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Service Commission

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Issues: Fuel Expense, Off-System Sales,
Fuel Stock Inventory

Witness: Janis E. Fischer

Sponsoring Party: MoPSC Staff

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Case No.: ER-2006-0315

Date Testimony Prepared: June 23, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

JANIS E. FISCHER

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2006-0315

Jefferson City, Missouri
June 2006

**** Denotes Highly Confidential Information ****

NP

STAFF Exhibit No. 39
Case No(s) ER-2006-0315
Date 9-05-06 Rptr RF

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of The Empire District Company of)
Joplin, Missouri for authority to file tariffs)
increasing rates for electric service provided to)
customers in Missouri service area of the Company.)

Case No. ER-2006-0315

AFFIDAVIT OF JANIS E. FISCHER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

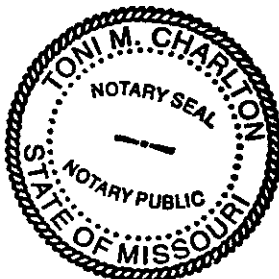
Janis E. Fischer, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 31 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.



Janis E. Fischer

Subscribed and sworn to before me this, 27th day of June 2006.





TONI M. CHARLTON
Notary Public - State of Missouri
My Commission Expires December 28, 2008
Cole County
Commission #04474301

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JANIS E. FISCHER
THE EMPIRE DISTRICT ELECTRIC COMPANY
CASE NO. ER-2006-0315

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1 **DIRECT TESTIMONY**

2 **OF**

3 **JANIS E. FISCHER**

4 **THE EMPIRE DISTRICT ELECTRIC COMPANY**

5 **CASE NO. ER-2006-0315**

6 Q. Please state your name and business address.

7 A. Janis E. Fischer, Governor Office Building, P. O. Box 360, Jefferson City,
8 Missouri 65102.

9 Q. By whom are you employed and in what capacity?

10 A. I am a Regulatory Auditor with the Missouri Public Service Commission
11 (Commission or PSC).

12 **Background of Witness**

13 Q. Please describe your educational background.

14 A. I graduated from Peru State College, Peru, Nebraska, and received a
15 Bachelor of Science degree in Education (Basic Business) and Business Administration.
16 In May 1985, I completed course work and earned a Bachelor of Science degree in
17 Accounting. I passed the Uniform Certified Public Accountant examination in May 1994
18 and received my license to practice in March 1997.

19 Q. Please describe your work background.

20 A. Prior to my employment at the Commission, I worked for more than six
21 years as the office and accounting supervisor for the Falls City, Nebraska Utilities
22 Department (Utilities Department). While with the Utilities Department, I completed
23 water and electric rate reviews, developed procedures for PCB monitoring and disposal,
24 implemented a program to verify the accuracy of remote water meters, supervised office

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1 staff and handled customer complaints. I assisted with the acquisition of Falls City's
2 natural gas distribution system from Kansas Power and Light Company by compiling
3 asset records, nominating gas supplies for the municipal power plant and monitoring gas
4 transportation customer loads. I was appointed by the Board of Public Works to the
5 Nebraska Public Gas Agency (NPGA) Board and later elected Vice Chairperson of the
6 Board. NPGA is comprised of members from municipal natural gas systems who
7 collectively purchase natural gas and acquire natural gas wells to supply gas to municipal
8 gas systems and power plants at reduced costs.

9 I also was employed as a staff accountant with the accounting firm of
10 Cuneo, Lawson, Shay and Staley, PC, in Kansas City, Missouri, for approximately two
11 years. Prior to that, I worked in the business office of the Falls City Community Hospital
12 and as the accountant for the Sac and Fox Tribe of Missouri.

13 Q. What has been the nature of your duties while employed by the
14 Commission?

15 A. Since I began employment with the Commission in 1996, I have directed
16 and assisted with various audits and examinations of the books and records of public
17 utilities operating within the state of Missouri under the jurisdiction of the Commission.
18 I assumed my present position of Regulatory Auditor IV in December 2001.

19 Q. Have you previously filed testimony before this Commission?

20 A. Yes. Please refer to Schedule 1, attached to this direct testimony, for a list
21 of the major audits and issues on which I have assisted and filed testimony.

Purpose of Testimony

Q. With reference to Case No. ER-2006-0315, have you examined and studied the books and records of The Empire District Electric Company (Empire or Company) relevant to the filing in this case?

A. Yes, with the assistance of other members of the Commission Staff (Staff). I have examined the cost of service to Empire electric customers through analysis and review of Empire's filing, Staff data request responses, Security Exchange Commission (SEC) filings, documents available to the Staff through prior Empire case filings and prior Commission case workpapers of the Auditing Department Staff.

Q. Did you supervise the examination and analysis of the books and records of the Company in regard to matters relevant to this case?

A. Yes. As an Auditor IV and Lead Auditor in this case, I supervised the examination and analysis of the books and records of Empire completed by the other Auditing Department Staff assigned to this case. Please refer to the testimony of Auditing Department witnesses Kofi Agyenim Boateng, Dana E. Eaves, Paul R. Harrison, Amanda C. McMellen and Paula Mapeka for a complete listing of the issues filed in this case for which I had supervisory responsibility. The supervision included attendance at meetings related to case issues. Numerous meetings were held between the Staff and Company employees to gain additional information relevant to Empire's filing in this case and Empire responses to Staff data requests. I assisted Auditing Department witnesses during fieldwork at Empire by providing additional issue support based on my knowledge and experience with the Staff's positions.

Q. What matters will you address in your testimony?

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1 A. I will discuss the Staff's methodology for determining fuel and
2 purchased power expense in the context of this case. I will also discuss Empire's current
3 Interim Energy Charge (IEC) that was stipulated and approved by the Commission in
4 ER-2004-0570 and the various IECs that have been implemented by Missouri utility
5 companies during recent years. In addition, I will discuss fuel inventory levels, including
6 gas stored underground. I will also explain the Staff's position with regard to the
7 appropriate level of off-system sales to be included in revenues.

8 Q. What knowledge, skill, experience, training or education do you have in
9 these matters?

10 A. I have reviewed testimony previously filed before this Commission and
11 Report and Orders from past cases regarding IECs and fuel costs as well as other topics
12 discussed in this testimony. In addition to my work experience at the Commission,
13 I have attended numerous regulatory conferences and in house training sessions,
14 reviewed various journals and trade articles and had many interactions with members of
15 the utility regulatory profession.

16 While working with the Utilities Department I reviewed electric
17 generation reports, conversed regularly with power plant operators, and nominated and
18 purchased natural gas from gas marketers for the power plant combustion turbines based
19 upon projected monthly generation.

