, with the first name "David" being more prominent.

David W. Gibson  
Vice President – Regulatory and General Services

Enclosures

C: Wendell R. Hubbs - PSC Staff  
Office of the Public Counsel - Ruth O'Neill

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION  
THE EMPIRE DISTRICT ELECTRIC COMPANY

P.S.C. Mo. No. 4

Sec. A 15<sup>r</sup> Revised Sheet No. 1  
Cancelling P.S.C. Mo. No. 4

For AURORA, MARIONVILLE, VERONA

No supplement to this tariff will be issued except  
for the purpose of cancelling this tariff.

Sec. A Original Sheet No. 1  
Which was issued 7-24-78

TABLE OF CONTENTS

Sheet Number

Section 1

Water Service, Schedule WA	1
Other Service Charges, Schedule OSC +	3

Section 2

Rules and Regulations

DATE OF ISSUE 11/7/02  
ISSUED BY D. W. Gibson, Vice President, Joplin, MO

DATE EFFECTIVE 12/23/02

## STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. Mo. No. 4

## THE EMPIRE DISTRICT ELECTRIC COMPANY

Sec. 1 6th Revised Sheet No. 1  
Cancelling P.S.C. Mo. No. 4For AURORA, MARIONVILLE, VERONA

No supplement to this tariff will be issued except

For the purpose of cancelling this tariff.

Sec. 1 5th Revised Sheet No. 1  
Which was issued 02-13-94WATER SERVICE  
SCHEDULE WA

## AVAILABILITY:

This schedule is available for water service on an annual basis to any customer located along the water lines of the Company.

## MONTHLY RATE:

## Customer Charge:

Meter 5/8" or less + .....	\$ 7.52
Meter 1" + .....	16.47
Meter 2" + .....	49.29
Meter 4" + .....	150.71
Meter 6" + .....	299.85

## Consumption Charge:

First 100,000 gallons, per thousand gallons + .....	\$ 2.50
Over 100,000 gallons, per thousand gallons + .....	0.88

## TANK WATER:

Per 1,000 gallons or less + ..... \$ 10.67

## PRIVATE FIRE PROTECTION SERVICE CHARGE:

If the Company for the service of the Customer's private fire protection system is required to install special or additional facilities not normally provided by the Company for the Customer's regular water service, the Customer will pay a monthly charge of 1 1/2% of such excess investment by the Company.

## PUBLIC FIRE HYDRANT SERVICE CHARGE:

A monthly charge for fire hydrant service to each community served shall be determined annually in accordance with the formula below and shall be added to each regular water service bill rendered to customers served on this schedule who reside within the community.

$$\text{Monthly Charge} = \frac{N \times R}{A \times 12}$$

Where: N = Number of Public Fire Hydrants in service within the community at the Date of Determination  
R = Annual Rental Charge of \$159.83 per fire hydrant +  
A = Number of Customers within the community receiving service under Schedule WA at the Date of Determination.

The monthly fire hydrant service charge will be adjusted annually on March 1, based on December 31 data of the previous year or, at its option, the Company may adjust the monthly service charge at any time to reflect changes in the number of customers or fire hydrants in the community where the variance in the Monthly Charge of \$0.01 or more results from a new computation.

## PAYMENT:

Bills for customers will be due on or before twenty-one (21) days after the date thereof.

## GROSS RECEIPTS, OCCUPATION OR FRANCHISE TAXES, OR PRIMACY FEES:

There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or other similar fee or tax now or hereafter imposed upon the Company by any municipality or any other governmental authority, whether imposed by ordinance, franchise or otherwise, in which the fee or tax is based upon a percentage of gross receipts, net receipts or revenues from the sale of water service rendered by the Company to the Customer. Bills will be increased the proportionate amount only in service areas where such tax is applicable. There shall be added to the Customer's bill, as a separate item, the appropriate amount

DATE OF ISSUE 11/7/02  
ISSUED BY D.W. Gibson, Vice President, Joplin, MO

DATE EFFECTIVE 12/23/02



STATE OF MISSOURI, PUBLIC SERVICE COMMISSION  
THE EMPIRE DISTRICT ELECTRIC COMPANY

P.S.C. Mo. No. 4

Sec. 1 1st Revised Sheet No. 2  
Cancelling P.S.C. Mo. No. 4

For AURORA, MARIONVILLE, VERONA

No supplement to this tariff will be issued except  
for the purpose of cancelling this tariff.

Sec. 1 Original Sheet No. 2  
Which was issued 2-13-94

WATER SERVICE  
SCHEDULE WA +

of the primacy fee authorized by Section 640.100 of the Revised Statutes of Missouri.

CONDITIONS OF SERVICE:

1. Company Rules and Regulations, P.S.C. Mo. No. 4, Section 2, are a part of this schedule.

DATE OF ISSUE 11/7/02  
ISSUED BY D.W. Gibson, Vice President, Joplin, MO

DATE EFFECTIVE 12/23/02

## STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. Mo. No. 4

THE EMPIRE DISTRICT ELECTRIC COMPANY

Sec. 1 Original Sheet No. 3  
Canceling P.S.C. Mo. No. \_\_\_\_\_For AURORA, MARIONVILLE, VERONANo supplement to this tariff will be issued except  
for the purpose of canceling this tariff.Sec. \_\_\_\_\_ Original Sheet No. \_\_\_\_\_  
Which was issued \_\_\_\_\_OTHER SERVICE CHARGES  
SCHEDULE OSC**AVAILABILITY:**

This schedule is available to any customer requiring the special services listed below.

**Late Payment Charge: \***

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. A charge applied consistent with the late payment charges approved by the Missouri Public Service Commission for the Company's regulated electric service will be added to delinquent amounts. The unpaid balance shall include all amounts owed the Company plus all reconnection costs, all collection costs and reasonable attorney's fees for collection.

**Bad Check Charge: \***

A bad check charge of \$20.00 per check will be paid on all checks returned from the bank for insufficient funds. Where a bad check is applicable from a customer for water service, only one bad check charge shall be billed the customer for his water service, for each instance of a check being returned.

**Door Collection Charge: \***

A door collection charge of 15.00 will be applicable when a customer pays the serviceman at the time of scheduled disconnection (turn-off) of service to prevent such disconnection. Where a door collection charge is applicable from a customer for both water and electric service, only one collection charge shall be billed the customer for both his water and electric service, for each disconnection.

**Emergency Call out Charge: \***

An Emergency Call-Out Charge of \$15.00 per occurrence will be assessed where a customer requests a shut-off of service and the emergency exists entirely on the customer owned facilities.

Reconnection Charge + : after Company Discontinuance of Service: \$30.00.

Temporary Turn-off Charge + : at meter for customer's convenience: \$25.00.

DATE OF ISSUE 11/7/02  
ISSUED BY D.W. Gibson, Vice President, Joplin, MODATE EFFECTIVE 12/23/02

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION  
THE EMPIRE DISTRICT ELECTRIC COMPANY

P.S.C. Mo. No. 4

Sec. 2 1st Revised Sheet No. 13  
Cancelling P.S.C. Mo. No. 4

For AURORA, MARIONVILLE, VERONA

No supplement to this tariff will be issued except  
for the purpose of cancelling this tariff.

Sec.        Original Sheet No. 13  
Which was issued 7-11-78

**RULES AND  
REGULATIONS**

- b. Interest at a rate which is equal to one percent (1%) above the prime lending rate as published in the Wall Street Journal will be payable on all deposits. This rate shall be adjusted annually on January 1 using the prime lending rates, as published in the Wall Street Journal on the last business day of December of each year, plus one percent (1%). Interest will be either credited to the service account of the customer on an annual basis or paid upon the return of the deposit. Interest shall not accrue on any cash deposit after the date the Company has made a reasonable effort to return such deposit to the customer. The Company will keep in its records evidence of its efforts to return such deposit. This rule shall not preclude the Company from crediting interest upon each service account during one complete billing cycle annually. +
- c. Upon termination of service, the deposit, with accrued interest, will be credited to the final bill and the balance, if any, will be returned promptly to the customer.
- d. The credit of a customer shall be established and the deposit and accrued interest shall be refunded promptly by the Company upon satisfactory payment by the customer of all proper charges for utility service for a period not to exceed twelve successive months. For purposes of this rule, payment is satisfactory if made prior to the date upon which the bill becomes delinquent. The Company may withhold refund of the deposit funds pending the resolution of a matter in dispute involving discontinuance for nonpayment or unauthorized interference by the customer.
- e. Company will maintain a record of all deposits, received from customers, showing the name of each customer, the location of the premises occupied by the customer at the time the deposit was required and each successive location while the deposit is retained, the date and amount of deposit, and the date and amount of interest paid.
- f. Each customer posting a security deposit shall receive in writing at the time of tender of deposit or with the first bill, a receipt as evidence thereof, unless the Company shows the existence or nonexistence of a deposit on the customer's bill, in which event the receipt shall not be required unless requested by the customer. The receipt shall contain the following minimum information:
  - (1) Name of customer.
  - (2) Date of payment.
  - (3) Amount of payment.
  - (4) Identifiable name, signature, and title of the Company employee receiving payment.
  - (5) Statement of the terms and conditions governing the payment retention and return of deposits.
- g. Company will provide means whereby a person entitled to a return of a deposit is not deprived of the deposit refund even though he may be unable to produce the original receipt for the deposit, provided he can produce adequate identification to insure that he is the customer entitled to refund of the deposit.

DATE OF ISSUE 11/7/02  
ISSUED BY D.W. Gibson, Vice President, Joplin, MO

DATE EFFECTIVE 12/23/02

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION  
THE EMPIRE DISTRICT ELECTRIC COMPANY

P.S.C. Mo. No. 4

Sec. 2 2nd Revised Sheet No. 16  
Cancelling P.S.C. Mo. No. 4

For AURORA, MARIONVILLE, VERONA

No supplement to this tariff will be issued except  
for the purpose of cancelling this tariff.

Sec. 2 1st Revised Sheet No. 16  
Which was issued 9-15-93

**RULES AND  
REGULATIONS**

At least five days prior to discontinuance of service for non-payment of a bill or deposit at a multi-dwelling unit residential building where each unit is individually metered at which a single customer is responsible for payment for service in all units in the building, or at a residence in which the occupant using utility service is not the Company's customer, the occupant(s) shall be given written notice of the Company's intent to discontinue service, provided however that such notice shall not be required unless the occupant has advised the Company or the Company is otherwise aware that he is not the customer. In the case of a multi-dwelling unit residential building where each unit is individually metered or in the case of a single family residence, the notice provided to the occupant of the unit about to be discontinued shall outline the procedure by which the occupant thereof may apply in his or her name for service of the same character presently received through that meter.

6. At least twenty-four hours preceding discontinuance of service, Company will make reasonable efforts to contact the customer to advise of the pending action and what steps must be taken to avoid discontinuance.
7. Immediately preceding the discontinuance of service, an employee of the Company designated to perform such function shall, except in individual situations where the safety of the employee is a consideration, make a reasonable effort to contact and identify himself to the customer or responsible person then upon the premises and shall announce the purpose of his presence. When service is discontinued, the employee will leave a notice upon the premises in a manner conspicuous to the customer that service has been discontinued and the address and telephone number of the Company where the customer may arrange to have service restored.
8. Notwithstanding any other provision of this rule, Company will postpone the discontinuance of utility service to a residential customer for a time not in excess of twenty-one days if the Company is advised the discontinuance will aggravate an existent medical emergency of the customer, a member of his family or other permanent resident of the premises where service is rendered. Company may require customer to provide satisfactory evidence that a medical emergency exists.
9. Notwithstanding any other provision of this rule, Company may discontinue any service temporarily for reasons of maintenance, health, safety or a state of emergency.
10. Upon the customer's request, Company will restore service promptly when the cause of discontinuance of service has been eliminated, applicable restoration charges paid and, if required satisfactory credit arrangements have been made. At all times, a reasonable effort shall be made to restore service upon the day restoration is requested, and in any event, restoration shall be made no later than the next working day following the day requested by the customer. The Company will charge the customer a reconnect charge as shown on the rate section of this tariff. If discontinuance was caused by diversion, the cost of any facility or changes Company deems necessary or appropriate in order to prevent possible future diversion of energy by customer may have to be paid for by customer. +
11. When a customer initiates a complaint or inquiry, the Company will: Immediately record the date, time and place the complaint or inquiry is made; investigate it promptly and completely; and attempt to resolve the matter informally in a manner mutually satisfactory to both parties. When a customer initiates a complaint or inquiry at the Company relating to termination of the customer's water service because of non-payment of a sewer bill, the Company is under no obligation to investigate the nature of the dispute between the customer and the sewer sewer provider but shall immediately refer the customer to the proper department at the provider of sewer service.
12. A customer may advise the Company that a bill is in dispute in any reasonable manner such as by written notice, in person or by a telephone call directed to the Company during normal business hours. A dispute must be registered with the Company at least 24 hours prior to the date of the proposed discontinuance for a customer to avoid discontinuance of service as provided by these rules.

