

CASE NO. *ER-97-82*

**In the matter of THE EMPIRE DISTRICT
ELECTRIC COMPANY of Joplin, Missouri,
for authority to file interim tariffs increasing
rates for electric service provided to customers
in the Missouri service area of the Company.**

FILED
AUG 30 1996
MISSOURI
PUBLIC SERVICE COMMISSION

THE EMPIRE DISTRICT ELECTRIC COMPANY

Sec. A 13th Revised Sheet No. 1
Cancelling P.S.C. Mo. No. 5For ALL TERRITORYNo supplement to this tariff will be issued except
for the purpose of cancelling this tariff.Sec. A 12th Revised Sheet No. 1
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THE EMPIRE DISTRICT ELECTRIC COMPANY

Original
Sec. 4 Revised SHEET No. 20
Cancelling P.S.C. Mo. No. _____For ALL TERRITORYNo supplement to this tariff will be issued except
for the purpose of cancelling this tariff.Sec. _____ Revised Sheet No. _____
Which was issued _____ELECTRIC INTERIM RIDER
RIDER INT

APPLICATION:

To all electric service billed under any rate schedule, metered or unmetered, subject to the jurisdiction of the Missouri Public Service Commission (MPSC).

RATE:

In addition to the charges which Empire makes for electric service set forth in its approved and effective rate schedules identified immediately below, the following amount will be added:

Amount to be Added

\$0.001349 per kwh

Rate Schedules

Schedule RG
Schedule CB
Schedule SH
Schedule GP
Schedule LP
Schedule PF
Schedule PFM
Schedule TEB
Schedule SC-P
Schedule SC-ICI
Schedule ST
Schedule RTP
Schedule SPL
Schedule PL
Schedule LS
Schedule MS

CONDITIONS:

This interim rider shall be in effect until the effective date of such permanent rate schedules as may be authorized pursuant to the MPSC's Report and Order in Empire's permanent electric rate case filed on August 30, 1996. Empire shall refund with five percent (5%) annual simple interest the amount, if any, by which the revenues produced by this interim rider exceed the aggregate revenues which would have been received under such permanent rate schedules. Such refund, if any, shall be made based upon the billing units of the customer to which these amounts were applied.

THE EMPIRE DISTRICT ELECTRIC COMPANY

Minimum Filing Requirements

The Empire District Electric Company

Statement of Missouri Revenue Increase Request

The aggregate amount of annual revenue from Missouri electric customers which would result from the application of the proposed rates in this case would be \$4,018,071 more than the annual revenue under existing rates. This would represent a 2.43% increase in State of Missouri jurisdictional revenues.

The Empire District Electric Company

Missouri Counties and Communities Affected

Barry County Butterfield Purdy	Dallas County Buffalo Louisburg Urbana	Jasper County (con't) Carthage Duneweg Duquesne Fidelity Iron Gates Jasper Joplin LaRussell Neck City Oakland Park Oronogo Purcell Reeds Sarcoxie Waco Webb City	McDonald County Anderson Ginger Blue Goodman Lanagan Noel Pineville Southwest City	Polk County Aldrich Bolivar Brighton Dunnegan Fair Play Flemington Halfway Humansville Morrisville Pleasant Hope
Barton County Golden City Kenoma*	Greene County Ash Grove Bois D'Arc* Fair Grove Republic Strafford Walnut Grove Willard		Newton County Cliff Village Dennis Acres Diamond Fairview Fort Crowder* Granby Leawood Loma Linda Neosho Newtonia Redings Mill Ritchey Saginaw Seneca Shoal Creek Drive Silver Creek Southern Hills Stark City Stella Wentworth	St. Clair County Collins Gerster Vista
Cedar County Caplinger Mills* Stockton	Hickory County Cross Timbers Hermitage Preston Weableau Wheatland	Lawrence County Aurora Freistatt Halltown Hoberg Marionville Miller Phelps* Pierce City Stotts City Verona		Stone County Galena Hurley Reeds Spring Branson West
Christian County Billings Clever Fremont Hills Ozark Sparta	Jasper County Airport Drive Alba Asbury Avilla Brooklyn Heights Carl Junction Carterville			Taney County Branson Forsyth Hollister Mount Branson Powersite* RockawayBeach* Kirbyville*
Dade County Arcola Everton Greenfield South Greenfield				

*Not Incorporated

THE EMPIRE DISTRICT ELECTRIC COMPANY
MISSOURI
Number of Customers Affected by Rate Classification
TYE 12-31-96

1.	Residential:		
	Schedule PL	7,471 *	
	Schedule RG	100,666	
	TOTAL RESIDENTIAL		108,137
2.	Commercial:		
	Schedule PL	3,726 *	
	Schedule CB	13,574	
	Schedule SH	2,971	
	Schedule LS	77	
	Schedule TEB	530	
	Schedule GP	811	
	Schedule LP	6	
	TOTAL COMMERCIAL		21,695
3.	Industrial:		
	Schedule CB	60	
	Schedule SH	7	
	Schedule TEB	14	
	Schedule PFM	21	
	Schedule PF	2	
	Schedule GP	143	
	Schedule LP	24	
	Schedule SC-P	1	
	Schedule SC-ICI	1	
	TOTAL INDUSTRIAL		273
4.	Street & Highway Lighting:		
	Schedule SPL	110	
	Schedule CB	223	
	Schedule SH	1	
	Schedule MS	1	
	Schedule PL	20 *	
	Schedule LS	124	
	TOTAL STREET & HIGHWAY LIGHTING		479
5.	Public Authorities:		
	Schedule CB	789	
	Schedule TEB	14	
	Schedule GP	70	
	Schedule SH	33	
	Schedule RG	2	
	TOTAL PUBLIC AUTHORITIES		908
6.	Interdepartmental:		
	Schedule CB	6	
	Schedule GP	4	
	TOTAL INTERDEPARTMENTAL		10
7.	TOTAL RETAIL CUSTOMERS		131,503

* 10,816 lighting customers are also counted as primary accounts.

NOT APPLICABLE

The requested increase is \$0.001349 per Kwh



PRESS RELEASE

THE EMPIRE DISTRICT
ELECTRIC COMPANY
602 JOPLIN STREET
POST OFFICE BOX 127
JOPLIN, MISSOURI 64802

Contact: Amy Bass
(417) 625-5100

FOR IMMEDIATE RELEASE

EMPIRE DISTRICT PROPOSES RATE INCREASE FOR MISSOURI ELECTRIC CUSTOMERS

JOPLIN, MO, AUGUST 30, 1996 -- The Empire District Electric Company (NYSE: EDE) today filed a general rate request with the Missouri Public Service Commission for new Missouri electric rates.

Earlier this month, the Company announced a filing for interim rate relief to recover expenses associated with the cost of fuel, namely natural gas, and purchased power. Fuel and purchased power account for approximately 35% of the Company's expenses and have increased significantly since the Company's last rate case.

On August 23, 1996, the Commission notified the Company that it had rejected the Company's interim request. The Commission advised the Company that an interim rate request cannot be considered without a pending general rate case.

"The general case we filed today contains a request for interim rates to cover the fuel and purchased power expenses," explained Mr. Myron McKinney, Executive Vice President-Commercial Operations. "This case also covers the expenses for plant and equipment installed to serve our growing customer base including the second combustion turbine that will be installed at the State Line Plant by June 1997."

-more-

For a residential customer using 700 kilowatt-hours per month, the proposed change would mean an increase of about \$6.85 per month. This would increase annual revenue by approximately \$23,438,000, or 13.8%.

The Empire District Electric Company is an investor-owned utility providing electric service to 99,088 residential, 18,006 commercial and 269 industrial customers in southwest Missouri. The Company also provides electric service to customers in southeast Kansas, northwest Arkansas and northeast Oklahoma.

