

Exhibit No.: Issue(s):

Witness: Type of Exhibit: Sponsoring Party: Case Number: Date Testimony Prepared:

Experimental Regulatory Plan Amortization Ted Robertson Surrebuttal Public Counsel ER-2006-00315 August 18, 2006

## SURREBUTTAL TESTIMONY

OF



## TED ROBERTSON

Service Commission

Submitted on Behalf of the Office of the Public Counsel

THE EMPIRE DISTRICT ELECTRIC COMPANY

Case No. ER-2006-0315

Public counse Exhibit No Case No(s) Date S

August 18, 2006

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## SURREBUTTAL TESTIMONY OF TED ROBERTSON

## EMPIRE DISTRICT ELECTRIC COMPANY CASE NO. ER-2006-0315

I. <u>INTRODUCTION</u>

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

Q. ARE YOU THE SAME TED ROBERTSON THAT HAS PREVIOUSLY FILED DIRECT AND REBUTTAL TESTIMONY IN THIS CASE?

A. Yes.

### Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The purpose of this surrebuttal testimony is to address the rebuttal testimony of the Empire District Electric Company ("EDE" or "Company") witnesses, Mr. William L. Gipson, Mr. Steven M. Fetter, and Mr. L. Jay Williams, regarding the amortization requirement identified in the Stipulation & Agreement for the Experimental Regulatory Plan, Empire Case No. EO-2005-0263.

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### II. EXPERIMENTAL REGULATORY PLAN AMORTIZATION

# Q. DOES MR. GIPSON BELIEVE THAT AN AMORTIZATION SHOULD BE INCLUDED IN THE INSTANT CASE?

	Surrebuttal Testimony of Ted Robertson Case No. ER-2006-0315					
1	А.	According to his testimony, it would appear that he does not. On page 1, lines				
2		13-15, of his rebuttal testimony, he states:				
3						
4 5 7 8 9 10 11		Specifically, I will discuss my understanding of the purpose of the amortization addressed in Empire's Regulatory Plan, which resulted from Commission Case No. EO-2005-0263, and why it should have no implication in this case. (Emphasis added by OPC)				
12		In addition, in its response to OPC Data Request No. 1025, which requested if an				
13		amortization is required in the current rate case, Company stated it was not.				
14						
15	Q.	ACCORDING TO MR. GIPSON, WHY WAS THE AMORTIZATION				
16		MECHANISM CREATED?				
17	А.	On page 2, lines 13-14, of his rebuttal testimony, he states:				
18						
19 20 21 22 23		As I stated in my supplemental direct testimony, the amortization mechanism was designed to maintain certain S&P ratios during the construction of Iatan 2.				
24	Q.	ACCORDING TO MR. GIPSON, IS THE IATAN 2 CONSTRUCTION				
25		UNDERWAY?				
26	A.	On page 2, line 9, of his rebuttal testimony, he states:				
27						
28		No substantial construction is underway to my knowledge.				
	11	2				

	Surrebuttal Testimony of Ted Robertson Case No. ER-2006-0315			
1	Q.	IS HIS UNDERSTANDING OF THE CONSTRUCTION COSTS		
2		ACTUALLY INCURRED CORRECT?		
3	A.	I believe that it is not. Regarding the level of charges actually incurred to-		
4		date, Company's response to OPC Data Request No. 1024 states:		
5				
6 7 8 9 10		We have received one invoice from KCPL for the initial billing for Iatan Unit 2. The invoice was for \$4,739,041.48. Detail for this invoice may be found at KCPL.		
11		The response also states that as of June 2006 Empire's costs booked to the		
12		Iatan 2 Project total \$308,436.91.		
13				
14	Q.	DOES PUBLIC COUNSEL BELIEVE THAT THE LEVEL OF		
15		CONSTRUCTION COSTS IDENTIFIED IN THE PREVIOUS Q&A		
16		ARE SUBSTANTIAL?		
17	А.	Yes. In relation to the total projected cost of the latan 2 Project these costs may		
18		seem de minimis, but I seriously doubt anyone would view millions of dollars as		
19		being insubstantial. In any event, the amount of construction costs actually		
20		incurred to-date is not the deciding factor upon which a determination to include		
21		an amortization is to be based. The Commission's Order in Empire Case EO-		
22		2005-0263 approved a Stipulation and Agreement that provides Empire the		
23		opportunity to maintain its debt at investment grade rating during the period		
24		associated with construction of the Iatan 2 generating facility. That is, the period		
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> associated with the construction, as defined in the Order. It does not state that the amortization opportunity will not begin until some threshold level of construction costs is actually incurred.

# Q. WHAT IS THE PERIOD ASSOCIATED WITH THE CONSTRUCTION OF THE IATAN 2 PROJECT?

A. The Stipulation and Agreement defines the duration of the Regulatory Plan Term as the approximate five year period beginning with the effective date of a Commission order that approved the Stipulation and Agreement and ending with the effective date of the initial rates that reflect inclusion of the Iatan 2 investment. The effective date of the Commission's <u>Order Approving Stipulation</u> <u>And Agreement</u>, Case No. EO-2005-0263, was August 12, 2005; therefore, the financial ratios, and any other associated agreements identified in the Stipulation and Agreement, should be analyzed to determine if an amortization is necessary at this time.

Q. IN YOUR REBUTTAL TESTIMONY YOU DISCUSSED VARIOUS VALUATION DISCREPANCIES IN THE AMORTIZATIONS PROVIDED BY THE COMPANY AND MPSC STAFF. HAVE THE INCONSISTENCIES IN THE VALUES ASSOCIATED WITH THE OFF-BALANCE SHEET OBLIGATIONS BEEN RESOLVED?

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	Surrebuttal Testimony of Ted Robertson Case No. ER-2006-0315			
1	А.	No. It appears that the method used by Standard & Poor's to develop the debt-		
2	ł	equivalent values for these items is known, at least to some degree, only by		
3	,	Standard & Poor's personnel. In response to OPC Data Request No. 1029, which		
4		requested information on how the application of a risk factor to purchased power		
5	-	contracts is determined, Empire stated:		
6 7 8 9 10 11 12		1. We do not know the specific criteria used to make the determination of the risk factor, and 2. We do not know the specific methodologies used by S&P and therefore we cannot comment on their application.		
13	Q.	HAS PUBLIC COUNSEL DETERMINED THE AMORTIZATION THAT		
14		SHOULD BE INCLUDED IN THE INSTANT CASE?		
15	А.	Yes. Utilizing the Interim Energy Charge ("IEC") Continuation Scenario for the		
16		amortization included in the supplemental direct testimony of MPSC Staff		
17		witness, Mr. Mark L. Oligschlaeger, as a base template, Public Counsel has		
18		calculated the amortization based upon the end of the known and measurable		
19		period ordered by the Commission, i.e., March 31, 2006. The OPC's amortization		
20		calculation is attached to this surrebuttal testimony as Schedule TJR-1.		
21				
22	Q.	WHY DID THE PUBLIC COUNSEL UTILIZE THE MPSC STAFF'S		
23		AMORTIZATION CALCULATION AS A BASE TEMPLATE?		
24	A.	Because, it is my understanding that Staff's amortization calculation, excluding		
25		the off-balance sheet obligations, includes Empire's revenue requirement, capital		
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structure/costs, and other relevant costs, as of March 31, 2006, which is the end of the known and measurable period authorized by the Commission for the instant case.

# Q. WHAT CHANGES DID OPC MAKE TO THE STAFF'S IEC CONTINUATION AMORTIZATION?

A. The only amounts OPC changed were those directly related to the off-balance sheet obligations, i.e., the operating lease and purchase power debt-equivalents, and the operating lease depreciation adjustment. I changed these inputs to the calculation so that they would represent the debt-equivalent value and depreciation adjustment that existed at March 31, 2006 based on my interpretation of the Company's responses to OPC Data Request Nos. 1023, 1025, 1027, 1028, 1029, and MPSC Staff Data Request No. 3. I made no changes to any of the other inputs shown on Mr. Oligschlaeger's IEC Continuation Scenario amortization.

