EXHIBIT

Exhibit No.:	
Issue(s):	SFAS Pension Costs/ Patch Construction Costs/ Tornado/Storm Damage Costs
Witness:	Ted Robertson
Type of Exhibit:	Direct
Sponsoring Party:	Public Counsel
Case Number:	ER-2004-0570
Date Testimony Prepared:	September 20, 2004

DIRECT TESTIMONY

OF

TED ROBERTSON

FILED

DEC 2 8 2004

Missouri Public Service Commission

Submitted on Behalf of
the Office of the Public Counsel

THE EMPIRE DISTRICT ELECTRIC COMPANY

Case No. ER-2004-0570

September 20, 2004

Exhibit No. 96
Case No(s). ER-2004-0570
Date 12-06-04 Rptr. KF

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the tariff filing of The Empire District Electric Company to implement a general rate increase for retail electric service provided to customers in its Missouri service area.	)))))	Case No. ER-2004-0570

AFFIDAVIT OF TED ROBERTSON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Ted Robertson, of lawful age and being first duly sworn, deposes and states:

1. My name is Ted Robertson. I am a Public Utility Accountant for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my direct testimony consisting of pages 1 through 20 and Schedule TJR-1 and TJR-2.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

Ted Robertson, C.P.A.
Public Utility Accountant III

Subscribed and sworn to me this 20th day of September 2004.

KATHLEEN HARRISON
Notary Public - State of Missouri
County of Cole
My Commission Expires Jan. 31, 2006

Kathleen Harrison
Notary Public

My commission expires January 31, 2006.

DIRECT TESTIMONY

OF

TED ROBERTSON

EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2004-0570

INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Ted Robertson, P. O. Box 2230, Jefferson City, Missouri 65102.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by the Office of the Public Counsel of the state of Missouri ("OPC" or "Public Counsel") as a Public Utility Accountant III.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND OTHER QUALIFICATIONS.

A. I graduated from Southwest Missouri State University in Springfield, Missouri, with a Bachelor of Science Degree in Accounting. In November, 1988, I passed the Uniform Certified Public Accountant ("C.P.A") Examination, and obtained C.P.A. certification from the state of Missouri in 1989. My Missouri C.P.A. license number is 2004012798.

Q. WHAT IS THE NATURE OF YOUR CURRENT DUTIES WHILE IN THE EMPLOY OF THE PUBLIC COUNSEL?

A. Under the direction of the OPC Chief Public Utility Accountant, Mr. Russell W. Trippensee, I am responsible for performing audits and examinations of the books and records of public utilities operating within the state of Missouri.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION?

A. Yes, I have. Please refer to Schedule No. TJR-1, attached to this direct testimony, for a listing of cases in which I have previously submitted testimony before the Missouri Public Service Commission ("MPSC" or "Commission").

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. The purpose of this direct testimony is to address the Public Counsel's positions regarding costs that the Empire District Electric Company ("EDE" or "Company") incurred for pensions, costs associated with Patch Construction Company's failure to perform on its contract for work on the Energy Center 3 & 4 project and storm damage costs associated with a tornado that occurred in EDE's service area in May of 2003.

SFAS 87 PENSION COSTS

Q. WHAT IS THE ISSUE?

A. This issue concerns the level of pension costs that should be allowed in the determination of EDE's cost of service for ratemaking purposes.

Q. HAVE YOU TESTIFIED ON THE ISSUE OF PENSIONS BEFORE?

A. Yes, I have.

Q. WHAT IS THE PUBLIC COUNSEL'S POSITION ON THIS ISSUE?

A. The Public Counsel believes that the level of pension costs represented in the Company's cost of service should be based on the minimum funding requirements of the Employee Retirement Income Security Act ("ERISA"), and the agreement reached by the parties in EDE Case No. ER-2002-424. Pursuant to that belief, I recommend that EDE's pension expense level be set at zero (which is the expected minimum ERISA funding level going forward), and that costs associated with its prepaid pension asset be afforded ratemaking treatment according to the Report & Order in EDE Case No. ER-2002-424.

