

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of The Empire District Electric)
Company for Authority to File Tariffs Increasing)
Rates for Electric Service Provided to Customers)
in the Company's Missouri Service Area.) Case No. ER-2014-0351

THE OFFICE OF THE PUBLIC COUNSEL'S STATEMENT OF POSITION

COMES NOW the Office of the Public Counsel (Public Counsel) and presents its Statement of Position as follows:

A. Revenue Requirement Issues

1. Southwest Power Pool (SPP) Transmission Expense

What is the appropriate level of SPP Transmission Expense to include in Empire's revenue requirement?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

2. SPP Integrated Market (IM) Expense

What is the appropriate level of SPP IM Expense to include in Empire's revenue requirement?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

3. Revenues

- a. Should Empire's other Missouri retail customers be held harmless of the revenue impact of the bill credits Empire offers to its Special Contract customer?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- b. What amount of off-system sales revenue (including SPP IM revenue) should be included in the revenue requirement?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- c. What amount of REC revenue should be included in the revenue requirement?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- d. What amount of SPP Transmission Revenue should be included in the revenue requirement?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

4. Joplin Tornado Operations and Maintenance (O&M) Asset

Should the Joplin Tornado O&M asset be included in rate base?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

5. Depreciation Expense

Should Empire continue to recover depreciation expense for the retired Riverton 7 and Asbury 2?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

6. Incentive Compensation

a. What level of cash incentives based on performance goals should be included in the cost of service?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

b. Should executive stock awards be included in the cost of service?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

c. Should lightning bolts be included in the cost of service?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

7. Rate Case Expense

What is the appropriate amount to include in Empire's revenue requirement for Rate

Case Expense?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

8. Accumulated Deferred Income Taxes (Rate Base)

What is the appropriate level to be used to be included in rate base?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

9. Income Tax

a. Should an adjustment be made to state income tax flow through for prior years?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

b. Should an adjustment be made for cost of removal tax issues related to prior years?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

10. Vegetation Management Trackers

a. What amount should be included in the revenue requirement for Vegetation Management?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

b. Should the vegetation management tracker be continued?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

c. What is the proper base level to use in the tracker?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

11. Iatan 2/Iatan Common/Plum Point O&M Trackers

a. What amount should be included in the revenue requirement for Iatan 2/Iatan Common/Plum Point O&M?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

b. Should the Iatan 2/Iatan Common/Plum Point O&M trackers be continued?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

12. Riverton 12 O&M Tracker

a. Should a tracker for Riverton 12 O&M be established?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

b. If so, what amount, if any, should be included in the revenue requirement for Riverton 12 O&M?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

13. Operation and Maintenance (O&M) Expense

What is the appropriate level of O&M expense to include in the cost of service?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

14. Prepayments

Should the working funds for Iatan 2, Iatan Common, and Plum Point be treated as prepayments?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

15. Advertising

Should the cost of the "Value of Electricity" advertising be included in the revenue requirement?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

16. EEI Dues

What amount, if any, of the dues paid by Empire to EEI should be included in revenue requirement?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

17. Net Base Fuel and Purchased Power

What level of fuel expense should be included in Empire's Fuel Adjustment Clause (FAC) and revenue requirement?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

18. Energy Efficiency

a. Should Empire continue its current level of Pre-MEEIA energy efficiency programs?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

b. What should the cost recovery mechanism be to recover Pre-MEEIA program costs?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

19. Low-Income Weatherization

a. Should an evaluation be performed on the Low-Income Weatherization program?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

b. Should Low-Income Weatherization program expenses be recovered in the base rates?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

20. Rate of Return

a. What is the appropriate value for Return on Equity ("ROE") that the Commission should use in setting Empire's Rate of Return?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

b. What capital structure should the Commission use to determine the rate of return?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

c. What is the appropriate value for embedded cost of debt?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

21. Total Revenue Requirement

What revenue requirement should the Commission establish in this proceeding?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

