Exhibit No.: Issues: Witness: Sponsoring Party: Type of Exhibit: Case No.: Date Testimony Prepared:

True-Up Rate Design James A. Busch MO PSC Staff True-up Direct Testimony ER-2006-0315 September 27, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

FILED NOV 2 8 2006

Missouri Public Service Commission

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TRUE-UP DIRECT TESTIMONY

OF

JAMES A. BUSCH

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2006-0315

Jefferson City, Missouri September 2006

Case No(s). Date 1.70

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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 $\frac{1}{2}$ day of September, 2006.

Hake



DAWN L. HAKE Notary P My Commission Expires March 16, 2009 Cole County Commission #95497843

My commission expires

| 1 | | TRUE-UP DIRECT TESTIMONY |
|----------|-----------------|--|
| 2 3 | | OF |
| 4 5 | | JAMES A. BUSCH |
| 6 7 | | THE EMPIRE DISTRICT ELECTRIC COMPANY |
| 8 9 | | CASE NO. ER-2006-0315 |
| 10 11 | | |
| 12 13 | Q. | Please state your name and business address. |
| 14 15 | A. | My name is James A. Busch and my business address is P. O. Box 360, |
| 16 | | , Missouri 65102. |
| | • | |
| 17 | Q. | Are you the same James A. Busch that testified earlier in this case? |
| 18 | А. | Yes I am. |
| 19 | Q. | What is the purpose of this true-up direct testimony? |
| 20 | А. | I present Staff's updated rate design schedules. The Staff originally presented |
| 21 | its rate design | schedules in Schedules DCR-1 to DCR-4 attached to the direct testimony of |
| 22 | Staff witness | David C. Roos. The accounting data Staff used to create Schedules DCR-1 to |
| 23 | DCR-4 has c | hanged as a result of the true-up; therefore, I am updating the rate design |
| 24 | schedules to | reflect the impacts of the changed accounting data. The changes to the |
| 25 | accounting da | ta due to the true-up are being presented in the true-up direct testimony of Staff |
| 26 | witness Mark | Oligschlaeger. |
| 27 | Q. | Has Staff changed its rate design methodology? |
| 28 | А. | No. |
| 29 | Q. | Is there a Stipulation and Agreement concerning rate design in this |
| 30 | proceeding? | |
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True-up Direct Testimony of James A. Busch

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| 1 | A. Yes. On September 13, 2006, Staff, the Office of the Public Counsel, Praxair, |
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| 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 |

True-up Direct Testimony of James A. Busch

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

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

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

Does this conclude your true-up testimony?

A. Yes.

Q.

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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 | Current | Class Share of \$ from | "Target" | Revenue | Percent |
|--------------------------------|---------------|------------------------|---------------|----------------|------------|
| MO Rate Schedule | Revenue | Permanent Rates | Revenue | Difference | Difference |
| RG- Residential | \$130,084,283 | 45.48% | \$123,144,477 | (\$6,939,806) | -5.339 |
| 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) | -5.339 |
| PFM- Feed Mill/ Grain Elev | \$56,694 | 0.02% | \$53,669 | (\$3,025) | -5.339 |
| MS- Traffic Signals | \$57,566 | 0.02% | \$54,495 | (\$3,071) | -5.339 |
| 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) | -5.339 |
| 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 | |
| Fotal 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

| | | Percent Change to | |
|---------------------------|-------------------|-------------------|----------------|
| | Current Rates | 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 |

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[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

| | Percent Change to | | | | | |
|---------------------------|-------------------|---------------|----------------|--|--|--|
| | Current Rates | 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

| | Percent Change to | | | | | |
|---------------------------|-------------------|---------------|------------------|--|--|--|
| | Current Rates | 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).

