


BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

STATE CORPORATION COMMISSION

MAR 31 2010



In the Matter of the Application of
The Empire District Electric Company for
Approval to Make Certain Changes in Its
Charges for Electric Service

]]]]]

KCC Docket No. 10-EPDE-314-RTS

DIRECT TESTIMONY OF

BRIAN KALCIC

RE: RESIDENTIAL AND SMALL GENERAL
SERVICE RATE STRUCTURE

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

March 31, 2010

1 **Q. Please state your name and business address.**

2 A. Brian Kalcic, 225 S. Meramec Avenue, St. Louis, Missouri 63105.

3

4 **Q. What is your occupation?**

5 A. I am an economist and consultant in the field of public utility regulation, and principal of
6 Excel Consulting. My qualifications are described in the Appendix to this testimony.

7

8 **Q. On whose behalf are you testifying in this case?**

9 A. I am testifying on behalf of the Citizens' Utility Ratepayer Board ("CURB").

10

11 **Q. What is the subject of your testimony?**

12 A. I will review Empire's current and proposed residential rate structure. Consistent with
13 CURB's policy position regarding conservation, I will also sponsor a more conservation-
14 oriented residential rate structure to be implemented at the conclusion of this proceeding.

15 In addition, I will discuss the Company's proposed small general service ("SGS")
16 rate structure, and sponsor conservation-oriented changes, where appropriate.

17

18 **Q. Have you reflected CURB witness Andrea C. Crane's recommended revenue
19 adjustment for Empire in your alternative rate design proposals?**

20 A. Yes, I have.

1 **Q. Please summarize your primary recommendations.**

2 A. Based upon my analysis of Empire's filing and interrogatory responses, I recommend that
3 the Kansas Corporation Commission ("KCC" or "Commission"):

- 4 • reject the Company's proposed across-the-board residential rate design;
- 5 • adopt CURB's revised residential rate design which would begin a phase-
6 out of the Company's existing declining block energy charges in this
7 proceeding;
- 8 • reject Empire's proposed across-the-board SGS rate design; and
- 9 • adopt CURB's revised SGS rate design which would begin to phase-out the
10 Company's existing SGS declining block energy charges in this case.

11 The specific details associated with the above recommendations are discussed below.

12

13 **Residential Rate Structure**

14 **Q. Mr. Kalcic, please provide a brief description of Empire's current residential service
15 rate schedules.**

16 A. The Company serves residential customers via three (3) rate schedules: a) Residential
17 Service (RG); b) Residential Total Electric Service (RH); and c) Residential Total Electric
18 Demand Service (RHD). In addition, Empire offers a separate (discounted) rate to RG
19 customers that use an electric water heater (RGW). The majority of Empire's residential
20 customers (i.e., 69.7%) take service under Rate RG. At the other extreme, there are no
21 customers served under Rate RHD.¹

¹ CURB will not address Empire's Rate Schedule RHD.

1 The RG rate schedule contains a customer charge and a declining-block energy
2 charge, which is not seasonally differentiated. Approximately 9.7% of residential
3 customers are eligible for the Company's RGW water heating rate, which includes a 13.9%
4 discount (off of the corresponding RG rate) for the first 600 kWh used each month. All
5 RGW customers pay the same rate as RG customers for usage in excess of 600 kWh per
6 month. Finally, the RH rate schedule contains a customer charge and a flat rate energy
7 charge that is not seasonally differentiated.

8
9 **Q. Does the Company propose to revise its residential rate *structure*?**

10 A. Not in this proceeding. The Company does present an "alternative" rate design to "be
11 considered as part of the process to set rates in the abbreviated true-up case." However,
12 Empire does not propose to implement any rate structure changes at this time.

13
14 **Q. Have you provided a summary of the Company's proposed residential rate design in
15 this case?**

16 A. Yes, I have. The Company's present and proposed residential tariff charges are
17 summarized in Schedule BK-1. As shown in column 4 of Schedule BK-1, Empire is
18 proposing to assign a uniform increase of approximately 40.0% to all of its existing base
19 rate charges.

1 **Q. Does CURB agree with the Company's proposed across-the-board residential rate**
2 **design in this proceeding?**

3 A. No. As I discuss below, CURB recommends certain revisions to Empire's residential rate
4 design in order to phase-out the Company's existing declining block energy charges, which
5 fail to provide appropriate price signals to consumers to conserve electricity. Accordingly,
6 I have prepared an alternative residential rate design for the Commission's consideration in
7 this proceeding.