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The Empire District Electric Company

Summary Explanation of Why Interim Rate Relief is Needed

This information is contained in the direct testimony of Empire's witnesses: Mr. Myron McKinney, Mr. Robert Fancher, and Mr. Virgil Brill.

Exhibit No.: _____
Witness: M. W. McKinney
Type of Exhibit: Direct Testimony
Company: The Empire District Electric Company
Case No.: _____

DIRECT TESTIMONY
OF
M. W. MCKINNEY
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO.

- 1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
- 2 A. Myron W. McKinney, 602 Joplin Street, Joplin, Missouri 64802.
- 3 Q. WHO IS YOUR EMPLOYER AND WHAT POSITION DO YOU HOLD?
- 4 A. The Empire District Electric Company ("Empire" or "Company") is my employer. I hold the
- 5 title of Executive Vice President - Commercial Operations.
- 6 Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND.
- 7 A. I was graduated from Southwest Missouri State University in Springfield, Missouri in 1967
- 8 with a Bachelor of Science Degree in Business Administration.
- 9 Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.
- 10 A. I joined Empire as a Customer Service Consultant immediately following graduation from
- 11 Southwest Missouri State in 1967. My employment with Empire has been continuous since
- 12 then.
- 13 Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE THIS OR ANY
- 14 OTHER REGULATORY BODY?
- 15 A. Yes, I have presented testimony before this Commission on a number of occasions. I have
- 16 also presented testimony before the Arkansas Public Service Commission, the Kansas

1 Corporation Commission, the Oklahoma Corporation Commission and the Federal Energy
2 Regulatory Commission ("FERC").

3 Q. MR. MCKINNEY, WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

4 A. The purpose of my testimony is to provide the background for Empire's decision to request
5 interim rate relief.

6 Q. WHEN DID EMPIRE LAST OBTAIN AN ELECTRIC RATE INCREASE IN
7 MISSOURI?

8 A. Empire received an increase of \$1,400,000 in Missouri jurisdictional revenues or about 0.9%
9 in Case No. ER-95-279. Those rates became effective on November 15, 1995.

10 Q. WHY IS EMPIRE REQUESTING INTERIM RATE RELIEF NINE MONTHS LATER?

11 A. Empire is and has for some time been in a rather unique position in that the Company is
12 purchasing about 34% of its energy requirements from power marketers and other utilities.
13 This results in considerable fluctuation and uncertainty in Empire's operating cost as opposed
14 to the situation where the Company would own the generating facilities and have them
15 reflected in rates. For example, when natural gas prices increase, the effect on Empire is
16 twofold. First, the Company pays more for gas burned in its own gas-fired generating units at
17 the Energy Center, Riverton and State Line. Second, higher gas prices are reflected in the
18 price of purchase power which is available on the market.

19 Q. WAS NOT THIS THE SITUATION AT THE TIME OF THE LAST RATE INCREASE?

20 A. Yes. However, when the Company, Commission Staff, Office of the Public Counsel and
21 intervenors entered into an agreement to settle Case No. ER-95-279, natural gas prices were
22 at very low levels and had been steadily declining. Circumstances have now unexpectedly
23 changed. Cold weather during the winter of 1995-1996 had the effect of rapidly increasing
24 natural gas prices to levels approximately 53% above the prices used in production costing
25 computer models which were utilized by the Staff in settling ER-95-279. Since Missouri has
26 no automatic fuel recovery mechanism, Empire's return began to deteriorate as those costs

1 rose. The Company now finds itself in the unenviable position of needing additional rate
2 revenue to earn even a minimal return for its stockholders.

3 Q. WHAT IS EMPIRE'S FORECAST FOR GAS COSTS IN THE NEAR TERM?

4 A. Empire's forecast indicates delivered natural gas costs will be in excess of \$2.29 per MBtu for
5 the remainder of 1996.

6 Q. WHAT IF THE GAS COSTS RETURN TO THE EARLIER LEVELS?

7 A. The interim rider provides for a refund mechanism if the revenues produced by the next
8 permanent rate increase do not exceed the revenues produced by the interim rates.

9 Q. WHEN DOES EMPIRE PLAN TO FILE ITS NEXT PERMANENT ELECTRIC RATE
10 CASE REQUEST?

11 A. Simultaneously with the interim request, Empire is filing with the Missouri Public Service
12 Commission a permanent rate increase request in the approximate amount of \$23.4 million.

13 Q. WHAT ARE THE MAJOR FACTORS DRIVING THAT PERMANENT CASE?

14 A. In addition to the fuel and purchase power costs referred to previously, Empire's new State
15 Line generating unit is scheduled to become operational June 1, 1997. The permanent case is
16 being timed to pick up this unit and the related costs.

17 Q. IN THE MEANTIME, HAS THE COMPANY TAKEN ANY STEPS TO REDUCE
18 COSTS?

19 A. Yes. First, the Commission will recall that in 1995 Empire undertook a total restructuring of
20 the Company. As a consequence, going into 1996, Empire's workforce has been trimmed to
21 the bone. On top of this, senior management has instituted a number of measures to further
22 reduce operation and maintenance costs for the remainder of 1996.

23 Q. PLEASE DESCRIBE SOME OF THOSE MEASURES.

24 A. The Company currently has 11 unfilled positions in the workforce. These are necessary
25 positions, but due to the extreme circumstances which we now face, those positions will not
26 be filled during 1996. In addition, any future vacancies will require CEO approval before

1 being filled. Travel and seminars have been curtailed. In fact, any travel involving air travel or
2 overnight accommodations now requires senior officer approval. Other expenses have been
3 reduced or delayed to the greatest extent possible resulting in operation and maintenance
4 expenses being reduced for the remainder of 1996 by \$767,000. See my Schedule MWM-1
5 for more detail.

6 Q. HOW MUCH INTERIM RATE RELIEF IS THE COMPANY REQUESTING?

7 A. The Company is requesting an immediate interim rate increase in the amount of \$4,018,071
8 on an annual basis which amount would be spread equally on a Kwh surcharge basis.

9 Q. HOW WAS THIS AMOUNT DETERMINED?

10 A. This amount is determined by Mr. Brill by simply taking the production cost computer
11 models used in Case No. ER-95-279 and applying current fuel and purchase power costs. He
12 explains this in his prepared testimony. This approach allows the Company to begin to
13 recover the costs presently being incurred for purchase power and fuel. These costs represent
14 a major portion of Empire's overall operating expense and can be recovered without
15 distorting any other ratemaking principles. There are no other significant factors which offset
16 these rapidly rising costs.

17 Q. WHAT ABOUT A CLAIM THAT THIS WOULD CONSTITUTE UNLAWFUL SINGLE
18 ISSUE RATEMAKING BY ONLY FOCUSING ON ONE ASPECT OF YOUR COSTS?

19 A. First, it is my understanding that the Commission has considerable discretion to grant interim
20 rate relief immediately or on a date sooner than required for a full hearing so the single issue
21 ratemaking concept should not be an impediment to our request. Second, in the context of
22 this filing and considering all relevant factors, it is clear that Empire's actual return is
23 inadequate and rate relief is necessary and appropriate. Third, in its corresponding permanent
24 case I am confident that Empire will be entitled to a rate increase in excess of the \$4 million.
25 Finally, the requested interim rates will be subject to refund.

26 Q. HOW DOES EMPIRE PROPOSE TO INSURE THAT OVER-COLLECTION DOES NOT

1 OCCUR?

2 A. As indicated, we are filing a general increase simultaneously with this interim filing, which
3 addresses the Company's total operations, major rate base additions, cost of capital and all
4 other relevant factors. All of this is subject to the usual Commission Staff and Office of the
5 Public Counsel audits. In the meantime, any revenues which might be collected under the
6 interim schedule will be subject to refund should the Commission determine in the permanent
7 case that the \$4 million interim award was not appropriate.