DATE OF ISSUE 11/7/02  
ISSUED BY D.W. Gibson, Vice President, Joplin, MO

DATE EFFECTIVE 12/23/02

**Agreement Regarding Disposition of  
Small Company Rate Increase Request**

**Empire District Electric Company – Water Service**

**MO PSC Work ID No. QW-2002-0007**

**Background**

Empire District Electric Company ("Company") initiated the small company rate increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") "file" by submitting a letter to the Secretary of the Commission. The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-2.200, Small Company Rate Increase Procedure ("Small Company Procedure"). The date that the Company's Request was received at the Commission's offices was May 15, 2002.

In its Request, the Company represented that it was asking for Commission approval of customer rates intended to generate an increase of \$361,117 in its total annual water service operating revenues. The Company provides water service to approximately 4,602 customers, in and around the communities of Aurora, Marionville and Verona, Missouri.

Upon review and acceptance of the Company's Request, personnel in the Commission's Data Center scanned the Request into the Commission's electronic filing and information system and Work ID No. QW-2002-0007 was assigned to the Request. The Request was then forwarded to the Commission's Water & Sewer Department for processing under the Small Company Procedure.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, the Staff of the Commission ("Staff") initiated an audit of the Company's books and records, a review of certain of the Company's general business practices, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities will be collectively referred to as the Staff's "investigation" of the Company's Request.)

Upon completion of its investigation of the Company's Request, the Staff provided the Company and the Office of the Public Counsel ("OPC") various information regarding the results of the investigation, as well as its initial recommendations for resolution of the Company's Request.

**Resolution of the Company's Rate Increase Request**

Pursuant to negotiations held subsequent to the Company's and the OPC's receipt of the above-referenced information regarding the Staff's investigation of the Company's Request, the Staff and the Company hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will file tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A. Additionally, the Company will submit the original signed version of this document with its tariff filing.
- (2) That the ratemaking income statement attached hereto as Attachment B reflects the Company's annualized revenues generated by its current customer rates, the Staff determined level of increase needed by the Company for its total annualized cost of providing service is \$379,383, which is greater than the current revenues plus the annualized agreed-upon water service operating revenue increase of \$357,951.

- (3) That the rates set out in the attached example tariff sheets are designed to generate revenues sufficient to recover an increase of \$357,951 in the Company's annualized water service revenues, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (4) That the rates included in the attached example tariff sheets are just and reasonable.
- (5) That the depreciation rates set out on Attachment C hereto should be the prescribed water plant depreciation rates for the Company, as these were the depreciation rates used by the Staff in its revenue requirement analysis.
- (6) That the implementation of a Late Payment Charge consistent with charges for billed electric service is reasonable.
- (7) That the implementation of a Bad Check Charge of \$20 per bad check is reasonable.
- (8) That the implementation of a Door Collection Charge of \$15, to avoid service disconnection, is reasonable.
- (9) That the implementation of an Emergency Call Out Charge of \$15, to shut-off service where the emergency exists entirely on the customer-owned facilities, is reasonable.
- (10) That an increase in the Reconnection Charge, after the Company has discontinued service, from \$3 to \$30 is reasonable.
- (11) That a change in the interest rate paid on customer deposits from six percent per annum compounded annually to one percent above the prime lending rate as published in the Wall Street Journal is reasonable.
- (12) That the implementation of a Temporary Turn-off Charge, for the customer's convenience, of \$25 is reasonable.
- (13) That the above agreements satisfactorily resolve all issues identified by the Staff and the Company regarding the Company's Request, except as otherwise specifically stated herein.

**Additional Matters**

This Disposition Agreement is only between the Staff and the Company, and the OPC has requested that the Company send a second customer notice to its customers. In compliance with the Small Company Procedure, the Company's second notice will reflect the terms of this Disposition Agreement, and will provide the Company's customers an opportunity to send comments to the OPC and the Staff within twenty (20) days after the date of that notice. In addition to this second customer notice, the Company acknowledges that the OPC also has the right to request that the Commission hold a local public hearing regarding the Company's Request and/or the provisions of this Disposition Agreement.

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Disposition Agreement reflect compromises between the Staff and the Company, and neither party has agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.

The Company acknowledges that it has consented to an extension of the "150-day" tariff filing date set forth in the Small Company Procedure.

The Company acknowledges that the Staff will be making an additional filing with the Commission regarding this matter. That filing will include the Staff's recommendation for approval of the subject tariff revisions, background information regarding the Company's Request and the Staff's investigation thereof, and certain Staff workpapers regarding the following items: (a) the ratemaking income statement referenced in item (2) above; (b) the agreed-upon design of the Company's customer rates; (c) a residential



customer billing comparison reflecting the agreed-upon changes in the Company's rates;  
(d) a general overview of the Company; and (e) an overview of the Company's customer service procedures and practices. Additionally, that filing will include information regarding the status of the Company's payment of its Commission assessments and the Company's filing of its Commission annual reports, as well as information regarding any other pending matters that the Company may have before the Commission.

**Effective Date and Signatures**

This Disposition Agreement shall be considered effective as of the date that it and the requisite tariff revisions are filed with the Commission.

Agreement Signed and Dated:

  
Dale W. Johansen  
Manager - Water & Sewer Department  
Missouri Public Service Commission Staff

11/07/02  
Date

  
David W. Gibson  
Vice President – Regulatory and General Services  
Empire District Electric Company – Water Service

10/30/02  
Date

**List of Attachments**

Attachment A	Example Tariff Sheets
Attachment B	Ratemaking Income Statement
Attachment C	Depreciation Rates

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION  
THE EMPIRE DISTRICT ELECTRIC COMPANY

P.S.C. Mo. No. 4

Sec. A <sup>15</sup> Revised Sheet No. 1  
Cancelling P.S.C. Mo. No. 4

For AURORA, MARIONVILLE, VERONA

No supplement to this tariff will be issued except  
for the purpose of cancelling this tariff.

Sec. A Original Sheet No. 1  
Which was issued 7-24-78

TABLE OF CONTENTS

Sheet Number

Section 1

Water Service, Schedule WA	1
Other Service Charges, Schedule OSC +	3

Section 2

Rules and Regulations

DATE OF ISSUE \_\_\_\_\_  
ISSUED BY D. W. Gibson, Vice President, Joplin, MO

DATE EFFECTIVE \_\_\_\_\_

ATTACHMENT A1

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION  
THE EMPIRE DISTRICT ELECTRIC COMPANY

P.S.C. Mo. No. 4

Sec. 1 6th Revised Sheet No. 1  
Cancelling P.S.C. Mo. No. 4

For AURORA, MARIONVILLE, VERONA

No supplement to this tariff will be issued except  
For the purpose of cancelling this tariff.

Sec. 1 5th Revised Sheet No. 1  
Which was issued 02-13-94

WATER SERVICE  
SCHEDULE WA

AVAILABILITY:

This schedule is available for water service on an annual basis to any customer located along the water lines of the Company.

MONTHLY RATE:

Customer Charge:

Meter 5/8" or less + .....	\$ 7.52
Meter 1" + .....	16.47
Meter 2" + .....	49.29
Meter 4" + .....	150.71
Meter 6" + .....	299.85

Consumption Charge:

First 100,000 gallons, per thousand gallons + .....	\$ 2.50
Over 100,000 gallons, per thousand gallons + .....	0.88

TANK WATER:

Per 1,000 gallons or less + .....	\$ 10.67
-----------------------------------	----------

PRIVATE FIRE PROTECTION SERVICE CHARGE:

If the Company for the service of the Customer's private fire protection system is required to install special or additional facilities not normally provided by the Company for the Customer's regular water service, the Customer will pay a monthly charge of 1 1/2% of such excess investment by the Company.

PUBLIC FIRE HYDRANT SERVICE CHARGE:

A monthly charge for fire hydrant service to each community served shall be determined annually in accordance with the formula below and shall be added to each regular water service bill rendered to customers served on this schedule who reside within the community.

$$\text{Monthly Charge} = \frac{N \times R}{A \times 12}$$

Where: N = Number of Public Fire Hydrants in service within the community at the Date of Determination  
R = Annual Rental Charge of \$159.83 per fire hydrant +  
A = Number of Customers within the community receiving service under Schedule WA at the Date of Determination.

The monthly fire hydrant service charge will be adjusted annually on March 1, based on December 31 data of the previous year or, at its option, the Company may adjust the monthly service charge at any time to reflect changes in the number of customers or fire hydrants in the community where the variance in the Monthly Charge of \$0.01 or more results from a new computation.

PAYMENT:

Bills for customers will be due on or before twenty-one (21) days after the date thereof.

GROSS RECEIPTS, OCCUPATION OR FRANCHISE TAXES, OR PRIMACY FEES:

There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or other similar fee or tax now or hereafter imposed upon the Company by any municipality or any other governmental authority, whether imposed by ordinance, franchise or otherwise, in which the fee or tax is based upon a percentage of gross receipts, net receipts or revenues from the sale of water service rendered by the Company to the Customer. Bills will be increased the proportionate amount only in service areas where such tax is applicable. There shall be added to the Customer's bill, as a separate item, the appropriate amount

DATE OF ISSUE \_\_\_\_\_  
ISSUED BY D.W. Gibson, Vice President, Joplin, MO

DATE EFFECTIVE \_\_\_\_\_

ATTACHMENT A-2

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION  
THE EMPIRE DISTRICT ELECTRIC COMPANY

P.S.C. Mo. No. 4

Sec. 1 1st Revised Sheet No. 2  
Cancelling P.S.C. Mo. No. 4

For AURORA, MARIONVILLE, VERONA

No supplement to this tariff will be issued except  
for the purpose of cancelling this tariff.

Sec. 1 Original Sheet No. 2  
Which was issued 2-13-94

WATER SERVICE  
SCHEDULE WA +

of the primacy fee authorized by Section 640.100 of the Revised Statutes of Missouri.

CONDITIONS OF SERVICE:

1. Company Rules and Regulations, P.S.C. Mo. No. 4, Section 2, are a part of this schedule.

DATE OF ISSUE \_\_\_\_\_  
ISSUED BY D.W. Gibson, Vice President, Joplin, MO

DATE EFFECTIVE \_\_\_\_\_

ATTACHMENT A-2

## STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. Mo. No. 4

THE EMPIRE DISTRICT ELECTRIC COMPANY

Sec. 1 Original Sheet No. 3  
Canceling P.S.C. Mo. No. \_\_\_\_\_For AURORA, MARIONVILLE, VERONANo supplement to this tariff will be issued except  
for the purpose of canceling this tariff.Sec. \_\_\_\_\_ Original Sheet No. \_\_\_\_\_  
Which was issued \_\_\_\_\_OTHER SERVICE CHARGES  
SCHEDULE OSC**AVAILABILITY:**

This schedule is available to any customer requiring the special services listed below.

**Late Payment Charge: \***

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. A charge applied consistent with the late payment charges approved by the Missouri Public Service Commission for the Company's regulated electric service will be added to delinquent amounts. The unpaid balance shall include all amounts owed the Company plus all reconnection costs, all collection costs and reasonable attorney's fees for collection.

**Bad Check Charge: \***

A bad check charge of \$20.00 per check will be paid on all checks returned from the bank for insufficient funds. Where a bad check is applicable from a customer for water service, only one bad check charge shall be billed the customer for his water service, for each instance of a check being returned.

**Door Collection Charge: \***

A door collection charge of 15.00 will be applicable when a customer pays the serviceman at the time of scheduled disconnection (turn-off) of service to prevent such disconnection. Where a door collection charge is applicable from a customer for both water and electric service, only one collection charge shall be billed the customer for both his water and electric service, for each disconnection.