8
9 **Q. Why does CURB believe that it is appropriate to move toward a more conservation-**
10 **oriented residential rate structure in this case?**

11 A. CURB's Consumer Counsel informs me that the Commission has the authority to adjust
12 utility rate structures to accomplish desired goals such as conservation. As a matter of
13 public policy, it is CURB's position that the Commission can, and should, encourage
14 conservation by revising existing rate structures to provide stronger conservation-oriented
15 price signals. Many Kansas electric utilities (such as Empire) are currently involved with
16 extensive capital expenditure programs. Greater conservation, if achieved, will help
17 consumers manage rising electric utility bills in the coming years and delay the need for
18 additional generation units.

19
20 **Q. Couldn't a significant revision to Empire's existing rate structure exacerbate the rate**
21 **increases that will be experienced by certain residential customers?**

1 A. Yes. CURB is cognizant of that concern, particularly in this proceeding since it involves a
2 very large requested increase. As such, CURB has tempered its rate structure proposals in
3 this proceeding to mitigate such rate impacts.

4
5 **Q. In the long run, what type of conservation-oriented rate structure does CURB**
6 **advocate for Empire’s residential customers?**

7 A. CURB addressed residential rate structure and bill impact concerns in its comments to the
8 Commission in Docket No. 08-GIMX-442-GIV, wherein CURB stated, in pertinent part:

9 [W]ith respect to rate impacts on consumers that may result from adjusting
10 the current rate structure or from moving to real-time pricing, the
11 Commission must also be an active participant in the creation of
12 mechanisms or rate structures that protect the most vulnerable of our
13 citizens. . . . CURB encourages the Commission to join with CURB, the
14 utilities and other intervenors, where appropriate, in finding mechanisms to
15 make sure there are rate protections and affordability programs for our low-
16 income and fixed-income customers. For example, rate design should
17 ensure that the first block of usage remains affordable for all customers.
18 Rate blocks above this first block can be adjusted upward, if necessary.²
19

20 In other words, CURB finds that an appropriate residential rate design would encourage
21 conservation while at the same time providing a measure of affordability over a “first
22 block” or baseline level of customer usage. Usage in excess of the baseline level would be
23 subject to significantly greater pricing for all customers.

24
25 **Q. In its comments, did CURB consider establishing a *separate* low-income rate schedule**
26 **to offer rate protection to low-income customers?**

² *Comments of the Citizens’ Utility Ratepayer Board*, Dec. 21, 2007, pp. 7-8, KCC Docket No, 08-GIMX-442-GIV.

1 A. No. CURB's Consumer Counsel informs me that the Commission rejected the concept of
2 separate low-income assistance rates in Docket No. 04-GIMX-531-GIV, deciding that such
3 rate designs would be impermissibly discriminatory and unduly preferential.³

4
5 **Q. Mr. Kalcic, which specific feature(s) of the Company's existing residential rate
6 structure does CURB wish to address at this time?**

7 A. CURB opposes the Company's existing declining block energy charges, which are
8 applicable year round for Empire's RG and RGW customers. As currently configured, the
9 Company's tariff provides a discount for increased consumption, beginning with the 601st
10 kWh consumed by a customer. Such discounts encourage rather than discourage
11 consumption, and thus send the wrong price signal to customers.

12
13 **Q. Does CURB recommend eliminating all of Empire's declining block residential rates
14 in this proceeding?**

15 A. No. As I discuss below, CURB's recommended rate design would only initiate a phase-out
16 of the Company's declining block energy charges.

17
18 **Q. Have you prepared a revised residential rate design and proof of revenue for this
19 proceeding?**

20 A. Yes, in Schedule BK-2.

21

³ "The Commission has previously determined that low-income assistance rates in the form of pure discounts are impermissibly discriminatory and unduly preferential, and that there is no basis to depart from the prior determination of the Commission in this regard." *Order Accepting Staff's Report and Recommendation and Closing Docket*, August 31, 2005, ¶ 13, KCC Docket No. 04-GIMT-531-GIV.

1 **Q. Please describe Schedule BK-2.**

2 A. Schedule BK-2 consists of six (6) columns. Column 1 contains the pro forma billing
3 determinants filed by Empire, as modified to reflect CURB's recommended revenue
4 adjustments.⁴ Column 2 contains the Company's present base rates. Column 3 shows the
5 present revenue that is derived from multiplying the pro forma billing determinants in
6 column 1 by the present rates shown in column 2. CURB's revised rates are shown in
7 column 4, and its revised revenue is provided in column 5. Finally, column 6 shows the
8 percentage change in revenues under CURB's recommended rate design.

