



Commissioners  
KELVIN L. SIMMONS  
Chair  
SHEILA LUMPE  
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## Missouri Public Service Commission

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August 23, 2001

WESS A. HENDERSON  
Director, Utility Operations  
ROBERT SCHALLENBERG  
Director, Utility Services  
DONNA M. KOLILIS  
Director, Administration  
DALE HARDY ROBERTS  
Secretary/Chief Regulatory Law Judge  
DANA K. JOYCE  
General Counsel

**FILED**<sup>3</sup>  
AUG 23 2001

Missouri Public  
Service Commission

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

**RE: Case No. ER-2001-299**

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF'S REVISED TRUE-UP REVENUE REQUIREMENT**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Dennis L. Frey  
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DLF:ccl  
Enclosure  
cc: Counsel of Record

Exhibit No. 141  
Date 8/23/01 Case No. ER-2001-299  
Reporter KRM

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

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

**STAFF'S REVISED TRUE-UP REVENUE REQUIREMENT**

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and respectfully states as follows:

1. On August 7, 2001, the Staff filed, along with its True-Up Direct Testimony in this case, its Accounting Schedules, detailing its recommended revenue requirement.
2. Subsequent to that filing, The Empire District Electric Company ("Empire" or "Company") informed the Staff that the two parties differed as to the appropriate jurisdictional allocation factors for distribution plant. The distribution plant factor is used to allocate not only distribution plant but also distribution expenses to the Missouri jurisdiction. The difference between the Company and Staff relates to the treatment of certain distribution plant that should be considered transmission-related facilities. The latter carry a different jurisdictional allocation factor than the distribution plant.
3. Failure to identify this difference early in the process was an inadvertent oversight on the part of the Company. The Staff did not become aware until the time of its true-up filing that Empire disagreed with Staff's distribution allocation factor. Upon investigating the problem, the Staff realized that it had overstated the amount of distribution plant that was

attributable to the transmission function; however, the Staff did not have the necessary information to accurately determine the proper shift of plant between distribution and transmission. Moreover, due to the late hour, there was insufficient time to obtain such information.

4. The Company valued this issue at \$640,000, an amount that represented the rate base component only<sup>1</sup>. The Staff suggested an equal split of this dollar value, with the understanding that the Company would, in future rate cases, provide detailed documentation to permit an accurate shift of distribution plant to the transmission function. Empire agreed to this proposal. Accordingly, Staff's true-up revenue requirement increased by \$320,000, as reflected on Revised Accounting Schedule, 1-1, attached hereto. As shown in the Schedule, the base (or permanent) revenue requirement increased from the amount filed<sup>2</sup> on August 7 of \$12,420,734 to \$12,740,734. Adding the Interim Energy Credit of \$19,643,484 to this revised true-up permanent revenue requirement yields a total revised true-up revenue requirement of \$32,384,218.

5. The Staff has discussed this matter with Praxair and the Office of the Public Counsel, and they may raise any objections at the true-up hearing scheduled for today.

WHEREFORE, the Staff respectfully requests that the Commission accept the Staff's Revised Accounting Schedule 1-1, attached hereto.

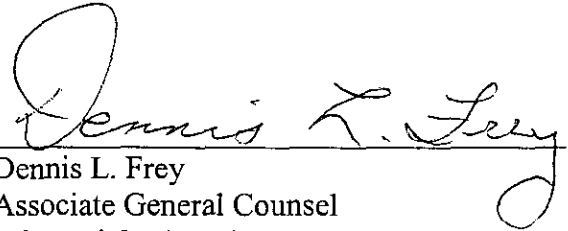
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<sup>1</sup> There was also a dollar impact on the income statement that was not quantified by the Company.

<sup>2</sup> All amounts that follow are based on the Staff's midpoint rate of return of 9.00%.

Respectfully submitted,

DANA K. JOYCE  
General Counsel

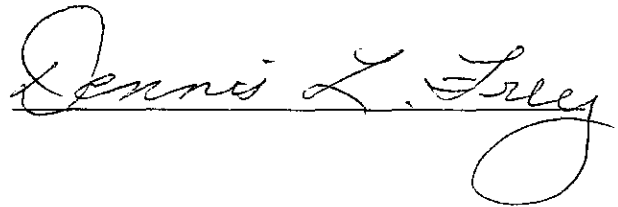


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**Certificate of Service**

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 23rd day of August 2001.



Empire District Electric Company  
Case: ER-01-299T  
Twelve Months Ended December 31, 2000

Revenue Requirement

Line	8.19% Return	8.38% Return	8.57% Return
(A)	(B)	(C)	(D)
1 Net Orig Cost Rate Base (Sch 2)	\$ 531,423,554	\$ 531,423,554	\$ 531,423,554
2 Rate of Return	8.19%	8.38%	8.57%
3 Net Operating Income Requirement	\$ 43,523,589	\$ 44,533,294	\$ 45,542,999
4 Net Income Available (Sch 9)	\$ 36,978,656	\$ 36,978,656	\$ 36,978,656
5 Additional NOI&T Needed	\$ 6,544,933	\$ 7,554,638	\$ 8,564,343
6 Income Tax Requirement (Sch 11)			
7 Required Current Income Tax	\$ 9,940,857	\$ 10,569,982	\$ 11,199,105
8 Test Year Current Income Tax	\$ 5,703,886	\$ 5,703,886	\$ 5,703,886
9 Additional Current Tax Required	\$ 4,236,971	\$ 4,866,096	\$ 5,495,219
10 Required Deferred ITC	\$ 0	\$ 0	\$ 0
11 Test Year Deferred ITC	\$ 0	\$ 0	\$ 0
12 Additional Deferred ITC Required	\$ 0	\$ 0	\$ 0
13 Total Additional Tax Required	\$ 4,236,971	\$ 4,866,096	\$ 5,495,219
14 Gross Revenue Requirement	\$ 10,781,904	\$ 12,420,734	\$ 14,059,562
15 Additional Revenue Requirement Relating to Jurisdictional Allocations	\$ 320,000	\$ 320,000	\$ 320,000
16 Revised Gross Revenue Requirement	\$ 11,101,904	\$ 12,740,734	\$ 14,379,562
17 Interim Energy Charge Subject to Refund	\$ 19,643,484	\$ 19,643,484	\$ 19,643,484
18 Revised Total Gross Revenue Requirement Base Rates Plus Interim Rates	\$ 30,745,388	\$ 32,384,218	\$ 34,023,046

**Service List for**  
**Case No. ER-2001-299**  
**Verified: August 23, 2001 (ccl)**

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