**Emergency Call out Charge: \***

An Emergency Call-Out Charge of \$15.00 per occurrence will be assessed where a customer requests a shut-off of service and the emergency exists entirely on the customer owned facilities.

Reconnection Charge + : after Company Discontinuance of Service: \$30.00.

Temporary Turn-off Charge + : at meter for customer's convenience: \$25.00.

DATE OF ISSUE \_\_\_\_\_  
ISSUED BY D.W. Gibson, Vice President, Joplin, MO

DATE EFFECTIVE \_\_\_\_\_

ATTACHMENT A-4

## THE EMPIRE DISTRICT ELECTRIC COMPANY

Sec. 2 1st Revised Sheet No. 13  
Cancelling P.S.C. Mo. No. 4For AURORA, MARIONVILLE, VERONANo supplement to this tariff will be issued except  
for the purpose of cancelling this tariff.Sec.        Original Sheet No. 13  
Which was issued 7-11-78

<p align="center"><b>RULES AND REGULATIONS</b></p>
--

- b. Interest at a rate which is equal to one percent (1%) above the prime lending rate as published in the Wall Street Journal will be payable on all deposits. This rate shall be adjusted annually on January 1 using the prime lending rates, as published in the Wall Street Journal on the last business day of December of each year, plus one percent (1%). Interest will be either credited to the service account of the customer on an annual basis or paid upon the return of the deposit. Interest shall not accrue on any cash deposit after the date the Company has made a reasonable effort to return such deposit to the customer. The Company will keep in its records evidence of its efforts to return such deposit. This rule shall not preclude the Company from crediting interest upon each service account during one complete billing cycle annually. +
- c. Upon termination of service, the deposit, with accrued interest, will be credited to the final bill and the balance, if any, will be returned promptly to the customer.
- d. The credit of a customer shall be established and the deposit and accrued interest shall be refunded promptly by the Company upon satisfactory payment by the customer of all proper charges for utility service for a period not to exceed twelve successive months. For purposes of this rule, payment is satisfactory if made prior to the date upon which the bill becomes delinquent. The Company may withhold refund of the deposit funds pending the resolution of a matter in dispute involving discontinuance for nonpayment or unauthorized interference by the customer.
- e. Company will maintain a record of all deposits, received from customers, showing the name of each customer, the location of the premises occupied by the customer at the time the deposit was required and each successive location while the deposit is retained, the date and amount of deposit, and the date and amount of interest paid.
- f. Each customer posting a security deposit shall receive in writing at the time of tender of deposit or with the first bill, a receipt as evidence thereof, unless the Company shows the existence or nonexistence of a deposit on the customer's bill, in which event the receipt shall not be required unless requested by the customer. The receipt shall contain the following minimum information:
  - (1) Name of customer.
  - (2) Date of payment.
  - (3) Amount of payment.
  - (4) Identifiable name, signature, and title of the Company employee receiving payment.
  - (5) Statement of the terms and conditions governing the payment retention and return of deposits.
- g. Company will provide means whereby a person entitled to a return of a deposit is not deprived of the deposit refund even though he may be unable to produce the original receipt for the deposit, provided he can produce adequate identification to insure that he is the customer entitled to refund of the deposit.

## THE EMPIRE DISTRICT ELECTRIC COMPANY

Sec. 2 2nd Revised Sheet No. 16  
Cancelling P.S.C. Mo. No. 4For AURORA, MARIONVILLE, VERONANo supplement to this tariff will be issued except  
for the purpose of cancelling this tariff.Sec. 2 1st Revised Sheet No. 16  
Which was issued 9-15-93RULES AND  
REGULATIONS

At least five days prior to discontinuance of service for non-payment of a bill or deposit at a multi-dwelling unit residential building where each unit is individually metered at which a single customer is responsible for payment for service in all units in the building or at a residence in which the occupant using utility service is not the Company's customer, the occupant(s) shall be given written notice of the Company's intent to discontinue service, provided however that such notice shall not be required unless the occupant has advised the Company or the Company is otherwise aware that he is not the customer. In the case of a multi-dwelling unit residential building where each unit is individually metered or in the case of a single family residence, the notice provided to the occupant of the unit about to be discontinued shall outline the procedure by which the occupant thereof may apply in his or her name for service of the same character presently received through that meter.

6. At least twenty-four hours preceding discontinuance of service, Company will make reasonable efforts to contact the customer to advise of the pending action and what steps must be taken to avoid discontinuance.
7. Immediately preceding the discontinuance of service, an employee of the Company designated to perform such function shall, except in individual situations where the safety of the employee is a consideration, make a reasonable effort to contact and identify himself to the customer or responsible person then upon the premises and shall announce the purpose of his presence. When service is discontinued, the employee will leave a notice upon the premises in a manner conspicuous to the customer that service has been discontinued and the address and telephone number of the Company where the customer may arrange to have service restored.
8. Notwithstanding any other provision of this rule, Company will postpone the discontinuance of utility service to a residential customer for a time not in excess of twenty-one days if the Company is advised the discontinuance will aggravate an existent medical emergency of the customer, a member of his family or other permanent resident of the premises where service is rendered. Company may require customer to provide satisfactory evidence that a medical emergency exists.
9. Notwithstanding any other provision of this rule, Company may discontinue any service temporarily for reasons of maintenance, health, safety or a state of emergency.
10. Upon the customer's request, Company will restore service promptly when the cause of discontinuance of service has been eliminated, applicable restoration charges paid and, if required satisfactory credit arrangements have been made. At all times, a reasonable effort shall be made to restore service upon the day restoration is requested, and in any event, restoration shall be made no later than the next working day following the day requested by the customer. The Company will charge the customer a reconnect charge as shown on the rate section of this tariff. If discontinuance was caused by diversion, the cost of any facility or changes Company deems necessary or appropriate in order to prevent possible future diversion of energy by customer may have to be paid for by customer. +
11. When a customer initiates a complaint or inquiry, the Company will: immediately record the date, time and place the complaint or inquiry is made; investigate it promptly and completely; and attempt to resolve the matter informally in a manner mutually satisfactory to both parties. When a customer initiates a complaint or inquiry at the Company relating to termination of the customer's water service because of non-payment of a sewer bill, the Company is under no obligation to investigate the nature of the dispute between the customer and the sewer sewer provider but shall immediately refer the customer to the proper department at the provider of sewer service.
12. A customer may advise the Company that a bill is in dispute in any reasonable manner such as by written notice, in person or by a telephone call directed to the Company during normal business hours. A dispute must be registered with the Company at least 24 hours prior to the date of the proposed discontinuance for a customer to avoid discontinuance of service as provided by these rules.



# Empire District Electric Company - Water Service

Small Company Rate Filing - Water Service

Tracking No. QW-2002-0007

Rate Making Income Statement - Water		
	As Adjusted	
<b>Revenue</b>	<b>\$1,065,780</b>	
<b>Expenses</b>		
Source of Supply Operations	2,679	
Source of Supply Maintenance	10,104	
Pumping Expense Operations	25,347	
Power Purchased for Pumping	90,362	
Maintenance of Pumping plant	15,160	
Water Treatment Expenses Operations	24,360	
Water Treatment Expenses Maintenance	0	
Trans & Dist Line Operations Expense	458	
Other T & D Line Oper Exp	37,589	
Maintenance of General Plant	285	
Maintenance of Structures	157	
Maint of Dist Reservoir & Standpipes	286	
Water Utility Supervision	52,527	
Convention & Seminars	378	
Safety Expense	932	
Maintenance of T & D Mains	177,831	
Maintenance of System Flushing	2,389	
Maintenance of Services	81,695	
Maintenance of Meters	731	
Mgmt & Administration	6,758	
Read Meters - Water	23,453	
Billing of Metered Accounts	21,280	
Customer Services Accounting	17,091	
Credit & Collections	78	
Uncollectible Accounts	6,000	
Supervision	10,057	
Injuries & Damages Reserve	3,406	
Pensions Water	0	
Health Care Water	59,742	
401 K Water	5,586	
Regulatory Commission Expense - Water	7,022	
Depreciation	210,780	
Return	446,482	
Inc Tax	113,444	
Def Tax	(9,246)	
<b>Total Cost of Service</b>	<b>\$1,445,163</b>	
<b>Revenue Increase Needed</b>	<b>\$379,383</b>	<b>35.60%</b>
<b>Revenue Increase Requested</b>	<b>\$361,117</b>	<b>33.88%</b>
<b>Revenue Increase Per Rate Design</b>	<b>\$357,951</b>	<b>33.59%</b>

October 24, 2002  
Missouri Public Service Commission Staff

Page 1 of 1  
W. R. Hubbs

Attachment B

Attachment D - 21

**THE EMPIRE DISTRICT ELECTRIC COMPANY**

**DEPRECIATION RATES**

**(WATER)**

**CASE NO. QW-2002-7**

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
311	Structures & Improvements	2.5%	40
314	Wells & Springs	2.0%	50
325	Electric Pumping Equipment	10.0%	10
332	Water Treatment Equipment	2.9%	35
342	Distribution Reservoirs & Standpipes	2.5%	40
343	Transmission & Distribution Mains	2.0%	50
345	Services	2.5%	40
346	Meters - Bronze Chamber	2.9%	35
348	Hydrants	2.0%	50
391	Office Furniture & Equipment	0.0%	20
391.1	Office Computer Equipment	14.29%	7
393	Stores Equipment	0.0%	25
394	Tools, Shop, Garage Equipment	5.0%	20
395	Laboratory Equipment	0.0%	20
397	Communication Equipment	6.7%	15

Attachment C

# WATER SERVICE RATE DESIGN

TYE 3-31-02

QW-2002-0007

02:19 PM

25-Sep-02

## Billing Determinants

	Customer Billings		Customer Numbers
Residential	49,366	Divided by 12	4,114
Commercial	5,386	Divided by 12	449
Industrial	157	Divided by 12	13
Public Authorities	273	Divided by 12	23
Interdepartmental	36	Divided by 12	3
Subtotal	55,218	Divided by 12	4,602
Unmetered Comm. -Sprinklers	133		
-Tank	12		
Total	55,363		

Meter Weighting	Meter Size	Customer Meters		Equivalents		Meter Equivalents
	1/2" & 5/8"	53367	X	1.0	=	53367
	1"	890	X	2.5	=	2225
	2"	877	X	8.0	=	7016
	4"	84	X	25.0	=	2100
	6"	0	X	50.0	=	0
Total		55218				64708

## BLOCKED USAGE

Test Year ended 3/31/02

Class	Block 1 <100,000 1000 gal.	Block 2 >100,000 1000 gal.	Total Billed Sales
Residential	247,446	2,267	249,713
Commercial	64,356	21,711	86,067
Industrial	7,907	67,033	74,940
Public Authorities	3,810	7,048	10,858
Interdepartmental	56	0	56
Total	323,575	98,059	421,634

## DEVELOPMENT OF RATES

Customer Charge:		Current Rates	Proposed Rates (0.33892 increase)		\$ 361,117	\$ 361,117	
					\$ 1,065,780	\$ 1,065,495	
					33.883%	\$ 1,426,612	Cost of Service
						33.892%	
5/8 " meter	\$	5.62	\$	7.52			
1" meter	\$	12.30	\$	16.47			
2" meter	\$	36.81	\$	49.29			
4" meter	\$	112.56	\$	150.71			
6" meter	\$	223.95	\$	299.85			
Consumption Charge: (Per 1000 gallons)							
First 100,000 gallons	\$	1.87	\$	2.50			
Over 100,000 gallons	\$	0.66	\$	0.88			
Tank Water	\$	7.97	\$	10.67	Per Billing	\$ 1,060.01	\$ 1,419
Sprinklers						\$ 3,927	\$ 3,927
Fire Hydrant Rental Charge	\$	119.37	\$	159.83	Per Charge	\$ 38,097	\$ 51,005

