

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

In the Matter of the Application of Kansas City	)	
Power & Light Company for Approval to Make	)	
Certain Changes in its Charges for Electric	)	Case No. ER-2007-0291
Service to Implement its Regulatory Plan.	)	

**EMPIRE’S STATEMENT REGARDING STIPULATION**

COMES NOW The Empire District Electric Company (“Empire”), by counsel, and, with regard to the Stipulation and Agreement as to Certain Issues entered into by and between Kansas City Power & Light Company (“KCPL”) and the Staff of the Commission (“Staff”), respectfully states as follows to the Missouri Public Service Commission (the “Commission”):

1. On October 3, 2007, KCPL and Staff filed a Stipulation and Agreement as to Certain Issues (the “Stipulation”). The Stipulation represents an agreement between KCPL and Staff as to various matters at issue in this pending rate case, including an agreement on the issue entitled “Cost of Removal Income Tax.”

2. With its Order Directing Filing of October 4, 2007, the Commission directed all parties wishing to object to the Stipulation to do so by noon on October 9, 2007.

3. While Empire fully supports the amortization of these benefits, the reference to the cost of removal component of depreciation is unrelated. Empire does not wish to object to the Stipulation for purposes of Commission Rule 4 CSR 240-2.115; however, to make clear Empire’s position on the Cost of Removal Income Tax issue, Empire submits this Statement Regarding Stipulation.

4. Item 5 of the Stipulation reads, in part, as follows: “The Parties agree that KCPL will adopt in this case normalization accounting for the tax timing difference associated with pre-1981 vintage cost of removal . . . representing the excess of KCPL’s actual cost of removal over the accrued cost included in book depreciation in prior years . . .”

5. It is Empire's position that the cost of removal component included in book depreciation is not tied to tax benefits previously flowed through to ratepayers. Instead, it is the accumulated current income tax benefits of the cost of removal deduction used to reduce rates to customers that is the basis for determining the amount that should be provided back to the utility in the form of amortization.

6. Additionally, it should be noted that Empire has historically flowed through all vintage costs of removal, including 1981 vintage and forward.

Respectfully submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

By: /s/ Diana C. Carter  
Diana C. Carter MBE #50527  
312 E. Capitol Avenue  
P. O. Box 456  
Jefferson City, MO 65102  
Phone: (573) 635-7166  
Fax: (573) 634-7431  
DCarter@brydonlaw.com

### **CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing document was hand-delivered, mailed by U.S. mail, or electronically transmitted on this 8<sup>th</sup> day of October, 2007, to all parties of record.

/s/ Diana C. Carter