20 Q. With reference to Case No. ER-2006-0315, what is the purpose of this
21 direct testimony?

22 A. The purpose of this direct testimony is to explain and sponsor the
23 following adjustments which appear on Accounting Schedule 10, Adjustments to Income
24 Statement:

1	Production-Fuel Annualization	S-7.3 and S-28.2
2	Purchased Power Energy Annualization	S-36.2
3	Purchased Power Demand Charge Annualization	S-36.1
4	Off-System Sales	S-3.1

5 Additionally, I am sponsoring Accounting Schedule 1, Accounting Schedule 9
6 and Accounting Schedule 10, which are Revenue Requirement, Income Statement and
7 Adjustment to Income Statement, respectively, contained in Staff's Accounting
8 Schedules.

9 **EXECUTIVE SUMMARY**

10 Q. Please summarize the testimony you have prepared for direct filing in this
11 case.

12 A. My testimony explains the Staff's adjustments to the test year fuel expense
13 and fuel stock inventory levels resulting from the generation or purchase of electric
14 power to serve Empire's customers. In more specific terms, this testimony addresses:

- 15 • Variable fuel costs associated with the generation of electricity at Empire's coal
16 and natural gas fired plants were calculated based upon an analysis of actual costs
17 for each fuel type. This information is input into the Staff's RealTime®
18 production cost model (fuel model).
- 19 • Demand charges associated with capacity contracts were annualized/normalized
20 and added to the results of the Staff's fuel model.
- 21 • Other fixed costs associated with natural gas transportation, capacity release, gas
22 sales and undistributed and other costs were also annualized/normalized and
23 added to the results of the Staff's fuel model.

- 1 • The annualization/normalization of off-system sales that were added to the results
- 2 of the Staff's fuel model.
- 3 • Fuel stock inventories included as rate base components.

4 **TEST YEAR, UPDATE AND TRUE-UP PERIODS**

5 Q. What test year and update period is the Staff using in this case?

6 A. The Commission issued an Order Concerning Test Year and True-up and
7 Adopting Procedural Schedule on April 11, 2006, approving the use of the twelve months
8 January 1, 2005, through December 31, 2005, as the test year for this case. The
9 Commission also approved updates for known and measurable changes through
10 March 31, 2006 and a true-up through June 30, 2006 for a specific list of rate base and
11 income statement items and rate of return/capital structure.

12 Q. Please describe what a test year is and how it is used.

13 A. The test year is a twelve-month period used to determine the cost of
14 providing service. The test year is the basis for the audit of a general rate increase filing
15 or an earnings/revenues investigation. This period serves as the starting point for review
16 and analysis of the utility's operations in determining the reasonableness and
17 appropriateness of the utility's rates and rate levels. The test year financial statements
18 form the basis for any adjustments necessary to remove abnormalities that have occurred
19 during the period and to reflect any increase or decrease to the accounts of the utility.
20 Adjustments are made to the test year levels of revenue, expense and investment to
21 determine the proper cost of service and level of investment on which the utility is
22 allowed to earn a return. A recommended rate of return range is determined for the
23 utility, and a review of existing rates is made to determine if any additional revenues are
24 necessary or if existing revenues are excessive. If the Staff determines that the utility's

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1 earnings/revenues are deficient, it may make a recommendation that rates need to be
2 increased. If existing rates generate earnings/revenues in excess of what are deemed to
3 be just and reasonable levels, this may indicate the need for rate reductions. The test year
4 is the vehicle used to evaluate and determine the proper relationship among revenue,
5 expense and investment. This relationship is essential to determine the appropriate level
6 of earnings/revenues for the utility for the setting of just and reasonable rates, which will
7 permit the utility to provide safe and adequate service.

8 Q. When is the use of an update period appropriate?

9 A. The use of an update period is advisable in most circumstances to allow a
10 test year to remain current; i.e., to continue to reflect a proper matching of revenue,
11 expense and investment items. An update period beyond the test year allows for the
12 inclusion of material changes in items that are known and measurable. Such items could
13 include plant additions and retirements, pay increases, customer growth, changes in fuel
14 prices, etc. The Staff has proposed a number of adjustments to reflect Empire's electric
15 revenues and expenses as of March 31, 2006.

16 Q. What specific items will be included in the true-up audit for this case?

17 A. The Commission approved a true-up of the following items through
18 June 30, 2006:

19 Q. Please explain the difference between an update and a true-up.

20 A. An update period covers a time period immediately following the test
21 year. This test year as updated, or the updated test year, includes material changes to the
22 Staff's case through a date near the conclusion of the Staff's field audit. In contrast, a
23 true-up of a test year requires a re-audit, if not of the entire case, of most ratemaking
24 items (including all significant items) through a specific time period following the Staff's

1 direct filing date. The true-up addresses all material items to ensure that the proper
2 relationship of rate base, expenses and revenues is maintained.

3 Q. Please describe Income Statement adjustments S-3.1, S-7.3, S-28.2, S-36.1
4 and S-36.2.

5 A. These items reflect the Staff's fuel and purchased power expense
6 adjustments to the test year, as well as the revenue impact of off-system sales. I will
7 provide a more detailed discussion of these adjustments later in my direct testimony.

8 **ACCOUNTING SCHEDULES**

9 Q. Please discuss the Accounting Schedules you are sponsoring.

10 A. Accounting Schedule 1, Revenue Requirement, is the Staff's calculation
11 of the Revenue Requirement based on the rates of return sponsored by Staff witness
12 David Murray of the Financial Analysis Department.

13 Accounting Schedule 9 is the Income Statement for the test year ending
14 December 31, 2005, updated through March 31, 2006. It depicts the test year total
15 electric income statement as recorded for the test year (Column B), the Staff's adjustments
16 to Total Company (Column C) and Missouri Jurisdictional operations (Column E) and
17 the Missouri jurisdictional adjusted income statement (Column G). The Total Company
18 test year amounts in Column (B) and the Total Company adjustment in Column (C) were
19 allocated to Missouri based on the allocation factors listed in Column (D). The Total
20 Company test year and adjustment amounts, as allocated, were added to the Missouri
21 jurisdictional adjustments to determine the Missouri Adjusted Jurisdictional income
22 statement in Column (G).

1 Each adjustment reflected on Accounting Schedule 9 in columns (C) and (E) is a
2 summary of the individual adjustments proposed by the Staff itemized on Accounting
3 Schedule 10, Adjustments to Income Statement.

4 **HISTORICAL PERSPECTIVE OF IECS**

5 Q. Please provide a general explanation of the interim energy charge (IEC)
6 mechanism that has been utilized in the State of Missouri.

7 A. The IEC utilized in the State of Missouri is a mechanism that allows a
8 range of fuel and purchased power prices to be used in determining an interim rate for
9 variable fuel and purchased power, that is subject to refund with interest after a true-up
10 audit. The IEC represents the amount of variable fuel and purchased power above the
11 amount that is built into permanent rates. A base amount of variable fuel and purchased
12 power costs establishes the IEC "floor" and is included in permanent rates. An additional
13 estimated amount of variable fuel and purchased power costs establishes the IEC
14 "ceiling." The difference between the "floor" and the "ceiling" is the IEC, and is set as
15 an interim rate subject to refund. The fixed cost portion of fuel and purchased power
16 expense is a component of the permanent rates and is not subject to true-up or refund.