# REVENUE PROOF

Meter Size	(1) Numbers	(2) Charge	(3) Revenue ((1)*(2))	(4) Target	(5) Difference
5/8"	53,367	\$ 7.52	\$ 401,320		
1"	890	\$ 16.47	\$ 14,658		
2"	877	\$ 49.29	\$ 43,227		
4"	84	\$ 150.71	\$ 12,660		
6"	-	\$ 299.85	\$ -		
Total			\$ 471,865		
	323,575	\$ 2.50	\$ 808,938		
	98,059	\$ 0.88	\$ 86,292		
	421,634		\$ 895,229	target	
			\$1,367,095	\$1,370,261	(\$3,166)
Unmetered			\$ 1,419	\$ 1,419	
Fire Hyd.			\$ 51,005	\$ 51,005	
Sprinkler			\$ 3,927	\$ 3,927	
			\$1,423,446	\$ 1,426,612	
				(\$3,166) difference	

## The Revenue Effect Summary

Customer Class	Test Year Rate Revenue	Proposed Rate Revenue	Actual Revenue Increase	% Increase
Residential	\$ 746,208	\$ 997,937	\$ 251,729	33.73%
Commercial	\$ 194,889	\$ 260,602	\$ 65,713	33.72%
Industrial	\$ 65,584	\$ 87,536	\$ 21,951	33.47%
Public Authorities	\$ 15,048	\$ 20,107	\$ 5,059	33.62%
Interdepartmental	\$ 681	\$ 912	\$ 231	33.85%
Subtotal	\$ 1,022,411	\$ 1,367,095	\$ 344,683	33.71%
Fire Hydrant Chg.	\$ 38,097	\$ 51,005	\$ 12,908	33.88%
Fire Protection & Tank W.	\$ 1,060	\$ 1,419	\$ 359	33.88%
Sprinkler	\$ 3,927	\$ 3,927	\$ -	
<b>TOTAL</b>	<b>\$1,065,495</b>	<b>\$1,423,446</b>	<b>\$357,951</b>	<b>33.59%</b>

# REVENUE ON PROPOSED RATES

Customer Class	Type Charge	Percent Customers	Units	Rate	Revenue
RESIDENTIAL	Customer				
	5/8"	99.52%	49129	\$ 7.52	\$ 369,450
	1"	0.31%	153	\$ 16.47	\$ 2,520
	2"	0.15%	72	\$ 49.29	\$ 3,549
	4"	0.02%	12	\$ 150.71	\$ 1,809
	6"	0.00%	0	\$ 299.85	\$ -
	Totals	100%	49366		
	First 100,000	99.09%	247446	\$ 2.50	\$ 618,615
	Over 100,000	0.91%	2267	\$ 0.88	\$ 1,995
	Totals	100.00%	249713		
	TOTAL RESIDENTIAL REVENUE				\$ 997,937
COMMERCIAL	Customer				
	5/8"	74.29	4001	\$ 7.52	\$ 30,088
	1"	12.11	652	\$ 16.47	\$ 10,738
	2"	12.94	697	\$ 49.29	\$ 34,355
	4"	0.67	36	\$ 150.71	\$ 5,426
	6"	0.00	0	\$ 299.85	\$ -
	Totals	100	5386		
	First 100,000	74.77	64356	\$ 2.50	\$ 160,890
	Over 100,000	25.23	21711	\$ 0.88	\$ 19,106
	Totals	100	86067		
	TOTAL COMMERCIAL REVENUE				\$ 260,602
INDUSTRIAL	Customer				
	5/8"	15.29	24	\$ 7.52	\$ 180
	1"	31.21	49	\$ 16.47	\$ 807
	2"	30.57	48	\$ 49.29	\$ 2,366
	4"	22.93	36	\$ 150.71	\$ 5,426
	6"	0.00	0	\$ 299.85	\$ -
	Totals	100	157		
	First 100,000	10.55	7907	\$ 2.50	\$ 19,768
	Over 100,000	89.45	67033	\$ 0.88	\$ 58,989
	Totals	100	74940		
	TOTAL INDUSTRIAL REVENUE				\$ 87,536

## PUBLIC AUTHORITY

Customer						
5/8"	69.23	189	\$	7.52	\$	1,421
1"	13.19	36	\$	16.47	\$	593
2"	17.58	48	\$	49.29	\$	2,366
4"	0.00	0	\$	150.71	\$	-
6"	0.00	0	\$	299.85	\$	-
Totals	100	273				
First 100,000	35.09	3810	\$	2.50	\$	9,525
Over 100,000	64.91	7048	\$	0.88	\$	6,202
Totals	100	10858				

## TOTAL PUB. AUTH. REVENUE

\$ 20,107

## INTERDEPARTMENTAL

Customer						
5/8"	66.67	24	\$	7.52	\$	180
1"	0.00	0	\$	16.47	\$	-
2"	4.40	12	\$	49.29	\$	591
4"	0.00	0	\$	150.71	\$	-
6"	0.00	0	\$	299.85	\$	-
Totals	71	36				
First 100,000	100.00	56	\$	2.50	\$	140
Over 100,000	0.00	0	\$	0.88	\$	-
Totals	100	56				

## TOTAL INTERDEPARTMENTAL REVENUE

\$ 912

Total Rate Revenue	\$ 1,367,095
Fire Hydrant Charges	\$ 51,005
Unmetered Commercial	\$ 1,419
Sprinklers	\$ 3,927
<b>TOTAL REVENUE</b>	<b>\$ 1,423,446</b>



# Empire District Electric Company - Water Service

Small Company Rate Filing - Water Service

PSC Tracking No. QW 2002 0007

## Residential Water Customer Impact

Assume Monthly Bill Computation For A Typical Residential Consumer Using 6,000 Gallons Per Month

Monthly Bill:	Minimum Charge	Commodity Charge/unit	Typical Usage (billed)	Total Commodity	Total Bill
<b>Proposed Rates</b>	\$7.52	\$2.50	6,000	\$15.00	<b>\$22.52</b>
<b>Current Rates</b>	\$5.62	\$1.87	6,000	\$11.22	<b>\$16.84</b>
<b>Difference</b>	\$1.90	\$0.63		\$3.78	<b>\$5.68</b>
<b>Percentage Difference from Current Rates</b>	33.8%	33.7%		33.7%	<b>33.7%</b>

Note: Proposed rates billed for all metered usage.

September 26, 2002  
Missouri Public Service Commission Staff

Page 1 of 1  
W. R. Hubbs

Accounting Schedule: 1

Williams

13:40 08/29/2002

Empire District Electric Company

Case: WA-02-007

12-months ended March 31, 2002

Revenue Requirement

Line	(A)	(B)	(C)	(D)
8.27%	Return	8.47%	Return	8.67%
Return	Return	Return	Return	Return

1	Net Orig Cost Rate Base (Sch 2)	\$	5,271,333	\$	5,271,333	\$	5,271,333	\$	5,271,333
2	Rate of Return		8.27%		8.47%		8.67%		8.67%
3	Net Operating Income Requirement	\$	435,939	\$	446,482	\$	457,025	\$	457,025
4	Net Income Available (Sch 8)	\$	180,543	\$	180,543	\$	180,543	\$	180,543
5	Additional NOI/BI Needed	\$	255,396	\$	265,939	\$	276,482	\$	276,482
6	Income Tax Requirement (Sch 10)	\$	105,775	\$	113,444	\$	121,113	\$	121,113
7	Required Current Income Tax	\$	105,775	\$	113,444	\$	121,113	\$	121,113
8	Test Year Current Income Tax	\$	0	\$	0	\$	0	\$	0
9	Additional Current Tax Required	\$	105,775	\$	113,444	\$	121,113	\$	121,113
10	Required Deferred ITC	\$	0	\$	0	\$	0	\$	0
11	Test Year Deferred ITC	\$	0	\$	0	\$	0	\$	0
12	Additional Deferred ITC Required	\$	0	\$	0	\$	0	\$	0
13	Total Additional Tax Required	\$	105,775	\$	113,444	\$	121,113	\$	121,113
14	Gross Revenue Requirement	\$	361,171	\$	379,383	\$	397,595	\$	397,595

Accounting Schedule: 2

DeVore

13:40 08/29/2002

## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Rate Base

Line	Description	Amount
(A)	(B)	
1	Total Plant in Service (Sch 3)	\$ 7,838,314
	Subtract from Total Plant	
2	Depreciation Reserve (Sch 6)	\$ 2,274,486
		-----
3	Net Plant in Service	\$ 5,563,828
	Add to Net Plant in Service	
4	Cash Working Capital (Sch 1)	\$ 0
5	Materials and Supplies-Exempt	35,502
6	Prepaid Insurance	0
	Subtract from Net Plant	
7	Federal Tax Offset 0.0000 %	\$ 0
8	State Tax Offset 0.0000 %	0
9	City Tax Offset 0.0000 %	0
10	Interest Expense Offset 0.0000 %	0
11	Customer Advances for Construction	327,997
12	Contribution in aid of Construction	0
13	Deferred Income Taxes-Depreciation	0
		-----
14	Total Rate Base	\$ 5,271,333
		=====

Accounting Schedule: 3

DeVore

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Source of Supply & Pumping Plant							
1	303.200	Land & Land Rights	\$ 59,308	\$ 0	100.0000	\$ 0 P-1	\$ 59,308
2	304.200	Structures & Improvements	327,985	0	100.0000	0 P-2	327,985
3	307.200	Wells & Springs	292,714	0	100.0000	0 P-3	292,714
4	311.200	Pumping Equipment	356,592	0	100.0000	0 P-4	356,592
5		Total	\$ 1,036,599	\$ 0		\$ 0	\$ 1,036,599
Water Treatment Plant							
6	320.300	Water Treatment Equipment	\$ 15,716	\$ 0	100.0000	\$ 0 P-5	\$ 15,716
7		Total	\$ 15,716	\$ 0		\$ 0	\$ 15,716
Transmission & Distribution Plant							
8	303.400	Land & Land Rights	\$ 1,732	\$ 0	100.0000	\$ 0 P-6	\$ 1,732
9	330.400	Distribution Reservoirs & Standpipe	334,802	0	100.0000	0 P-7	334,802
10	331.400	Transmission & Distribution Mains	3,196,385	0	100.0000	0 P-8	3,196,385
11	333.400	Services	2,394,157	0	100.0000	0 P-9	2,394,157
12	334.400	Meters & Meter Installations	444,048	0	100.0000	0 P-10	444,048
13	335.400	Hydrants	242,325	0	100.0000	0 P-11	242,325
14		Total	\$ 6,613,449	\$ 0		\$ 0	\$ 6,613,449
General Plant							
15	340.500	Office Furniture & Equipment	\$ 567	\$ 0	100.0000	\$ 0 P-12	\$ 567
16	342.500	Stores Equipment	442	0	100.0000	0 P-13	442
17	343.500	Tools, Shop & Garage Equipment	35,736	1,093	100.0000	0 P-14	36,829
18	344.500	Laboratory Equipment	1,503	0	100.0000	0 P-15	1,503
19	347.500	Communications Equipment	134,302	(1,093)	100.0000	0 P-16	133,209
20		Total	\$ 172,550	\$ 0		\$ 0	\$ 172,550
21		Total Plant In Service	\$ 7,838,314	\$ 0		\$ 0	\$ 7,838,314

Accounting Schedule: 3-1

Accounting Schedule: 4

DeVore

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Adjustments to Total Plant

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Tools, Shop & Garage Equipment	P-14	\$ 1,093
--------------------------------	------	----------

1. To transfer the cost of a pump from communications equipment. (Williams)	\$	1,093
--	----	-------

Communications Equipment	P-16	\$ (1,093)
--------------------------	------	------------

1. To transfer the cost of a pump to tools, shop and Garage Equipment. (Williams)	\$	(1,093)
--	----	---------

Accounting Schedule: 5

DeVore

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Source of Supply & Pumping Plant					
1	303.200	Land & Land Rights	\$ 59,308	0.0000	\$ 0
2	304.200	Structures & Improvements	127,985	2.5000	8,200
3	307.200	Wells & Springs	292,714	2.0000	5,854
4	311.200	Pumping Equipment	356,592	10.0000	35,659
5		Total	\$ 1,036,599		\$ 49,713
Water Treatment Plant					
6	320.300	Water Treatment Equipment	\$ 15,716	2.1900	\$ 344
7		Total	\$ 15,716		\$ 344
Transmission & Distribution Plant					
8	303.400	Land & Land Rights	\$ 1,732	0.0000	\$ 0
9	330.400	Distribution Reservoirs & Standpipe	334,802	2.5000	8,370
10	331.400	Transmission & Distribution Mains	3,196,385	2.0000	63,928
11	333.400	Services	2,394,157	2.5000	59,854
12	334.400	Meters & Meter Installations	444,048	2.9000	12,877
13	335.400	Hydrants	242,325	2.0000	4,847
14		Total	\$ 6,613,449		\$ 149,876
General Plant					
15	340.500	Office Furniture & Equipment	\$ 567	14.2900	\$ 81
16	342.500	Stores Equipment	442	0.0000	0
17	343.500	Tools, Shop & Garage Equipment	36,829	5.0000	1,841
18	344.500	Laboratory Equipment	1,503	0.0000	0
19	347.500	Communications Equipment	133,209	6.7000	8,925
20		Total	\$ 172,550		\$ 10,847
21		Total Depreciation Expense	\$ 7,838,314		\$ 210,780

