

Exhibit No.:
Issues: True-Up Rate Design
Witness: James A. Busch
Sponsoring Party: MO PSC Staff
Type of Exhibit: True-up Direct Testimony
Case No.: ER-2006-0315
Date Testimony Prepared: September 27, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

TRUE-UP DIRECT TESTIMONY

OF

JAMES A. BUSCH

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2006-0315

**Jefferson City, Missouri
September 2006**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

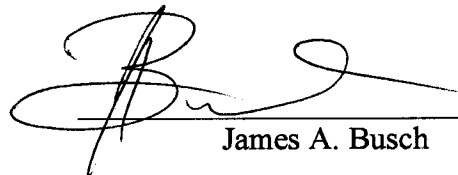
In the matter of The Empire District)
Electric Company of Joplin, Missouri for)
authority to file tariffs increasing rates for)
electric service provided to customers in)
the Missouri service area of the Company.)

Case No. ER-2006-0315

AFFIDAVIT OF JAMES A. BUSCH

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

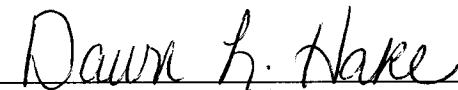
James A. Busch, of lawful age, on his oath states: that he has participated in the preparation of the following True-up Direct Testimony in question and answer form, consisting of 3 pages of True-up Direct Testimony to be presented in the above case, that the answers in the following True-up Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.



James A. Busch

Subscribed and sworn to before me this 16th day of September, 2006.





DAWN L. HAKE Notary Public
My Commission Expires
March 16, 2009
Cole County
Commission #05497643

My commission expires _____

CASE NO. ER-2006-0315

1 A. Yes. On September 13, 2006, Staff, the Office of the Public Counsel, Praxair,
2 and Explorer filed a Non-Unanimous Stipulation and Agreement Regarding Rate Design
3 Issues. Then, on September 20, 2006, The Empire District Electric Company filed notice that
4 it did not oppose the Non-Unanimous Stipulation and Agreement Regarding Rate Design.
5 Further, as of the date this testimony was prepared, no party has filed in opposition to the
6 Stipulation and Agreement or requested the Commission hold a hearing on it.

7 Q. How are Schedules DCR-1 (true-up) and DCR-3 (true-up) attached to your
8 true-up direct testimony different from Schedules DCR-1 and DCR-3 attached to the direct
9 testimony of Staff witness David C. Roos?

10 A. Paragraph 6 of the Stipulation and Agreement states, “[t]he Signatories hereby
11 agree that the methodology the Staff employed to determine rate revenues shown in Schedules
12 DCR-1 and DCR-3 attached to the Direct Testimony of Staff witness David C. Roos shall be
13 the methodology used to determine rate revenues for purposes of changing permanent rates;
14 however, the rate revenues shown on those schedules do not necessarily reflect trued-up rate
15 revenues.” Schedules DCR-1 (true-up) and DCR-3 (true-up) attached to my true-up
16 testimony are Schedules DCR-1 and DCR-3 updated for trued-up rate revenues.

17 Q. How are Schedules DCR-2 (true-up) and DCR-4 (true-up) attached to your
18 true-up direct testimony different from Schedules DCR-2 and DCR-4 attached to the direct
19 testimony of Staff witness David C. Roos?

20 A. Schedules DCR-2 (true-up) and DCR-4 (true-up) are the trued-up version of
21 Schedules DCR-2 and DCR-4 that were attached to Staff witness David C. Roos’ direct
22 testimony. These schedules show the rate values that would be assigned to each class

1 assuming Staff's revenue requirement as filed in Mr. Oligschlaeger's true-up testimony was
2 the final decision of the Commission.

3 Q. How is Schedule DCR-5 (true-up) attached to your true-up direct testimony
4 different from Schedule DCR-5 attached to the direct testimony of Staff witness David C.
5 Roos?

6 A. Schedule DCR-5 (true-up) is the trued-up version of Schedule DCR-5 that was
7 attached to Staff witness David C. Roos' direct testimony. This schedule compares the
8 monthly electrical bill that a typical residential customer would incur under current Empire
9 rates with the monthly bills generated by the Interim Energy Charge (IEC) continuation and
10 IEC termination scenarios as described in the Non-Unanimous Stipulation and Agreement.