8 Q. WHY IS THE COMPANY REQUESTING PERMANENT RATE RELIEF?

9 A. The timing of the permanent case is driven in part by the need to include in rate base a new
10 generating unit which is being installed at the State Line location. This new unit will not
11 likely be operational before June 1, 1997. Consequently, the Company could not expect any
12 permanent rate increase based on this new plant to be effective before the third quarter of
13 1997. This is why Empire must have interim relief as soon as possible. As Mr. Fancher
14 explains in his direct testimony, Empire's rate of return is falling below acceptable limits with
15 no hope for recovery without additional revenue. To wait for the permanent case to be
16 completed without attempting to stop the financial deterioration which is occurring as a
17 result of the rapid and dramatic increase in gas prices is simply not good stewardship of our
18 stockholders' resources.

19 Q. IS EMPIRE SEEKING INTERIM RATE RELIEF IN ANY OF ITS OTHER
20 JURISDICTIONS?

21 A. Not immediately.

22 Q. WHY NOT?

23 A. Approximately 85% of our business is in Missouri and accordingly we are focusing our
24 efforts on this jurisdiction. Furthermore, changes in our fuel and purchased power costs are
25 adjusted automatically in Oklahoma and Arkansas, so we are recovering those increased
26 costs in those jurisdictions.

1 Q. WHAT ACTION DO YOU WANT THE COMMISSION TO TAKE WITH RESPECT TO
2 THIS INTERIM FILING?

3 A. The Company is requesting the Commission to allow the implementation of the interim
4 surcharge on the requested effective date, September 30, 1996, without suspension. Empire
5 realizes that this would be an extraordinary action on the part of the Commission. However,
6 Empire's situation which exists today cries out for enlightened, innovative regulatory
7 solutions to individual situations which this Commission is fully capable of providing.

8 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

9 A. Yes, it does.

AFFIDAVIT

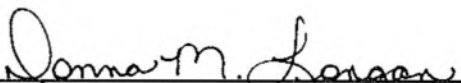
STATE OF MISSOURI)
) ss
COUNTY OF JASPER)

On the 29th day of August, 1996, before me appeared Myron W. McKinney, to me personally known, who, being by me first duly sworn, states that he is the Executive Vice President - Commercial Operations of The Empire District Electric Company and acknowledged that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.



Myron W. McKinney

Subscribed and sworn to before me this 29th day of August, 1996.



Donna M. Longan, Notary Public

My commission expires: January 24, 2000.

**DONNA M LONGAN
NOTARY PUBLIC STATE OF MISSOURI
JASPER COUNTY
MY COMMISSION EXP. JAN. 24, 2000**

1996 O&M Adjustments

Item	Reduced	Postponed	Total
Personnel Replacements	\$ --	\$203,000	\$203,000
Maintenance	225,000	43,000	268,000
Overtime & Progressions	19,300	--	19,300
Outside Services, Fees, Testing	6,000	27,500	33,500
Demand Side Management	21,400	--	21,400
Software	8,400	21,400	29,800
Advertising & Information	38,000	--	38,000
Postage, Supplies, Misc.	70,800	--	70,800
Travel & Training	70,100	13,500	83,600
TOTALS	\$459,000	\$308,400	\$767,400

Also:

1. Approval of President for new hires or replacements.
2. Approval of Vice President for travel by air or more than a day.

Exhibit No.: _____
Witness: Robert B. Fancher
Type of Exhibit: Direct Testimony
Company: The Empire District Electric Company
Case No.: _____

DIRECT TESTIMONY
OF
ROBERT B. FANCHER
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO.

- 1 Q. STATE YOUR NAME, PLEASE.
- 2 A. Robert B. Fancher.
- 3 Q. WHERE DO YOU RESIDE?
- 4 A. 2519 South Kingsdale Road, Joplin, Missouri.
- 5 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?
- 6 A. I am employed by The Empire District Electric Company ("Empire" or "Company"). I am
- 7 Vice President - Finance and Chief Financial Officer.
- 8 Q. PLEASE DESCRIBE BRIEFLY YOUR EDUCATIONAL AND PROFESSIONAL
- 9 BACKGROUND FOR THE COMMISSION.
- 10 A. I was graduated from Oklahoma State University, Stillwater, Oklahoma, in 1966 with a
- 11 Bachelor of Science degree in Electrical Engineering. In December 1971, I received a Master
- 12 of Science degree from the University of Arkansas, Fayetteville, Arkansas. I am a registered
- 13 Professional Engineer in the State of Missouri.
- 14 Q. WHEN WERE YOU FIRST EMPLOYED BY EMPIRE?
- 15 A. In January 1972.
- 16 Q. HAS YOUR EMPLOYMENT BEEN CONTINUOUS SINCE THAT TIME?

1 A. Yes.

2 Q. PLEASE REVIEW YOUR EMPLOYMENT EXPERIENCE AT EMPIRE FOR THE
3 COMMISSION.

4 A. In January 1972, I began as an Engineer in the Transmission Section of the Engineering
5 Department. I was promoted through the positions of Assistant System Protection Engineer,
6 Rate Engineer, Director of Computer Services, and Director of Corporate Services until in
7 July 1984 I was elected to the position of Vice President - Corporate Services where I was
8 responsible for rates, corporate planning, computer services, and purchasing. In October
9 1995 I was elected to my current position of Vice President - Finance and Chief Financial
10 Officer. In this position, I am responsible for accounting, financing, and treasury activities of
11 the Company.

12 Q. MR. FANCHER, PLEASE DESCRIBE THE CURRENT FINANCIAL SITUATION OF
13 EMPIRE.

14 A. At June 30, 1996, Empire had a return on average equity of 7.97%. This is far below a
15 reasonable return for Empire or any electric utility. With the fuel and purchase power costs
16 described by Mr. Brill, Empire's financial situation won't improve during the remainder of
17 1996 nor during 1997 prior to the increase from the filing for permanent rate relief on August
18 30, 1996.

19 Q. WHY DO YOU SAY THAT A RETURN ON AVERAGE EQUITY OF 7.97% IS FAR
20 BELOW A REASONABLE RETURN FOR EMPIRE OR ANY ELECTRIC UTILITY?

21 A. In Empire's 1995 Missouri electric rate case, Case No. ER-95-279, for purposes of the
22 settlement we determined that the return on equity was 11.25%. In the Commission's 1995
23 decision in the Union Electric Company ("UE") case, Case No. ER-95-411, the Commission
24 authorized UE to earn up to 12.61% return on equity before sharing any additional earnings
25 over that amount with its customers. In case No. EM-96-149, also involving UE, the parties
26 have stipulated that under a new alternative regulatory plan, UE can earn up to and including

1 12.61% return on equity before sharing with its customers. Not only have Empire's earnings
2 not approached the 12.61% return found reasonable for UE, they haven't even approached
3 the 11.25% in Empire's last case.

4 Q. DO YOU SPONSOR ANY FINANCIAL STATEMENTS?

5 A. Yes. Attached to my testimony is Schedule RBF-1, an analysis of earnings which is a
6 06/30/96 year-to-date income statement. This schedule shows that Empire's actual net
7 operating income is \$13,768,000 compared to the budgeted amount of \$16,516,000. In other
8 words, Empire for the period shown, is approximately \$3 million below budget in terms of
9 net operating income. Schedule RBF-2 consists of certain financial data for the twelve
10 months ending June 30, 1996, and the twelve months ending June 30, 1995. This shows a
11 reduction in net income from the prior year in the amount of \$2,768,000. It also shows that
12 earnings per share have been reduced from \$1.31 to \$1.01. The schedule also demonstrates
13 that for the period shown that fuel costs have increased over the prior year by \$3,370,731
14 and purchased power has increased by \$10,427,427. Finally, Schedule RBF-3 is a common
15 equity computation as of June 30, 1996, which shows a return on equity of 7.97%.