Accounting Schedule: 6

DeVore

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Source of Supply & Pumping Plant							
1	304.200	Structures & Improvements	\$ 72,807	\$ 0	100.0000	\$ 0 R-1	\$ 72,807
2	307.200	Wells & Springs	71,918	0	100.0000	0 R-2	71,918
3	311.200	Pumping Equipment	132,600	0	100.0000	0 R-3	132,600
4		Total	\$ 277,325	\$ 0	\$ 0	0	\$ 277,325
Water Treatment Plant							
5	320.300	Water Treatment Equipment	\$ 3,601	\$ 0	100.0000	\$ 0 R-4	\$ 3,601
6		Total	\$ 3,601	\$ 0	\$ 0	0	\$ 3,601
Transmission & Distribution Plant							
7	330.400	Distribution Reservoirs & Standpipe	\$ 140,519	\$ 0	100.0000	\$ 0 R-5	\$ 140,519
8	331.400	Transmission & Distribution Mains	856,681	0	100.0000	0 R-6	856,681
9	333.400	Services	662,968	0	100.0000	0 R-7	662,968
10	334.400	Meters & Meter Installations	215,240	0	100.0000	0 R-8	215,240
11	335.400	Hydrants	79,442	0	100.0000	0 R-9	79,442
12		Total	\$ 1,954,850	\$ 0	\$ 0	0	\$ 1,954,850
General Plant							
13	340.500	Office Furniture & Equipment	\$ 567	\$ 0	100.0000	\$ 0 R-10	\$ 567
14	342.500	Stores Equipment	744	0	100.0000	0 R-11	744
15	343.500	Tools, Shop & Garage Equipment	14,796	0	100.0000	0 R-12	14,796
16	344.500	Laboratory Equipment	1,967	0	100.0000	0 R-13	1,967
17	347.500	Miscellaneous Equipment	20,636	0	100.0000	0 R-14	20,636
18		Total	\$ 38,710	\$ 0	\$ 0	0	\$ 38,710
19		Total Depreciation Reserve	\$ 2,274,486	\$ 0	\$ 0	0	\$ 2,274,486

Accounting Schedule: 8

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
<b>Operating Revenues</b>							
1	460.200	Unmetered Sales- Residential	\$ 0	\$ 0	100.0000	\$ 0	S-1 \$ 0
2	461.100	Metered Sales- Residential	783,215	0	100.0000	0	S-2 783,215
3	461.200	Metered Sales- Commercial	200,982	0	100.0000	0	S-3 200,982
4	461.300	Metered Sales- Industrial	65,322	0	100.0000	0	S-4 65,322
5	464.000	Other Sales to Public Authorities	15,557	0	100.0000	0	S-5 15,557
6	467.000	Interdepartmental Sales- Water	704	0	100.0000	0	S-6 704
7		<b>Total</b>	\$ 1,065,780	\$ 0		\$ 0	\$ 1,065,780



Accounting Schedule: 8

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Operation & Maintenance Expense							
8	600.704	Source of Supply Operations	\$ 3,562	\$ (883)	100.0000	\$ 0	\$ 2,679
9	610.707	Source of Supply Maintenance	9,664	440	100.0000	0	10,104
10	620.710	Pumping Expense Operations	33,550	(8,203)	100.0000	0	25,347
11	623.713	Power Purchased For Pumping	86,720	3,642	100.0000	0	90,362
12	630.716	Maintenance of Pumping Plant	18,032	(2,872)	100.0000	0	15,160
13	640.719	Water Treatment Exp- Operations	20,379	3,981	100.0000	0	24,360
14	650.722	Water Treatment Exp- Maintenance	0	0	100.0000	0	0
15	660.725	Tran & Distr Line Oper Expense	698	(240)	100.0000	0	458
16	662.728	Other Trans & Distr Line Oper Exp	37,842	(253)	100.0000	0	37,589
17	669.001	Maint of General Plant- Water	716	(451)	100.0000	0	265
18	671.731	Maint of Structures- Water	0	157	100.0000	0	157
19	672.734	Maint of Distr Reserve & Standpipe	0	286	100.0000	0	286
20	673.001	Water Utility Supervision	52,213	314	100.0000	0	52,527
21	673.011	Conv & Seminar- Water Supervision	0	378	100.0000	0	378
22	673.025	Safety Expense- Water	359	573	100.0000	0	932
23	673.737	Maint of T & D Mains	187,907	(10,076)	100.0000	0	177,831
24	673.739	Maint of System Flushing	2,923	(554)	100.0000	0	2,369
25	675.740	Maint of Services	96,574	(14,879)	100.0000	0	81,695
26	676.743	Maint of Meters	0	731	100.0000	0	731
27	680.025	Mgmt & Admin- Water	6,743	15	100.0000	0	6,758
28	681.031	Read Meters- Water	25,026	(1,573)	100.0000	0	23,453
29	682.034	Billing of Metered Accts- Water	21,280	0	100.0000	0	21,280
30	682.049	Customer Service Accounting- Water	15,693	1,398	100.0000	0	17,091
31	682.052	Credit & Collections- Water	0	78	100.0000	0	78
32	683.036	Uncollectible Accounts- Water	6,000	0	100.0000	0	6,000
33	685.002	Water Supervision	11,448	(1,391)	100.0000	0	10,057
34	689.000	Injuries & Damages Reserve- Water	3,417	(11)	100.0000	0	3,406
35	690.539	Pensions- Water	(28,456)	28,456	100.0000	0	0
36	690.543	Health Care- Water	49,512	10,230	100.0000	0	59,742
37	690.557	401 K- Water	5,349	237	100.0000	0	5,586
38	692.000	Regulatory Commission Exp- Water	7,222	(200)	100.0000	0	7,022
39	Total		\$ 674,373	\$ 9,330		\$ 0	\$ 683,703
Depreciation Expense							
40	Depreciation Expense		\$ 0	\$ 0	100.0000	\$ 210,780	\$ 210,780
41	Total		\$ 0	\$ 0		\$ 210,780	\$ 210,780

Accounting Schedule: 8

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
42		Other Operating Expenses	\$ 0	\$ 0	6	0	\$ 0
43		Total Operating Expenses	\$ 674,373	\$ 9,330		\$ 210,780	\$ 894,483
44		Net Income Before Taxes	\$ 391,407	\$ (9,330)		\$ (210,780)	\$ 171,297
Current Income Taxes							
45		Current Income Taxes	\$ (34,603)	\$ 0	100.0000	\$ 34,603	\$ 0
46		Total	\$ (34,603)	\$ 0		\$ 34,603	\$ 0
Deferred Income Taxes							
47	410.000	Deferred Income Taxes	\$ 0	\$ 0	100.0000	\$ (6,530)	\$ (6,530)
48	411.400	Deferred ITC	(2,716)	0	100.0000	0	(2,716)
49		Total	\$ (2,716)	\$ 0		\$ (6,530)	\$ (9,246)
50		Total Income Taxes	\$ (37,319)	\$ 0		\$ 28,073	\$ (9,246)
51		Net Operating Income	\$ 428,726	\$ (9,330)		\$ (238,853)	\$ 180,543

Accounting Schedule: 9

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
.....		
Metered Sales- Residential	S-2	
.....		
1. To adjust test year revenues to reflect Staff's annualized level of customers and usage at March 31, 2002. (Williams)		
.....		
Metered Sales- Commercial	S-3	
.....		
1. To adjust test year revenues to reflect Staff's annualized level of customers and usage at March 31, 2002. (Williams)		
.....		
Metered Sales- Industrial	S-4	
.....		
1. To adjust test year revenues to reflect Staff's annualized level of customers and usage at March 31, 2002. (Williams)		
.....		
Other Sales to Public Authorities	S-5	
.....		
1. To adjust test year revenues to reflect Staff's annualized level of customers and usage at March 31, 2002. (Williams)		
.....		
Interdepartmental Sales- Water	S-6	
.....		
1. To adjust test year revenues to reflect Staff's annualized level of customers and usage at March 31, 2002. (Williams)		

Accounting Schedule: 9

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Source of Supply Operations	S-7	\$ (803)
-----------------------------	-----	----------

1. To adjust test year payroll to reflect Staff's annualization of payroll. (Williams)	\$	4
---	----	---

2. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(887)
---	----	-------

Source of Supply Maintenance	S-8	\$ 440
------------------------------	-----	--------

1. To adjust test year payroll to reflect Staff's annualization of payroll. (Williams)	\$	6
---	----	---

2. To adjust test year expense to reflect a 3-year average. (Williams)	\$	434
---	----	-----

Pumping Expense Operations	S-9	\$ (8,203)
----------------------------	-----	------------

1. To adjust test year payroll to reflect Staff's annualization of payroll. (Williams)	\$	59
---	----	----

2. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(8,262)
---	----	---------

Power Purchased For Pumping	S-10	\$ 3,642
-----------------------------	------	----------

1. To adjust test year pumping expense to reflect Staff's annualization of the 2002 rate case base rate increase. (Williams)	\$	3,642
---	----	-------

Accounting Schedule: 9

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Maintenance of Pumping Plant	S-11	\$ (2,872)
------------------------------	------	------------

1. To adjust test year payroll to reflect Staff's annualization of payroll. (Williams)	\$	7
---	----	---

2. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(2,879)
---	----	---------

Water Treatment Exp- Operations	S-12	\$ 3,981
---------------------------------	------	----------

1. To adjust test year payroll to reflect Staff's annualization of payroll. (Williams)	\$	37
---	----	----

2. To adjust test year expense to reflect a 3-year average. (Williams)	\$	3,944
---	----	-------

Tran & Distr Line Oper Expense	S-14	\$ (240)
--------------------------------	------	----------

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(240)
---	----	-------

Other Trans & Distr Line Oper Exp	S-15	\$ (253)
-----------------------------------	------	----------

1. To adjust test year payroll to reflect Staff's annualization of payroll. (Williams)	\$	87
---	----	----

2. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(340)
---	----	-------

Accounting Schedule: 9

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Maint of General Plant- Water	S-16	\$ (451)
-------------------------------	------	----------

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(451)
---	----	-------

Maint of Structures- Water	S-17	\$ 157
----------------------------	------	--------

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	157
---	----	-----

Maint of Distr Reserve & Standpipe	S-18	\$ 286
------------------------------------	------	--------

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	286
---	----	-----

Water Utility Supervision	S-19	\$ 314
---------------------------	------	--------

1. To adjust test year payroll to reflect Staff's annualization of payroll. (Williams)	\$	314
--	----	-----

Conv & Seminar- Water Supervision	S-20	\$ 378
-----------------------------------	------	--------

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	378
---	----	-----

Accounting Schedule: 9

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Safety Expense- Water	S-21	\$ 573
-----------------------	------	--------

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	573
---	----	-----

Maint of T & D Mains	S-22	\$ (10,076)
----------------------	------	-------------

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(10,076)
---	----	----------

Maint of System Flushing	S-23	\$ (554)
--------------------------	------	----------

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(554)
---	----	-------

Maint of Services	S-24	\$ (14,873)
-------------------	------	-------------

1. To adjust test year payroll to reflect Staff's annualization of payroll. (Williams)	\$	54
--	----	----

2. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(14,933)
---	----	----------

Maint of Meters	S-25	\$ 731
-----------------	------	--------

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	731
---	----	-----

Accounting Schedule: 9

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	No Juris Adjustment
-----------------------	------------------------	------------------------

Mgmt & Admin- Water	9-26	9	15
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1. To adjust test year payroll to reflect Staff's annualization of payroll. (Williams)	\$	15
---	----	----

