



Martha S. Hogerty
Public Counsel

State of Missouri

Roger Wilson
Governor

Office of the Public Counsel
Governor Office Bldg. Suite 650
P.O. Box 7800
Jefferson City, Missouri 65102

Telephone: 573-751-4857
Facsimile: 573-751-5562
Relay Missouri
1-800-735-2966 TDD
1-800-735-2466 Voice

May 29, 2001

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

FILED²
MAY 29 2001
Missouri Public
Service Commission

**RE: The Empire District Electric Company,
Case No. ER-2001-299**

Dear Mr. Roberts:

Enclosed for filing in the above referenced case, please find the original and 8 copies of **Supplemental Position Statement of the Office of the Public Counsel Regarding the Fuel and Purchased Power Issue**. Please "file stamp" the extra enclosed copy and return it to this office. I have on this date mailed, faxed, or hand-delivered the appropriate number of copies to all counsel of record.

Thank you for your attention to this matter.

Sincerely,

John B. Coffman
Deputy Public Counsel

JBC:kh

cc: Counsel of record

Enclosure

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

MAY 29 2001

Missouri Public
Service Commission

In The Matter Of The Empire District Electric)
Company's Tariff Sheets Designed to Implement)
a General Rate Increase for retail Electric)
Service Provided to Customers in the Missouri)
Service Area of the Company.)

Case No. ER-2001-299

Tariff No. 200100518

**SUPPLEMENTAL POSITION STATEMENT OF
THE OFFICE OF THE PUBLIC COUNSEL
REGARDING THE FUEL AND PURCHASED POWER ISSUE**

COMES NOW the Office of the Public Counsel (Public Counsel) and for its supplemental position statement regarding the fuel and purchased power issue, states as follows:

8. Cost of Service – Fuel and Purchased Power

What should be the appropriate methodology and level of fuel and purchased power expense for the Commission to adopt in this case?

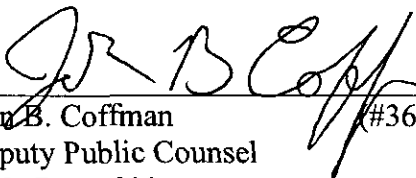
Public Counsel: Public Counsel supports the Interim Energy Charge (IEC) approach to fuel and purchased power expense that is detailed in the May 14, 2001 Stipulation and Agreement Regarding Fuel and Purchased Power Expense (Fuel Stipulation). This joint recommendation of Public Counsel, the Staff of the Commission (Staff), and Empire District Electric Company (Company) is the result of extensive negotiations, and if approved in its entirety, would be a fair way to resolve this important issue.

If the Commission does not approve the IEC approach detailed in the Fuel Stipulation in its entirety, then Public Counsel requests that the Commission establish an amount in rates for Empire's fuel expense that recognizes natural gas costs in the manner described in the testimony of James A. Busch. Mr. Busch's proposal, which utilizes a four year average including two years of historical experience plus a two year futures strip, is a reasonable and balanced approach to natural gas costs and would be a less volatile predictor of future price levels than the position Company originally took in prepared testimony.

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Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

By: 
John B. Coffman (#36591)
Deputy Public Counsel
P. O. Box 7800
Jefferson City, MO 65102
(573) 751-5565
(573) 751-5562 FAX

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to the following this 29th day of May 2001:

Dennis L. Frey
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

Gary W. Duffy
Brydon, Swearengen & England
P. O. Box 456
Jefferson City, MO 65102

Stuart W. Conrad
Finnegan, Conrad & Peterson L.C.
1209 Penntower Office Center
3100 Broadway
Kansas City MO, 64111