16 Q. DESCRIBE THE INTERIM RATE SHEETS FILED IN THIS CASE.

17 A. Attached as Schedule RBF-4 is Interim Rider INT, MoPSC No. 5, Section 4, Original Sheet
18 No. 20, which contains provisions to charge an additional \$0.001349 per kilowatt-hour for
19 all energy used from the date of approval by the Commission until new permanent rates
20 become effective. A revised table of contents is also a part of the interim tariff filing and is
21 included in Schedule RBF-4.

22 Q. IS A REFUND PROVISION PART OF THE INTERIM RIDER?

23 A. Yes. The rider provides that Empire shall refund with five percent (5%) annual simple
24 interest the amount, if any, by which the revenues produced by the interim rider exceed the
25 aggregate revenues which would have been received under such permanent rate schedules as
26 may next become effective pursuant to the Commission's Report and Order in Empire's

1 permanent electric rate case filed on August 30, 1996.

2 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

3 A. Yes, it does.

AFFIDAVIT

STATE OF MISSOURI)
) ss
COUNTY OF JASPER)

On the 29th day of August, 1996, before me appeared Robert B. Fancher, to me personally known, who, being by me first duly sworn, states that he is the Vice President - Finance and Chief Financial Officer of The Empire District Electric Company and acknowledged that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.


Robert B. Fancher

Subscribed and sworn to before me this 29th day of August, 1996.

Donna M. Longan
Donna M. Longan, Notary Public

My commission expires: January 24, 2000.

DONNA M LONGAN
CLERK PUBLIC STATE OF MISSOURI
JASPER COUNTY
COMMISSION EXP. JAN. 24, 2000

ANALYSIS OF EARNINGS
TOTAL COMPANY, OFF-SYSTEM AND EMPIRE SYSTEM
(\$000)

YEAR TO DATE 6-30-96

	EMPIRE SYSTEM									
	COMPARED TO									
	TOTAL COMPANY		OFF-SYSTEM		Budget		Year Ago			
	Actual	Budget	Actual	Budget	Actual	Budget	Diff.	%	Diff.	%
REVENUES:										
Residential	\$ 40,215	\$ 39,630	\$	\$	\$ 40,215	\$ 39,630	\$ 585	1.5	\$ 5,031	14.3
Commercial	28,219	27,343			28,219	27,343	876	3.2	2,982	11.8
Industrial	16,249	15,991			16,249	15,991	258	1.6	1,152	7.6
Wholesale	6,490	5,935	1,931	1,613	4,559	4,322	237	5.5	779	20.6
Other Electric	1,882	1,824			1,882	1,824	58	3.2	102	5.7
Total from Kwh Sales	93,055	90,723	1,931	1,613	91,124	89,110	2,014	2.3	10,046	12.4
Net from Kwh Sales	93,055	90,723	1,931	1,613	91,124	89,110	2,014	2.3	10,046	12.4
Fuel Revenue Included	733	337			733	337	396		1,070	
% Net Total Revenues	0.8	0.4			0.8	0.4				
Misc. Electric Revenues	1,675	1,934	1,168	1,382	507	552	(45)	(8.2)	41	8.8
Total Electric Revenues	94,730	92,657	3,099	2,995	91,631	89,662	1,969	2.2	10,087	12.4
Water Revenues	516	511			516	511	5	1.0	43	9.1
Total Revenues	95,246	93,168	3,099	2,995	92,147	90,173	1,974	2.2	10,130	12.4
EXPENSES:										
Fuel and Purchased Power	39,707	33,390	1,596	1,337	38,111	32,053	6,058	18.9	9,173	31.7
Electric O&M - Labor	10,727	10,872			10,727	10,872	(145)	(1.3)	(55)	(0.5)
Electric O&M - Other	10,816	10,657			10,816	10,657	159	1.5	167	1.6
Water O&M - Labor	104	112			104	112	(8)	(7.1)	7	7.2
Water O&M - Other	169	137			169	137	32	23.4	54	47.0
Total O&M - Labor and Other	21,816	21,778			21,816	21,778	38	0.2	173	0.8
Depreciation	10,639	10,512			10,639	10,512	127	1.2	1,140	12.0
General Taxes	5,822	5,873			5,822	5,873	(51)	(0.9)	818	16.3
Income Taxes - Federal	3,080	4,456								
			555	625	2,939	4,474	(1,535)	(34.3)	(374)	(11.3)
Income Taxes - State	414	643								
Total Expenses	81,478	76,652	2,151	1,962	79,327	74,690	4,637	6.2	10,930	16.0
NET OPERATING INCOME	13,768	16,516	948	1,033	12,820	15,483	(2,663)	(17.2)	(800)	(5.9)
AFUDC	(592)	(657)			(592)	(657)	65	(9.9)	1,108	(65.2)
INTEREST ETC.	7,862	7,947			7,862	7,947	(85)	(1.1)	9	0.1
NET INCOME	6,498	9,226	948	1,033	5,550	8,193	(2,643)	(32.3)	(1,917)	(25.7)
PREFERRED DIVIDENDS	1,208	1,208			1,208	1,208				
NET TO COMMON	\$ 5,290	\$ 8,018	\$ 948	\$ 1,033	\$ 4,342	\$ 6,985	\$ (2,643)	(37.8)	\$ (1,917)	(30.6)

THE EMPIRE DISTRICT ELECTRIC COMPANY
QUARTERLY FINANCIAL DATA

STATEMENT OF INCOME

	12 MONTHS ENDED 6-30-96	12 MONTHS ENDED 6-30-95	DIFFERENCE	PERCENT CHANGE
OPERATING REVENUES:				
Electric	\$202,190,579	178,380,726	\$23,809,853	13.35%
Water	1,033,268	968,822	64,446	6.65%
	<u>203,223,847</u>	<u>179,349,548</u>	<u>23,874,299</u>	<u>13.31%</u>
OPERATING REVENUE DEDUCTIONS:				
Operating Expenses:				
Fuel	33,630,244	30,259,513	3,370,731	11.14%
Purchased Power	43,674,228	33,246,801	10,427,427	31.36%
Other	37,010,297	31,270,066	5,740,231	18.36%
Maintenance and Repairs	13,734,452	12,183,558	1,550,894	12.73%
Depreciation and Amortization	20,991,164	18,714,344	2,276,820	12.17%
Provision for Income Taxes				
Current Federal	8,623,154	8,038,385	584,769	7.27%
Current state	1,212,039	1,324,541	(112,502)	-8.49%
Deferred (principally Fed.)	831,832	1,677,549	(845,717)	-50.41%
Investment tax credits	(573,910)	(562,400)	(11,510)	2.05%
Total Provision for Income Taxes	<u>10,093,115</u>	<u>10,478,075</u>	<u>(384,960)</u>	<u>-3.67%</u>
(Gain) Loss on Disposition of Allowance	(57,227)	(35,527)	(21,700)	61.08%
Other Taxes	11,622,750	10,167,619	1,455,131	14.31%
	<u>170,699,023</u>	<u>146,284,449</u>	<u>24,414,574</u>	<u>16.69%</u>
OPERATING INCOME	<u>32,524,824</u>	<u>33,065,099</u>	<u>(540,275)</u>	<u>-1.63%</u>
OTHER INCOME AND DEDUCTIONS:				
AFUDC	635,584	1,146,432	(510,848)	-44.56%
Interest Income	156,012	244,977	(88,965)	-36.32%
Other - Net	(313,695)	(221,926)	(91,769)	41.35%
REVENUES FROM NONUTILITY OPERATIONS	0	0	0	
(LESS) EXPENSES OF NONUTILITY OPERATIONS	(66,513)	0	(66,513)	
	<u>411,388</u>	<u>1,169,483</u>	<u>(691,582)</u>	<u>-59.14%</u>
INCOME BEFORE INTEREST CHARGES	<u>32,936,212</u>	<u>34,234,582</u>	<u>(1,231,857)</u>	<u>-3.60%</u>
INTEREST CHARGES:				
First Mortgage Bonds	14,783,791	14,072,923	710,868	5.05%
Notes Payable	4,500	6,000	(1,500)	-25.00%
Commercial Paper	367,639	725,086	(357,447)	-49.30%
AFUDC	(495,255)	(1,656,722)	1,161,467	-70.11%
Other	277,850	254,995	22,855	8.96%
	<u>14,938,525</u>	<u>13,402,282</u>	<u>1,536,243</u>	<u>11.46%</u>
NET INCOME	<u>17,997,687</u>	<u>20,832,300</u>	<u>(\$2,768,100)</u>	<u>-13.29%</u>
RETAINED EARNINGS:				
Balance at Beginning of Period	51,610,281	51,293,780		
DIVIDENDS:				
On preferred stock:				
5% cumulative	195,090	195,090		
4 3/4% cumulative	190,000	190,000		
8 1/8% cumulative	2,031,250	2,024,292		
Total preferred stock	<u>2,416,340</u>	<u>2,409,382</u>		
On common stock	19,737,133	18,106,417		
TOTAL DIVIDENDS	<u>22,153,473</u>	<u>20,515,799</u>		
BALANCE AT END OF PERIOD	<u>\$47,454,495</u>	<u>\$51,610,281</u>		
Earnings Per Share of Common Stock	<u>\$1.01</u>	<u>\$1.31</u>		
Weighted Average Shares Outstanding	<u>15,398,696</u>	<u>14,080,338</u>		