Q. IS IT LIKELY THAT ANY OF THE OTHER INPUTED VALUES SHOWN ON THE STAFF'S AMORTIZATION CALCULATION ARE SUBJECT TO FURTHER MODIFICATION?

A. Yes. It is likely that some of the costs Staff has included in its amortization calculation will change depending on how the Commission rules on the various positions and issues taken by the individual parties in the rate case (e.g., rate of

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return); however, I believe that the Staff's calculation of the amortization numbers, except for the off-balance sheet obligation amounts that I believe are based to some degree on calendar year amounts and a higher than necessary risk factor, represent a reasonable starting point in determining the amortization to include in the instant rate case.

# Q. PLEASE DESCRIBE HOW THE PUBLIC COUNSEL CALCULATED THE OFF-BALANCE SHEET OBLIGATION DEBT-EQUIVALENT VALUES IT INCLUDED IN ITS DETERMINATION OF THE AMORTIZATION.

A. Public Counsel included in its determination of the off-balance sheet obligations operating lease costs for Empire's Unit Trains along with two purchased power contracts, 1) the Western Resources, Inc., Jeffrey Energy Center, and 2) the Elk River Windfarm. The first step in the determination of the debt-equivalent values for these obligations was the calculation of the individual discounted present value of all three obligations as of March 31, 2006. Based on my understanding of the Standard & Poor's methodology, I determined the debt-equivalent value for the Unit Train leases to be their actual March 31, 2006 discounted present value. I then calculated and included an operating lease depreciation adjustment which is also based on the Standard & Poor's methodology for calculating depreciation adjustments. Finally, the March 31, 2006 discounted present values of the two purchased power contracts were further adjusted by a risk factor ratio to arrive at their debt-equivalent values.

# Q. WHAT RISK FACTOR RATIO DID PUBLIC COUNSEL USE TO DETERMINE THE DEBT-EQUIVALENT VALUE OF THE PURCHASED POWER CONTRACTS?

A. I utilized a risk factor ratio of 10%. I believe this risk factor to be appropriate because it is based on Standard & Poor's methodology for calculating debtequivalent values. Furthermore, it represents what I believe are the actual risks of default or non-payment associated with the contracts.

# Q. DO YOU BELIEVE IT LIKELY THAT EMPIRE WILL DEFAULT ON THE PURCHASED POWER CONTRACTS?

- A. No. As I stated in my rebuttal testimony, Empire is a regulated public utility operating within the state of Missouri; therefore, Public Counsel believes that the risk it will default on any individual purchased power contract is almost nonexistent. Thus, I believe, the lowest risk factor available in the rating agency's methodology should be utilized to the determine the debt-equivalent value for each of Empire's purchased power contracts.
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19 20 Q. HAS EMPIRE EVER DEFAULTED ON A OPERATING LEASE OR PURCHASED POWER CONTRACT?

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1	А.	Not to my knowledge. In its response to OPC Data Request No. 1023, which			
2		requested a listing of all known operating leases and purchased power contracts			
3		on which Empire (i.e., the regulated utility) has defaulted, Company stated:			
4					
5 6 7 8		please be advised the Empire has not defaulted on any contracts in the last 10 years.			
9		In fact, no evidence has been presented, in the instant case, that Empire has ever			
10		defaulted on any of its operating leases or purchased power contracts.			
11					
12	Q.	DID PUBLIC COUNSEL ALSO EXCLUDE ONE OF EMPIRE'S CURRENT			
13		PURCHASED POWER CONTRACTS IN ITS DETERMINATION OF THE			
14		AMORTIZATION'S PURCHASED POWER DEBT-EQUIVALENT			
15		VALUATION?			
16	А.	Yes. Company's response to OPC Data Request No. 1027 identified that Empire			
17		has an off-balance sheet obligation related to its Plum Point power purchase;			
18		however, Ms. Kelly Walters, Empire's Vice President - Regulatory and General			
19		Services, informed me during a phone call on August 11, 2006 that the Plum			
20		Point contract was not entered into until April 2006. Since the contract was not			
21		"in-force" until after the end of the test year known and measurable period			
22		authorized by the Commission, I excluded it from the calculation of the			
23		amortization.			

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Q. ON PAGE 2 OF HIS SURREBUTTAL TESTIMONY, MR. FETTER DISCUSSES HIS CONCERN THAT THE AMORTIZATION NOT BE VIEWED AS SUBSTITUTE FOR TIMELY RECOVERY OF FUEL AND PURCHASED POWER EXPENSES. IS HIS CONCERN RELEVANT?

A. No. Public Counsel believes his concern to be baseless. It is not relevant because the amortization mechanism was specifically set up to allow Empire to maintain its debt at investment grade rating during the period associated with construction of the Iatan 2 Project. It does so by including the debt-equivalent costs associated with operating leases and purchased power agreements. There is no adjustment to disallow costs that are prudently incurred and there is no mention at all of any recovery or non-recovery of fuel costs in its development.

Q. ON PAGE 10, LINES 2-13, OF HIS SURREBUTTAL TESTIMONY, MR L. JAY WILLIAMS STATES THAT THE AMORTIZATION IS NOT A TAX DEDUCTIBLE EXPENSE; THUS, IT SHOULD BE GROSSED-UP FOR INCOME TAXES. DO YOU AGREE?

A. No. Mr. Williams' statement that the revenue that comes with the amortization would be considered taxable income by the IRS is unfounded. He has provided absolutely no testimony or evidence that would verify the accuracy or reasonableness of that statement. The Stipulation & Agreement in Case No. EO-

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2005-0263 clearly states that the signatory parties did not reach an agreement to determine the related tax impacts, if any, to the amortization. Any possible tax gross-up implications are not yet known and measurable and, depending on the future actions of the various taxing authorities, they may never materialize.

# Q. DOES THE PUBLIC COUNSEL BELIEVE THE AMORTIZATION TO BE A TAX DEDUCTIBLE EXPENSE?

A. Yes. The terms of the Stipulation & Agreement state that the amortization represents an expense which is to be treated as a reduction of current plant in service. Thus, Public Counsel believes the amortization to be additional depreciation on Empire's existing plant and that the additional depreciation requires a straight line tax depreciation deduction be reflected in the determination of the Company's cost of service in the instant case. This position is consistent with the ratemaking treatment afforded any increase in depreciation expense.

Q. DOES PUBLIC COUNSEL KNOW OF ANY OTHER MISSOURI CASE WHEREIN AN AMORTIZATION SIMILAR TO THE ONE PROPOSED IN THIS CASE HAS BEEN TREATED AS ADDITIONAL DEPRECIATION?

 A. Yes. In Kansas City Power & Light, Case No. EO-94-199, Company and the MPSC Staff agreed to an amortization which has been treated as additional book depreciation with the accumulated balance being utilized as a reduction to rate

base. In addition, it is my understanding, that for income tax purposes a depreciation deduction has been assumed in subsequent earnings and/or revenue investigations of KCPL.

#### Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

A. Yes, it does.

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Calculation of Amortization to meet Financial Ratio Targets IEC continuation Scenario         Total         Jurris           4         Company         Altoc           6         Company         Altoc           7         Rate Base Jurrisdictional Altocation for Capital         Murray Schedule 9         772,078,472         633,104,347           9         Total Capital         Murray Schedule 9         349,400,775         314,313,436           11         Equity         Murray Schedule 9         339,603,468         278,477,8314,913,436           12         Trust Prefered         Murray Schedule 9         7,0276         7,0276         7,0276           13         Long-term Debt         Murray Schedule 9         7,027         7,0276         7,0276           14         Cost of Debt         Murray Schedule 9, L,1-3, Fate Decrease         289,813,503         23,033,933           16         Electric Sales Revenue         Staff Acct. Schedule 9, L,4-5         294,063,596         294,063,596           17         Operating Revenue         L16 + L17         294,063,596         294,063,596           17         Amortization         Staff Acct. Schedule 9, L10         10,362,867         32,373,757           26         Amortization         Staff Acct. Schedule 9, L10         10,362,867 </th <th>.1</th> <th>0</th> <th>ion of the Dublic Coursel</th> <th></th> <th></th>	.1	0	ion of the Dublic Coursel			
Jurisis         IEC Continuation Scenario         Total Company         Juris Alloc           6         Total Jurisis         Total Company         Jurisis         Alloc           7         Rate Base Jurisis         Staff Acct. Schedule 2*         617,577,674         0.62           9         Total Capital         Murray Schedule 9         772,078,472         633,104,347         0.62           10         Total Proferred         Murray Schedule 9         348,040,776         314,313,36         0.62           12         Trust Proferred         Murray Schedule 9         39,603,458         278,472,838         339,160,075           12         Cost of Debt         Murray Schedule 90         77.02%         7.02%         7.02%           13         Interest Expense         L12*L13 (+\$42,50,000 (TOPRs))         28.090,163         23,033,933           16         Other Electric Operating Revenue         Staff Acct. Schedule 9, L.4-5         4,250,093           14         Cost of Debt         Staff Acct. Schedule 9, L.94 (tess cust. deposits)         199,821,131           13         Depreciation         Staff Acct. Schedule 9, L.94 (tess cust. deposits)         199,821,813           14         Staff Acct. Schedule 9, L.10         10.0882,580         10,362,867           11		-	ice of the Public Counsel			
4         Total         Jurisi Company           6         Company         Alloc           7         Rate Base Jurisdictional Allocation for Capital         617,577,674           9         7         Total Capital         Murray Schedule 9         772,078,472         633,104,347           11         Equity         Murray Schedule 9         384,040,776         314,813,436           12         Tutal Preferred         Murray Schedule 9         339,033,452         278,474,835           13         Long-term Debt         Murray Schedule 20         7.02%         7.02%           14         Cost of Debt         Murray Schedule 9, L.4-5         280,900,163         23,033,933           16         Electric Sales Revenue         Staff Acct. Schedule 9, L.4-5         4,250,093         44250,093           17         Depreciation         Staff Acct. Schedule 9, L.94 (tess cust. deposits)         199,821,131         Depreciation         199,821,131           18         Operating and Maintenance Expense         Staff Acct. Schedule 9, L.94 (tess cust. deposits)         19,823,73,757           19         Total Electric Water Operating Exp         Staff Acct. Schedule 9, L.110         10,883,880           10         Operating and Maintenance Expense         Staff Acct. Schedule 9, L.110         10,883,860<						
5         Company         Alloc           7         Rate Base         Staff Acct. Schedule 2*         617,577,674           9         Total Capital         Murray Schedule 9         772,078,472         633,104,347           1         Equity         Murray Schedule 9         338,4040,776         514,913,435           12         Trust Preferred         Murray Schedule 9         338,603,663         272,674,72         633,104,347           12         Cost of Debt         Murray Schedule 9         338,603,663         272,674,72         633,003,663         2303,933           16         Cost of Debt         Murray Schedule 9         1,13,14,342,000         70,02%         7,02%           16         Interest Expense         L12*L131(\$42,200,007,007R)         28,090,163         23,033,933           16         Other Electric Operating Revenue         Staff Acct. Schedule 9, L,4-5         4,250,093           17         Electric Sales Revenue         L16 + L17         294,063,596           10         Operating and Maintenance Expense         Staff Acct. Schedule 9, L,94 (less cust. deposits)         199,821,131           18         Staff Acct. Schedule 9, L,100         1,835,802         529,813           17         Taxes Other than Incorme Taxes         Staff Acct. Schedule 9, L,1		1L.	C Continuation Spendero	Total	hurie	
6         Rate Base         Staff Acct. Schedule 2*         617,577,674           9         Other Control of Capital         Murray Schedule 9         772,078,472         633,104,347           11         Equity         Murray Schedule 9         384,001,776         314,913,436           12         Trust Preferred         Murray Schedule 9         384,001,776         314,913,436           13         Long-term Debt         Murray Schedule 9         339,003,458         278,474,836           13         Cost of Debt         Murray Schedule 9         28,090,163         23,033,933           16         Electric Sales Revenue         Staff Acct. Schedule 9*, L.1-3, + Rate Decrease         289,813,503           16         Other Electric Operating Revenue         Staff Acct. Schedule 9, L.4-5         4,250,093           17         Electric Sales Revenue         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,131           17         Depreciation         Staff Acct. Schedule 9, L.100         10,883,580           18         Traxes Other than income Taxes         Staff Acct. Schedule 9, L.110, (pus IEC revenues and rate decr. impact)         10,882,580           16         Total Electric/Water Operating Exp         Sum of L. 21-28         253,971,148           16         Operating Income - Electric		,				
7         Rate Base         Staff Acct. Schedule 2*         617,577,674           9         Undicicional Allocation for Capital         0         0           10         Total Capital         Murray Schedule 9         772,078,472         633,104,347           11         Equity         Murray Schedule 9         338,003,563         276,474,835           12         Trust Preferred         Murray Schedule 9         339,016,075         339,716,075           14         Cost of Debt         Murray Schedule 20         7,02%         7,02%           15         Interest Expense         L12*L13(\$4,250,000 (TOPRs))         28,090,163         23,033,933           16         Electric Sales Revenue         Staff Acct. Schedule 9, L.1-3, + Rate Decrease         28,091,633         23,033,933           17         Depresing Revenue         L16 + L17         294,063,596         24,250,093           10         Operating Revenue         L16 + L17         294,063,596         23,373,757           20         Operating Revenue         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,131           21         Depreciation         Staff Acct. Schedule 9, L.100         10,382,867           23         Taxes Other than income Taxes         Staff Acct. Schedule 9, L.111 (plus IEC reverues	6			Company	74,00	
8         Jurisdictional Allocation for Capital         0.62           9         70         Total Capital         Murray Schedule 9         772.078.472         633.104.347           11         Equity         Murray Schedule 9         384.040,776         314.91.345           12         Trust Praferred         Murray Schedule 9         384.040,776         314.91.3456           13         Long-term Debt         Murray Schedule 9         39.80.040,776         314.91.3456           14         Cost of Debt         Murray Schedule 9         39.80.04,569         278.474.836           16         Interest Expense         L12 * L13 (*\$4.250.000 (TOPRs))         28.090.163         23.03.9.33           16         Other Electric Operating Revenue         Staff Acct. Schedule 9, L.4.5         4.250.093           17         Depreciation         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199.821.131           17         Depreciation         Staff Acct. Schedule 9, L.100         10.885.860           18         Taxes Other than Income Taxes         Staff Acct. Schedule 9, L.110 (Jous EC revenues         10.885.860           16         Interest and State Income Taxes         Staff Acct. Schedule 9, L.110 (Jous EC revenues         10.885.860           16         Taxes Other than Income Taxes <td< td=""><td>7</td><td>Rate Base</td><td>Staff Acct. Schedule 2*</td><td></td><td>617 577 674</td></td<>	7	Rate Base	Staff Acct. Schedule 2*		617 577 674	