17 Q. How does an IEC work?

18 A. The interim charge is generally in effect for a period of time beginning
19 with the effective date of the rates as determined by the Commission in a rate case. At
20 the conclusion of the IEC period, a true-up audit would be performed to identify the
21 actual prudently incurred variable fuel and purchased power costs to determine if the
22 utility over- or under-collected amounts during this period. If the utility over-collected its
23 actual prudently incurred variable cost for fuel and purchase power, then it would refund,
24 with interest, the amount of such over-collection, up to the entire interim amount

1 collected from its customers. Conversely, if the utility under-collected prudently incurred
2 variable costs associated with fuel and purchased power, the utility would not have to
3 refund any amounts to customers; rather, the utility would absorb the under-collected
4 amount, above the ceiling. If a utility can keep its fuel and purchased power costs below
5 the base, or permanent level, the utility will retain those collected revenues for its
6 shareholders.

7 Q. Please describe the IEC mechanisms that the Commission has approved
8 for Empire.

9 A. Empire has twice had a Commission approved IEC mechanism. The
10 first IEC was approved by the Commission in 2001 (Case No. ER-2001-299) and the
11 second IEC was approved by the Commission in Case No. ER-2004-0570. In Case No.
12 ER-2001-299, Empire received an amount in excess of \$19 million for the IEC. The first
13 IEC included all fuel and purchased power costs, both variable and fixed. The last IEC
14 included only variable fuel and purchased power costs.

15 Q. What was one of the main factors that necessitated the use and
16 Commission approval of an IEC mechanism for Empire in Case Nos. ER-2001-299 and
17 ER-2004-0570?

18 A. The IECs were approved and used during a time when natural gas and
19 purchased power prices were higher than previously seen "normals". The natural gas
20 market was in a state of upheaval during the summer of 2000 through the winter of
21 2000/2001, culminating in a then record high natural gas price on the NYMEX (New
22 York Mercantile Exchange) of \$9.98 per MMBtu for January 2001. Utilities experienced
23 high natural gas and purchased power prices during that time period. Higher than
24 "normal" natural gas and purchased power prices were also present during the calendar

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1 year 2003 test year and the six months ending June 30, 2004 update period of the last
2 Empire rate case, No. ER-2004-0570.

3 Q. What was the result of Empire's first IEC mechanism?

4 A. In Case No. ER-2002-424, Empire refunded, with interest, all of the
5 monies collected under its first IEC, after having agreed to a reduction of the amount
6 collected under the IEC by some \$7 million annually in Case No. ER-2002-1074. This
7 happened because the price for natural gas fell substantially after implementation of the
8 IEC.

9 Q. Did Empire return to its customers all of the monies it collected under the
10 IEC in excess of its prudently incurred variable fuel and purchased power costs?

11 A. Yes. Empire did not retain any of the 2001 IEC revenues. It returned the
12 entire \$19 million with interest to its customers. Empire was able to retain the difference
13 between actual fuel and purchased power expense and the amount built into permanent
14 rates

15 Q. Was the Staff concerned about allowing Empire to retain monies collected
16 in rates from its customers, even though the fuel costs were under the base (permanent)
17 amount?

18 A. No. A primary feature of the IEC is the incentive provided to the utilities
19 that gives them the potential to keep a portion of the monies collected in excess of actual
20 fuel and purchased power costs. The IEC base amount provides utility companies using
21 an IEC an economic incentive to drive fuel costs down sufficiently to keep some of the
22 collected revenues. Utility companies also have an incentive to keep their fuel costs
23 below the IEC ceiling amount so that shareholders are not required to pay for actual fuel
24 prices that exceed the ceiling. When negotiations in the context of a rate case are used to

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1 set a ceiling for the IEC it is important to set the IEC ceiling amount at an appropriate
2 level. If the IEC ceiling amount is too low, in a rising energy market the company will
3 not have a reasonable opportunity to collect sufficient revenues to cover its fuel and
4 purchased power costs. If the IEC ceiling is set too high, the utility company may not
5 have necessary incentives to keep fuel and purchased power costs low. An IEC ceiling
6 amount set too high is nothing more than a pass-through of fuel and purchased power
7 costs. Thus, it is very important to establish the proper base and ceiling amount in the
8 IEC mechanism. It is these inherent incentives built into the IEC mechanism that has
9 allowed Staff to support their approval in past cases.

10 Q. What was the amount of IEC revenues approved in Empire's last rate case,
11 Case No. ER-2004-0570?

12 A. In Case No. ER-2004-0570, Empire was allowed to collect through an IEC
13 \$8,249,000 (Missouri jurisdiction) for variable fuel and purchased power costs that went
14 into effect March 27, 2005.

15 Q. What other Missouri utilities have had an IEC mechanism approved by the
16 Commission?

17 A. Aquila, Inc. (Aquila), in Case No. ER-2004-0034, had an IEC approved by
18 the Commission through a Unanimous Stipulation and Agreement (Stipulation) for both
19 the Aquila Networks -MPS and Aquila Networks - L&P divisions. In that case, the term
20 of the IEC was a two-year period from April 22, 2004 through April 21, 2006. The
21 beginning of the IEC term coincided with the effective date of the tariffs-April 22, 2004.
22 The Stipulation provided for recovery by Aquila from its customers of a base amount of
23 fuel and purchased power plus an interim amount that was subject to refund with interest.
24 The base amount was determined using actual natural gas and purchased power costs.

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1 The interim amount was determined using Aquila's forecasted natural gas and purchased
2 power costs. As with Empire's IECs, the refund provision of the IEC agreement was
3 intended to provide a "safety net" for both Aquila and its customers.

4 Q. Did the Aquila IEC approved in Case No. ER-2004-0034 provide the
5 "safety net" as was intended?

6 A. Yes. A true-up audit will determine if any portion of the revenues
7 collected exceeded Aquila's actual and prudently incurred costs for fuel and purchased
8 power during the term of the IEC. It is known that Aquila under-recovered costs in the
9 millions of dollars under its IEC, yet the under-recovery had little to do with price
10 volatility. A scheduled outage at Sibley that extended from the original estimate of four
11 weeks to almost eight weeks and an issue with CW Mining were the main causes of
12 Aquila's under-recovery of fuel costs. The Aquila IEC approved by the Commission in
13 Case No. ER-2004-0034 ended on the date that the Case No. ER-2005-0436 rates went
14 into effect, March 1, 2006.

15 Q. Did the Commission approve an IEC for Aquila in its most recent rate
16 case, Case No. ER-2005-0436?

17 A. No. While parties to the case proposed various IEC mechanisms,
18 ultimately through discussion and negotiation, the parties recommended to the
19 Commission that no IEC be included in Aquila's rates and the Commission did not
20 approve an IEC in its Report and Order in Case No. ER-2005-0436.