11 Q. Does this conclude your true-up testimony?

12 A. Yes.

THE EMPIRE DISTRICT ELECTRIC COMPANY -- CASE NO. ER-2006-0315
"TARGET" REVENUE TO BE COLLECTED BY NEW RATES

IEC CONTINUATION SCENARIO

Change in Revenue Requirement: (\$15,258,967)

Sources of Rate Revenue MO Rate Schedule	Current Revenue	Class Share of \$ from Permanent Rates	"Target" Revenue	Revenue Difference	Percent Difference
RG- Residential	\$130,084,283	45.48%	\$123,144,477	(\$6,939,806)	-5.33%
CB-Commercial	\$28,462,961	9.95%	\$26,944,504	(\$1,518,457)	-5.33%
SH-Small Heating	\$7,164,058	2.50%	\$6,781,866	(\$382,192)	-5.33%
PFM- Feed Mill/ Grain Elev	\$56,694	0.02%	\$53,669	(\$3,025)	-5.33%
MS- Traffic Signals	\$57,566	0.02%	\$54,495	(\$3,071)	-5.33%
GP-General Power	\$53,964,067	18.87%	\$51,085,163	(\$2,878,904)	-5.33%
TEB- Total Electric Building	\$22,707,118	7.94%	\$21,495,727	(\$1,211,391)	-5.33%
LP- Large Power	\$36,306,020	12.69%	\$34,369,147	(\$1,936,873)	-5.33%
SC-Special Contract	\$2,452,230	0.86%	\$2,321,407	(\$130,823)	-5.33%
SPL- Municipal St. Lighting	\$1,242,402	0.43%	\$1,176,122	(\$66,280)	-5.33%
PL- Private Lighting	\$3,365,197	1.18%	\$3,185,669	(\$179,528)	-5.33%
LS- Special Lighting	\$161,508	0.06%	\$152,892	(\$8,616)	-5.33%
Billed \$ from Permanent Rates	\$286,024,104	100.00%	\$270,765,137	(\$15,258,967)	
\$ from IEC Charge	\$8,809,651		\$8,809,651	\$0	0.00%
Other Rate Revenue					
CP-Cogeneration Purchase	(\$165)		(\$165)	\$0	0.00%
Excess Facilities Charges	\$1,741,643		\$1,741,643	\$0	0.00%
Interruptible Credits	(\$342,912)		(\$342,912)	\$0	0.00%
MO Other Rate Revenue	\$1,398,566		\$1,398,566	\$0	
Total Missouri Rate Revenue	\$296,232,321		\$280,973,354	(\$15,258,967)	

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-2006-0315
ILLUSTRATIVE RATES FOR IEC CONTINUATION SCENARIO**

CLASS: RG - RESIDENTIAL

	Current Rates	Percent Change to Current Rates	Final Rates[1]
Customer Charge	\$10.35	0.00%	\$10.35
Permanent Energy Charges:			
Summer	\$0.07770	-6.04%	\$0.07301
Winter			
First 600 kWh	\$0.07770	-6.04%	\$0.07301
Over 600 kWh	\$0.05220	-6.04%	\$0.04905
Interim Energy Charge	\$0.00213	0.00%	\$0.00213

[1] These rates, when applied to test year billing units, result in the "target" revenues shown on Schedule DCR-1 (True-Up).

CLASS: CB - COMMERCIAL SERVICE

	Current Rates	Percent Change to Current Rates	Final Rates[1]
Customer Charge	\$14.60	0.00%	\$14.60
Permanent Energy Charges:			
Summer	\$0.08670	-5.98%	\$0.08151
Winter			
First 700 kWh	\$0.08670	-5.98%	\$0.08151
Over 700 kWh	\$0.06530	-5.98%	\$0.06139
Interim Energy Charge	\$0.00213	0.00%	\$0.00213

[1] These rates, when applied to test year billing units, result in the "target" revenues shown on Schedule DCR-1 (True-Up).