9         Total Capital         Murray Schedule 9         772.078.472         633.104.347           11         Equity         Murray Schedule 9         384.040,776         314.913.436           12         Trust Preferred         Murray Schedule 9         398.03.488         278.474.835           12         Cost of Debt         Murray Schedule 20         7.02%         7.02%           14         Interest Expense         L12*L13 (+\$4.250.000 (TOPRs))         28.090.163         23.03.3,933           16         Electric Operating Revenue         Staff Acct. Schedule 9', L.13, + Rate Decrease         289.813.503           17         Electric Operating Revenue         Staff Acct. Schedule 9, L.94.5         4250.093           18         Operating Revenue         L16 + L17         294.063.596           19         Operating Revenue         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199.821,131           13         Depreciation         Staff Acct. Schedule 9, L.91         23.373.757           10         Interest on Clustomer Deposits         Staff Acct. Schedule 9, L.91         10.883.583           11         Interest on Clustomer Taxes         Staff Acct. Schedule 9, L.10         10.883.583           10         Total Water Operating Expense         Staff Acct. Schedule 9, L110         23.3						
Equity         Murray Schedule 9         384/040,776         314/31/368           12         Trust Preferred         Murray Schedule 9         389,603,458         276,474,836           12         Trust Preferred         Murray Schedule 9         399,603,458         276,474,836           14         Cost of Debt         Murray Schedule 20         7.02%         7.02%           16         Trust Preferred         L12*L13 (\$\$4,250,000 (TOPRs)]         28,090,163         23,033,933           16         Electric Sales Revenue         Staff Acct. Schedule 9*, L.1-3. * Rate Decrease         289,813,503           17         Electric Operating Revenue         Staff Acct. Schedule 9, L.94         (less cust. deposits)         199,821,131           20         Operating Revenue         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,131           21         Depreciation         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,131           21         Interest on Customer Deposits         Staff Acct. Schedule 9, L.100         10,883,580           22         Geara and State Income Taxes         Staff Acct. Schedule 9, L.111 (pus IEC revenues)         101,882,580           23         Total Electric/Water Operating Exp         Sum of L.21-28         253,971,148           24         Operating In						
11         Equity         Murray Schedule 9         344.040,776         314.913.436           12         Trust Prefered         Murray Schedule 9         389.603.458         276.474.836           14         Cost of Debt         Murray Schedule 9         399.603.458         276.474.836           14         Cost of Debt         Murray Schedule 9         399.603.458         276.474.836           16         Electric Sales Revenue         Staff Acct. Schedule 9*, L.13.+ Rate Decrease         280.913.5.03           16         Operating Revenue         Staff Acct. Schedule 9, L.45         4.250.093           17         Depreciation         Staff Acct. Schedule 9, L.94         (less cust. deposits)         199.821.131           20         Operating Revenue         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199.821.131           21         Depreciation         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199.821.131           21         Depreciation         Staff Acct. Schedule 9, L.100         10.083.580           22         Federal and Stati Income Taxes         Staff Acct. Schedule 9, L.111 (pus IEC revenues)         10.362.867           23         Total Electric/Water Operating Exp         Sum of L. 21-28         253.971.148           24         Operating Income - Electric         <	10	Total Capital	Murray Schedule 9	772.078.472	633,104,347	
12         Trust Preferred         Murray Schedule 9         34,242,23         39,716,075           13         Long-term Debt         Murray Schedule 9         339,603,458         276,474,856           14         Cost of Debt         Murray Schedule 20         7,02%         7,02%           15         Interest Expense         L12*L13(+\$43,280,000 (TOPRs))         28,090,163         23,033,933           16         Electric Sales Revenue         Staff Acct. Schedule 9*, L.1-3, + Rate Decrease         289,813,503           16         Other Electric Operating Revenue         L16 + L17         294,063,596           17         Electric Sales Revenue         L16 + L17         294,063,596           18         Depreciation         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,131           19         Water Revenue         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,313           10         Interest ton Customer Deposits         Staff Acct. Schedule 9, L.110 (plus IEC revenues         10,828,560           10         Interest ton Outsomer Deposits         Staff Acct. Schedule 9, L.111 (plus IEC revenues         10,828,67           16         Interest ton Customer Deposits         Staff Acct. Schedule 9, L.110         10,828,67           17 total Water Operating Expenses         Staff Acct.	11	•				
13         Long-term Debt         Murray Schedule 9         339,603,458         278,474,836           14         Cost of Debt         Murray Schedule 20         7.02%         7.02%           15         Interest Expense         L12*L13(+\$4,250,000 (TOPRs))         28,090,163         23,033,933           16         Electric Sales Revenue         Staff Acct. Schedule 9, L.4-5         4,250,093           18         Other Electric Operating Revenue         L16 + L17         294,063,596           20         Operating and Maintenance Expense         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,131           21         Depreciation         Staff Acct. Schedule 9, L.104 (less cust. deposits)         199,821,131           22         Operating and Maintenance Expense         Staff Acct. Schedule 9, L.104         10,883,580           23         Taxes Other than Income Taxes         Staff Acct. Schedule 9, L.110 (lpus IEC revenues         10,883,580           24         Total Electric Water Operating Expenses         Sun of L. 21-28         253,971,148           25         Operating Income - Electric         L19 - L29         40,092,448           26         Operating Income - Water         23,373,757         Amorization         23,373,757           26         Maintenance         Electric Water Operating	12	Trust Preferred				
14         Cosi of Debt         Murray Schedule 20         7.02%         7.02%           15         Interest Expense         L12*L13 (+\$4,250,000 (TOPRs))         28,090,163         23,033,933           17         Electric Sales Revenue         Staff Acct. Schedule 9*, L.1-3, + Rate Decrease         289,813,503           17         Depreating Revenue         Staff Acct. Schedule 9*, L.1-3, + Rate Decrease         289,813,503           19         Water Revenue         L16 + L17         294,063,596           20         Operating and Maintenance Expense         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,131           10         Depreciation         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,931           11         Depreciation         Staff Acct. Schedule 9, L.100         10,883,580           27         Federal and State Income Taxes         Staff Acct. Schedule 9, L.111 (plus IEC revenues         10,382,867           38         Total Water Operating Expenses         Sum of L. 21-28         253,971,148           39         Operating Income - Electric         L19 - L29         40,092,444           39         Depreciation         L22         32,373,757           39         Deferred Taxes         Staff Acct. Schedule 9, L110         2,323,761	13	Long-term Debt				
Interest Expense         L12*L13 (+\$4,250,000 (TOPRs))         28,090,163         23,033,933           IE         Electric Sales Revenue         Staff Acct. Schedule 9, L.1-3, + Rate Decrease         289,813,503           Other Electric Operating Revenue         Staff Acct. Schedule 9, L.4-5         4,250,093           Water Revenue         L16 + L17         294,063,596           Operating and Maintenance Expense         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,131           Depreciation         Staff Acct. Schedule 9, L.95 + L.99         32,373,757           Amortization         Staff Acct. Schedule 9, L.100         10,885,580           Tease Other than income Taxes         Staff Acct. Schedule 9, L.111 (plus IEC revenues         10,362,867           Gains on Disposition of Plant         and rate decr. impact)         26,3971,148           Operating Income - Electric         L19 - L29         40,092,448           Operating Income - Electric         L14         -23,033,933           Iess: Interest Expense         L14         -23,033,933           Defered Taxes         Staff Acct. Schedule 9, L110         2,323,761           Best: Interest Expense         L14         -23,033,933           Depreciation         L22         32,373,757           Amortization         Staff Acct. Schedule 9, L110	14	-	•			
16       Electric Sales Revenue       Staff Accl. Schedule 9, L.1-3, + Rate Decrease       289,813,503         17       Electric Operating Revenue       Staff Accl. Schedule 9, L.4-5       4.250,093         18       Water Revenue       L16 + L17       294,063,596         19       Operating and Maintenance Expense       Staff Accl. Schedule 9, L.94 (less cust. deposits)       199,821,131         12       Operating and Maintenance Expense       Staff Accl. Schedule 9, L.95 + L99       32,373,757         13       Taxes Other than Income Taxes       Staff Accl. Schedule 9, L.100       10,883,580         14       Taxes Other than Income Taxes       Staff Accl. Schedule 9, L.111 (plus IEC revenues       10,362,867         16       Total Water Operating Expenses       Sum of L. 21-28       253,971,148         16       L19 + L29       40,092,448         0perating income - Water       Iess: Interest Expense       L14       -23,033,933         17       Deferred Taxes       Staff Acct. Schedule 9, L110       2,323,761         18       Funds from Operations (FFO)       Sum of L.21-28       263,971,148         19       L22       32,373,757       37,720,000         19       Defered Taxes       Staff Acct. Schedule 9, L110       2,323,761         19       Sum of L31-3	15	Interest Expense				
