

Exhibit No.:

Issue: In-Service Criteria

Witness: Robert B. Fancher

Type of Exhibit: Supplemental Direct Testimony

Sponsoring Party: The Empire District Electric  
Company

Case No.: EM-2000-369

**FILED**

MAR 7 2000

**Missouri Public  
Service Commission**

Before the Public Service Commission  
of the State of Missouri

Supplemental Direct Testimony

of

Robert B. Fancher

March, 2000

SUPPLEMENTAL DIRECT TESTIMONY  
OF  
ROBERT B. FANCHER  
THE EMPIRE DISTRICT ELECTRIC COMPANY  
BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION  
CASE NO. EM-2000-369

1 Q. PLEASE STATE YOUR NAME.

2 A. Robert B. Fancher.

3 Q. ARE YOU THE SAME ROBERT B. FANCHER WHO PREVIOUSLY FILED  
4 DIRECT TESTIMONY IN THIS PROCEEDING ON BEHALF OF THE EMPIRE  
5 DISTRICT ELECTRIC COMPANY ("EMPIRE")?

6 A. Yes, I am.

7 Q. WHAT IS THE PURPOSE OF THIS SUPPLEMENTAL DIRECT TESTIMONY?

8 A. To present proposed "in-service criteria" for Empire's State Line Combined Cycle  
9 Plant ("SLCC"). I stated in my previously filed Direct Testimony that Empire's  
10 proposed criteria would be filed as Supplemental Direct Testimony after  
11 consultations with the Commission Staff ("Staff").

12 Q. WHY ARE YOU ADDRESSING THIS MATTER?

13 A. It is my understanding that Empire may not recover the costs of SLCC through  
14 rates until that plant is fully operational and used for service. Stated another way,  
15 Empire's electric utility property or facilities are to be capable of providing service  
16 before the costs of said property or facilities may be included in rates. This is  
17 sometimes referred to as "the used and useful rule".

1 Q. IF THE STANDARD FOR ALLOWING RATE RECOVERY OF ELECTRIC UTILITY  
2 PROPERTY IS WHETHER OR NOT THE PROPERTY IS FULLY OPERATIONAL  
3 AND USED FOR SERVICE, WHY ARE YOU PROPOSING IN-SERVICE  
4 CRITERIA FOR SLCC IN THIS PROCEEDING?

5 A. While theoretically I assume the Commission could simply apply the law to the facts  
6 without the assistance of criteria, in the past "in-service criteria" for particular power  
7 generation projects have been proposed or established by mutual agreement  
8 ahead of time to assist the Commission in this process. If the criteria were  
9 satisfied, the plant was recognized in rates. In this instance, Empire is proposing  
10 criteria in the context of the merger case. We believe the criteria issue should be  
11 resolved in the merger case and then applied to the Pre-Moratorium Rate Case.

12 Q. WHY DO YOU SEEK RESOLUTION OF THIS ISSUE IN THE MERGER CASE?

13 A. As I explained in my Direct Testimony, the merger will likely be in a position to close  
14 by the end of 2000, prior to the Pre-Moratorium Rate Case having been decided.  
15 The in-service criteria is one of the rate case issues that needs to be resolved  
16 ahead of time to reduce the uncertainty surrounding the Pre-Moratorium Rate  
17 Case.

18 Q. HAVE YOU CONSULTED WITH THE STAFF CONCERNING PROPOSED IN-  
19 SERVICE CRITERIA FOR SLCC?

20 A. Yes.

21 Q. WHAT IN-SERVICE CRITERIA FOR SLCC DO YOU PROPOSE?

22 A. Empire proposes that if the following "in-service criteria" are substantially satisfied,  
23 then the Commission should find that the unit is fully operational and used for

1 service and reflect the involved costs in the rates determined in the Pre-Moratorium

2 Rate Case:

3 1. The Missouri Public Service Commission Staff shall timely conduct a physical  
4 inspection of the plant.

5 2. The Company's plant manager, or responsible officer, shall attest that pre-  
6 operational testing has been completed in accordance with current procedures.

7 3. Liability for final payment of equipment and construction contracts is recorded  
8 on Empire's books, in the form of contractual amounts paid or retained,  
9 pending final resolution of outstanding issues (if any).

10 4. The generating unit shall demonstrate its ability to start and operate.

11 5. The generating unit shall demonstrate its ability to smoothly and successfully  
12 shut down when prompted by the unit operator initiating such command.

13 6. The generating unit shall operate within 5% of Empire's intended rated  
14 capability during the settling period.

15 7. Only minor changes in unit controls shall be made during the settling period.

16 8. The settling period shall last for a period of two (2) hours during which normal,  
17 steady state operation at Empire's intended rated capability shall be  
18 established.

19 9. The generating unit shall operate in a normal steady condition for a period of  
20 two (2) hours at the demonstrated Pool rated capacity.

21 Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT TESTIMONY?

22 A. Yes, it does.

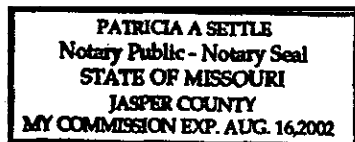
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STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF JASPER     )

On the 6th day of March, 2000, before me appeared Robert B. Fancher, to me personally known, who, being by me first duly sworn, states that he is the Vice President - Finance and Chief Financial Officer of The Empire District Electric Company and acknowledged that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.

  
Robert B. Fancher

Subscribed and sworn to before me this 6th day of March, 2000



  
Patricia A. Settle, Notary Public

My Commission expires: August 16, 2002.