Q. WHAT MATERIALS HAVE YOU UTILIZED IN PREPARING THE PUBLIC COUNSEL'S RECOMMENDATION?

A. In addition to my educational training as a C.P.A., and my experience of fourteen years of employment as a regulatory auditor with the Office of The Public Counsel, I have reviewed the Company's financial records and accounting documentation concerning this issue. In addition, I have prepared data requests, and analyzed the Company's responses to those data request along with Company's responses to various other pension-related interrogatories from other parties to the instant case. I have also reviewed accounting documents and testimony on this issue prepared in the Company's last general rate increase case.

Q. DID EDE HAVE A MINIMUM ERISA CONTRIBUTION IN CALENDAR YEAR 2003?

A. No. According to the Company's Annual Report, Form 10-K, to the United States Security and Exchange Commission, for the fiscal year ended December 31, 2003, there was no minimum pension contribution in calendar year 2003. On page 62 of EDE's 2003 Form 10-K, it states,

> At December 31, 2003, there was no minimum pension liability required to be recorded.

Q. DID EDE EXPECT TO INCUR AN ERISA MINIMUM CONTRIBUTION AFTER CALENDAR YEAR 2003?

A. Yes. On page 62 of EDE's 2003 Form 10-K, it states,

> Based on the performance of our pension plan assets through December 31, 2003, we expect to be required under ERISA to fund approximately $0.3 million in 2004 and $0.2 million in 2005 in order to maintain minimum funding levels. These amounts are estimates and will likely change based on actual investment performance, any future pension plan funding and finalization of actuarial assumptions.

Q. DID EDE SUBSEQUENTLY INCUR A MINIMUN ERISA CONTRIBUTION IN 2004?

A. Yes. Company's response to MPSC Staff Data Request No. 414 states that one payment in the amount of $342,348 was made to the trust account in March of 2004 for the plan year ending December 31, 2003.

Q. DOE THE COMPANY EXPECT TO INCUR AN ERISA FUNDING REQUIREMENT FOR CALENDAR YEAR 2004?

A. No. Company's response to MPSC Staff Data Request No. 414 also states,

> Our actuary, Towers Perrin, has indicated that we will not have an ERISA funding requirement for 2004. At this date we have not received a final calculation on this requirement but expect the report to be completed sometime in September, 2004. We will provide it at that time.

Q. WHAT LEVEL OF PENSION COSTS DID THE COMPANY ACTUALLY BOOK IN ITS FINANCIAL RECORDS DURING CALENDAR YEAR 2003?

A. A review of the Company's 2003 General Ledger indicates that EDE amortized pension costs of approximately $3,858,417 during calendar year 2003 (source: USOA Account 186.970). Of that amount, approximately $2,881,466 was booked as an expense to the electric operations of the Company, and $875,089 was capitalized to the electric operations (source: MPSC Data Request No. 360). The remainder was booked to the financial records of EDE's regulated water and non-regulated operations.

Q. WHAT LEVEL OF PENSION COSTS DID THE COMPANY ACTUALLY BOOK IN ITS FINANCIAL RECORDS FOR THE TWELVE MONTHS ENDED JUNE 2004?

A. A review of the Company's 2003 and 2004 General Ledger indicates that EDE amortized pension costs of approximately $3,369,394 during the twelve months ended June 2004 (source: USOA Account 186.970). Of that amount, approximately $2,514,232 was booked as an expense to the electric operations of the Company, and $799,269 was capitalized to the electric operations (source: MPSC Data Request No. 360 and USOA Account 184.413). The remainder was booked to the financial records of EDE's regulated water and non-regulated operations.