8         Other Electric Operating Revenue         Staff Acct. Schedule 9, L.4-5         4,250,093           9         Water Revenue         294,063,596           20         Operating Revenue         L16 + L17         294,063,596           21         Operating and Maintenance Expense         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,131           22         Operating and Maintenance Expense         Staff Acct. Schedule 9, L.95 + L99         32,373,757           23         Amortization         Staff Acct. Schedule 9, L.100         10,883,580           24         Federal and State Income Taxes         Staff Acct. Schedule 9, L.111 (plus IEC revenues and rate decr. impact)         10,362,867           25         Total Electric/Water Operating Expenses         Sum of L. 21-28         253,971,148           26         Operating Income - Electric         L19 - L29         40,092,448           30         Operating Income - Water         L14         -23,033,933           31         Defered Taxes         Staff Acct. Schedule 9, L110         2,323,761           32         Additional Financial Information Needed for Calculation of Ratios         37,720,000           34         Capitalized Lease Obligations         EDE Form 10-Q, p. 6         46,000,000         37,720,000           34         Addition		· · · · · · · · · · · · · · · · · · ·		20,000,000	20,000,000	
18         Other Electric Operating Revenue         Staff Acct. Schedule 9, L.4-5         4,250,093           19         Water Revenue         L16 + L17         294,063,596           21         Operating Revenue         L16 + L17         294,063,596           22         Operating and Maintenance Expense         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,131           21         Depreciation         Staff Acct. Schedule 9, L.95 + L99         32,373,757           23         Amortization         10,883,580           24         Taxes Other than Income Taxes         Staff Acct. Schedule 9, L.110         10,883,580           25         Total State Income Taxes         Staff Acct. Schedule 9, L.111 (plus IEC revenues         10,362,867           36         and rate decr. impact)         Total Water Operating Expenses         and rate decr. impact)         10,362,867           30         Total Electric Water Operating Exp         Sum of L. 21-28         253,971,148         32,373,757           31         Operating income - Electric         L19 - L29         40,092,448         32,373,757           32         Appreciation         L22         32,373,757         363,887           33         Depreciation         L22         32,373,757         363,887         351,756,033 <td>17</td> <td>Electric Sales Revenue</td> <td>Staff Acct, Schedule 9*, L.1-3, + Rate E</td> <td>)ecrease</td> <td>289.813.503</td>	17	Electric Sales Revenue	Staff Acct, Schedule 9*, L.1-3, + Rate E	)ecrease	289.813.503	
Water Revenue         L16 + L17         294,063,596           20         Operating Revenue         L16 + L17         294,063,596           21         Operating and Maintenance Expense         Staff Acct. Schedule 9, L.94 (less cust. deposits)         199,821,131           21         Depreciation         Staff Acct. Schedule 9, L.95 + L99         32,373,757           24         Amortization         Staff Acct. Schedule 9, L.90         10,883,580           25         Interest on Customer Deposits         Staff Acct. Schedule 9, L.100         10,883,580           26         Gains on Disposition of Plant         and rate decr. impact)         10,883,580           26         Total Electric/Water Operating Expenses         Total Electric/Water Operating Exp         Sum of L. 21-28         253,971,148           31         Operating Income - Electric         L19 - L29         40,092,448         092,448           32         Operating Income - Water         -23,033,933         23,373,757           34         less: Interest Expense         L14         -23,033,933           35         Depreciation         L22         32,373,757           36         Amortization         E02         51,756,033           39         Funds from Operations (FFO)         Sum of L31-36         51,756,033	18	Other Electric Operating Revenue				
21       Operating and Maintenance Expense       Staff Acct. Schedule 9, L.94 (less cust. deposits)       199,821,131         22       Operating       Staff Acct. Schedule 9, L.95 + L99       32,373,757         23       Amortization       Staff Acct. Schedule 9, L.95 + L99       32,373,757         24       Amortization       Staff Acct. Schedule 9, L.95 + L99       32,373,757         25       Interest on Customer Deposits       Staff Acct. Schedule 9, L100       10,883,580         26       Gains on Disposition of Plant       and rate decr. impact)       10,883,580         26       Gains on Disposition of Plant       and rate decr. impact)       10,362,867         27       Federal and State Income Taxes       Staff Acct. Schedule 9, L111 (plus IEC revenues       10,362,867         27       Total Electric/Water Operating Exp       Sum of L. 21-28       253,971,148         28       Operating Income - Electric       L19 - L29       40,092,448         39       Depreciation       L22       32,373,757         36       Amortization       L22       32,373,757         37       Defered Taxes       Staff Acct. Schedule 9, L110       2,323,761         38       Funds from Operations (FFO)       Sum of L31-36       51,756,033         39       Additional Finan	19				· • • • • • • • •	
21       Operating and Maintenance Expense       Staff Acct. Schedule 9, L.94 (less cust. deposits)       199,821,131         22       Operaciation       Staff Acct. Schedule 9, L.95 + L99       32,373,757         23       Amortization       32,373,757         24       Amortization       32,373,757         25       Interest on Customer Deposits       Staff Acct. Schedule 9, L.90       32,373,757         26       Interest on Customer Daxes       Staff Acct. Schedule 9, L.100       10,883,580         26       Gains on Disposition of Plant       and rate decr. impact)       10,883,580         27       Federal and State Income Taxes       Staff Acct. Schedule 9, L.111 (plus IEC revenues       10,362,867         27       Fotal Electric/Water Operating Expenses	20	Operating Revenue	L16 + L17		294.063.596	
23       Depreciation       Staff Acct. Schedule 9, L95 + L99       32,373,757         24       Amortization       529,813         25       Interest on Customer Deposits       Staff Acct. Schedule 10, Adj. S-70.3       529,813         26       Taxes Other than Income Taxes       Staff Acct. Schedule 9, L.100       10,883,580         27       Federal and State Income Taxes       Staff Acct. Schedule 9, L.111 (plus IEC revenues and rate decr. impact)       10,362,867         28       Gains on Disposition of Plant       and rate decr. impact)       10,362,867         29       Total Electric/Water Operating Exp       Sum of L. 21-28       253,971,148         31       Operating Income - Electric       L19 - L29       40,092,448         32       Operating Income - Water       -23,033,933         35       Depreciation       L22       32,37,61         36       Funds from Operations (FFO)       Sum of L31-36       51,756,033         37       Zoget Preciation       L22       32,37,61         38       Funds from Operations (FFO)       Sum of L31-36       51,756,033         39       Capitalized Lease Obligations       EDE Accounts 227 + 243       443,765       363,887         37,720,000       Gainsthinterest Paid       Information Supplied by EDE	21					
23       Depreciation       Staff Acct. Schedule 9, L.95 + L99       32,373,757         24       Amortization       529,813         25       Interest on Customer Deposits       Staff Acct. Schedule 10, Adj. S-70.3       529,813         26       Taxes Other than Income Taxes       Staff Acct. Schedule 9, L.100       10,883,580         27       Federal and State Income Taxes       Staff Acct. Schedule 9, L.101       10,362,867         28       Gains on Disposition of Plant       and rate decr. impact)       10,362,867         29       Total Electric/Water Operating Exp       Sum of L. 21-28       253,971,148         31       Operating Income - Electric       L19 - L29       40,092,448         30       Operating Income - Water       -23,033,933         31       Depreciation       L22       32,3761         36       Funds from Operations (FFO)       Sum of L31-36       51,756,033         39       -       -       443,765       363,887         41       -       -       -       363,000         41       -       -       -       363,887         30       -       -       -       -       363,887         31       Capitalized Lease Obligations       EDE Accounts 417,891 + 4	22	Operating and Maintenance Expense	Staff Acct. Schedule 9, L.94 (less cust.	deposits)	199,821,131	
24       Amortization       529,813         25       Interest on Customer Deposits       Staff Acct. Schedule 9, L.100       10,883,580         26       Taxes Other than Income Taxes       Staff Acct. Schedule 9, L.111 (plus IEC revenues Gains on Disposition of Plant       10,883,580         29       Gains on Disposition of Plant       and rate decr. impact)       10,883,580         29       Total Electric/Water Operating Expenses       253,971,148       253,971,148         31       Operating income - Electric       L 19 - L29       40,092,448         32       Operating income - Water       23,033,933         33       Depreciation       L22       32,373,757         34       less: Interest Expense       L14       -23,033,933         35       Depreciation       L22       32,373,757         36       Amortization       2,323,761         37       Deferred Taxes       Staff Acct. Schedule 9, L110       2,323,761         39       Additional Financial Information Needed for Calculation of Ratios       363,887         41       Capitalized Lease Obligations       EDE Accounts 227 + 243       443,765       363,887         45       Short-term Debt Balance       EDE Accounts 417,891 + 431,400       625,992       513,313         47<	23			• •		