CLASS: SH - SMALL HEATING

	Current Rates	Percent Change to Current Rates	Final Rates[1]
Customer Charge	\$14.60	0.00%	\$14.60
Permanent Energy Charges:			
Summer	\$0.08670	-5.75%	\$0.08172
Winter			
First 700 kWh	\$0.08670	-5.75%	\$0.08172
Over 700 kWh	\$0.05040	-5.75%	\$0.04750
Interim Energy Charge	\$0.00213	0.00%	\$0.00213

[1] These rates, when applied to test year billing units, result in the "target" revenues shown on Schedule DCR-1 (True-Up).

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-2006-0315
ILLUSTRATIVE RATES FOR IEC CONTINUATION SCENARIO**

CLASS: TEB - TOTAL ELECTRIC BUILDING

	Current Rates	Percent Change to Current Rates	Final Rates[1]
Customer Charge	\$49.61		\$49.61
Demand Charge			
Summer	\$4.22	-5.38%	\$3.98
Winter	\$3.47	-5.38%	\$3.27
Permanent Energy Charges:			
Summer			
First 150HU	\$0.08140	-5.38%	\$0.07702
Next 200HU	\$0.05140	-5.38%	\$0.04864
All Add'l kWh	\$0.04630	-5.38%	\$0.04381
Winter			
First 150HU	\$0.04260	-5.38%	\$0.04031
Next 200HU	\$0.04010	-5.38%	\$0.03794
All Add'l kWh	\$0.03880	-5.38%	\$0.03671
Interim Energy Charge	\$0.00213	0.00%	\$0.00213

[1] These rates, when applied to test year billing units, result in the "target" revenues shown on Schedule DCR-1 (True-Up).

CLASS: GP - GENERAL POWER

	Current Rates	Percent Change to Current Rates	Final Rates[1]
Customer Charge	\$49.61		\$49.61
Demand Charge			
Summer	\$6.76	-4.04%	\$6.37
Winter	\$5.28	-4.04%	\$4.98
Primary Discount	(\$0.234)	-4.04%	(\$0.221)
Permanent Energy Charges:			
Summer			
First 150HU	\$0.06950	-4.04%	\$0.06669
Next 200HU	\$0.04380	-4.04%	\$0.04129
All Add'l kWh	\$0.03940	-4.04%	\$0.03714
Winter			
First 150HU	\$0.04080	-4.04%	\$0.03846
Next 200HU	\$0.03940	-4.04%	\$0.03714
All Add'l kWh	\$0.03840	-4.04%	\$0.03620
Interim Energy Charge	\$0.00213	0.00%	\$0.00213

[1] These rates, when applied to test year billing units, result in the "target" revenues shown on Schedule DCR-1 (True-Up).

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-2006-0315
ILLUSTRATIVE RATES FOR IEC CONTINUATION SCENARIO**

CLASS: LP - LARGE POWER

	Current Rates	Percent Change to Current Rates	Final Rates[1]
Customer Charge	\$183.44	0.00%	\$183.44
Demand Charge			
Summer	\$10.85	-5.35%	\$10.27
Winter	\$5.98	-5.35%	\$5.66
Secondary Adder	\$0.23	-5.35%	\$0.22
Substation Facilities Credit	(\$1.11)	-5.35%	(\$1.05)
Permanent Energy Charges:			
Summer			
First 350HU	\$0.04310	-5.35%	\$0.04079
All Add'l kWh	\$0.02230	-5.35%	\$0.02111
Winter			
First 350HU	\$0.03800	-5.35%	\$0.03597
All Add'l kWh	\$0.02150	-5.35%	\$0.02035
Interim Energy Charge	\$0.00213	0.00%	

[1] These rates, when applied to test year billing units, result in the "target" revenues shown on Schedule DCR-1 (True-Up).