Q. WHY DO YOU RECOMMEND A PENSION EXPENSE LEVEL EQUAL TO AN ERISA MINIMUM FUNDING LEVEL OF ZERO FOR RATEMAKING PURPOSES?

A. The basis for my position is twofold, 1) the Company is not required to fund the pension plan above ERISA allowed funding levels, and 2) the Company is not funding the pension plan above its ERISA minimum required funding level. For example, according to the Company (page 62 of EDE's 2003 Form 10-K), its "Annual contributions to the plan are at least equal to the minimum funding requirements of ERISA."

Public Counsel believes it unreasonable to require ratepayers to reimburse EDE for costs which it does not actually fund. During calendar year 2003 Company made no contributions to fund the pension plan because its minimum ERISA funding level was zero. It did not make a contribution to the pension plan and was not required to do so even though its electric operations booked pension expense and capital costs for the same time period exceeded $2.8 million and $.8 million, respectively. The Company has made an ERISA contribution of about $342,348, in March 2004, but for the twelve months ended June 2004 the electric operations booked pension expense and capital costs approximated $2.5 million and $.8 million, respectively. In each period, the difference between what the Company actually funded and what it actually booked is significant.

Public Counsel believes that if the Company is not required to fund its pension costs at the same level as it books the pension costs, then it is unreasonable to require ratepayers to supply cash to the Company for something it did not expend. In addition, if EDE is allowed to recover pension costs at its booked level, the revenues it receives will be expended for purposes other than the funding of the pension plan since no funding requirement exists. In essence, Company would be provided with a free cash flow that it could use unchecked for activities unrelated to the pension plan.

Q. WHY DOES THE COMPANY'S BOOKED EXPENSE LEVEL EXCEED ITS PENSION PLAN FUNDING REQUIREMENTS?

A. For financial reporting purposes, EDE is required to follow the rules and regulations of the Financial Accounting Standards Board ("FASB") in accounting for its pension costs. FASB requires that pension costs be booked in accordance with its Statement of Financial Account Standards No. 87, Employer's Accounting for Pensions ("SFAS 87"). Thus, SFAS 87 is the official accounting pronouncement relating to the accounting for pension costs, and it is considered to be the defining source or authority for how those costs are booked. SFAS 87 represents, in accounting terminology, what is often called "Generally Accepted Accounting Procedures" or GAAP.

However, as I stated in the preceding paragraph, SFAS 87 only dictates the accounting associated with the booking of the pension costs in the Company's financial records. It does not dictate funding requirements. Any funding of the pension plan is controlled by the Company and applicable Federal law, and it's my understanding that EDE intends to fund its pension plan according to the requirements of ERISA. On page 20, of the EDE 2003 Annual Report Form 10-K, it states,

> Based on the performance of our pension plan assets through December 31, 2003, we expect to be required und ERISA to fund approximately $0.3 million in 2004 and $0.2 million in 2005 in order to maintain minimum funding levels. No minimum pension liability was required to be recorded as of December 31, 2003.

Q. WILL REQUIRING EDE TO BASE ITS PENSION COST ON ERISA MINIMUM FUNDING PUT IT ON A FOOTING EQUAL TO THE WAY THE FUNDING OF ITS OTHER POSTRETIRMENT BENEFIT COSTS MUST BE RECOVERED?

A. Yes, it will. The Commission is required by a 1994 Missouri law, Section 386.315 RSMo. 2000, to allow rate recovery of other postretirement benefit costs calculated per the requirements of FASB Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions ("SFAS 106"). The Missouri statute requires that the Commission adopt the SFAS 106 method for ratemaking purposes provided that the assumptions used by the utility are considered reasonable, **and the amounts collected in rates are placed in an external fund.**

Q. WHY NOT ALLOW THE COMPANY TO COLLECT PENSION COSTS AS DETERMINED ACCORDING TO SFAS 87, AND THEN REQUIRE IT TO CONTRIBUTE THE TOTAL REVENUES COLLECTED TO THE FUNDING OF THE PENSION PLAN?