Read Meters- Water	9-27	9	(1,573)
--------------------	------	---	---------

1. To adjust test year payroll to reflect Staff's annualization of payroll. (Williams)	\$	71
---	----	----

2. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(1,644)
---	----	---------

Customer Service Accounting- Water	9-29	\$	1,398
------------------------------------	------	----	-------

1. To adjust test year payroll to reflect Staff's annualization of payroll. (Williams)	\$	56
---	----	----

2. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(320)
---	----	-------

3. To adjust test year expense to reflect the postage rate increase. (Williams)	\$	1,662
--	----	-------

Credit & Collections- Water	9-30	\$	78
-----------------------------	------	----	----

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	78
---	----	----



Accounting Schedule: 9

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Water Supervision S-32	\$	(1,391)
------------------------	----	---------

1. To adjust test year payroll to reflect Staff's annualization of payroll. (Williams)	\$	45
---	----	----

2. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(1,436)
---	----	---------

Injuries & Damages Reserve- Water S-33	\$	(11)
--	----	------

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	(11)
---	----	------

Pensions- Water S-34	\$	28,456
----------------------	----	--------

1. To adjust test year expense to reflect Staff's position on FAS 87 adjusted to an ERISA minimum amount of \$0. (Williams)	\$	28,456
--	----	--------

Health Care- Water S-35	\$	10,230
-------------------------	----	--------

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	10,230
---	----	--------

401 K- Water S-36	\$	237
-------------------	----	-----

1. To adjust test year expense to reflect a 3-year average. (Williams)	\$	237
---	----	-----

Accounting Schedule: 9

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Regulatory Commission Exp- Water	S-37	\$ (200)
----------------------------------	------	----------

1. To adjust the test year expense to reflect the July 2001 PSC Assessment for 2002 fiscal year.  
(Williams) 5 (200)

Accounting Schedule: 10

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Income Tax

Line		Test Year	8.27% Return	8.47% Return	8.67% Return
		(B)	(C)	(D)	(E)
.....					
1	Net Income Before Taxes (Sch 8)	\$ 171,297	\$ 532,468	\$ 550,680	\$ 568,892
.....					
Add to Net Income Before Taxes					
2	Book Depreciation Expense	\$ 210,780	\$ 210,780	\$ 210,780	\$ 210,780
		-----	-----	-----	-----
3	Total	\$ 210,780	\$ 210,780	\$ 210,780	\$ 210,780
Subtr from Net Income Before Taxes					
4	Interest Expense 4.6700 %	\$ 246,171	\$ 246,171	\$ 246,171	\$ 246,171
5	Tax Straight Line	206,859	206,859	206,859	206,859
6	Excess Tax Depreciation	0	0	0	0
		-----	-----	-----	-----
7	Total	\$ 453,030	\$ 453,030	\$ 453,030	\$ 453,030
.....					
8	Net Taxable Income	\$ (70,953)	\$ 290,218	\$ 308,430	\$ 326,642
.....					
Provision for Federal Income Tax					
9	Net Taxable Income	\$ (70,953)	\$ 290,218	\$ 308,430	\$ 326,642
10	Deduct Missouri Income Tax 100.0 %	\$ 0	\$ 15,312	\$ 16,239	\$ 17,167
11	Deduct City Income Tax	0	0	0	0
12	Federal Taxable Income	(70,953)	274,906	292,191	309,475
		-----	-----	-----	-----
13	Total Federal Tax	\$ 0	\$ 90,463	\$ 97,205	\$ 103,946
Provision for Missouri Income Tax					
14	Net Taxable Income	\$ (70,953)	\$ 290,218	\$ 308,430	\$ 326,642
15	Deduct Federal Income Tax 50.0 %	\$ 0	\$ 45,232	\$ 48,603	\$ 51,973
16	Deduct City Income Tax	0	0	0	0
17	Missouri Taxable Income	(70,953)	244,987	259,828	274,669
		-----	-----	-----	-----
18	Total Missouri Tax	\$ 0	\$ 15,312	\$ 16,239	\$ 17,167

Accounting Schedule: 10

Williams

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## Empire District Electric Company

Case: WR-02-007

12-months ended March 31, 2002

## Income Tax

Line	Test Year	8.27% Return	8.47% Return	8.67% Return
(A)	(B)	(C)	(D)	(E)
Provision for City Income Tax				
19 Net Taxable Income	\$ (70,953)	\$ 290,218	\$ 308,430	\$ 326,642
20 Deduct Federal Income Tax	\$ 0	\$ 90,463	\$ 97,205	\$ 103,946
21 Deduct Missouri Income Tax	0	15,312	16,239	17,167
22 City Taxable Income	(70,953)	184,443	194,986	205,529
23 Total City Tax	\$ 0	\$ 0	\$ 0	\$ 0
Summary of Provision for Income Tax				
24 Federal Income Tax	\$ 0	\$ 90,463	\$ 97,205	\$ 103,946
25 Missouri Income Tax	0	15,312	16,239	17,167
26 City Income Tax	0	0	0	0
27 Total	\$ 0	\$ 105,775	\$ 113,444	\$ 121,113
Deferred Income Taxes				
28 Deferred Investment Tax Credit	\$ 0	\$ 0	\$ 0	\$ 0
29 Deferred Tax Depreciation	0	0	0	0
30 Amort of Deferred Tax Depreciation	(6,530)	(6,530)	(6,530)	(6,530)
31 Amort of Deferred ITC	0	0	0	0
32 Total	\$ (6,530)	\$ (6,530)	\$ (6,530)	\$ (6,530)
33 Total Income Tax	\$ (6,530)	\$ 99,245	\$ 106,914	\$ 114,583

# **Empire District Electric Company – Water Service**

## **MO PSC Staff Expense Determination Explanations**

**Date:** 9/ 26/2002

**Re:** Empire District Electric Company Small Water Company Informal Rate Request

Expense Determinations by Phillip K. Williams & Sean DeVore  
This document prepared by Wendell "Randy" Hubbs

Empire District Electric Company (Empire) requested a rate increase for its Water Division on May 21, 2002. The proposed increase was in the amount of \$361,117 resulting in an increase over current revenues of approximately 33.39%. Empire currently serves customers in three small communities in southwest Missouri. The Company currently serves the towns of Aurora, Marionville and Verona.

Since the time of the filing, the Accounting Staff has performed an audit of the Empire water division operations to determine whether an increase was warranted. Based upon the Accounting Department's examination of Empire's books, Empire has a revenue deficiency of \$379,383, which is in excess of the amount requested by the Company. Therefore, it is the Accounting Department's recommendation that the Company's request for rate relief be granted in its entirety. Attached to this memorandum are Staff's Accounting Schedules and relevant workpapers related to its review of Empire's Water Division.

The analysis of revenues shows that the test year revenues are reasonable and as such have not been adjusted by the Staff.

Operating expenses were pulled by account and a 3-year analysis was performed. Staff decided to use a 3-year average for most expenses and the adjustments were made to test year expense to reflect Staff's annualized levels.

Test year purchase power expense was adjusted to reflect the 2001 electric increase in base rates. The electric rate increase in base rates was approximately 8.4%. The rate increase took effect in October 2001. Staff used a test year of the 12 months ended March 31, 2002, therefore one half of the increase associated with the 2001 electric rate was already included in the test year. Staff increased the test year purchased power for pumping expense by 4.2%.

An adjustment for the new postal increase was also included in this case. Staff took the total number of customers for the 12-months ended March 31, 2002 and took that time the \$0.03 postal increase.

Test year payroll expense was also adjusted to reflect the portion of payroll allocable to the water accounts based on the Company's direct allocation of payroll as determined in the current electric rate case and Staff's annualization of payroll in the electric case.

Test year pension expense was also adjusted to reflect Staff's current position on pension expense. Staff adjusted test year expense to \$0.00 to reflect the ERISA minimum.

Staff has also adjusted test year expense to reflect Staff's annualization of the current PSC assessment.

Staff's EMS run reflects the Rate of Return recommended by Staff Witness David Murray of the Financial Analysis Department.

The EMS run also reflects the proposed depreciation rates of Rosella Schad of the Engineering and Management Services Department.

Staff believes that any further analysis by the Accounting Department would lead to additional corporate overhead cost being allocated to the Water Department. As an example the Company currently does not allocate any of the cost of the regulatory department and only a small fraction of the cost of the executives to the water department. Staff currently believes that overhead costs assigned to the Water Division, are understated and as such the cost to serve the water customers is understated. However because the revenue requirement exceeds what was requested by the Company there is no need for further analysis at this time which would only increase the revenue requirement in this proceeding.

Should you have need of further information or would like to discuss this recommendation, please contact Phil Williams or Randy Hubbs.

Empire District Electric Company  
Case No. QW-2002-0007  
Informal Water Case  
~~Empire District Electric Company~~ Water Operations

File Name: Pumping Expense  
Prepared By: PKW  
Date Prepared: Aug. 29, 2002  
Date Printed: 9/25/2002  
Time Printed: 2:39 PM

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**Postage Expense**

Total number of customer billings during the test year:	55,398
Postage increase was \$.03	<u>\$ 0.03</u>
Adjustment to increase postage expense.	<u><u>\$ 1,661.94</u></u>

**Pumping Power Expense:**

Pumping power expense for the 12-months ended Mar. 31, 2002:	\$ 86,720
Electric Rate Increase Effective October 1, 2001 of Approx. 8.4 %.	<u>4.20%</u>
Adjustment to increase pumping expense to reflect rate increase.	<u><u>\$ 3,642</u></u>

Empire District Electric Company  
Informal Water Case  
12-Months Ended March 31, 2002