9 As shown on line 21, columns 5-6 of Schedule BK-2, CURB's recommended rate
10 design would produce total residential base rate revenues of \$8.1 million, which equates to
11 a base rate increase of 24.25%.

12
13 **Q. How did you determine the level of the residential base rate increase shown in line 21
14 of Schedule BK-2?**

15 A. Ms. Crane is recommending a total Empire base rate increase of \$3.164 million on total
16 base revenues of \$13.049 million, or an increase of 24.25%. Consistent with the
17 Company's proposal to assign an across-the-board increase to all rate classes, I have
18 assigned a system average increase of 24.25% to Empire's residential rate classes.

19
20 **Q. How do CURB's recommended residential rates compare to the Company's proposed
21 rates?**

⁴ CURB witness Andrea Crane's recommended pro forma revenue adjustments are included in Schedule ACC-16.

1 A. CURB's revised residential rate design adopts the Company's approach of assigning a
2 system average increase to customer charges. However, as shown in column 4, lines 6, 9,
3 12 and 15 of Schedule BK-2, CURB's recommended rate design would include an increase
4 of 1.5 times the system average to the second RG/RGW rate block, so as to begin a phase-
5 out of the Company's existing declining block energy charges. Doing so would reduce the
6 RG discount (for usage in excess of 600 kWh per month) from approximately 1.6¢ per
7 kWh at present rates to 1.0¢ per kWh under CURB's recommended rates.

8

9 **Q. How did you determine the increase to be assigned to the first RG and RGW rate**
10 **blocks?**

11 A. As a result of assigning an above-average increase to the second RG/RGW rate block, the
12 first RG and RGW rate blocks receive a below (system) average increase. In particular, the
13 first RG and RGW rate blocks were assigned the residual increase necessary to recover the
14 total residential class revenue requirement, while maintaining the existing RGW percentage
15 discount for the first 600 kWh used each month.

16

17 **Q. Mr. Kalcic, how did you determine the level of CURB's recommended RH**
18 **consumption charge shown in Schedule BK-2?**

19 A. CURB's recommended RH consumption charge was determined by assigning a system
20 average increase to Empire's existing consumption charge, so as to keep the overall level of
21 the RH discount unchanged.

22

1 **Q. How should Empire determine its applicable residential water heating and all electric**
2 **discounts in its next rate proceeding?**

3 A. Going forward, CURB recommends that the Company justify its effective RGW discount
4 and RH discount based on differences in class cost of service. In addition, CURB notes
5 that RH customers currently receive a discount on *every kWh consumed, in every month*. In
6 CURB's view, an appropriate RH discount should be restricted to heating load during the
7 winter season, so as not to encourage consumption.⁵

8
9 **Q. Have you summarized CURB's recommended increases to the Company's residential**
10 **classes?**

11 A. Yes. Schedule BK-3 shows the residential increases produced by CURB's recommended
12 rate design. As shown in Schedule BK-3, such increases would range from 24.0% (for RG)
13 to 25.8% (for RGW). The RH class would receive the system average increase of 24.3%.

14
15 **Q. Mr. Kalcic, would you please summarize CURB's rate design recommendations for**
16 **the Company's residential rate classes?**

17 A. Yes. CURB recommends that the Commission direct Empire to: a) assign a system
18 average increase to all residential customer charges; b) assign an increase of 1.5 times the
19 system average to the second RG/RGW rate block; c) assign a system average increase to
20 the RH consumption charge; and d) set the consumption charge for the first RG/RGW rate
21 block at the residual level needed to recover the total residential revenue requirement. The
22 above rate design guidelines should be implemented after the Commission has determined

⁵ This same point applies to Empire's Small Heating Service (SH) rate schedule.

1 both the Company's overall revenue requirement, and individual customer class revenue
2 targets.

3
4 **SGS Rate Structure**

5 **Q. Mr. Kalcic, please provide a brief description of the Company's current SGS rate**
6 **schedules.**

7 A. For purposes of this proceeding, Empire's SGS class may be defined to include the
8 following two (2) rate schedules: a) Commercial Service (CB); and b) Small Heating
9 Service (SH). The CB rate schedule is available to non-residential customers with an
10 electric load less than or equal to 40 kW. Rate CB contains a customer charge (which
11 includes the first 50 kWh of usage) and a declining-block energy charge. There is no
12 demand charge or seasonally-differentiated energy charge.