A. The simple answer is that there is no law, excepting ERISA, that requires the Company to actually fund its pension plan. ERISA sets the levels of pension funding that are subject to tax deductibility, and absent that associated economic incentive, utilities have no need or requirement to fund the pension plan with the excess revenues that would be collected if SFAS 87 costs were authorized in rates. In fact, excess contributions create an economic disincentive to the utility due to the fact that such contributions (i.e., the revenues to provide them) would be fully taxable under current tax law.

Q. SHOULD THE COMPANY ALSO BE ALLOWED TO INCLUDE IN RATE BASE THE UNAMORTIZED PREPAID PENSION ASSET THAT WAS AGREED TO IN ITS LAST RATE CASE?

A. Yes. In the Commission's Report and Order for EDE, Case No. ER-2002-424, page 5, it states,

> The parties agree that the Prepaid Pension Asset, resulting from the use of FAS 87 in determining pension cost for ratemaking purposes in prior cases, will be amortized over a seven-year period. The unamortized balance of $12,925,650 as of the date of the Agreement will be included in rate base for ratemaking purposes during the seven-year amortization period.

Q. WHAT IS A PREPAID PENSION ASSET?

A. A prepaid pension asset is established when the cash contributions to the pension fund exceed the pension cost recorded on the income statement under SFAS 87. The prepaid pension asset is increased in years when the cash contributions to the fund exceed the SFAS 87 expense on the income statement and is reduced in years when the pension cost under SFAS 87 exceeds the cash contribution to the pension fund.

Q. HOW WAS EDE'S PREPAID PENSION ASSET DETERMINED?

A. In EDE's case, the Company originally booked a prepaid pension asset that represented the accumulated difference between SFAS 87 pension costs and the actual cash contributions made by EDE to the pension fund since 1987, when Company adopted SFAS 87 for financial reporting purposes. However, SFAS 87 was not used for ratemaking purposes for Empire prior to August 15, 1994. The prepaid pension asset I recommend be included in rate base should be the unamortized portion of the accumulated difference between SFAS 87 pension costs and the cash contributions to the pension plan for the period August 15, 1994 forward.

Q. WHAT IS THE CURRENT VALUE OF THE UNAMORTIZED PREPAID PENSION ASSET TO INCLUDE IN RATE BASE?

A. Attached to this direct testimony as Schedule TJR-2 is a calculation that I have developed based on information provided to me by EDE. The calculation shows the balance of the prepaid pension asset at June 30, 2004 approximates $15,610,732.

Q. SHOULD THE UNAMORTIZED PREPAID PENSION BALANCE BE INCLUDED AS AN ADDITION TO RATE BASE FOR RATEMAKING?

A. Yes.

Q. SHOULD THERE BE A DEFERRED INCOME TAX OFFSET ADJUSTMENT ASSOCIATED WITH THE PREPAID PENSION BALANCE IN RATE BASE?

A. Yes. As shown on Schedule TJR-2, I have calculated an approximation of the deferred income tax offset to include in rate base. Its balance as of June 30, 2004 is $5,932,078.

Q. SHOULD AN AMORTIZATION OF THE PREPAID PENSION BALANCE BE INCLUDED IN THE RATEMAKING DETERMINATION?

A. Yes. According to the Report & Order in EDE Case No. ER-2002-424, the amortization period is seven years beginning on the effective date of the tariffs. Thus, the electric operations portion of one-seventh of the unamortized prepaid pension balance on that date should be included as a pension cost in rates. As shown on Schedule TJR-2, I have calculated the adjustments Public Counsel believes appropriate to implement the income statement and plant treatment for the amortization of the prepaid pension asset according to the aforementioned case. The adjustments I propose are ($327,430) and ($104,090), respectively.

Q. ARE THE PENSION COST ADJUSTMENTS YOUR PROPOSING FOR THIS ISSUE SUBJECT TO REVISION?

A. Yes. As I write this testimony, Public Counsel has data requests outstanding that seek to clarify several issues associated with the prepaid pension balance and its amortization. Company's responses to the data requests could result in modification to the proposed adjustment amounts, however, I believe any likely changes would be relatively minor. I will inform the Commission in rebuttal testimony of any necessary revisions should they occur.