21 Q. What is Staff's view of the IEC mechanism in this proceeding?

22 A. Currently, Empire is operating under a Commission approved IEC
23 mechanism. Empire has requested the termination of that IEC and would prefer to have
24 fuel and purchased power treated in the traditional manner. There have been various

1 pleadings filed by the Office of the Public Counsel and the intervenors Praxair, Inc. and
2 Explorer Pipeline Company arguing that the current IEC should remain in effect for the
3 duration of its term, through March 2008.

4 The Staff would be willing to work with Empire and the other parties to this case
5 to develop a new or modified IEC mechanism within certain parameters. Staff Auditing
6 Department witness Mark L. Oligschlaeger addresses the Staff's position on the use of an
7 IEC mechanism in his direct testimony.

8 Q. What approach to fuel/purchased power expense is reflected in the Staff's
9 filed Accounting Schedules?

10 A. The "IEC Termination" scenario is reflected in the Staff's filed
11 Accounting Schedules. Please refer to the testimony of Staff witness Oligschlaeger for a
12 discussion of this approach.

13 **OVERVIEW OF ELECTRIC GENERATION**

14 Q. What generating facilities does Empire own and use for the production of
15 electric power?

16 A. Empire owns or co-owns the following generating facilities:

17 Iatan Plant Unit 1

18 Asbury Plant Units 1 and 2

19 Riverton Plant Units 7, 8, 9, 10 and 11

20 Empire Energy Center Units 1, 2, 3 and 4

21 State Line Unit 1

22 State Line Combined Cycle Unit

23 Ozark Beach Hydro Plant

1 Q. Please describe each facility including the type of units and the primary
2 and secondary fuel sources for each unit.

3 A. The Iatan power plant located in Weston, Missouri is jointly owned by
4 Kansas City Power & Light Company (KCPL), Aquila and Empire, with ownership
5 percentages of 70%, 18% and 12%, respectively. KCPL began running the plant, as
6 operating partner, in May 1980. The Iatan plant is a 670 megawatt (MW) base-load
7 power plant, which utilizes pulverized low sulfur western coal from the Powder River
8 Basin of Wyoming (PRB) as the main boiler fuel. No. 2 fuel oil is required for boiler
9 start-ups and flame stabilization. Empire's ownership percentage entitles it to
10 approximately 80 MW of Iatan's generation.

11 The Asbury generating station located near Asbury, Missouri consists of
12 one cyclone steam boiler that burns a blend of PRB coal and Kansas high sulfur coal as
13 the primary fuel and No. 2 fuel oil for flame stabilization and boiler start-ups. The
14 Asbury plant received permission from the Missouri Department of Natural Resources
15 (MoDNR) to burn tire derived fuels (TDF) at a maximum rate of 2% of total fuel input.
16 In 2002, Empire began burning TDF. The consumption of TDF at Asbury for purposes
17 of determining the fuel costs in this case have been combined with coal.

18 Asbury Unit 1 operates at 193 MW as a base load unit and Asbury Unit 2
19 has a 17 MW capacity. However, Unit 1 must be running in order to operate Unit 2.
20 This requirement, combined with the costs of operating Unit 2 results in Empire generally
21 operating Unit 2 only as a peaking unit during the summer months. Empire has indicated
22 that Asbury is not able to run on a continuous basis at 210 MW due to operational issues.
23 The Asbury plant was completed in 1970.

1 The Riverton plant located near Riverton, Kansas consists of five units.
2 Riverton Units 7 (38 MW) and 8 (54 MW) are base-load pulverized coal units that burn
3 a blend of PRB coal and petroleum coke as the primary fuel and natural gas for boiler
4 start-ups, flame stabilization and as a topping fuel to reach maximum generating capacity.
5 The use of petroleum coke as a blend fuel reduces the capacity to 23 MW for Riverton
6 Unit 7 and 45 MW for Riverton Unit 8. The remainder of the capacity can be obtained
7 by over-firing natural gas. Riverton Units 9 (12 MW), 10 (16 MW) and 11 (16 MW) are
8 combustion turbine (CT) peaking units that burn natural gas as the primary fuel and are
9 capable of using No. 2 oil as a secondary fuel and for testing.

10 Because of recent western coal conservation procedures put into place at
11 Empire resulting from railroad transportation constrictions, Empire has increased the
12 blend percentage of Kansas coal burned at Asbury and petroleum coke burned at
13 Riverton Units 7 and 8. Physical traits of the petroleum coke limit the ability to maintain
14 a large supply on site and therefore Empire typically burns straight PRB coal in Riverton
15 Unit 8 on weekends.

16 The Empire Energy Center, located near La Russell, Missouri, Units 1
17 (86 MW) and 2 (85 MW) are CT intermediate/peaking units that burn natural gas as the
18 primary fuel and Jet A fuel oil as a secondary fuel. These units were installed in 1978
19 and 1982. In April 2003, Empire added Units 3 and 4, which are CT peaking units
20 powered by jet engine technology that allows for prompt response to demand changes.
21 These units are capable of burning either natural gas or Jet A fuel oil and each unit has a
22 capacity of 50 MW.

23 The Ozark Beach Plant consists of four base-load hydro generators
24 (16 combined MW) and is located between Lake Taneycomo and Tablerock Lake.

1 Empire's use of the hydro units depends upon the lake levels and the operation of
2 surrounding dams that are under the direction of the Army Corps of Engineers. The
3 Ozark Beach Plant generates less than 2 percent of Empire's generation requirements.

4 State Line located near Joplin, Missouri Unit 1 is an 89 MW CT peaking
5 unit that uses natural gas as the primary fuel and Jet A fuel oil as a secondary fuel and
6 was completed for service in June 1995.

7 The State Line Combined Cycle Unit consists of two gas fired CTs that,
8 when operated together with heat recovery steam generators and a 200 MW steam
9 generator, have a combined capacity of 500 MW. Empire owns 60% (300 MW) of this
10 capacity, with Westar Inc., a subsidiary of Western Resources, owning the rest. One of
11 these CTs was the former State Line Unit 2, completed in June 1997, and originally
12 operated as a 150 MW CT. It was converted, along with a new 150 MW CT to operate as
13 a combined cycle unit in June 2001.

14 Q. How are quantities expressed for the various types of fuel?

15 A. Coal, TDF and pet coke are purchased in tons; natural gas is purchased in
16 MMBtus; fuel oil is purchased in either gallons or barrels (42 gallons per barrel). The
17 actual quantities purchased for coal, TDF, pet coke and natural gas are converted into a
18 Btu energy content for purposes of calculating the cost of Btu content.