File Name: Expenses By Account 2002 Informal Water Company

Prepared By: PKW

Date Prepared: June 13, 2002

Date Printed: 9/25/2002

Time Printed: 2:41 PM

Expenses By Account

**Empire District Electric Company - Water Operations**

Source: 1999, 2000, 2001 and 2002 General Ledger Summary

Account Number	Account Description	12-MONTHS Ended March 31, 2000	12-MONTHS Ended March 31, 2001	12-MONTHS Ended March 31, 2002	Increase/ (Decrease) Previous Yr. Percentage	3-Year Average Expense	Adjustments To Increase/ (Decrease) Test Year
600.704	Source of Supply Operations	\$ 2,046.36	\$ 2,418.83	\$ 3,562.91	47.30%	\$ 2,676.03	\$ (887)
610.707	Source of Supply Maintenance	\$ 9,491.06	\$ 11,137.24	\$ 9,663.79	-13.23%	\$ 10,097.36	\$ 434
620.710	Pumping Expense Operations	\$ 22,964.75	\$ 19,349.95	\$ 33,550.00	73.39%	\$ 25,288.23	\$ (8,262)
623.713	Power Purchased For Pumping	\$ 70,938.78	\$ 79,251.27	\$ 86,720.33	9.42%		
630.716	Maint of Pumping Plant	\$ 6,901.99	\$ 20,525.14	\$ 18,031.69	-12.15%	\$ 15,152.94	\$ (2,879)
640.719	Water Treatment Exp - Operations	\$ 21,503.87	\$ 31,084.05	\$ 20,378.54	-34.44%	\$ 24,322.15	\$ 3,944
650.722	Water Treatment Exp - Maintenance	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -
660.725	Tran & Distr Line Oper Expense	\$ 7.21	\$ 669.43	\$ 698.35	4.32%	\$ 458.33	\$ (240)
662.728	Other Trans & Distr Line Oper Expense	\$ 39,383.41	\$ 35,280.99	\$ 37,842.06	7.26%	\$ 37,502.15	\$ (340)
669.001	Maint of General Plant - Water	\$ 79.94	\$ -	\$ 715.85	0.00%	\$ 265.26	\$ (451)
671.731	Maint of Structures - Water	\$ 277.20	\$ 194.72	\$ -	-100.00%	\$ 157.31	\$ 157
672.734	Maint of Distr Reserve & Standpipe	\$ 213.15	\$ 643.54	\$ -	-100.00%	\$ 285.56	\$ 286
673.001	Water Utility Supervision	\$ 38,143.84	\$ 44,072.92	\$ 52,212.95	18.47%	\$ 44,809.90	
673.011	Conv & Seminar - Water Supervision	\$ 1,135.02	\$ -	\$ -	0.00%	\$ 378.34	\$ 378
673.025	Safety Expense - Water	\$ 1,523.40	\$ 914.41	\$ 358.91	-60.75%	\$ 932.24	\$ 573
673.737	Maint of T&D Mains	\$ 195,743.75	\$ 149,841.98	\$ 187,907.05	25.40%	\$ 177,830.93	\$ (10,076)
673.739	Maint of System Flushing	\$ -	\$ 4,184.74	\$ 2,922.81	-30.16%	\$ 2,369.18	\$ (554)
675.740	Maint of Services	\$ 81,590.00	\$ 66,757.63	\$ 96,573.64	44.66%	\$ 81,640.42	\$ (14,933)
676.743	Maint of Meters	\$ 2,192.98	\$ -	\$ -	0.00%	\$ 730.99	\$ 731
680.025	Mgmt & Admin - Water	\$ 296.34	\$ 21.54	\$ 6,743.49	31206.82%	\$ 2,353.79	
681.031	Read Meters - Water	\$ 23,409.12	\$ 21,710.98	\$ 25,025.73	15.27%	\$ 23,381.94	\$ (1,644)
682.034	Billing of Metered Accts - Water	\$ 12,123.75	\$ 11,947.39	\$ 21,279.63	78.11%	\$ 15,116.92	
682.049	Customer Service Accounting - Water	\$ 12,645.52	\$ 17,779.25	\$ 15,693.07	-11.73%	\$ 15,372.61	\$ (320)
682.052	Credit & Collections - Water	\$ 232.76	\$ -	\$ -	0.00%	\$ 77.59	\$ 78
683.036	Uncollectible Accounts - Water	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	0.00%	\$ 6,000.00	\$ -
685.002	Water Supervision	\$ 5,715.12	\$ 12,872.38	\$ 11,448.19	-11.06%	\$ 10,011.90	\$ (1,436)
689.000	Injuries and Damages Reserve - Water	\$ 2,161.54	\$ 4,639.71	\$ 3,417.14	-26.35%	\$ 3,406.13	\$ (11)
690.539	Pensions - Water	\$ (37,077.29)	\$ (50,267.54)	\$ (28,455.96)	-43.39%	\$ (38,600.26)	
690.543	Health Care - Water	\$ 62,106.11	\$ 67,608.19	\$ 49,511.81	-26.77%	\$ 59,742.04	\$ 10,230
690.557	401 K - Water	\$ 5,991.95	\$ 5,415.94	\$ 5,348.77	-1.24%	\$ 5,585.55	\$ 237
692.000	Regulatory Commission Expense - Water	\$ 7,106.70	\$ 9,263.94	\$ 7,221.91	-22.04%	\$ 7,864.18	
		\$ 594,848.33	\$ 573,318.62	\$ 674,372.66	17.63%	\$ 535,209.74	\$ (24,985.10)



Empire District Electric Company  
Informal Water Case  
12-Months Ended March 31, 2000  
Expenses By Account

File Name: Expenses By Account 2002 Informal Water Case  
Prepared By: PKW  
Date Prepared June 13, 2002  
Date Printed: 9/25/2002  
Time Printed: 2:42 PM

Source: 1999 and 2000 General Ledger Summary

Account Number	Account Description	April 1999	May 1999	June 1999	July 1999	August 1999	September 1999
600.704	Source of Supply Operations	\$ 254.68	\$ 30.55	\$ 357.22	\$ 71.71	\$ 369.29	\$ 124.03
610.707	Source of Supply Maintenance	\$ 837.95	\$ 1,296.73	\$ 1,715.20	\$ 937.12	\$ 1,042.49	\$ 634.95
620.710	Pumping Expense Operations	\$ 2,333.65	\$ 1,505.70	\$ 2,126.18	\$ 1,991.02	\$ 2,302.81	\$ 1,967.63
623.713	Power Purchased For Pumping	\$ 3,380.99	\$ 4,865.78	\$ 6,132.23	\$ 4,468.55	\$ 7,804.63	\$ 6,955.07
630.716	Maint of Pumping Plant	\$ 598.99	\$ 221.68	\$ 215.03	\$ 107.14	\$ 730.35	\$ 82.66
640.719	Water Treatment Exp - Operations	\$ 1,895.69	\$ 1,478.98	\$ 1,941.46	\$ 3,625.89	\$ 1,081.75	\$ 1,875.79
650.722	Water Treatment Exp - Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
660.725	Tran & Distr Line Oper Expense	\$ 78.06	\$ (823.12)	\$ 84.91	\$ 100.41	\$ 110.21	\$ 170.65
662.728	Other Trans & Distr Line Oper Expense	\$ 2,609.76	\$ 4,810.34	\$ 4,914.30	\$ 3,372.54	\$ 2,549.98	\$ 4,221.15
669.001	Maint of General Plant - Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
671.731	Maint of Structures - Water	\$ 90.65	\$ -	\$ -	\$ -	\$ -	\$ -
672.734	Maint of Distr Reserve & Standpipe	\$ -	\$ -	\$ -	\$ -	\$ 223.29	\$ (10.14)
673.001	Water Utility Supervision	\$ 4,169.26	\$ 4,845.54	\$ 1,451.43	\$ 4,857.67	\$ 3,725.40	\$ 1,231.45
673.011	Conv & Seminar - Water Supervision	\$ (36.62)	\$ 611.17	\$ (81.37)	\$ -	\$ -	\$ -
673.025	Safety Expense - Water	\$ -	\$ -	\$ 39.92	\$ -	\$ -	\$ -
673.737	Maint of T&D Mains	\$ 16,760.90	\$ 23,443.22	\$ 11,306.34	\$ 14,407.46	\$ 23,240.70	\$ 10,105.15
673.739	Maint of System Flushing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
675.740	Maint of Services	\$ 6,199.39	\$ 5,400.71	\$ 6,678.24	\$ 7,920.16	\$ 9,599.48	\$ 1,608.83
676.743	Maint of Meters	\$ -	\$ 2,192.98	\$ -	\$ -	\$ -	\$ -
680.025	Mgmt & Admin - Water	\$ 33.83	\$ (4.65)	\$ 180.99	\$ (38.19)	\$ (2.12)	\$ 7.37
681.031	Read Meters - Water	\$ 1,787.46	\$ 1,874.58	\$ 2,053.46	\$ 2,011.92	\$ 2,260.19	\$ 1,846.40
682.034	Billing of Metered Accts - Water	\$ 910.42	\$ 893.28	\$ 1,248.79	\$ 1,063.13	\$ 885.93	\$ 1,009.78
682.049	Customer Service Accounting - Water	\$ 942.73	\$ 1,176.19	\$ 1,027.88	\$ 517.21	\$ 975.79	\$ 1,003.16
682.052	Credit & Collections - Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58.43
683.036	Uncollectible Accounts - Water	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
685.002	Water Supervision	\$ 430.74	\$ 667.06	\$ 179.18	\$ 490.00	\$ 418.59	\$ 633.31
689.000	Injuries and Damages Reserve - Water	\$ 427.53	\$ 380.89	\$ 365.18	\$ 379.47	\$ 649.99	\$ 417.31
690.539	Pensions - Water	\$ (1,486.78)	\$ (1,486.78)	\$ (1,486.78)	\$ (1,486.78)	\$ (7,278.74)	\$ (4,377.63)
690.543	Health Care - Water	\$ 4,625.91	\$ 3,409.70	\$ 3,207.20	\$ 3,844.71	\$ 13,442.37	\$ 4,835.44
0.557	401 K - Water	\$ 435.00	\$ 435.00	\$ 764.69	\$ 435.00	\$ 652.00	\$ 308.43
2.000	Regulatory Commission Expense - Water	\$ 670.30	\$ 670.30	\$ 670.30	\$ 2,264.79	\$ (1,132.39)	\$ 566.20

Empire District Electric Company  
Informal Water Case  
12-Months Ended March 31, 2000  
Expenses By Account

File Name: Expenses By Account 2002 Informal Water Case  
Prepared By: PKW  
Date Prepared June 13, 2002  
Date Printed: 9/25/2002  
Time Printed: 2:42 PM

Source: 1999 and 2000 General Ledger Summary

Account Number	Account Description								12-MONTHS
		October 1999	November 1999	December 1999	January 2000	February 2000	March 2000	March 31, 2000	Ended March 31, 2000
600.704	Source of Supply Operations	\$ 169.45	\$ 144.33	\$ 155.99	\$ 79.46	\$ 207.72	\$ 81.93	\$ 2,046.36	
610.707	Source of Supply Maintenance	\$ 1,121.59	\$ 618.13	\$ 387.55	\$ 371.29	\$ 359.82	\$ 168.24	\$ 9,491.06	
620.710	Pumping Expense Operations	\$ 2,138.15	\$ 2,046.29	\$ 1,614.18	\$ 2,286.77	\$ 1,358.91	\$ 1,293.46	\$ 22,964.75	
623.713	Power Purchased For Pumping	\$ 7,511.50	\$ 5,831.81	\$ 9,134.61	\$ 5,659.22	\$ 5,039.00	\$ 4,155.39	\$ 70,938.78	
630.716	Maint of Pumping Plant	\$ 185.87	\$ 99.38	\$ 123.38	\$ 1,081.02	\$ 2,716.83	\$ 739.66	\$ 6,901.99	
640.719	Water Treatment Exp - Operations	\$ 1,379.74	\$ 949.61	\$ 836.67	\$ 1,607.42	\$ 1,957.39	\$ 2,873.48	\$ 21,503.87	
650.722	Water Treatment Exp - Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
660.725	Tran & Distr Line Oper Expense	\$ 26.56	\$ 41.43	\$ 31.68	\$ 75.53	\$ 48.27	\$ 62.62	\$ 7.21	
662.728	Other Trans & Distr Line Oper Expense	\$ 2,780.07	\$ 2,417.53	\$ 2,762.83	\$ 3,577.21	\$ 3,403.55	\$ 1,964.15	\$ 39,383.41	
669.001	Maint of General Plant - Water	\$ -	\$ 79.94	\$ -	\$ -	\$ -	\$ -	\$ 79.94	
671.731	Maint of Structures - Water	\$ -	\$ -	\$ -	\$ 34.54	\$ 152.01	\$ -	\$ 277.20	
672.734	Maint of Distr Reserve & Standpipe	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213.15	
673.001	Water Utility Supervision	\$ 2,005.36	\$ 2,836.15	\$ 4,371.79	\$ 3,370.35	\$ 2,206.95	\$ 3,072.49	\$ 38,143.84	
673.011	Conv & Seminar - Water Supervision	\$ -	\$ 795.24	\$ (153.43)	\$ -	\$ 0.03	\$ -	\$ 1,135.02	
673.025	Safety Expense - Water	\$ 100.89	\$ 161.06	\$ 1,221.53	\$ -	\$ -	\$ -	\$ 1,523.40	
673.737	Maint of T&D Mains	\$ 29,454.18	\$ 13,802.02	\$ 18,134.01	\$ 16,952.28	\$ 9,008.32	\$ 9,129.17	\$ 195,743.75	
673.739	Maint of System Flushing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
675.740	Maint of Services	\$ 10,630.92	\$ 6,282.58	\$ 9,410.26	\$ 6,560.16	\$ 5,260.36	\$ 6,038.91	\$ 81,590.00	
676.743	Maint of Meters	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,192.98	
680.025	Mgmt & Admin - Water	\$ (0.22)	\$ 37.69	\$ 118.19	\$ (28.80)	\$ (7.75)	\$ -	\$ 296.34	
681.031	Read Meters - Water	\$ 1,171.27	\$ 1,730.18	\$ 2,353.44	\$ 2,013.21	\$ 2,180.86	\$ 2,126.15	\$ 23,409.12	
682.034	Billing of Metered Accts - Water	\$ 959.34	\$ 1,179.24	\$ 755.87	\$ 1,013.87	\$ 1,214.72	\$ 989.38	\$ 12,123.75	
682.049	Customer Service Accounting - Water	\$ 1,081.08	\$ 1,300.75	\$ 1,071.96	\$ 1,342.11	\$ 1,080.39	\$ 1,126.27	\$ 12,645.52	
682.052	Credit & Collections - Water	\$ 152.92	\$ 38.59	\$ (17.18)	\$ -	\$ -	\$ -	\$ 232.76	
683.036	Uncollectible Accounts - Water	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 6,000.00	
685.002	Water Supervision	\$ 257.57	\$ 217.79	\$ 11.11	\$ 569.40	\$ 1,095.80	\$ 744.57	\$ 5,715.12	
689.000	Injuries and Damages Reserve - Water	\$ 375.30	\$ (902.00)	\$ (640.52)	\$ 197.96	\$ 221.58	\$ 288.85	\$ 2,161.54	
690.539	Pensions - Water	\$ (2,451.54)	\$ (2,451.54)	\$ (2,012.12)	\$ (3,895.50)	\$ (4,476.90)	\$ (4,186.20)	\$ (37,077.29)	
690.543	Health Care - Water	\$ 4,751.01	\$ 4,951.66	\$ 3,888.23	\$ 5,020.06	\$ 4,815.75	\$ 5,314.07	\$ 62,106.11	
690.557	401 K - Water	\$ 435.00	\$ 435.00	\$ 660.41	\$ 389.00	\$ 447.00	\$ 595.42	\$ 5,991.95	
692.000	Regulatory Commission Expense - Water	\$ 566.20	\$ 566.20	\$ 566.20	\$ 566.20	\$ 566.20	\$ 566.20	\$ 7,106.70	
								\$ 596,848.33	

## **Summary Overview of Empire District Electric Company Customer Service Operations for Water**

The Engineering and Management Services Department (EMSD) staff initiated a review of customer service processes, procedures and practices at Empire District Electric Company (Empire or Company) on July 15, 2002. Prior to on-site interviews, the EMSD staff examined Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records and other documentation related to the Company's customer service operations.