THE EMPIRE DISTRICT ELECTRIC COMPANY -- CASE NO. ER-2006-0315
"TARGET" REVENUE TO BE COLLECTED BY NEW RATES

IEC TERMINATION SCENARIO

Changes in Revenue Requirement: **\$15,929,828** Increase to Permanent Rates
(\$8,809,651) Decrease from Terminating IEC
Net Change: \$7,120,177

Sources of Rate Revenue MO Rate Schedules	Current Revenue	IEC Revenue by Class	Total Revenue	Class Share of Total Revenue	"Target" Revenue	Revenue Difference	Percent Difference
RG- Residential	\$130,084,283	3,572,643.33	\$133,656,926	45.33%	\$136,884,715	\$3,227,788	2.41%
CB-Commercial	\$28,462,961	699,404.84	\$29,162,366	9.89%	\$29,866,631	\$704,265	2.41%
SH-Small Heating	\$7,164,058	208,548.13	\$7,372,606	2.50%	\$7,550,653	\$178,047	2.41%
PFM- Feed Mill/ Grain Elev	\$56,694	1,024.09	\$57,718	0.02%	\$59,112	\$1,394	2.41%
MS- Traffic Signals	\$57,566	1,809.50	\$59,375	0.02%	\$60,809	\$1,434	2.41%
GP-General Power	\$53,964,067	1,824,082.65	\$55,788,150	18.92%	\$57,135,422	\$1,347,273	2.41%
TEB- Total Electric Building	\$22,707,118	757,374.18	\$23,464,492	7.96%	\$24,031,155	\$566,663	2.41%
LP- Large Power	\$36,306,020	1,545,344.02	\$37,851,364	12.84%	\$38,765,467	\$914,103	2.41%
SC-Special Contract	\$2,452,230	127,182.85	\$2,579,413	0.87%	\$2,641,705	\$62,292	2.41%
SPL- Municipal St. Lighting	\$1,242,402	34,799.95	\$1,277,202	0.43%	\$1,308,046	\$30,844	2.41%
PL- Private Lighting	\$3,365,197	34,206.89	\$3,399,404	1.15%	\$3,481,499	\$82,095	2.41%
LS- Special Lighting	\$161,508	3,230.41	\$164,738	0.06%	\$168,717	\$3,978	2.41%
Billed \$ from Permanent Rates	\$286,024,104	8,809,651	\$294,833,755	100.00%	\$301,953,932	\$7,120,177	
\$ from IEC Charge	\$8,809,651	(\$8,809,651)			\$0		-100.00%
Other Rate Revenue							
CP-Cogeneration Purchase	(\$165)		(\$165)		(\$165)	\$0	0.00%
Excess Facilities Charges	\$1,741,643		\$1,741,643		\$1,741,643	\$0	0.00%
Interruptible Credits	(\$342,912)		(\$342,912)		(\$342,912)	\$0	0.00%
MO Other Rate Revenue	\$1,398,566		\$1,398,566		\$1,398,566	\$0	
Total Missouri Rate Revenue	\$296,232,321		\$296,232,321		\$303,352,498	\$7,120,177	

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-2006-0315
ILLUSTRATIVE RATES FOR IEC TERMINATION SCENARIO**

CLASS: RG - RESIDENTIAL

	Current Rates	Effect to Rates of IEC Termination	Rates Equivalent to Current Rates [1]	Percent Change to Equivalent Rates	Final Rates [2]
Customer Charge	\$10.35		\$10.35	0.00%	\$10.35
Permanent Energy Charges:					
Summer	\$0.07770	\$0.00213	\$0.07983	2.72%	\$0.08200
Winter					
First 600 kWh	\$0.07770	\$0.00213	\$0.07983	2.72%	\$0.08200
Over 600 kWh	\$0.05220	\$0.00213	\$0.05433	2.72%	\$0.05581
Interim Energy Charge	\$0.00213	(\$0.00213)	\$0.00000		

[1] These rates collect the same revenues from the same customers as current rates.

[2] These rates, when applied to test year billing units, result in the "target" revenues shown on Schedule DCR-3 (True-Up).

CLASS: CB - COMMERCIAL SERVICE

	Current Rates	Effect to Rates of IEC Termination	Rates Equivalent to Current Rates [1]	Percent Change to Equivalent Rates	Final Rates [2]
Customer Charge	\$14.60		\$14.60	0.00%	\$14.60
Permanent Energy Charges:					
Summer	\$0.08670	\$0.00213	\$0.08883	2.70%	\$0.09123
Winter					
First 700 kWh	\$0.08670	\$0.00213	\$0.08883	2.70%	\$0.09123
Over 700 kWh	\$0.06530	\$0.00213	\$0.06743	2.70%	\$0.06925
Interim Energy Charge	\$0.00213	(\$0.00213)	\$0.00000		

[1] These rates collect the same revenues from the same customers as current rates.