19 Q. What is the meaning of Btu content?

20 A. Btu stands for British thermal unit. MMBtu stands for one million Btus.
21 One decatherm is equal to one MMBtu. The Btu content of fuel is a measure of its
22 energy content available for electrical generation when the fuel is combusted.

FUEL AND PURCHASED POWER EXPENSE

Q. What was your responsibility in this case with regard to the determination of fuel expense?

A. I determined representative levels for the following: a) unit costs for coal, TDF, petroleum coke, natural gas and fuel oil used to produce electricity, and b) annualized demand charge costs from purchased power contracts. Staff witness David W. Elliott of the Energy Department input this data into the fuel model to prepare the fuel and purchased power variable cost calculations used in the Staff's direct filing. The Staff's fuel model calculates the majority of overall variable fuel and purchased power costs.

Q. Please explain how the Staff examined fuel prices in this case.

A. The Staff reviewed the coal, rail freight and trucking transportation contracts, invoices and inventory worksheets. The Staff also reviewed natural gas transportation contracts, transaction details for physical and financial hedges and spot gas purchases. In addition, the Staff examined historical information regarding the operations of individual generating units and the prices paid for fuel and transportation charges by each unit and fuel type through the update period, March 31, 2006. The Staff examined the monthly operating reports and invoices to determine TDF prices and inventory worksheets, invoices and purchase orders to determine petroleum coke prices.

Q. How did the Staff use fuel prices in determine the total annualized fuel expense?

A. Staff witness Elliott used these various fuel prices in the Staff's fuel model to compute the level of normalized variable net system fuel and purchased power expense, exclusive of purchased power demand charges, cost of off-system sales (sales to

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1 other electric utilities) and cost of energy exchanged. I subsequently added costs
2 associated with purchased power demand charges, off-system sales and energy
3 exchanged to the production cost model results. I also added the production cost model's
4 results to arrive at an overall total annualized level of fuel and purchased power expense.
5 The use of the fuel model is explained in the direct testimony of Staff witness Elliott.

6 Q. Were there any fuel related transactions recorded by Empire during the
7 test year or update period to this case that the Staff has addressed beyond what has
8 previously been mentioned in your testimony?

9 A. Yes. During the third quarter of 2005 Empire elected to "unwind" a
10 forward natural gas contract that resulted in a recognized gain of over \$5 million. As
11 stated in Empire's response to Staff Data Request No. 260:

- 12 A. Empire originally purchased this gas from British
13 Petroleum ("BP") for physical delivery in a future period,
14 July-August of 2009-2011. The volume involved was
15 originally purchased November 18, 2004 when it was
16 determined that the strike price was likely to be low given
17 the long term supply and demand projections available at
18 the time the transaction was completed. Natural gas was
19 purchased in amounts for the July-August period to cover
20 weekday running of Stateline Combined Cycle. This
21 involved the purchase of 944,000 Dth per month for July-
22 August of 2009-2011.
- 23 B. The decision to unwind this purchase in 2005 was made
24 due to the extremely high prices for natural gas in 2005 and
25 Empire's desire to hedge more natural gas in the near term.
26 This transaction also lowered Empire's overall exposure to
27 BP and enabled the placing of near term hedges. Finally,
28 this transaction lowered Empire's energy costs in the third
29 quarter of 2005, which had increased unexpectedly due to
30 the unexpected fly up in natural gas and spot energy prices
31 and warmer than normal weather.
- 32 C. The decision to enter into the unwinding transaction was
33 discussed and approved by the Risk Management Oversight
34 Committee as part of an overall hedge structure to meet
35 near term expected natural gas use and cover year end

1 hedge targets for periods covered in Empire's Risk
2 Management Policy

3 D. Any decisions with respect to future transactions in this
4 area will depend upon the specific circumstances faced by
5 Empire, including Empire's continued ability to use FAS
6 133 accounting. Empire options in this area are limited by
7 FAS 133.

8 Q. What does the term "unwinding" mean in the context of forward hedge
9 contracts?

10 A. The term "unwinding" refers to a transaction that has the effect of undoing
11 or canceling an earlier transaction.

12 Q. What treatment does the Staff recommend for the recognized gain from
13 the unwinding of this forward natural gas contract?

14 A. The Staff is recommending that the recognized gain from the unwinding
15 of the forward natural gas contract be amortized over a five year period and netted
16 against fuel expense. Empire's current hedging program for its natural gas costs is
17 directly related to provision of regulated electric service to its customers. Gains and
18 losses are recognized by Empire routinely during hedging transactions. However, the
19 amount of the gain related to the unwinding of this forward natural gas contract is
20 exceptionally large. For that reason the Staff recommends "smoothing out" this gain over
21 five years. Empire shareholders benefited from the inclusion of the gain on the 2005
22 Empire income statement. Inclusion of the gain to offset natural gas costs allows
23 ratepayers to also benefit from the unwinding of the future physical hedges.

24 Empire's hedging program will be discussed in more detail later in this testimony.

25 **FUEL COSTS**

26 Q. How did the Staff determine the cost of coal used at Empire's plants?

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1 A. The Staff examined the specific contract prices of the coal burned at each
2 plant. The Staff also examined all coal rail freight and trucking contracts in effect as of
3 the end of the update period, March 31, 2006. Total coal costs include the commodity
4 costs, rail freight and trucking costs, where applicable. For each generating unit, the Staff
5 examined historical information for each individual component of the total coal cost and
6 then added the individual cost components to derive the total coal cost for each plant.
7 The total coal cost was converted from a dollar-per-ton basis to cents-per-MMBtu based
8 upon the contract Btu energy content of the coal.

9 The Staff reviewed coal/freight/trucking contracts in force as of March 31,
10 2006. At the Asbury plant, Empire burns a mix or blend of western low sulfur coal and
11 Kansas high sulfur coal in order to achieve acceptable environmental results and as a
12 method of coal conservation. Through data requests and discussions with Company
13 employees the Staff determined that the reasonable mix proportions are 82.61% PRB coal
14 to 17.39% Kansas coal for the Asbury units, 80.29% PRB coal to 17.39% petroleum coke
15 for Riverton 7 and 82.81% PRB coal to 17.19% petroleum coke for Riverton 8. I
16 provided the computed coal costs and mix information to Staff witness Elliott.

17 Q. Please explain the ** _____ ** pricing (as amended April 14,
18 2006) of the Kansas coal purchased from Phoenix Coal Sales Company.

19 A. The amended contract for the Kansas coal used at Asbury provides for
20 ** _____
21 _____
22 _____ **, the Staff has used a weighted average price for the
23 Kansas coal based upon the amended contract.

24 Q. Did the calculation of coal prices require any further analysis?

NP

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1 A. Yes. Through the review of invoices and transportation contracts the Staff
2 identified gasoline adjustments that had been invoiced throughout the test year and
3 update period. The Staff calculated an average gasoline adjustment per ton associated
4 with the trucking of coal between Asbury and Riverton. This additional transportation
5 cost above the contract base rate was included in the Staff's calculation of Riverton coal
6 costs.