Q. PLEASE SUMMARIZE THE PUBLIC COUNSEL'S POSITION ON THIS ISSUE?

A. Public Counsel's recommendations are that the Company's annual pension cost level should be based on a minimum ERISA funding level of zero. Since no

ERISA funding occurred in calendar year 2003, and none is expected going forward, EDE's cost of service for ratemaking purposes should exclude all pension costs booked as an expense and/or capital cost. It is inappropriate for ratepayers to be required to reimburse the Company for pension costs, either expensed or capitalized, that it does not actually fund.

In addition, EDE should be allowed to include in its regulatory rate base, and earn a return on, the balance of the unamortized prepaid pension asset authorized by the Commission in its last general rate increase case. Furthermore, an annual amortization amount equal to one-seventh of the unamortized balance of the electric operation share of the prepaid pension should also be included in the cost of service for ratemaking purposes. Public Counsel's adjustments to achieve what we believe to be the appropriate ratemaking treatment of the prepaid pension asset costs are shown on Schedule TJR-2 attached to this direct testimony.

PATCH CONSTRUCTION COSTS

Q. WHAT IS THE ISSUE?

A. The issue concerns whether EDE has overstated its plant in service and expense levels for costs associated with a construction contract it entered into with the Patch Construction Company ("Patch").

Q. PLEASE EXPLAIN YOUR POSITION.

A. EDE hired Patch to perform work on its Energy Center 3 & 4 project, however, the costs incurred for the project exceeded or overran what Patch bid for the project, plus approved change orders. It's my understanding that Patch was liable for the payment of the overrun costs, but was experiencing financial difficulties and subsequently filed for bankruptcy protection. Because Patch did not reimburse EDE for the payment of the overrun costs, EDE sued Patch and won a Judgment award of $3 million plus $25,000 court fees.

Q. WHAT WERE THE TOTAL OVERRUN COSTS?

A. According to the Company's response to MPSC Staff Data Request No. 426, the total overrun for which Patch was liable approximated $3,648,717.

Q. IS IT YOUR UNDERSTANDING THAT THE PLANT ASSOCIATED WITH THE COST OVERRUN IS INCLUDED IN THE COMPANY'S PROPOSED RATE BASE?

A. Yes, based on conversations I've had with Company personnel, that is my understanding.

Q. SHOULD RATEPAYERS BE REQUIRED TO PROVIDE EDE WITH A RETURN ON AND A RETURN OF (e. g., DEPRECIATION EXPENSES) THE PLANT ASSOCIATED WITH THE COST OVERRUN?

A. No. The costs associated with the overrun plant should be disallowed for several reasons. For example, I believe that EDE should not have hired Patch Construction Company for such a large expensive project absent a requirement that the construction company be "bonded" and/or acquiring insurance for non-performance of the contract by the supplier. Further, I believe that it is the responsibility of EDE's management to ensure that the contractors it hires for its various construction projects are capable of meeting their contractual requirements per the bids accepted. Lastly, the EDE judgment against Patch and its principals indicate that the EDE may be reimbursed for a portion of the cost overrun plus expenses.

Q. IS THE PUBLIC COUNSEL AWARE OF ANY INSURANCE PROCEEDS FORTHCOMING TO EDE RELATING TO THIS ISSUE?

A. Not at this time, however, Public Counsel has sent the Company a data request seeking additional information regarding actual and expected reimbursement of the cost overruns by entities other than Patch. Once that data is provided to me, I will analyze the response, and update the Commission in rebuttal testimony, as appropriate.

Q. PLEASE SUMMARIZE THE PUBLIC COUNSEL'S POSITION ON THIS ISSUE.

A. EDE's plant in service should be reduced for the cost overrun of $3,648,717. Furthermore, there should be a reduction in its cost of service expense level for any other booked costs (e.g., attorney and courts costs) associated with the lawsuit against Patch for non-performance.