COMMON EQUITY COMPUTATION
JUNE, 1996

	06-30-95	06-30-96	13 MONTH AVERAGE
Per Balance Sheet			
Common Stock	15,062,574	16,293,126	
▪ Emp.St.Plan			
▪ 401K Plan			
▪ Div.Reinv.			
▪ Issuance			
	15,062,574	16,293,126	
Capital in Excess of Par	122,776,398	142,469,626	
Excess of Par-Emp.St.Plan			
-401K Plan			
-Div.Reinv.			
-Issuance			
	122,776,398	142,469,626	
Retained Earnings	51,610,281	47,454,496	
Estimated Earnings			
Less: Common Dividends			
Less: Pref. Dividends			
	51,610,281	47,454,496	
Dividends Declared			
Applicable to future month			
Common 5,192,856 * 1/3			
Preferred 604,085 * 1/3			
	0	0	
COMMON EQUITY	189,449,253	206,217,248	195,468,573
BOOK VALUE PER SHARE	12.58	12.66	
Net Income	20,832,301	17,997,688	
Estimated Earnings (6 Mo.)	2,416,340	2,416,340	
Less: Pref.Dividends Req.			
Net to Common	18,415,961	15,581,348	15,581,348
RETURN ON EQUITY	9.72%	7.56%	7.97%

THE EMPIRE DISTRICT ELECTRIC COMPANY

Original
Sec. 4 Revised SHEET No. 20
Cancelling P.S.C. Mo. No.
Sec. Revised Sheet No.
Which was issued

For ALL TERRITORY

No supplement to this tariff will be issued except
for the purpose of cancelling this tariff.

ELECTRIC INTERIM RIDER
RIDER INT

APPLICATION:

To all electric service billed under any rate schedule, metered or unmetered, subject to the jurisdiction of the Missouri Public Service Commission (MPSC).

RATE:

In addition to the charges which Empire makes for electric service set forth in its approved and effective rate schedules identified immediately below, the following amount will be added:

Amount to be Added

\$0.001349 per kwh

Rate Schedules

Schedule RG
Schedule CB
Schedule SH
Schedule GP
Schedule LP
Schedule PF
Schedule PFM
Schedule TEB
Schedule SC-P
Schedule SC-ICI
Schedule ST
Schedule RTP
Schedule SPL
Schedule PL
Schedule LS
Schedule MS

CONDITIONS:

This interim rider shall be in effect until the effective date of such permanent rate schedules as may be authorized pursuant to the MPSC's Report and Order in Empire's permanent electric rate case filed on August 30, 1996. Empire shall refund with five percent (5%) annual simple interest the amount, if any, by which the revenues produced by this interim rider exceed the aggregate revenues which would have been received under such permanent rate schedules. Such refund, if any, shall be made based upon the billing units of the customer to which these amounts were applied.

SCHEDULE RBF-4

Exhibit No.: _____
Witness: Virgil E. Brill
Type of Exhibit: Direct Testimony
Company: The Empire District Electric Company
Case No.: _____

DIRECT TESTIMONY
OF
VIRGIL E. BRILL
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO.

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. Virgil E. Brill. My business address is 602 Joplin Street, Joplin, Missouri.

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

4 A. The Empire District Electric Company ("Empire" or "Company"). I am Vice President -
5 Energy Supply and a Director of the Company.

6 Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND FOR THE COMMISSION.

7 A. I was graduated from the University of Missouri at Columbia in 1962 with a Bachelor of
8 Science Degree in Mechanical Engineering. I have since completed courses required in a
9 thesis program for a Master of Science Degree in Engineering Management from the
10 University of Missouri at Rolla.

11 Q. WHEN WERE YOU FIRST EMPLOYED BY EMPIRE?

12 A. In June 1962, immediately following graduation from the University of Missouri at Columbia.

13 Q. HAS YOUR EMPLOYMENT BEEN CONTINUOUS SINCE THAT TIME?

14 A. My employment has been continuous with Empire since 1962. I have been an Officer of the
15 Company since 1977 and a Director since 1989. I held the position of Vice President -
16 Finance from 1983 through 1995. My most recent position is Vice President - Energy Supply

1 which I have held since 1995. Currently, my responsibilities include all of Empire's energy
2 supply functions as well as Empire's dispatching function.

3 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

4 A. The purpose of my testimony is to describe the calculations used for determining the fuel and
5 purchased power adjustment on which Empire has based its request for interim rate relief.
6 Two price components will be analyzed. These are natural gas prices and purchased power
7 prices. One of my objectives is to make this adjustment analysis as simple and straight-
8 forward as possible.

9 **FUEL AND PURCHASED POWER INTERIM RATE CALCULATION**

10 Q. WHAT FACTORS HAVE CHANGED THE MOST SIGNIFICANTLY SINCE THE
11 SETTLEMENT OF CASE NO. ER-95-279?

12 A. Since the settlement of that case in 1995, natural gas costs and purchased power costs have
13 increased significantly.

14 Q. WHAT HAS BEEN THE IMPACT ON EMPIRE?

15 A. Twelve-month ending energy costs in dollars per megawatt-hour (\$/Mwh) have climbed from
16 \$13.36/Mwh for the year ending September 1995 to \$15.24/Mwh for the year ending June
17 1996. An historical twelve-month ending energy cost study is attached to my testimony as
18 Schedule VEB-1.

19 Q. WHAT IS THE BASIS FOR THE INTERIM RATE CALCULATION USED IN THE
20 PROPOSED TARIFF?

21 A. I simply adjusted natural gas and purchased energy prices from the Staff's last computer run
22 before the stipulation was reached in case ER-95-279. The final Staff fuel and purchased
23 power run was labeled number 146 and is attached to my testimony as Schedule VEB-2.