7 Q. Please describe how the Staff determined the total coal cost for the Iatan
8 plant that was used as an input to the fuel model.

9 A. The Staff analyzed and developed a cost per ton for each component of the
10 total coal cost based upon review of invoices received from KCPL during March 2006.
11 As discussed previously, the total coal cost includes the commodity cost of the coal itself
12 and all freight costs. The individual cost components were combined to derive the total
13 coal cost per ton. The total cost on a dollar per ton basis was then converted to cents per
14 MMBtu based upon the contractual Btu content of the coal.

15 Q. How does Empire take delivery of coal supplies at its generating facilities?

16 A. Empire leases an aluminum unit train for coal deliveries to its Asbury
17 plant. This same coal is then trucked to its Riverton generating units. Empire also has a
18 Company-owned steel unit train that it does not use for coal deliveries but leases to
19 another entity. Empire is also responsible for its 12% ownership share of the unit trains
20 leased by KCPL for the Iatan station.

21 Q. How did the Staff treat unit train costs in this case?

22 A. The Staff added the property taxes, net leased train charges and
23 miscellaneous operations and maintenance (O&M) charges for the test year to the output
24 results from the fuel model as a separate component, since the unit train costs were not

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1 included as an input to the fuel model. The Staff also added non-labor "undistributed and
2 other" fuel related costs to the fuel model output. The Staff included the unit train O&M
3 costs and the non-labor undistributed and other fuel rated costs based on the 12 months
4 ending December 31, 2005. The Staff totaled the annualized dollars for each of these
5 cost components and included these amounts in arriving at total fuel expense.

6 Q. How did the Staff calculate the fuel costs for the State Line Combined
7 Cycle plant, State Line Unit 1, Energy Center Units 1, 2, 3 and 4 as well as Riverton
8 Units 9, 10 and 11?

9 A. As natural gas fired units, the fuel costs associated with operating these
10 units is determined by the Staff's fuel model, using the gas costs I provided as an input to
11 Staff witness Elliott.

12 Q. What price for No. 2/Jet A fuel oil did the Staff include in its fuel model?

13 A. The Staff used the most recent prices for No. 2/Jet A fuel oil purchased at
14 each of Empire's plants except for State Line. Since State Line maintains an inventory
15 level well in excess of the normal annual usage of oil, the Staff included a weighted cost
16 of oil based upon the actual costs of the oil in inventory at State Line. The test year
17 consumption at each plant was then multiplied by the price established for that specific
18 plant to calculate a weighted average cost per barrel for oil for Empire's generation fleet.

19 Q. What natural gas costs did the Staff use in developing its total fuel cost for
20 each plant?

21 A. Staff examined the hedging reports provided by Empire in response to
22 Staff Data Request No. 199, including the transaction trade detail, to develop monthly
23 weighted hedged and spot prices based upon the delivery dates, quantities and transaction
24 prices that occurred throughout the test year, update period and hedges the end of 2007.

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1 The Staff included both of Empire's actual financial and physical hedge data in
2 calculating a 21 month (delivery dates from April 2006 through December 2007) average
3 hedge price. The weighted average spot natural gas price calculated by the Staff was
4 based upon Empire's actual monthly spot purchases for the twelve months ending
5 March 31, 2006. The Staff then applied the weighted hedged natural gas price to 80% of
6 the Dths purchased by Empire during the test year and the weighted spot natural gas price
7 to 20% of the Dths purchased. (80% is the maximum percentage of Empire's gas
8 purchases to be hedged on an annual basis, under the Company's current hedging
9 policies.) From this calculation the Staff arrived at a natural gas price of ** ____ ** per
10 MMBtu (excluding transportation costs).

11 Q. What additional information was reviewed by the Staff in developing its
12 natural gas cost in this rate case?

13 A. The Staff reviewed a variety of source documents from the Company and
14 through research of natural gas prices from published sources to analyze natural gas
15 prices. The graphs attached to my direct testimony as JEF-Schedule 2 plot the natural gas
16 prices for the First-of-month (FOM) natural gas prices on the Southern Star (SSC)
17 interstate pipeline system and the monthly expiration natural gas prices from the
18 NYMEX. NYMEX pricing is based on physical delivery from Henry Hub. The prices
19 that Staff reviewed were for the months of April 2001 through March 2006. Empire
20 purchases natural gas from marketers and producers and then transports the natural gas
21 through SSC's interstate pipelines to Empire's generating facilities. Because of the
22 physical location of the SSC pipelines in the mid-continent region of the United States,
23 Empire purchases natural gas that is produced in Oklahoma, Kansas and Texas.

24

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1 NYMEX prices are representative of gas flowing from the Henry Hub which is located in
2 Louisiana. The majority of the Henry Hub natural gas is produced in the Gulf of Mexico.
3 Market forces including supply and demand create variances between the SSC and Henry
4 Hub prices for delivered gas.

5 Q. Is this difference in the delivered price of gas on the SSC pipeline system
6 and Henry Hub normal?

7 A. Yes. The difference between the price of natural gas from one pricing
8 point (SCC) and another pricing point (Henry Hub) is known as basis differential.
9 Empire tracks the basis differential between FOM SSC prices and NYMEX/Henry Hub
10 natural gas prices as part of its analysis of natural gas prices for its hedging program.

11 Q. Please describe Empire's hedging program.

12 A. Empire purchases the majority if not all of its financial hedges from
13 NYMEX. Empire also purchases physical hedges from suppliers for actual future
14 deliveries of natural gas at prices established on the day of the transaction. Empire's
15 hedging program is used to remove some of the risk associated with natural gas price
16 volatility. By locking in a natural gas price today for certain volumes, Empire can
17 guarantee a set price for its natural gas fuel costs for the associated volumes.

18 Q. Is a utility company's hedging for natural gas done to mitigate energy
19 costs and reduce the risk of volatility in the energy markets?

20 A. Yes. Generally in the state of Missouri, utility companies, both electric
21 and natural gas local distribution companies (LDCs), use some type of hedging program
22 in their overall natural gas procurement portfolios. This is especially important in today's
23 natural gas market. Utilities use the hedging of natural gas to limit their exposure to the
24 cost effects of expected raising natural gas prices. Staff believes that a well thought out,

1 managed and prudently executed hedging program should be used by utilities purchasing
2 natural gas to reduce the risk of volatility and minimize fuel costs in the current
3 environment.

4 Q. How does Empire address the remainder of its natural gas needs?

5 A. The remainder of the natural gas required in the electric generation
6 process by Empire is purchased just prior to when it is consumed. The price of gas
7 purchased on the "spot market" is set based upon the current market conditions.

8 Q. How does Empire determine the amount of natural gas to physically or
9 financially hedge versus the amount to purchase on the spot market?