Schedule DCR-2-1(True-Up)

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

CLASS: TEB - TOTAL ELECTRIC BUILDING

| | | Percent Change to | |
|---------------------------|---------------|-------------------|----------------|
| | Current Rates | 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 |

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[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

| | Percent Change to | | | | | |
|-------------------------------------|----------------------------|---------------|----------------|--|--|--|
| | Current Rates | 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 | | | |
| Ali Add'i ƙWh Winter | \$0.03940 | -4.04% | \$0.03714 | | | |
| First 150HU | \$0.04080 | -4.04% | \$0.03846 | | | |
| Next 200HU | \$0.03940 | -4.04% | \$0.03714 | | | |
| All Add'I kWh | \$0.03840 | -4.04% | \$0.03620 | | | |
| Interim Energy Charge | \$ 0. 002 13 | 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

| | Percent Change to | | | | | | |
|------------------------------|-------------------|---------------|----------------|--|--|--|--|
| | Current Rates | 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'i 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% | | | | | |

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[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-2008-0315 "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 | Current | IEC Revenue | Total | Class Share of | "Target" | Revenue | Percent |
|--|---------------|---------------|---------------|----------------|---------------|-------------|------------|
| MO Rata Schedules | Revenue | by Class | Revenue | Total Revenue | Revenue | Difference | 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% |
| | \$3,365,197 | 34,206.89 | \$3,399,404 | 1.15% | \$3,481,499 | \$82,095 | 2.41% |
| PL- Private Lighting | \$161,508 | 3,230,41 | \$164,738 | 0.06% | \$168,717 | \$3,978 | 2.41% |
| LS- Special Lighting 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 | |

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

CLASS: RG - RESIDENTIAL

| Customer Charge | Current Rates \$10.35 | Effect to Rates of IEC Termination | Rates Equivalent to Current Rates [1] \$10.35 | Percent Change to Equivalent Rates 0.00% | Final Rates [2] \$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.

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[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

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

| Customer Charge | Current Rates \$14.60 | Effect to Rates of IEC Termination | Rates Equivalent to Current Rates [1] \$14.60 | Percent Change to Equivalent Rates 0.00% | Final Rates [2] \$14.60 |
|---|--------------------------|---------------------------------------|---|--|----------------------------|
| Permanent Energy Charges: Summer Winter | \$0.08670 | \$0.00213 | \$ 0.08883 | 2.80% | \$0.09114 |
| First 700 kWh Over 700 kWh | \$0.08670 \$0.05040 | \$0.00213 \$0.00213 | \$0.08883 \$0.05253 | 2.60% 2.60% | \$0.09114 \$0.05390 |
| Interim Energy Charge | \$0.00213 | (\$0.00213) | \$0.0000 | | |

[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

| Customer Charge | Current Rates \$49.61 | Effect to Rates of IEC Termination | Rates Equivalent to Current Rates [1] \$49.61 | Percent Change to Equivalent Rates 0.00% | Final Rates [2] \$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'i kWh Winter | \$0.04630 | \$0.00213 | \$0.04843 | 7.59% | \$0.05211 |
| 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.

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[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

| Customer Charge | Current Rates \$49.61 | Effect to Rates of IEC Termination \$0.00 | Rates Equivalent to Current Rates [1] \$49.61 | Percent Change to Equivalent Rates 0.00% | Final Rates [2] \$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 | 2.48% | \$0.04706 |
| All Add'l kWh Winter | \$0.03940 | \$0.00213 | \$0.04153 | 2.46% | \$0.04255 |
| 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'i 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

| Customer Charge | Current Rates \$183.44 | Effect to Rates of IEC Termination 0 | Rates Equivalent to Current Rates [1] \$183.44 | Percent Change to Equivalent Rates | Final Rates [2] |
|-------------------------------------|---------------------------|--|--|---------------------------------------|-----------------|
| 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'i 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'i 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.

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[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 | Ť |
| 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 |
| UĖ | \$79.75 | \$47.90 | \$58.52 | 7 |

Ranked by Average Summer Monthly Bill

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| 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 |
| Aquita 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.