[2] These rates, when applied to test year billing units, result in the "target" revenues shown on Schedule DCR-3 (True-Up).

CLASS: SH - SMALL HEATING

	Current Rates	Effect to Rates of IEC Termination	Rates Equivalent to Current Rates [1]	Percent Change to Equivalent Rates	Final Rates [2]
Customer Charge	\$14.60		\$14.60	0.00%	\$14.60
Permanent Energy Charges:					
Summer	\$0.08670	\$0.00213	\$0.08883	2.60%	\$0.09114
Winter					
First 700 kWh	\$0.08670	\$0.00213	\$0.08883	2.60%	\$0.09114
Over 700 kWh	\$0.05040	\$0.00213	\$0.05253	2.60%	\$0.05390
Interim Energy Charge	\$0.00213	(\$0.00213)	\$0.00000		

[1] These rates collect the same revenues from the same customers as current rates.

[2] These rates, when applied to test year billing units, result in the "target" revenues shown on Schedule DCR-3 (True-Up).

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-2006-0315
ILLUSTRATIVE RATES FOR IEC TERMINATION SCENARIO**

CLASS: TEB - TOTAL ELECTRIC BUILDING

	Current Rates	Effect to Rates of IEC Termination	Rates Equivalent to Current Rates [1]	Percent Change to Equivalent Rates	Final Rates [2]
Customer Charge	\$49.61		\$49.61	0.00%	\$49.61
Demand Charge					
Summer	\$4.22	\$0.00	\$4.22	7.59%	\$4.54
Winter	\$3.47	\$0.00	\$3.47	7.59%	\$3.73
Permanent Energy Charges:					
Summer					
First 150HU	\$0.08140	\$0.00213	\$0.08353	7.59%	\$0.08987
Next 200HU	\$0.05140	\$0.00213	\$0.05353	7.59%	\$0.05759
All Add'l kWh	\$0.04630	\$0.00213	\$0.04843	7.59%	\$0.05211
Winter					
First 150HU	\$0.04260	\$0.00213	\$0.04473	7.59%	\$0.04813
Next 200HU	\$0.04010	\$0.00213	\$0.04223	7.59%	\$0.04544
All Add'l kWh	\$0.03880	\$0.00213	\$0.04093	7.59%	\$0.04404
Interim Energy Charge	\$0.00213	(\$0.00213)	\$0.00000		

[1] These rates collect the same revenues from the same customers as current rates.

[2] These rates, when applied to test year billing units, result in the "target" revenues shown on Schedule DCR-3 (True-Up).

CLASS: GP - GENERAL POWER

	Current Rates	Effect to Rates of IEC Termination	Rates Equivalent to Current Rates [1]	Percent Change to Equivalent Rates	Final Rates [2]
Customer Charge	\$49.61	\$0.00	\$49.61	0.00%	\$49.61
Demand Charge					
Summer	\$6.76	\$0.00	\$6.76	2.46%	\$6.93
Winter	\$5.28	\$0.00	\$5.28	2.46%	\$5.41
Primary Discount	(\$0.234)	\$0.00	(\$0.234)	2.46%	(\$0.23975)
Permanent Energy Charges:					
Summer					
First 150HU	\$0.06950	\$0.00213	\$0.07163	2.46%	\$0.07339
Next 200HU	\$0.04380	\$0.00213	\$0.04593	2.46%	\$0.04706
All Add'l kWh	\$0.03940	\$0.00213	\$0.04153	2.46%	\$0.04255
Winter					
First 150HU	\$0.04080	\$0.00213	\$0.04293	2.46%	\$0.04399
Next 200HU	\$0.03940	\$0.00213	\$0.04153	2.46%	\$0.04255
All Add'l kWh	\$0.03840	\$0.00213	\$0.04053	2.46%	\$0.04153
Interim Energy Charge	\$0.00213	(\$0.00213)	\$0.00000		

[1] These rates collect the same revenues from the same customers as current rates.