10 A. Empire's risk management program sets parameters for hedging for the
11 current year and going out four years into the future. Currently, Empire's risk
12 management program allows up to eighty percent (80%) of the current year expected
13 natural gas requirements is hedged. At the end of March 2006, Empire had ** ____ ** of
14 its expected remaining 2006 natural gas requirements hedged and ** ____ ** of its 2007
15 natural gas requirements hedged.

16 **DEMAND CHARGES – CAPACITY CONTRACTS**

17 Q. Please describe the capacity contract that Empire has entered into.

18 A. During the test year as updated through March 31, 2006, Empire bought
19 electric power through the following capacity contract:

20 ** _____ ** of capacity from Western Resources'

21 Jeffrey Energy Center, through May 31, 2010.

22 These contracts allow Empire to purchase capacity on an annual basis. The Staff added
23 the annual fixed demand charge amount associated with these contracts to the results of

24

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1 the Staff's production cost model because the model only computes the variable
2 purchased power energy charges.

3 Q. How did the Staff reflect the contract demand charges in this case?

4 A. Adjustment S-36.1 annualizes the Company's costs for fixed demand
5 charges under the Western Resources and Elk River Windfarm contracts.

6 Q. Were there any other fuel and/or purchased power costs that were not
7 calculated in the Staff's production cost model?

8 A. Yes. The fuel costs and purchased power costs (energy and demand)
9 associated with off-system sales and energy exchanged were added to the results of the
10 Staff's production cost model since the model is based upon net system input only and
11 does not reflect these types of sales.

12 **FIRM GAS TRANSPORTATION COSTS**

13 Q. How are firm natural gas transportation costs included in the Staff's fuel
14 costs in this case?

15 A. The firm gas transportation costs are fixed costs that are added to the fuel
16 costs independent of the fuel model. These charges are set by contract with SSC and are
17 based upon a reservation charge at a maximum daily quantity (MDQ) for natural gas
18 deliveries and a commodity charge (variable component) applied to each delivered Dth of
19 natural gas. The reservation and commodity rates and MDQ have not changed since the
20 last rate case and the Staff has included this amount as a fuel cost in this case. The
21 commodity charge was calculated based upon the natural gas Dths burned as determined
22 by the Staff's fuel model multiplied by the commodity rate. This amount was also
23 included as a fuel cost in this case.

1 **OFF-SYSTEM SALES**

2 Q. What are off-system sales?

3 A. Off-system sales are sales of electricity made at times when utilities have
4 met all obligations to serve their native load customers and have excess energy to sell to
5 other utilities. The off-system sale transactions occur between utilities resulting in profits
6 (net margin) to the selling entity, in this case, Empire.

7 Q. Why is it appropriate to include off-system sales in the current revenue
8 requirement determination for the Company?

9 A. The same generating facilities, equipment and employee/personnel that are
10 necessary to provide service to Missouri retail electric customers are also needed to make
11 off-system sales. It is appropriate to include the off-system sales in this case because
12 Empire customers are paying for all costs associated with the facilities to produce
13 electricity for the firm retail customers, i.e., native load customers. To the extent that
14 other sales can be made using those facilities, the customers should benefit from these
15 sales. The off-system sales are made at a time when the generating facilities are not
16 needed to serve the native load customers. Off-system sales represent an efficient
17 utilization of the electric system that has been put in place to meet the native load
18 customers' electricity needs.

19 Q. Does Empire benefit from these off-system sales?

20 A. Yes. To the extent that increases in off-system sales occur after rates are
21 determined in any given proceeding, the Company will benefit from the growth and
22 increase in net margins (off-system sales less fuel costs) throughout the period until rates
23 are changed by the Commission in a general rate proceeding.

24 Q. Has the Commission recognized the benefits of including off-system sales

1 in determination of revenue requirements in other cases?

2 A. Yes. The Staff has consistently included off-system sales in all of the
3 electric cases that I am aware of dating back to the early 1980s and the Commission has
4 agreed with this recommendation.

5 Q. What analysis did the Staff perform to determine an appropriate level of
6 off-system sales to include in this case?

7 A. The Staff reviewed five years of off-system sales data and determined that
8 the twelve months ending March 31, 2006 or update period level of off-system sales was
9 representative of an off-system sales level on an ongoing basis. Adjustment S-3.1
10 reflects the adjustment required to adjust test year off-system sales revenues to the update
11 period level of off-system sales.

12 **FUEL INVENTORY**

13 Q. What coal inventory level have you included in this case for the Iatan,
14 Asbury and Riverton plants?

15 A. Empire has recently reduced its level of coal reserve maintained at the
16 Asbury and Riverton plants. The Company's March 31, 2006 United States Securities
17 and Exchange Commission (SEC) 10-Q states that currently Empire is maintaining a
18 47-52 day supply of PRB coal at its Asbury Plant and a 21 day supply of PRB coal at its
19 Riverton Plant. KCPL has also experienced reduced coal inventory levels at the Iatan
20 plant where it previously had a policy to maintain a 45 day supply of coal. Both Empire
21 and KCPL have recently enacted coal conservation programs as a result of rail
22 transportation constrictions. This has resulted in a depleted level of coal on hand at the
23 generation facilities. The Staff has included a 49.5 day supply of coal for Asbury and a
24 21 day supply for the Riverton plant and a 45 day supply for the Iatan plant based on the

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1 Staff's average daily burn for these facilities, as calculated by the fuel model. Kansas
2 coal and petroleum coke inventory levels were also calculated by the fuel model. The
3 Staff's fuel stock inventory levels reflect the same prices used as inputs to the fuel model.

4 Q. What fuel oil inventory levels have you included in this case for Empire's
5 Iatan, Asbury, Riverton and Energy Center plants?

6 A. The Staff examined fuel oil inventory levels on a monthly basis from
7 April 1, 2005 through March 31, 2006. The Staff believes that a 13-month average is
8 representative of ongoing levels at the most current purchase price through March 31,
9 2006.

10 Q. What fuel oil inventory level did the Staff compute for the State Line
11 generating station?

12 A. The Staff has calculated the fuel oil inventory level for the State Line
13 generating station in the same manner as the other plants but has used a weighted cost
14 average for determining the price since the fuel oil inventory level at State Line far
15 exceeds the annual usage and no purchases have occurred within the test year or update
16 period.

17 Q. What petroleum coke and TDF inventory levels did the Staff compute for
18 inclusion in rate base?

19 A. The Staff used the same methodology to determine inventory levels of
20 petroleum coke and TDF as other fuel stock, a 13-month average at the most current
21 purchase price through March 31, 2006.