26       Taxes Other than Income Taxes       Staff Acct. Schedule 9, L.100       10,883,580         27       Federal and State Income Taxes       Staff Acct. Schedule 9, L.111 (plus IEC revenues       10,362,867         28       Gains on Disposition of Plant       and rate decr. impact)       10,362,867         29       Total Water Operating Expenses       and rate decr. impact)       10,362,867         30       Total Electric/Water Operating Exp       Sum of L. 21-28       253,971,148         31       Operating Income - Electric       L19 - L29       40,092,448         32       Operating Income - Water       L22       32,373,757         34       less: Interest Expense       L14       -23,033,933         35       Depreciation       L22       32,377,757         36       Amortization       2       32,373,757         37       Deferred Taxes       Staff Acct. Schedule 9, L110       2,323,761         39       Sum of L.31-36       51,756,033       363,887         40       Additional Financial Information Needed for Calculation of Ratios       443,765       363,887         41       Capitalized Lease Obligations       EDE Accounts 227 + 243       443,765       363,887         43       Additional Financial Information Supplied by EDE	24	•	·····			
26       Taxes Other than Income Taxes       Staff Acct. Schedule 9, L.100       10,883,580         27       Federal and State Income Taxes       Staff Acct. Schedule 9, L.111 (plus IEC revenues       10,362,867         28       Gains on Disposition of Plant       and rate decr. impact)       10,362,867         29       Total Water Operating Expenses       and rate decr. impact)       10,362,867         30       Total Electric/Water Operating Exp       Sum of L. 21-28       253,971,148         31       Operating Income - Electric       L19 - L29       40,092,448         32       Operating Income - Water       -23,033,933         34       less: Interest Expense       L14       -23,037,757         35       Depreciation       L22       32,377,767         36       Amortization       2,323,761       51,756,033         39       Funds from Operations (FFO)       Sum of L31-36       51,756,033         40       Additional Financial Information Needed for Calculation of Ratios       443,765       363,887         41       Additional Financial Information Supplied by EDE       24,275,961       19,906,288         43       Additional Financial Information Supplied by EDE       24,275,961       19,906,288         443       Capitalized Lease Obligations	25	Interest on Customer Deposits	Staff Acct, Schedule 10, Adi, S-70.3		529,813	
27       Federal and State Income Taxes       Staff Acct. Schedule 9, L.111 (plus IEC revenues and rate decr. impact)       10,362,867         28       Gains on Disposition of Plant       and rate decr. impact)       10,362,867         29       Total Water Operating Expenses       253,971,148         30       Total Electric/Water Operating Exp       Sum of L. 21-28       253,971,148         31       Operating Income - Electric       L19 - L29       40,092,448         32       Operating Income - Water       32,373,757         34       less: Interest Expense       L14       -23,033,933         35       Depreciation       L22       32,373,757         36       Amortization       32       32,3761         37       Deferred Taxes       Staff Acct. Schedule 9, L110       2,323,761         38       Funds from Operations (FFO)       Sum of L31-36       51,756,033         39       Capitalized Lease Obligations       EDE Accounts 227 + 243       443,765       363,887         41       Capitalized Lease Obligations       EDE Form 10-Q, p. 6       46,000,000       37,720,000         41       Additional Financial Information Supplied by EDE       24,275,961       19,906,288         47       Cash Interest Paid       Information Supplied by EDE	26	•				
28       Gains on Disposition of Plant       and rate decr. impact)         29       Total Water Operating Expenses       253,971,148         31       Total Electric/Water Operating Exp       Sum of L. 21-28       253,971,148         32       Operating Income - Electric       L19 - L29       40,092,448         33       Operating Income - Water       -23,033,933         34       less: Interest Expense       L14       -23,033,933         35       Depreciation       L22       32,373,757         36       Amortization       2,323,761         37       Deferred Taxes       Staff Acct. Schedule 9, L110       2,323,761         39       Staff Acct. Schedule 9, L110       2,323,761       51,756,033         40       44       -23,031,933       51,756,033         40       Additional Financial Information Needed for Calculation of Ratios       51,756,033         41				revenues		
29       Total Water Operating Expenses       253,971,148         30       Total Electric/Water Operating Exp       Sum of L. 21-28       253,971,148         31       Operating Income - Electric       L19 - L29       40,092,448         32       Operating Income - Water       -23,033,933         34       less: Interest Expense       L14       -23,033,933         35       Depreciation       L22       32,373,757         36       Amortization       2,323,761         37       Deferred Taxes       Staff Acct. Schedule 9, L110       2,323,761         39       Funds from Operations (FFO)       Sum of L31-36       51,756,033         40       Capitalized Lease Obligations       EDE Accounts 227 + 243       443,765       363,887         41       Capitalized Lease Obligations       EDE Form 10-Q, p. 6       46,000,000       37,720,000         41       Additional Financial Information Needed for Calculation of Ratios       51,756,033       363,887         42       Additional Financial Information Needed for Calculation of Ratios       443,765       363,887         43       Additional Financial Information Supplied by EDE       24,275,961       39,906,288         44       Capitalized Interest       EDE Form 10-Q, p. 4       606,000       49						
30         Total Electric/Water Operating Exp         Sum of L. 21-28         253,971,148           31         Operating income - Electric         L19 - L29         40,092,448           33         Operating income - Water         -23,033,933           34         less: Interest Expense         L14         -23,033,933           35         Depreciation         L22         32,373,757           36         Amortization         2,323,761           37         Deferred Taxes         Staff Acct. Schedule 9, L110         2,323,761           39         Funds from Operations (FFO)         Sum of L31-36         51,756,033           39         Additional Financial Information Needed for Calculation of Ratios         443,765         363,887           41         Capitalized Lease Obligations         EDE Accounts 227 + 243         443,765         363,887           42         Additional Financial Information Needed for Calculation of Ratios         37,720,000         37,720,000           43         Short-term Debt Balance         EDE Accounts 417,891 + 431,400         622,992         513,313           44         Cash Interest Paid         Information Supplied by EDE         24,275,961         19,906,288           45         AFUDC Debt (capitalized interest)         EDE Form 10-Q, p. 4         606						
31       Operating income - Electric       L19 - L29       40,092,448         32       Operating income - Water       -23,033,933         33       Depreciation       L22       32,373,757         34       less: Interest Expense       L14       -23,033,933         35       Depreciation       L22       32,373,757         36       Amortization       2,323,761         37       Deferred Taxes       Staff Acct. Schedule 9, L110       2,323,761         39       Staff Acct. Schedule 9, L110       2,323,761         40       41       -23,033,933         40       41       -23,023,761         41       -23,023,761       51,756,033         42       Additional Financial Information Needed for Calculation of Ratios			Sum of L. 21-28		253,971,148	
33       Operating Income - Water         34       less: Interest Expense       L14         35       Depreciation       L22         36       Anortization         37       Deferred Taxes       Staff Acct. Schedule 9, L110         38       Funds from Operations (FFO)       Sum of L31-36         39       Staff Acct. Schedule 9, L110       2,323,761         39       Additional Financial Information Needed for Calculation of Ratios       51,756,033         40       EDE Accounts 227 + 243       443,765       363,887         41       Additional Financial Information Needed for Calculation of Ratios       37,720,000         41       EDE Accounts 227 + 243       443,765       363,887         44       Capitalized Lease Obligations       EDE Accounts 227 + 243       443,765       363,887         45       Short-term Debt Interest       EDE Form 10-Q, p. 6       46,000,000       37,720,000         46       Short-term Debt Interest       EDE Accounts 417,891 + 431,400       625,992       513,313         47       Cash Interest Paid       Information Supplied by EDE       24,275,961       19,906,288         48       AFUDC Debt (capitalized interest)       EDE Form 10-Q, p. 4       606,000       496,920         49	31				, .	