B. Non-Revenue Requirement Issues

1. FAC Tariff

a. Should Empire be allowed to continue, with modifications, its FAC?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

(1) Did Empire provide a complete explanation of the costs and revenues that it is proposing be included in its FAC?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

(2) Did Empire show the magnitude of each cost and revenue type that it has requested be included in its FAC?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

(3) Did Empire show that each cost and revenue type that it has requested be included

in its FAC is volatile?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

(4) Did Empire show that each cost and revenue type that it has requested be included in its FAC is uncertain?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

(5) Did Empire show that it is unable to manage each cost and revenue type that it has requested be included in its FAC?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

b. If Empire is allowed to continue its FAC, what modifications, if any should be made to its FAC?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

(1) Should the incentive mechanism be changed from Empire absorbing/retaining 5% of the change in cost to 10%?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

(2) Should SPP transmission costs and revenues be included? If so, what transmission costs and revenues should be included?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

(3) Should the costs and revenues included in Empire's FAC reflect its current operations only?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

(4) Should cost types incurred and revenue types received of less than \$60,000 during the test year be included in the FAC?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

(5) Should Empire be allowed to add SPP charges and revenues to its FAC between rate cases?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

(6) If so, should Empire be required to file the change with the Commission or provide notification in its FAC monthly reports?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

(7) Should Empire's FAC be modified to charge certain elements on the basis of how the cost or revenue was allocated in this rate case?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- c. If Empire is allowed to continue its FAC, what if any changes should be made to FAC reporting requirements?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- d. What level of fuel expense that should be included in Empire's FAC and revenue requirement?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

2. Miscellaneous Tariffs

- a. Should Empire's Economic Development Rider be modified to condition participation in applicable energy efficiency programs, as proposed by the Division of Energy?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- b. Should Empire be required to submit a Large Power rate schedule in its next case that recognizes a time differentiated facilities demand charge?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- c. Should Empire modify its tariffs to include language on how a CHP customer requiring standby service is to be charged for such service, as proposed on page 3 of**

Division of Energy witness Alex Schroeder's surrebuttal testimony?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- d. Should a standby service cost study (referenced on page 3 of Schroeder's surrebuttal testimony and page 19 of Schroeder's February 11th direct testimony) be completed before Empire's next rate case in order to develop a sound standby rate framework?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

3. Class Cost of Service and Rate Design

- a. What, if any, revenue neutral interclass shifts are supported by Class Cost of Service studies?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- b. What, if any, revenue neutral interclass shifts should be made in designing the rates resulting from this case?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- c. What, if any, changes to the residential customer charge are supported by Class Cost of Service studies?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- d. What, if any, changes to the residential customer charge should be made in designing the rates resulting from this case?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- e. What, if any, changes to the Commercial and Industrial customer charges are supported by Class Cost of service studies?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- f. What, if any, changes to the Commercial and Industrial customer charges should be made in designing the rates resulting from this case?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- g. What, if any, changes to the LP tail block rate are supported by Class Cost of Service studies?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- h. What, if any, changes to the LP tail block rate should be made in designing the rates resulting from this case?**

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

- i. Should the LP tariff be modified to reduce demand charges following an outage? If so (1) how is "outage" to be defined, and (2) is Empire's current filling and**

customer information system capable of accomplishing the modified billing proposed by MCEG?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

j. What, if any, changes to the Special Contract interruptible credit and allowable hours of interruption are supported by Class Cost of Service studies?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

k. What, if any, changes to the Special Contract interruptible credit and hours of interruption should be made in designing the rates resulting from this case?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

l. What, if any, changes to the general interruptible credit are supported by Class Cost of Service studies?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

m. What, if any, changes to the general interruptible credit should be made in designing the rates resulting from this case?

It is Public Counsel's position that the Global Stipulation and Agreement intended to be filed on Friday, April 3, 2015, is a just and reasonable resolution of this issue.

WHEREFORE, Public Counsel respectfully submits its position.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Christina L. Baker

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the parties of record this 31st day of March 2015:

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