24 **NATURAL GAS**

25 Q. WHAT WAS THE COST OF NATURAL GAS WHICH WAS INCLUDED IN THE
26 STAFF'S FINAL RUN BEFORE THE SETTLEMENT IN CASE NO. ER-95-279?

1 A. The Staff utilized a delivered gas cost of \$1.54/MMBtu.

2 Q. WHAT WAS THE COST OF NATURAL GAS WHICH WAS INCLUDED IN EMPIRE'S
3 FINAL RUN BEFORE THE SETTLEMENT WAS REACHED?

4 A. Empire utilized a delivered gas cost ranging from \$1.82 to \$1.91/MMBtu (varying monthly).

5 Q. ARE THE GAS COSTS WHICH WERE UTILIZED BY THE STAFF OR EMPIRE IN
6 THE LAST CASE REFLECTIVE OF THE CURRENT MARKET?

7 A. No, they are not. Attached as Schedule VEB-3 are two natural gas purchase contracts for
8 July, 1996. The rates contained in these contracts are \$2.335/MMBtu and \$2.38/MMBtu.
9 These are representative of current and reasonably expected future costs.

10 Q. DO YOU HAVE AN OPINION ON WHY ACTUAL COSTS ARE SO MUCH HIGHER
11 THAN THOSE UTILIZED BY THE STAFF AND EMPIRE IN THE LAST CASE?

12 A. First, gas prices have proven to be very volatile and unpredictable in nature. The price of
13 natural gas is very dependent on weather conditions in a supply/demand relationship. The
14 Staff utilized natural gas prices from an historical period which were at all-time lows
15 following a mild winter of 1994-1995. Empire utilized gas costs based on the futures market,
16 which was designed to give a forward looking approach. Both methods yielded costs much
17 lower than actual levels now being experienced.

18 Q. HOW DOES EMPIRE ASSURE THAT THE NATURAL GAS WHICH IT PROCURES IS
19 COMPETITIVELY PRICED?

20 A. Empire solicits monthly proposals from several vendors on quantities of natural gas that are
21 anticipated. Empire then compares the proposals and procures the lowest evaluated proposal.
22 In the last year, Empire has purchased gas from Westar Gas Marketing, Amoco Energy
23 Trading Company, Williams Energy Service Company, and UP Fuels.

24 Q. WHAT ADJUSTMENT DID YOU MAKE TO STAFF RUN 146 TO REFLECT THE
25 HIGHER GAS PRICES THAT ARE BEING PAID?

26 A. I simply multiplied the MMBtu's of gas in Staff run 146 (3,887,631 MMBtu's) by the

1 difference between the actual current natural gas prices and the Staff's estimate of natural gas
2 price (\$2.35-\$1.54). This calculation resulted in a total Company adjustment of \$3,148,981
3 and a Missouri jurisdictional adjustment of \$2,576,399.

4 **PURCHASED POWER**

5 Q. WHAT COST OF PURCHASED ENERGY RESULTED FROM STAFF RUN 146
6 WHICH WAS USED IN THE LAST RATE CASE?

7 A. The Staff's run reported purchased energy costs of \$16.49/Mwh. Please see Schedule
8 VEB-2.

9 Q. WHAT WAS THE COST OF PURCHASED ENERGY WHICH WAS INCLUDED IN
10 EMPIRE'S FINAL RUN BEFORE THE CASE WAS SETTLED?

11 A. Empire's run utilized purchased energy costs of \$17.15/Mwh.

12 Q. WHAT IS THE ACTUAL TWELVE-MONTH ENDING JUNE 1996 COST OF THE
13 ENERGY THAT EMPIRE HAS PURCHASED FOR ITS CUSTOMERS?

14 A. The actual price for that period is \$17.82/Mwh.

15 Q. WHY DO YOU THINK PURCHASED ENERGY COSTS ARE SO MUCH HIGHER
16 THAN THOSE UTILIZED BY THE STAFF AND EMPIRE FOR PURPOSES OF THE
17 LAST RATE CASE?

18 A. There are many factors. First, much of the energy that Empire purchases originates from gas-
19 fired units. Since Empire's gas costs have gone up, it is safe to assume that based on supply
20 and demand, gas costs went up for other utilities as well. Second, the advent of many new
21 power marketers has had the effect of moving the available low cost energy from this area to
22 other areas of the country. Third, the last time Empire's twelve-month ending purchase costs
23 were as low as the amount the Staff utilized (\$16.49/Mwh) was in February of 1993. The
24 Staff has put a lot of time and effort into developing a model to predict the cost of purchased
25 energy. However, the integration of this very complex task is apparently resulting in model
26 output which does not reflect or predict actual market conditions. Actual twelve-month

1 ending purchase prices are provided as Schedule VEB-4.

2 Q. HOW DOES EMPIRE ASSURE THAT IT IS PURCHASING THE MOST
3 ECONOMICAL ENERGY?

4 A. Empire purchases from many utilities and marketers and makes an economic decision at its
5 dispatch control center for every purchase that is made.

6 Q. DID YOU MAKE AN ADJUSTMENT TO STAFF RUN 146 TO REFLECT THE
7 HIGHER PURCHASED ENERGY PRICES THAT ARE BEING PAID?

8 A. Yes. I multiplied the Mwh's of purchased energy in Staff run 146 (1,324,866 Mwh) by the
9 difference between the actual current twelve-month ending purchase price and the Staff's
10 estimate of purchased energy price (\$17.82/Mwh - \$16.49/Mwh). This calculation resulted in
11 a total Company adjustment of \$1,762,072 and a Missouri jurisdictional adjustment of
12 \$1,441,672. Together with the increased natural gas costs, this represents an annual Missouri
13 jurisdictional increase in costs of \$4,018,071.

14 **CONCLUSION**

15 Q. WOULD A CHANGE IN NATURAL GAS AND PURCHASE PRICES CHANGE THE
16 OUTPUT OF THE FUEL DISPATCH MODEL THAT THE STAFF USED IN THE LAST
17 RATE CASE?

18 A. Yes, changing the input costs will have an effect on the dispatch and Empire will evaluate the
19 impact on system dispatch for purposes of its corresponding permanent full rate case. The
20 adjustments that I have made for this interim rate request are simple, but they address two
21 cost areas that have had substantial deviation from the estimates used by the Staff in run 146.
22 These cost differences (natural gas up 53%, purchased energy up 8%) are having serious and
23 immediate impacts on Empire's financial situation. The remainder of the costs, including
24 those associated with customer growth, will be addressed in the permanent rate case filed on
25 August 30, 1996.

26 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

1 A. Yes, it does.

AFFIDAVIT

STATE OF MISSOURI)
) ss
COUNTY OF JASPER)

On the 29th day of August, 1996, before me appeared Virgil E. Brill, to me personally known, who, being by me first duly sworn, states that he is the Vice President - Energy Supply of The Empire District Electric Company and acknowledged that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.

Virgil E. Brill

Subscribed and sworn to before me this 29th day of August, 1996.

Donna M. Longan
Donna M. Longan, Notary Public

My commission expires: January 24, 2000.