33       Operating Income - Water         34       less: Interest Expense       L14         35       Depreciation       L22         36       Anortization         37       Deferred Taxes       Staff Acct. Schedule 9, L110         38       Funds from Operations (FFO)       Sum of L31-36         39       Staff Acct. Schedule 9, L110       2,323,761         39       Additional Financial Information Needed for Calculation of Ratios       51,756,033         40       EDE Accounts 227 + 243       443,765       363,887         41       Additional Financial Information Needed for Calculation of Ratios       37,720,000         41       EDE Accounts 227 + 243       443,765       363,887         44       Capitalized Lease Obligations       EDE Accounts 227 + 243       443,765       363,887         45       Short-term Debt Interest       EDE Form 10-Q, p. 6       46,000,000       37,720,000         46       Short-term Debt Interest       EDE Accounts 417,891 + 431,400       625,992       513,313         47       Cash Interest Paid       Information Supplied by EDE       24,275,961       19,906,288         48       AFUDC Debt (capitalized interest)       EDE Form 10-Q, p. 4       606,000       496,920         49	32	Operating Income - Electric	L 19 - L 29		40.092,448	
34less: Interest ExpenseL14-23,033,93335DepreciationL2232,373,75736Amortization32,373,75737Deferred TaxesStaff Acct. Schedule 9, L1102,323,76139Funds from Operations (FFO)Sum of L31-3651,756,03340414243443,76540Additional Financial Information Needed for Calculation of Ratios51,756,033414243443,76542Short-term Debt BalanceEDE Accounts 227 + 243443,76543Short-term Debt BalanceEDE Form 10-Q, p. 646,000,00044Short-term Debt InterestEDE Accounts 417,891 + 431,400625,99245Short-term Debt InterestEDE Accounts 417,891 + 431,400625,99248AFUDC Debt (capitalized interest)EDE Form 10-Q, p. 4606,000494960496,92050Adjustments Made by Rating Agencies for Off-Balance Sheet Obligations1,667,13051Debt Adj for Off-Balance Sheet Obligs0PC DR 1025 & Robertson W/P2,03,0851,667,13053Purchase Power Debt EquivalentOPC DRs 1025/1028&Robertson W/P14,858,33014,858,33054Total OSB Debt AdjustmentL52 + 15320,153,00016,525,46055Operating Lease Deprec AdjustmentOPC DR 1025 & Robertson W/P555,336455,375					,	
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38Funds from Operations (FFO)Sum of L31-3651,756,0333940414243Additional Financial Information Needed for Calculation of Ratios44Capitalized Lease ObligationsEDE Accounts 227 + 243443,765363,88745Short-term Debt BalanceEDE Form 10-Q, p. 646,000,00037,720,00046Short-term Debt InterestEDE Accounts 417,891 + 431,400625,992513,31347Cash Interest PaidInformation Supplied by EDE24,275,96119,906,28848AFUDC Debt (capitalized interest)EDE Form 10-Q, p. 4606,000496,92049605,000496,920496,92050Adjustments Made by Rating Agencies for Off-Balance Sheet Obligations5151Debt Adj for Off-Balance Sheet Obligs0PC DR 1025 & Robertson W/P2,033,0851,667,13053Purchase Power Debt EquivalentOPC DRs 1025/1026&Robertson W/P18,119,91514,858,33054Total OSB Debt AdjustmentL52 + 15320,153,00016,525,46055Operating Lease Deprec AdjustmentOPC DR 1025 & Robertson W/P555,336455,375	37	Deferred Taxes	Staff Acct. Schedule 9, L110		2,323,761	
39       40         41       42         43       Additional Financial Information Needed for Calculation of Ratios         44       Capitalized Lease Obligations       EDE Accounts 227 + 243       443,765       363,887         45       Short-term Debt Balance       EDE Form 10-Q, p. 6       46,000,000       37,720,000         46       Short-term Debt Interest       EDE Accounts 417,891 + 431.400       625,992       513,313         47       Cash Interest Paid       Information Supplied by EDE       24,275,961       19,906,288         48       AFUDC Debt (capitalized interest)       EDE Form 10-Q, p. 4       606,000       496,920         49       Adjustments Made by Rating Agencies for Off-Balance Sheet Obligations       51       Debt Adj for Off-Balance Sheet Obligs         52       Operating Lease Debt Equivalent       OPC DR 1025 & Robertson W/P       2,033,085       1,667,130         53       Purchase Power Debt Equivalent       OPC DRs 1025/1028&Robertson W/P       18,119,915       14,858,330         54       Total OSB Debt Adjustment       L52 + 153       20,153,000       16,525,460         55       6       Operating Lease Deprec Adjustment       OPC DR 1025 & Robertson W/P       555,336       455,375	38	Funds from Operations (FFO)	r.		51,756,033	
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42Additional Financial Information Needed for Calculation of Ratios43Additional Financial Information Needed for Calculation of Ratios44Capitalized Lease ObligationsEDE Accounts 227 + 243443,765363,88745Short-term Debt BalanceEDE Form 10-Q, p. 646,000,00037,720,00046Short-term Debt InterestEDE Accounts 417,891 + 431,400625,992513,31347Cash Interest PaidInformation Supplied by EDE24,275,96119,906,28848AFUDC Debt (capitalized interest)EDE Form 10-Q, p. 4606,000496,92049Adjustments Made by Rating Agencies for Off-Balance Sheet Obligations496,92050Adjustments Made by Rating Agencies for Off-Balance Sheet Obligations1,667,13051Debt Adj for Off-Balance Sheet Obligs2,033,0851,667,13052Operating Lease Debt EquivalentOPC DR 1025 & Robertson W/P2,033,0851,667,13053Purchase Power Debt EquivalentOPC DRs 1025/1028&Robertson W/P18,119,91514,858,33054Total OSB Debt AdjustmentL52 + 15320,153,00016,525,4605556Operating Lease Deprec AdjustmentOPC DR 1025 & Robertson W/P555,336455,375	40					
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44Capitalized Lease ObligationsEDE Accounts 227 + 243443,765363,88745Short-term Debt BalanceEDE Form 10-Q, p. 646,000,00037,720,00046Short-term Debt InterestEDE Accounts 417.891 + 431.400625,992513,31347Cash Interest PaidInformation Supplied by EDE24,275,96119,906,28848AFUDC Debt (capitalized interest)EDE Form 10-Q, p. 4606,000496,9204950Adjustments Made by Rating Agencies for Off-Balance Sheet Obligations496,92051Debt Adj for Off-Balance Sheet Obligs52Operating Lease Debt EquivalentOPC DR 1025 & Robertson W/P2,033,0851,667,13053Purchase Power Debt EquivalentOPC DRs 1025/1028&Robertson W/P18,119,91514,858,33014,858,33054Total OSB Debt AdjustmentL52 + I5320,153,00016,525,4605556Operating Lease Deprec AdjustmentOPC DR 1025 & Robertson W/P555,336455,375	42					
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47Cash Interest PaidInformation Supplied by EDE24,275,96119,906,28848AFUDC Debt (capitalized interest)EDE Form 10-Q, p. 4606,000496,9204950Adjustments Made by Rating Agencies for Off-Balance Sheet Obligations51Debt Adj for Off-Balance Sheet Obligs5252Operating Lease Debt EquivalentOPC DR 1025 & Robertson W/P2,033,0851,667,13053Purchase Power Debt EquivalentOPC DRs 1025/1028&Robertson W/P18,119,91514,858,33054Total OSB Debt AdjustmentL52 + I5320,153,00016,525,4605556Operating Lease Deprec AdjustmentOPC DR 1025 & Robertson W/P555,336455,375	45		EDE Form 10-Q, p. 6	46,000,000	37,720,000	
48AFUDC Debt (capitalized interest)EDE Form 10-Q, p. 4606,000496,920494950Adjustments Made by Rating Agencies for Off-Balance Sheet Obligations51Debt Adj for Off-Balance Sheet Obligs52Operating Lease Debt EquivalentOPC DR 1025 & Robertson W/P2,033,0851,667,13053Purchase Power Debt EquivalentOPC DRs 1025/1028&Robertson W/P18,119,91514,858,33054Total OSB Debt AdjustmentL52 + I5320,153,00016,525,4605556Operating Lease Deprec AdjustmentOPC DR 1025 & Robertson W/P555,336455,375	46	Short-term Debt Interest	EDE Accounts 417.891 + 431.400	625,992	513,313	
4950Adjustments Made by Rating Agencies for Off-Balance Sheet Obligations51Debt Adj for Off-Balance Sheet Obligs52Operating Lease Debt EquivalentOPC DR 1025 & Robertson W/P2,033,0851,667,13053Purchase Power Debt EquivalentOPC DRs 1025/1028&Robertson W/P18,119,91514,858,33054Total OSB Debt AdjustmentL52 + I5320,153,00016,525,4605556Operating Lease Deprec AdjustmentOPC DR 1025 & Robertson W/P555,336455,375	47	Cash Interest Paid	Information Supplied by EDE	24,275,961	19,906,288	
49Adjustments Made by Rating Agencies for Off-Balance Sheet Obligations50Debt Adj for Off-Balance Sheet Obligs51Debt Adj for Off-Balance Sheet Obligs52Operating Lease Debt EquivalentOPC DR 1025 & Robertson W/P2,033,0851,667,13053Purchase Power Debt EquivalentOPC DRs 1025/1028&Robertson W/P18,119,91514,858,33054Total OSB Debt AdjustmentL52 + I5320,153,00016,525,4605556Operating Lease Deprec AdjustmentOPC DR 1025 & Robertson W/P555,336455,375	48	AFUDC Debt (capitalized interest)	EDE Form 10-Q, p. 4	606,000	496,920	
51Debt Adj for Off-Balance Sheet Obligs52Operating Lease Debt EquivalentOPC DR 1025 & Robertson W/P2,033,0851,667,13053Purchase Power Debt EquivalentOPC DRs 1025/1028&Robertson W/P18,119,91514,858,33054Total OSB Debt AdjustmentL52 + I5320,153,00016,525,4605556Operating Lease Deprec AdjustmentOPC DR 1025 & Robertson W/P555,336455,375	49	,				
51Debt Adj for Off-Balance Sheet Obligs52Operating Lease Debt EquivalentOPC DR 1025 & Robertson W/P2,033,0851,667,13053Purchase Power Debt EquivalentOPC DRs 1025/1028&Robertson W/P18,119,91514,858,33054Total OSB Debt AdjustmentL52 + I5320,153,00016,525,4605556Operating Lease Deprec AdjustmentOPC DR 1025 & Robertson W/P555,336455,375	50	Adjustments Made by Rating Agencies for Off-Balance Sheet Obligations				
53         Purchase Power Debt Equivalent         OPC DRs 1025/1028&Robertson W/P         18,119,915         14,858,330           54         Total OSB Debt Adjustment         L52 + I53         20,153,000         16,525,460           55         56         Operating Lease Deprec Adjustment         OPC DR 1025 & Robertson W/P         555,336         455,375	51					
53         Purchase Power Debt Equivalent         OPC DRs 1025/1028&Robertson W/P         18,119,915         14,858,330           54         Total OSB Debt Adjustment         L52 + I53         20,153,000         16,525,460           55         56         Operating Lease Deprec Adjustment         OPC DR 1025 & Robertson W/P         555,336         455,375	52	Operating Lease Debt Equivalent	OPC DR 1025 & Robertson W/P	2,033,085	1,667,130	
54         Total OSB Debt Adjustment         L52 + I53         20,153,000         16,525,460           55         56         Operating Lease Deprec Adjustment         OPC DR 1025 & Robertson W/P         555,336         455,375		· •	OPC DRs 1025/1028&Robertson W/P	18,119,915		
55 56 Operating Lease Deprec Adjustment OPC DR 1025 & Robertson W/P 555,336 455,375	54	Total OSB Debt Adjustment	L52 + 153	20,153,000	16,525,460	
	55	-				
	56	Operating Lease Deprec Adjustment	OPC DR 1025 & Robertson W/P	555,336	6 455,375	
57	57					