The objectives of this review were to document and analyze the management control processes, procedures and practices used by the Company to ensure that its customers' service needs are met and to make recommendations, where appropriate, by which the Company may improve the quality of services provided to its customers. The scope of this review focused on processes, procedures and practices related to:

- Customer Billing
- Credit and Collections
- Complaint Handling and Recording
- Meter Reading
- Customer Communications

This overview contains an explanation of the Company's customer service operations.

### **Overview**

Empire provides water service to approximately 4,511 customers in three rural communities southwest of Springfield near U.S. Highway 60. The Company serves 3,344 customers in Aurora, 921 in Marionville and 246 in Verona. According to management, more than 99% of its water customers also receive electric service from the Company.

Management and administrative functions for water operations are based out of the corporate headquarters in Joplin. These functions currently report to the Director of Customer Services.

The Company's primary field reporting location for water operations is based out of the Aurora Service Center. Field operations currently report to the Director of Line Operations in the East Region.

The Company has gone through a significant reorganization since the proposed merger agreement with UtiliCorp United (now Aquila) was terminated in January 2001. The Director of Customer Services stated that the reorganization has focused on a greater consistency in policy development and application.

According to the Company, there has been little growth during the last five years in the area served by Empire's water customers. Neighboring sewer systems that are approaching capacity have hampered the growth.

### **Customer Billing**

Empire bills its water customers on a monthly basis along with their electric bill. Customer bills are normally generated every 27 to 33 days, which is consistent with the Company's tariff. Customer bills are typically mailed the day following the reading of the water meter.

The base rate is \$5.62 for the first 1,000 gallons, plus \$1.87 for each 1,000 gallons in excess of the base. For example, a customer using 4,000 and 6,000 gallons would have monthly bills of \$11.23 and \$14.97, respectively.

Bills are sample tested for accuracy when there are changes in rates, fire hydrant fees, primacy fees, or taxes. The Company stated that water bills are also tested for accuracy if there are any changes related to the electric bill in those communities that are served by the Company's water operations.

### **Credit and Collections**

Empire's credit and collection activities are managed in Joplin. Customers primarily pay their bill by personal check through the mail. Other payment options include the use of a third party pay station, a direct debit to a customer's checking account, night deposit drop boxes at each Company facility, and payment by credit card or the Internet.

The Company's current policy is to refer past due customers to an outside collection agency in a timely manner to expedite the collection process. Past due bills are referred to the agency within two weeks after the Company has charged off the account. According to the Company, past due accounts are typically charged off after 90 days.

Empire has been using Berlin-Wheeler since June 2002 to collect past due water bills. The Director of Customer Service stated that the agency's fees are 25% of the amount collected on bills not already placed with another collector, and 40% of the amount collected on bills placed with another collector.

The Company stated that service personnel are not authorized to collect past due payments in the field. Customers are encouraged to use a third party pay station prior to service being disconnected. According to its filed tariffs, the Company charges \$3 each for disconnection and reconnection both during and after business hours.

The Company's return check policy may result in a customer being unable to pay by personal check if at least two checks have been returned from the bank for insufficient funds within a 12-month period. According to its filed tariffs, the Company charges \$8 for checks that are returned from the bank.

### **Complaint Handling and Recording**

Empire has experienced very few complaints from its water customers since 1999. The Company uses a manually generated form to collect complaint data.

The Company's policy is to have the complaint addressed by the appropriate personnel as soon as possible. If the complaint is related to a field activity, a serviceman is dispatched to investigate and resolve. If the complaint is related to a billing or payment concern, the Call Center representative usually is able to resolve the matter.

### **Meter Reading**

Empire water customers typically have their meters read on a monthly basis in conjunction with the reading of electric meters. Meter routes are programmed into the Itron meter reading system that has been used by the Company since 1994.

The number of water meters read on any day can vary considerably given the location of the route and customer mix (electric only or electric/water) being read on that

day. The meter reading supervisor stated that water meters are read about 15 days each month. There are some days where fewer than 10 water meters may be read, while other days may result in more than 300 water meters being read. The other five days that meters are read each month typically include routes containing only electric customers.

### **Customer Communications**

Empire water customers can contact the Joplin Call Center on a 24/7 basis. The Joplin Call Center is staffed with at least two people at all times and can have up to 30 employees answering incoming calls from electric and water customers during regular work hours.

The Company's Ozark Call Center is open Monday through Friday from 7 a.m. to 7 p.m. The Ozark Call Center was established to handle increased call volumes resulting from the closing of several business offices in the East Region, and to have a second location to back up the Joplin Call Center.

The Company mailed a letter to each water customer in May 2002 that described the current request for rate relief. According to the Director of Customer Services, the Company has received very few complaints since customers were notified.

The Company had a vendor perform ongoing customer satisfaction surveys up through 1998. The Company stated that customer satisfaction surveys have not been performed since its Y2K involvement and the failed merger with UtiliCorp.

### **Findings, Conclusions and Recommendations**

The following discussion presents a summary of the findings, conclusions and recommendations pertaining to the Company's customer service operations. The information presented in this section focuses on the following two areas that require management's attention:

- Lack of appropriate charges for service disconnections and reconnections
- Lack of appropriate charges for returned checks

### **Lack of appropriate charges for service disconnections and reconnections**

The Company's \$3 fee for performing service disconnections and reconnections does not reflect the Company's actual costs to send a serviceman to perform these activities. The fees should be priced at a level that is reasonable, yet discourages the customer from utilizing these services on a frequent basis.

The EMSD staff recommends that the Company review the actual costs to send a serviceman into the field. The costs that should be considered are the fully loaded wages and benefits (including overtime) of office and field personnel, as well as the actual cost of the truck on a per-hour or per-mile basis.

The EMSD staff has found that several regulated Missouri utilities charge approximately \$15 - \$20 to perform these activities during regular business hours, and \$20 - \$25 to perform these activities after regular business hours. After the Company has determined the appropriate amount to charge for service disconnections and reconnections during and after regular business hours, a tariff should be filed with the PSC to recover these costs.

#### ***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Determine the appropriate cost to charge for performing service disconnections and reconnections during and after regular business hours.*

*File a tariff with the PSC to recover the appropriate costs associated with performing service disconnections and reconnections during and after regular business hours.*

### **Lack of appropriate charges for returned checks**

The Company's \$8 fee for returned checks does not reflect the Company's actual costs to process returned checks. The fees should be priced at a level that is reasonable, yet discourages the customer from repeating this practice on a regular basis.

The EMSD staff recommends that the Company review the actual costs to process returned checks. The costs that should be considered include the fully loaded wages and benefits of office personnel, as well as the fees charged by the bank. The Company should also consider the fee that area merchants charge for returned checks.

The EMSD staff has found that several regulated Missouri utilities charge approximately \$15 - \$20 to handle returned checks. After the Company has determined the appropriate amount to charge for processing returned checks, a tariff should be filed with the PSC to recover these costs.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Determine the appropriate cost to charge for processing returned checks.*

*File a tariff with the PSC to recover the appropriate costs associated with processing returned checks.*



# **Staff Report on Service Complaints**

## **Empire District Electric Company (WATER)**

**Case No. QW-2002-0007**

**Prepared by Jerry Scheible and Steve Loethen**

**August 27, 2002**

### **Customer Responses to Initial Customer Notice:**

**1) Batson, Dean & Fran**

529 South Oak Avenue  
Aurora, MO 65605

June 10, 2002: The Batsons referred to poor water quality, specifically taste. They would like to see the water main that serves them be flushed on a regular basis or would prefer the main be replaced and the main be looped to provide fresher water.

**2) Baum, Clifford J.**

203 East Lincoln  
Marionville, MO 65605

June 19, 2002: The Baums refer to the age of the lines and subsequent problems such as: recurring leaks and repair work causing damage to streets and driveways, odor in water and rust colored water. They refuse to drink the water due to odor and color. They would like to see the lines replace or flushed on a regular basis.

**3) McBride, Max**

313 South Chicago  
Marionville, MO 65705

July 1, 2002: Mr. McBride refers to the age of the lines and subsequent problems such as: recurring leaks and repair work causing damage to streets and driveways. He refers to a leak at the corner of Chicago and O'Dell Streets that has been there for two years. He would like to see more water main replacement.

### **Water and Sewer Staff's findings (Jerry Scheible and Steve Loethen):**

In regard to service complaints 1 – 3, Jerry Scheible and Steve Loethen (hereon referred to as "staff") performed an annual inspection of the Empire water system on July 16, 2002. We met with Hal VanDaGriff, Water Department Manager and Marcia Sadler, Manager of Customer Service concerning the complaints. They produced their customer complaint records and it was noted that none of the complainants had contacted Empire concerning these issues. During the inspection and on a follow up phone conversation with Mr. VanDaGriff on August 28, 2002 staff learned that a water main replacement program is being implemented. In 2000, 8705 feet of main was replaced, in 2001, 4450 feet was replaced and in 2002, 1000 feet of main has been replaced with additional main replacement scheduled for the remainder of the year including a 1000 feet section on West College Avenue. The main replacement program is integrated toward eliminating failing small diameter galvanized pipe with adequately sized PVC (poly-vinyl chloride) pipe.

Staff contacted Dean Batson on August 27 and August 28, 2002 by phone concerning his complaint. He was informed that the main on West College Street is scheduled for replacement in 2002. Mr. Batson was satisfied by this information.

The Baums and McBrides were both contacted by staff on August 27, 2002 by phone and were informed that the company should be contacted concerning the need for the mains serving their homes to be flushed as Empire has a regular flush program in place, and is cooperative when more frequent flushing is necessary in certain areas of the system. The complainants were also informed of Empire's main replacement program that should greatly increase the quality of water and reduce the number of repairs to lines.

**4) Bowers, John E.**

107 East O'Dell  
Marionville, MO 65705

June 23, 2002: Mr. Bowers states that the water quality varies and occasionally has a chlorine smell, earthy taste and a chemical 'twang.' He is concerned that local factories and orchards may contaminate the water supply and feels that the Department of Health should be involved in testing the water for contaminants.

**Water and Sewer Staff's findings:**

In regard to complaint number 4 above, staff attempted to contact Mr. Bowers by phone on August 27 and August 28, 2002. No contact was established but a voice message was left for him on the 27<sup>th</sup> explaining that the water from the system is tested regularly for a variety of contaminants and a copy of the Empire's Consumer Confidence Report (CCR) would have a findings summary of the contaminants tested for. He was informed that Empire mails a copy of the CCR to each customer annually and a copy could be obtained by contacting Empire's office.

**Staff Report Summary:**

In summary, staff feels the company is providing safe and adequate service. Empire is addressing and acting to correct the problems associated with the areas of aged, small diameter galvanized pipe mains with a flushing program and a main replacement program. As mentioned in the staff findings earlier, Empire staff had no record of being contacted by any of the above complainants and therefore did not have the opportunity to resolve any of the issues brought in by the rate case customer notification.