Q. DOES PUBLIC COUNSEL KNOW THE VALUE OF THE EXPENSES IT RECOMMENDS DISALLOWANCE?

A. Not at this time, however, Public Counsel has sent the Company a data request seeking additional information regarding the amount of those costs. Once that data is provided, I will analyze the response, and update the Commission in rebuttal testimony, as appropriate.

TORNADO/STORM DAMAGE COSTS

Q. WHAT IS THE ISSUE?

A. The issue concerns whether EDE has overstated its plant in service for costs associated with severe tornado super cell damage that occurred in its service area on or about Sunday, May 4, 2003.

Q. PLEASE EXPLAIN.

A. Company's response to Public Counsel Data Request No. 1037 states that it incurred the following costs relating to tornado/storm damages in its total service area during calendar year 2003, and January through June 2004,

	2003	2004
Construction	$7,155,963	$686,940
Retirement	$ 806,205	($736,238)
Maintenance	$ 379,504	$112,982

It is my belief that the majority of the costs shown above are directly related to the tornado that occurred on or about May of 2003, and that those damages are subject to some insurance reimbursement.

Q. HAS THE COMPANY COLLECTED ANY INSURANCE REIMBURSEMENT RELATING TO THE TORNADO DAMAGES?

A. Yes. Company's response to Public Counsel Data Request No. 1069 states that the expenses/claims provided to its insurance adjustor consisted of $3,077,514.39, and that it had already collected reimbursement for $1,100,000 of that amount.

Q. DOES THE CREDIT BALANCE SHOWN IN THE 2004 RETIREMENT COLUMUN SHOWN ABOVE ACCOUNT FOR THE INSURANCE REIMBURSEMENT ALREADY RECEIVED?

A. Yes.

Q. DOES EDE EXPECT TO COLLECT ADDITIONAL INSURANCE REIMBURSEMENT?

A. Yes. Company's response to Public Counsel Data Request No. 1069 states,

> As of August 27, 2004 when we sent our latest update to the insurance claim adjustor we had incurred expenses of $3,077,514.39. We have already received $1,100,000 in advance payment from the insurers and we had a $500,000 deductible leaving the remaining payment to be recovered at $1,477,514.39. We still have a few invoices to be paid totaling around $17,000, but we expect to have this claim finalized in the fourth quarter of 2004.

Q. WHAT ADJUSTMENT IS THE PUBLIC COUNSEL PROPOSING?

A. It is my recommendation that the Company's plant in service be reduced further for the expected insurance reimbursement of $1,477,514.

Q. IS YOUR PROPOSED ADJUSTMENT SUBJECT TO REVISION?

A. Yes. I am concerned that the insurance claim amount identified in Company's response to Public Counsel Data Request No. 1069 is significantly below the amount of the actual cost of damages described in EDE's response to Public Counsel Data Request No. 1037. In order to clarify the discrepancy, I have sent the Company a data request for additional information. Once that data is provided to me, I will analyze the response, and update the Commission in rebuttal testimony, as appropriate.

Q. PLEASE SUMMARIZE THE PUBLIC COUNSEL'S POSITION ON THIS ISSUE.

A. EDE's plant in service pertaining to tornado/storm damages capitalized should be reduced for any actual and expected insurance reimbursements. Company expects an additional $1,477,514 of insurance recovery relating to the storm damages thus, Public Counsel recommends that as the amount of the adjustment to EDE's plant in service for ratemaking purposes.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