DONNA M LONGAN
NOTARY PUBLIC STATE OF MISSOURI
JASPER COUNTY
MY COMMISSION EXP. JAN. 24, 2000

THE EMPIRE DISTRICT ELECTRIC COMPANY

MONTH	YEAR	NSI	NSI	NSI	NSI	NSI 12-MONTH	12 MONTH	12 MONTH	12 MONTH	
		FUEL \$ (000'S)	DEMAND CHARGES (000'S)	PURCHASE ENERGY \$ (000'S)	TOTAL F&PP \$ (000'S)	ENDING F&PP \$ (000'S)	ENDING MWH'S (000'S)	ENDING DEMAND (000'S)	ENDING \$/MWH W/O DEMAN	
YEAR OF	1987	27,826	2,123	9,265	39,214	2,727,506	39,214	2,727,506	2,123	13.60
YEAR OF	1988	27,528	2,010	11,646	41,184	2,883,278	41,184	2,883,278	2,010	13.59
YEAR OF	1989	28,992	2,413	8,211	39,616	2,936,071	39,616	2,936,071	2,413	12.67
YEAR OF	1990	28,483	3,663	11,480	43,625	3,029,425	43,625	3,029,425	3,663	13.19
YEAR OF	1991	26,485	4,498	14,497	45,479	3,208,554	45,479	3,208,554	4,498	12.77
YEAR OF	1992	26,423	5,095	12,226	43,744	3,151,977	43,744	3,151,977	5,095	12.26
YEAR OF	1993	29,455	6,640	21,532	57,629	3,552,901	57,629	3,552,901	6,640	14.35
JANUARY	1994	2,604	620	2,589	5,813	350,387	59,150	3,593,744	6,800	14.57
FEBRUARY	1994	2,298	620	1,828	4,746	299,386	60,014	3,615,518	6,960	14.67
MARCH	1994	2,337	620	1,379	4,336	282,614	60,007	3,611,281	7,120	14.64
APRIL	1994	1,607	620	2,420	4,647	260,938	60,988	3,621,346	7,280	14.83
MAY	1994	2,561	620	861	4,042	273,270	61,482	3,650,803	7,440	14.80
JUNE	1994	2,897	930	2,574	6,402	349,838	63,544	3,709,527	7,750	15.04
JULY	1994	2,903	930	2,584	6,417	360,246	62,896	3,700,104	8,060	14.82
AUGUST	1994	2,941	930	2,113	5,985	358,597	61,219	3,678,872	8,370	14.37
SEPTEMBER	1994	2,853	930	914	4,697	293,277	62,046	3,704,352	8,680	14.41
OCTOBER	1994	2,441	930	1,319	4,689	280,594	62,479	3,720,104	8,990	14.38
NOVEMBER	1994	2,676	930	752	4,358	285,986	61,808	3,712,014	9,300	14.15
DECEMBER	1994	2,216	930	1,467	4,613	325,382	60,745	3,720,515	9,610	13.74
YTD TOTAL	1994	30,334	9,610	20,800	60,745	3,720,515				
JANUARY	1995	2,593	930	1,675	5,198	351,502	60,130	3,721,630	9,920	13.49
FEBRUARY	1995	2,141	930	1,663	4,734	300,355	60,118	3,722,599	10,230	13.40
MARCH	1995	2,655	930	1,097	4,682	305,319	60,464	3,745,304	10,540	13.33
APRIL	1995	1,934	930	1,519	4,383	268,640	60,200	3,753,006	10,850	13.15
MAY	1995	1,979	930	1,784	4,673	284,490	60,831	3,764,226	11,160	13.20
JUNE	1995	2,891	896	1,458	5,245	318,129	59,674	3,732,517	11,126	13.01
JULY	1995	3,554	780	2,764	7,098	400,973	60,355	3,773,244	10,976	13.09
AUGUST	1995	4,600	838	2,689	8,127	440,826	62,497	3,855,473	10,884	13.39
SEPTEMBER	1995	2,615	838	1,256	4,709	308,547	62,509	3,870,743	10,792	13.36
OCTOBER	1995	1,876	838	2,087	4,801	287,449	62,821	3,877,598	10,700	13.39
NOVEMBER	1995	2,179	838	2,137	5,154	308,647	63,417	3,900,259	10,608	13.54
DECEMBER	1995	2,825	838	2,136	5,799	362,600	64,603	3,937,477	10,516	13.74
YTD TOTAL	1995	31,842	10,516	22,245	64,603	3,937,477				
JANUARY	1996	3,052	838	2,814	6,705	395,571	66,110	3,981,546	10,424	13.99
FEBRUARY	1996	2,785	838	2,333	5,956	336,925	67,332	4,018,116	10,332	14.19
MARCH	1996	2,782	838	2,802	6,422	343,834	69,072	4,056,631	10,240	14.50
APRIL	1996	1,561	838	2,939	5,338	289,685	70,027	4,077,676	10,148	14.68
MAY	1996	2,010	838	3,450	6,298	320,745	71,652	4,113,931	10,056	14.97
JUNE	1996	3,511	1,203	2,638	7,352	363,956	73,759	4,159,758	10,363	15.24
JULY	1996									
AUGUST	1996									
SEPTEMBER	1996									
OCTOBER	1996									
NOVEMBER	1996									
DECEMBER	1996									
YTD TOTAL	1996	15,701	5,393	16,976	38,071	2,050,716				YTD 15.93

ER-95-279 09-27-1995 EMPIRE 95 RATE CASE TRUE UP (09/01/94 - 08/31/95)
 STAFF RUN950146 11:50:53 ER-95-279 RUN_#0146, SAME RUN#145 REVISED STAFF PUR

	MWH	\$	\$/MWH	FUEL	MBTU	\$	\$/MBTU
ASBURY	1,265,752	14,735,231	11.64	ASB N2 OIL ASB B-COAL	11,799 14,371,440	45,464 14,689,771	3.853 1.022
ENERGY CENTER 1	22,103	583,335	26.39	NAT GAS	378,762	583,335	1.540
ENERGY CENTER 2	17,959	492,431	27.42	NAT GAS	319,737	492,431	1.540
ENERGY CENTER 1 & 2	40,062	1,075,766	26.85				
IATAN	567,023	4,774,341	8.42	IAT N2 OIL IAT WET C	8,060 5,697,956	30,794 4,743,548	3.821 0.832
RIVERTON 7	184,073	2,810,642	15.27	NAT GAS RIV B-COAL	311,401 1,997,114	479,591 2,331,051	1.540 1.167
RIVERTON 8	312,714	4,490,109	14.36	NAT GAS RIV B-COAL	453,052 3,249,083	697,750 3,792,362	1.540 1.167
RIVERTON 7 & 8	496,787	7,300,751	14.70				
RIVERTON 10	52,288	1,267,768	24.25	NAT GAS	823,167	1,267,768	1.540
RIVERTON 11	1,605	43,172	26.90	NAT GAS	28,032	43,172	1.540
RIVERTON 9	49,833	1,200,175	24.08	NAT GAS	779,278	1,200,174	1.540
RIVERTON 9, 10 & 11	103,726	2,511,115	24.21				
RIVERTON TOTAL	600,513	9,811,866	16.34				
STATELINE CT	55,329	1,223,160	22.11	NAT GAS	794,203	1,223,159	1.540
OZARK BEACH	65,310	0	0.00				
TOTAL GEN	2,593,989	31,620,364	12.19				
CONTRACT: PURCHASE							
AEC_PUR	687,238	12,194,013	17.74				
KGE_PUR	167,036	2,157,259	12.91				
KGES_PUR	10,210	222,313	21.77				
OUTA	62,649	1,127,660	18.00				
OUTI	4,942	88,948	18.00				
PK_PUR	4,021	201,070	50.00				
PSO_PUR	18,846	383,387	20.34				
SPOT_STAFF	369,924	5,478,738	14.81				
TOTAL PURCHASE	1,324,866	\$21,853,388	16.49				
TOTAL	3,918,855	53,473,752	13.65				
TOTAL + UNIT TRAIN		54,746,485	13.97				
EMPIRE Result (U Train)	3,960,261	56,633,885	14.30				
DIFF of EMPIRE Result	(41,406)	(1,887,400)					
% of EMPIRE Result	-1.0455%	-3.3326%					
FUEL SUMMARY							
	\$	Amount					
Asbury Western Coal	12,736,032	707,957 Tons					
Asbury Local Coal	1,953,740	78,749 Tons					
Asbury Blend Coal	14,689,771	786,706 Tons					
Asbury N2 Oil	45,464	2,034 BBLs					
Iatan West Coal	4,743,548	323,748 Tons					
Iatan N2 Oil	30,794	1,390 BBLs					
Riverton Western Coal	4,145,551	201,800 Tons					
Riverton Local Coal	1,977,862	67,243 Tons					
Riverton Blend Coal	6,123,413	269,043 Tons					
Natural Gas	5,987,380	3,887,631 MCF					

EXHIBIT "A"
NOMINATION ORDER

Date: July 15, 1996

This Nomination Order is made a part of and is subject to all terms and conditions set forth in that certain Gas Purchase and Sales Agreement dated July 1, 1993, by and between WESTAR GAS MARKETING, INC., formerly Astra Resources Marketing, Inc. (Seller) and THE EMPIRE DISTRICT ELECTRIC COMPANY (Buyer).