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58	Interest Adjustments for Off-Balance Sheet	Obligations			
59	Present Value of Operating Leases	L52 * 10%	203,309	166,713	
60	Purchase Power Debt Equivalent	L53 * 10%	1,811,992	1,485,833	
61	Total OSB interest Adjustment	159 + 160	2,015,300	1,652,546	
62					
63	Ratio Calculations				
64	Adjusted Interest Expense	L14 + L46 + L61	30,731,455	25,199,793	
65	Adjusted Total Debt 3/31/06	L11 + L12 + L44 + L45 +L54	454,634,461	372,800,258	
66	Adjusted Total Debt 3/31/05	Same as L65, but for prior year	412,861,000	338,546,020	
67	Adjusted Total Capital	L9 + L44 + L45 + L54	838,675,237	687,713,695	
68					
69	Adj. FFO Interest Coverage	(L37 + L47 + L48 + L61)/(L14 + L48 ·	+ L61)	2.93	
70	Adj. FFO as a % of Average Total Debt	(L37 + L56)/(avg. of L65 + L66)		0.1468	
71	Adj. Total Debt to Total Capital	L65/L67		0.5421	
72					
73	Changes Required to	o Meet Ratio Targets			
74	Adj. FFO Interest Coverage Target	·		3.20	
75	FFO Adjustment to Meet Target	(L74 - L69) * L64		6,779,502	
76	Interest Adjustment to Meet Target	L37 * (1/L74 - 1) - 1/L69 - 1)		-3,277,658	
77	· •				
78	Adj. FFO as a % of Average Total Debt			0.195	
79	FFO Adjustment to Meet Target	(L78 - L70) * (Avg of L65 + L66)		17,144,854	
<b>8</b> 0	Debt Adjustment to Meet Target	L37 * (1/L78 - 1/L70)		-87,155,493	
81					
82	Adj. Total Debt to Total Capital Target			56.50%	
83	Debt Adjustment to Meet Target	(L82 - L71) * L67		15,757,979	
84	Total Capital Adjustment to Meet Target	L65/L82 - L67		-27,890,229	
85					
86	Amortization and Revenue Needed to Meet Targeted Ratios				
87	FFO Adj Needed to Meet Target Ratios	Maximum of L75, L79 or zero		17,144,854	
88	Effective Income Tax Rate			0.3839	
89	Income Tax Effect	L87 * L88/(1 - L88)		-10,683,184	
90	Total Amortization Req for FFO Adj	L87 - L89		27, <b>82</b> 8,038	
91					
92	* All references to Staff Accounting Schedules tie to schedules supporting amounts reflected in the				

92 \* All references to Staff Accounting Sche
 93 Preliminary Reconciliation filed 7/7/06.

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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 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 surrebuttal testimony consisting of pages 1 through 12 and Schedule TJR-1.

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 18<sup>th</sup> day of August 2006.



1

JERENE A. BUCKMAN My Commission Expires August 10, 2009 Cole County Commission #05754036

Jerene Buckman Notary Public

My commission expires August 10, 2009.