[2] These rates, when applied to test year billing units, result in the "target" revenues shown on Schedule DCR-3 (True-Up).

**THE EMPIRE DISTRICT ELECTRIC COMPANY - CASE NO. ER-2006-0315
ILLUSTRATIVE RATES FOR IEC TERMINATION SCENARIO**

CLASS: LP - LARGE POWER

	Current Rates	Effect to Rates of IEC Termination	Rates Equivalent to Current Rates [1]	Percent Change to Equivalent Rates	Final Rates [2]
Customer Charge	\$183.44	0	\$183.44		
Demand Charge					
Summer	\$10.85	\$0.00	\$10.85	2.40%	\$11.11
Winter	\$5.98	\$0.00	\$5.98	2.40%	\$6.12
Secondary Adder	\$0.023	\$0.00	\$0.02	2.40%	\$0.0236
Substation Facilities Credit	(\$1.11)	\$0.00	(\$1.11)	2.40%	(\$1.14)
Permanent Energy Charges:					
Summer					
First 350HU	\$0.04310	\$0.00213	\$0.04097	2.40%	\$0.0420
All Add'l kWh	\$0.02230	\$0.00312	\$0.01918	2.40%	\$0.0196
Winter					
First 350HU	\$0.03800	\$0.00213	\$0.03587	2.40%	\$0.0367
All Add'l kWh	\$0.02150	\$0.00213	\$0.01937	2.40%	\$0.0198
Interim Energy Charge	\$0.00213	(\$0.00213)	\$0.00426	2.40%	\$0.0044

[1] These rates collect the same revenues from the same customers as current rates.

[2] These rates, when applied to test year billing units, result in the "target" revenues shown on Schedule DCR-3 (True-Up).

THE EMPIRE DISTRICT ELECTRIC COMPANY -- CASE NO. ER-2006-0315
AVERAGE MONTHLY BILLS FOR A TYPICAL¹ RESIDENTIAL CUSTOMER

Ranked by Average Monthly Bill for 12 Consecutive Months of Service

Utility/ Scenario	Average Summer	Average Winter	12-Month Average	Rank
Empire/ Terminated IEC	\$92.35	\$67.92	\$76.06	1
Empire/ Current	\$90.18	\$66.40	\$74.33	2
Aquila MPS	\$91.15	\$65.72	\$74.19	3
Empire/ Continued IEC	\$85.49	\$63.11	\$70.57	4
KCPL	\$80.11	\$52.04	\$61.40	5
Aquila L&P	\$77.96	\$52.42	\$60.93	6
UE	\$79.75	\$47.90	\$58.52	7

Ranked by Average Summer Monthly Bill

Utility/ Scenario	Average Summer	Average Winter	12-Month Average	Rank
Empire/ Terminated IEC	\$92.35	\$67.92	\$76.06	1
Aquila MPS	\$91.15	\$65.72	\$74.19	2
Empire/ Current	\$90.18	\$66.40	\$74.33	3
Empire/ Continued IEC	\$85.49	\$63.11	\$70.57	4
KCPL	\$80.11	\$52.04	\$61.40	5
UE	\$79.75	\$47.90	\$58.52	6
Aquila L&P	\$77.96	\$52.42	\$60.93	7

Ranked by Average Winter Monthly Bill

Utility/ Scenario	Average Summer	Average Winter	12-Month Average	Rank
Empire/ Terminated IEC	\$92.35	\$67.92	\$76.06	1
Empire/ Current	\$90.18	\$66.40	\$74.33	2
Aquila MPS	\$91.15	\$65.72	\$74.19	3
Empire/ Continued IEC	\$85.49	\$63.11	\$70.57	4
Aquila L&P	\$77.96	\$52.42	\$60.93	5
KCPL	\$80.11	\$52.04	\$61.40	6
UE	\$79.75	\$47.90	\$58.52	7

1. A "typical" residential customer is defined as a customer in the residential general class that uses 1000 kWh per month during four Summer months and 750kWh during eight Winter months.