CASE PARTICIPATION
OF
TED ROBERTSON

Company Name	Case No.
Missouri Public Service Company	GR-90-198
United Telephone Company of Missouri	TR-90-273
Choctaw Telephone Company	TR-91-86
Missouri Cities Water Company	WR-91-172
United Cities Gas Company	GR-91-249
St. Louis County Water Company	WR-91-361
Missouri Cities Water Company	WR-92-207
Imperial Utility Corporation	SR-92-290
Expanded Calling Scopes	TO-92-306
United Cities Gas Company	GR-93-47
Missouri Public Service Company	GR-93-172
Southwestern Bell Telephone Company	TO-93-192
Missouri-American Water Company	WR-93-212
Southwestern Bell Telephone Company	TC-93-224
Imperial Utility Corporation	SR-94-16
St. Joseph Light & Power Company	ER-94-163
Raytown Water Company	WR-94-211
Capital City Water Company	WR-94-297
Raytown Water Company	WR-94-300
St. Louis County Water Company	WR-95-145
United Cities Gas Company	GR-95-160
Missouri-American Water Company	WR-95-205
Laclede Gas Company	GR-96-193
Imperial Utility Corporation	SC-96-427
Missouri Gas Energy	GR-96-285
Union Electric Company	EO-96-14
Union Electric Company	EM-96-149
Missouri-American Water Company	WR-97-237
St. Louis County Water Company	WR-97-382
Union Electric Company	GR-97-393
Missouri Gas Energy	GR-98-140
Laclede Gas Company	GR-98-374
United Water Missouri Inc.	WR-99-326
Laclede Gas Company	GR-99-315
Missouri Gas Energy	GO-99-258
Missouri-American Water Company	WM-2000-222
Atmos Energy Corporation	WM-2000-312
UtiliCorp/St. Joseph Merger	EM-2000-292
UtiliCorp/Empire Merger	EM-2000-369
Union Electric Company	GR-2000-512
St. Louis County Water Company	WR-2000-844
Missouri Gas Energy	GR-2001-292
UtiliCorp United, Inc.	ER-2001-672
Union Electric Company	EC-2002-1
Empire District Electric Company	ER-2002-424

CASE PARTICIPATION
OF
TED ROBERTSON

Company Name	Case No.
Missouri Gas Energy	GM-2003-0238
Aquila Inc.	EF-2003-0465
Aquila Inc.	ER-2004-0034
Empire District Electric Company	ER-2004-0570

Empire District Electric Company
Case No. ER-2004-0570
SFAS 87 Pension

Prepaid Pension Rate Base Adjustment:

Balance 11/30/2002 Acct. 186.970	$19,919,855.33	MPSC DR No. 357 and ER-2002-424 R&O Effective 11/24/02
Adjustment	$594,313.00	1994 Balance Per MPSC Staff Work Paper ER-2002-424
Adjusted Balance	$20,514,168.33	
Amortization Period Months	84	ER-2002-424 R&O Effective 11/24/02
Annual Amortization	$2,930,595.48	ER-2002-424 R&O Effective 11/24/02
Monthly Amortization	$244,216.29	
Amortization 12/02 - 6/04	$4,640,109.50	Months = 19
Balance Calculated 6/30/04	$15,874,058.83	
Electric Ratio 12 Mths Ended June 04	98.34%	
Electric Prepaid Pension Asset	**$15,610,732.22**	**Rate Base Adj. No. 1**
Deferred Income Tax Approximation @ 38%	**$5,932,078.24**	**Rate Base Adj. No. 2**

Prepaid Pension Amortization Adjustment:

	Actual 12 Mths 6/04	%	Calculated	Adjustments	
Annual Amortization Acct. 186.970	$3,369,394.47		$2,930,595.48	($438,799.00)	
Electric Expense Account 926.148 *	2,514,231.96	74.62%	2,186,801.47	**($327,430.49)**	**Income Statement Adj. No. 1**
Electric Capital Account 184.413**	799,269.36	23.72%	695,179.86	**($104,089.50)**	**Plant Adj. No. 1**
Other Water and Non-Reg. Accts.	$55,893.15	1.66%	48,614.14	($7,279.01)	
	$3,369,394.47	1	$2,930,595.48	($438,799.00)	

* % Source: G/L 12 Mths Ended June 2004

** Electric Capital Account 184.413 Calc.

Jul 03 - Dec 03	$437,544.48	MPSC DR No. 360 701-184413	
Jan 04 - Jun 04	361,724.88	G/L 2004	
Total	$799,269.36		23.72%