Terms:

- 1.) Contract Period: A. July 1, 1996 through July 31, 1996.
B. July 9, 1996 through July 12, 1996.
- 2.) Price: \$2.38 per MMBtu.
- 3.) Delivery Point: A. State Line Plant in Missouri, Meter #378503-260 (10,000 MMBtu/d) and Empire District, Meter #378501-225 (8,000 MMBtu/d).
B. Riverton, KS, Energy Center, Meter #378502-455.
- 4.) Quantity: A. 18,000 MMBtu per day.
B. 10,000 MMBtu per day. *Note "B" is a shift of flow from State Line to Energy Center - not additional gas. Jrg*
- 5.) Transporting Pipeline: Williams Natural Gas. *359,000 MMBtu Jrg*
6. Character of Service: ~~All~~ gas shall be sold on a baseload basis. The remainder is on an "upto" basis. *Jrg*

SELLER:

WESTAR GAS MARKETING, INC.

By: *Kari L. Ebeling*

Kari L. Ebeling

Its: Manager, Administration and Systems

Westar Gas Marketing, Inc.
1100 SW Wanamaker Rd. Suite 101
Topeka, KS 66604-3895
Ph: (913) 272-1900
Fax: (913) 271-9111
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960701
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BUYER:

THE EMPIRE DISTRICT
ELECTRIC COMPANY

By: *Eric M. Simmons*

Its: Manager of Bulk Power

The Empire District Electric Company
P. O. Box 127
Joplin, MO 64802
Ph: (417) 625-5112
Fax: (417) 625-5158



Amoco Energy Trading Corporation

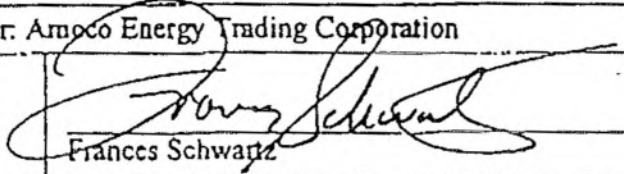
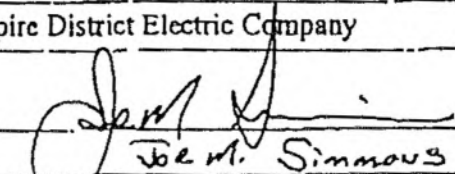
Interruptible Natural Gas Sales Contract and Confirmation

This form constitutes an extension and is subject to the terms of the existing contracts between BUYER and SELLER.

X This sale is subject to the terms and conditions set forth on the attached General Terms and Conditions.

Date: July 1, 1996

Contract #: 157744

Seller's Representative: Frances Schwartz		Buyer's Representative: Joe Simmons	
Telephone: (713) 366-4977		Telephone: (417) 800-6252 625-5112	
Facsimile: (713) 366-4932		Facsimile: (417) 625-5158	
Seller: Amoco Energy Trading Corporation Natural Gas Group P. O. Box 3092 Houston, TX 77253-3092		Buyer: Empire District Electric Company P. O. Box 127 Joplin, MO 64802	
Send Payment To: AMOCO ENERGY TRADING CORPORATION WIRE TRANSFER ACCOUNT CHASE MANHATTAN BANK, NY ACCT NO. 910-2-548097 ABA# 021000021 NEW YORK, NY, 10081-6000		Send Invoices To: EMPIRE DISTRICT ELECTRIC COMPANY P O BOX 127 JOPLIN, MO, 64802-0127	
Maximum Quantity:	10,000 MMBtu per day		
Term:	July 1st, 1996 through July 31st, 1996		
Delivery Point(s):	EMPIRE LARUSSELL CENTER on Williams		
Price:	\$2.335 per MMBtu		
Special Provisions:			
By their signatures below, Buyer and Seller have executed this document			
Seller: Amoco Energy Trading Corporation		Buyer: Empire District Electric Company	
By:	 Frances Schwartz	By:	 Joe M. Simmons
Title:	Account Manager	Title:	Manager of Bulk Power
Date:	6/25/96	Date:	7/1/96

The Empire District Electric Company - Purchase for NSI

Month	Year	MWh's	\$	\$/MWh	TME \$/MWh
January	1992	83,665	1,299,020	15.53	17.17
February		69,117	1,043,655	15.10	17.07
March		48,095	769,166	15.99	17.04
April		64,149	1,028,425	16.03	17.04
May		87,683	1,440,619	16.43	16.95
June		39,891	624,462	15.65	16.80
July		78,651	1,294,656	16.46	16.51
August		58,428	886,891	15.18	16.33
September		45,078	741,043	16.44	16.27
October		54,395	879,605	16.17	16.20
November		57,317	982,836	17.15	16.05
December		78,465	1,190,114	15.17	15.92
January	1993	86,942	1,394,955	16.04	15.98
February		53,900	1,077,699	19.99	16.35
March		83,422	1,604,659	19.24	16.68
April		85,243	1,465,259	17.19	16.78
May		57,729	1,016,581	17.61	16.88
June		70,135	1,280,883	18.26	17.06
July		126,122	2,884,655	22.87	17.97
August		131,790	3,416,656	25.93	19.27
September		46,339	828,266	17.87	19.34
October		91,335	1,693,778	18.54	19.44
November		115,021	2,255,262	19.61	19.59
December		134,205	2,571,380	19.16	19.86
January	1994	128,747	2,589,198	20.11	20.18
February		96,333	1,828,687	18.98	20.09
March		72,908	1,378,867	18.91	20.08
April		120,407	2,419,781	20.10	20.29
May		43,765	861,082	19.68	20.40
June		121,662	2,574,131	21.16	20.59
July		127,943	2,583,645	20.19	20.32
August		114,369	2,113,142	18.48	19.54
September		53,183	913,548	17.18	19.50
October		75,424	1,317,266	17.46	19.44
November		46,612	751,796	16.13	19.29
December		91,505	1,446,418	15.81	19.01
January	1995	108,002	1,672,654	15.49	18.53
February		110,975	1,641,968	14.80	18.10
March		67,148	1,098,778	16.36	17.94
April		97,921	1,519,289	15.52	17.47
May		114,757	1,766,039	15.39	17.17
June		85,454	1,457,513	17.06	16.72
July		135,848	2,764,215	20.35	16.77
August		119,200	2,690,195	22.57	17.21
September		82,989	1,256,268	15.14	17.06
October		139,704	2,087,101	14.94	16.79
November		133,642	2,136,883	15.99	16.73
December		128,533	2,135,720	16.62	16.79
January	1996	161,101	2,814,369	17.47	16.97
February		128,312	2,332,829	18.18	17.25
March		140,973	2,801,897	19.88	17.54
April		182,259	2,938,973	16.13	17.51
May		198,127	3,449,854	17.41	17.64
June		135,557	2,637,805	19.46	17.82
July		0	0		
August		0	0		
September		0	0		
October		0	0		
November		0	0		
December		0	0		