22 Q. Please explain Empire's interruptible gas storage contract and the gas
23 supply level included in rate base.

24 A. Empire entered into a contract in November 2005 with SSC to allow

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1 injection of 900,000 Mcf of natural gas into storage in the production and market zone on
2 the SSC. Empire's intention is to use the interruptible storage capacity to take advantage
3 of lower natural gas prices. The contract restricts usage of the storage during the winter
4 heating season so the storage level will fluctuate during a twelve month period. Since
5 Empire has only had the storage capacity available effectively since December 2005, a
6 13-month average was not available. The Staff took into consideration the current level
7 of gas supply being stored through March 2006 and applied that level for the update
8 period. The Staff calculated a value for the natural gas inventory by multiplying the
9 weighted cost of the natural gas in storage by the quantity at the end of March 2006.

10 Q. Does this conclude your direct testimony?

11 A. Yes it does.

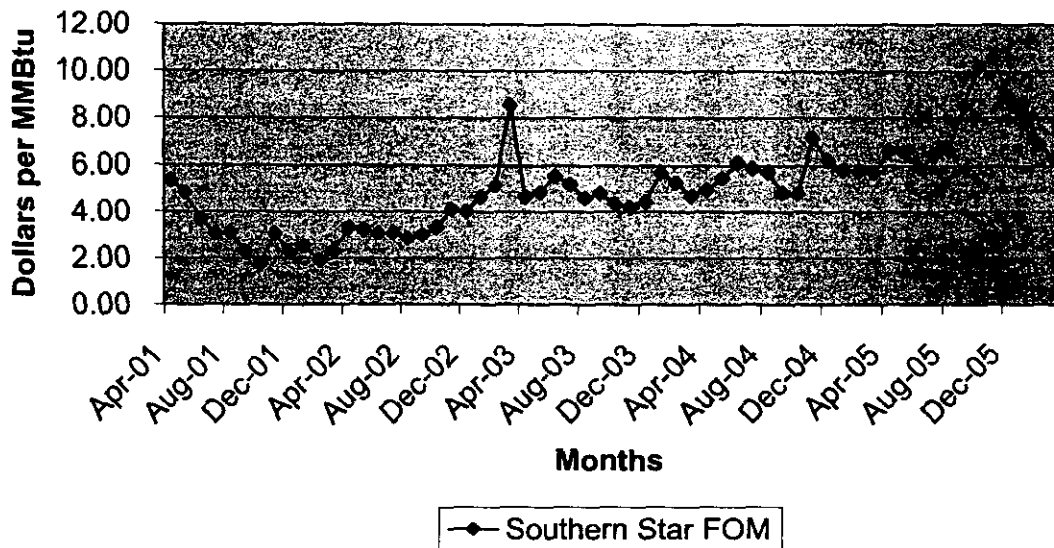
CASE PROCEEDING PARTICIPATION

JANIS E. FISCHER

Case Name	Case No.	Case Description
St. John's Regional Medical Center	TC-2004-0406	Violation of Annual Report Commission Rules
Heartland Health Systems, Inc.	TC-2004-0390	Violation of Annual Report Commission Rules
Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P	GR-2004-0072	Rebuttal - Sharing of Merger Savings
Union Electric Company d/b/a AmerenUE	EO-2004-0108	Rebuttal - Affiliated Transactions, Assets/Liabilities
Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P	ER-2004-0034 & HR-2004-0024	Rebuttal - Sharing of Merger Savings
Osage Water Company	ST-2003-0562 & WT-2003-0563	Rebuttal - EU Operation & Maintenance Agreement, Use of Projected Expenses to Determine Cost of Service for Ratemaking, Utility Plant-Rate Base, Depreciation Expense and Depreciation Reserve
Osage Water Company	ST-2003-0562 & WT-2003-0563	Direct - Test Year, Accounting Schedules, Revenues and Cost of Removal and Salvage
Union Electric Company d/b/a AmerenUE	GR-2003-0517	Direct - Rate Case Expense, Legal Expense, Corporate Franchise Tax, Cost of Removal and Salvage, Pensions and OPEBs
Laclede Gas Company	GR-2002-356	Direct - Pensions and OPEBs, Rate Base Asset, Incentive Compensation
Missouri Gas Energy, Division of Southern Union Company	GR-2002-292	Direct - Pensions and OPEBs, Other Employee Benefits, SERP, COLI Amortization
Missouri-American Water Company	WO-2002-273	Rebuttal - Security Costs, Accounting Authority Order Staff Criteria
Citizens Electric Company	ER-2002-217	Direct - Test Year, Accounting Schedules, Revenues, Purchased Power and Transmission, Other Revenues, Uncollectibles Expense
Union Electric Company d/b/a AmerenUE	EC-2002-1	Surrebuttal - Incentive Compensation
Missouri Public Service, Division of UtiliCorp United, Inc.	ER-2001-672 EC-2002-265	Direct - Pensions and OPEBs, Merger Transition/Transaction Costs, Merger Savings-SJLP, Revenues, Uncollectibles
Missouri Public Service, Division of UtiliCorp United, Inc.	ER-2001-672 EC-2002-265	Rebuttal - Merger Transition/Transaction Costs, Merger Savings-SJLP, Revenues, Uncollectibles

COMPANY	CASE NO.	DESCRIPTION
The Empire District Electric Company	ER-2001-299	Direct - Payroll, Pensions and OPEBs, Payroll Related Benefits, Payroll Taxes, Outside Services, Merger Costs, Miscellaneous Expenses True-up Rebuttal - Chemicals, Property Taxes
The Empire District Electric Company	ER-2001-299	Rebuttal - Payroll Expense, Bonuses and Incentive Pay
The Empire District Electric Company	ER-2001-299	Surrebuttal - Payroll Expense, Bonuses and Incentive Pay
The Empire District Electric Company	ER-2001-299	Supplemental Surrebuttal - Incentive Awards
The Empire District Electric Company	ER-2001-299	True-up Direct - Payroll, Payroll Taxes, Payroll Related Benefits
KLM Telephone Company	TT-2001-120	Direct - Revenue Requirement
UtiliCorp United, Inc./ Empire District Electric Company	EM-2000-369	Rebuttal - Merger Savings, Acquisition Adjustment, Tracking of Merger Savings
UtiliCorp United, Inc./ St. Joseph Light & Power Company	EM-2000-292	Rebuttal - Merger Savings, Acquisition Adjustment, Tracking of Merger Savings
Osage Water Company	WA-98-236 WC-98-211	Rebuttal - Financial Viability, Organizational Costs
Western Resources/ Kansas City Power & Light Company	EM-97-515	Rebuttal - Merger Savings, Tracking of Merger Savings, Transaction Costs, Costs to Achieve
Union Electric Company d/b/a AmerenUE	GR-97-393	Direct - Cash Working Capital, Materials/Supplies, Prepayments, Federal/State Income Tax Offset, Purchased Gas Offset, Interest Expense Offset
The Empire District Electric Company	ER-97-81	Direct - Dues and Donations, Advertising, Rate Case Expenses, PSC Assessment, Non-Health Insurance, Miscellaneous Expenses

Natural Gas Price Comparison - Southern Star FOM



Natural Gas Price Comparison - NYMEX Expiration Prices