13 The SH rate schedule is available to non-residential customers using electric space-
14 heating equipment that exhibit a total electric load less than or equal to 40 kW. Like Rate
15 CB, the SH rate schedule contains a customer charge that includes the first 50 kWh of
16 usage, and a declining-block energy charge. There is no demand charge or seasonally
17 differentiated energy charge.

18
19 **Q. Does the Company propose to revise its SGS rate structure in this proceeding?**

20 A. No. As shown in Schedule BK-4, the Company is proposing to assign an across-the-board
21 increase of approximately 40.0% to all SGS tariff charges.

1 **Q. Does CURB accept the Company's proposed across-the-board SGS rate design in this**
2 **proceeding?**

3 A. No. CURB opposes the Company's declining block SGS rate structure since it does not
4 promote conservation. For the same reason, CURB recommends that Empire recover the
5 cost of the first 50 kWh of usage in the SGS consumption charge rather than in the
6 customer charge.

7

8 **Q. Does CURB recommend eliminating all of Empire's declining block SGS energy**
9 **charges in this proceeding?**

10 A. No. Eliminating all of the Company's declining block energy charges at one time would
11 impose excessive rate impacts within the class. As I discuss below, CURB's recommended
12 rate design begins a phase-out of the Company's declining-block energy charges in this
13 case.

14

15 **Q. What type of SGS rate design does CURB recommend?**

16 A. CURB's recommended SGS rate design is shown in Schedule BK-5. In general, CURB's
17 revised rate design adopts the Company's approach of assigning a system average increase
18 to customer charges. However, as shown in column 4, lines 4 and 8 of Schedule BK-5,
19 CURB recommends removing the first 50 kWh of usage from Empire's CB customer
20 charge. As a result, the first block in Empire's CB rate schedule would change from 50-
21 700 kWh to 0-700 kWh under CURB's recommended rate design.

22

1 **Q. How did you determine the CB energy charge levels shown in column 4 of Schedule**
2 **BK-5?**

3 A. CURB's recommended CB rate design reflects a two-step process. First, I set the
4 consumption charge for the new 0-700 kWh rate block equal to Empire's existing (50-700
5 kWh) rate block charge of 8.690¢ per kWh. Second, I assigned the residual increase to
6 Empire's 700+ kWh rate block. Combined, these steps act to reduce the current discount
7 applicable to CB usage in excess of 700 kWh per month, without imposing undue rate
8 impacts on larger users.

9

10 **Q. Please explain how you determined the SH energy charge levels shown in column 4 of**
11 **Schedule BK-5.**

12 A. CURB's recommended SH rate design approach is similar to that used for the CB class,
13 and would remove the first 50 kWh of usage from Empire's SH customer charge. First, I
14 set the consumption charge for the new 0-1000 kWh rate block by applying an approximate
15 10% increase to Empire's existing 50-1000 kWh rate block charge of 6.630¢ per kWh.
16 Second, I assigned the residual increase to Empire's 1000+ kWh rate block. Combined,
17 these steps act to reduce the current discount applicable to SH usage in excess of 1000 kWh
18 per month, without imposing undue rate impacts on larger users.

19

20 **Q. Does CURB's recommended SGS rate design make reasonable progress toward**
21 **eliminating the Company's declining block rate structure?**

22 A. I believe it does. CURB's rate design would reduce the existing CB second block discount
23 from approximately 28% to 6%, and reduce the existing SH discount from approximately

1 22% to 9%, without imposing unreasonable rate impacts on SGS customers. CURB
2 recommends that the remaining SGS second block discounts be eliminated in Empire's
3 next rate proceeding.

4

5 **Q. How did you determine the level of the SGS base rate increase shown on line 20 of**
6 **Schedule BK-5?**

7 A. I assigned CURB's recommended system average increase of 24.3% to Empire's SGS rate
8 class.

9

10 **Q. Have you summarized CURB's recommended increases to the Company's SGS**
11 **subclasses?**

12 A. Yes. Schedule BK-6 shows the SGS increases produced by CURB's recommended rate
13 design. As shown in Schedule BK-6, the CB and SH classes would each receive a system
14 average increase.

15

16 **Q. Mr. Kalcic, do Empire's existing General Power Service (GP) and Total Electric**
17 **Building Service (TEB) rate schedules also contain declining block energy charges?**

18 A. Yes. While CURB is not sponsoring alternative rate designs for the above rate
19 schedules in this case, CURB recommends that the Company examine and promote
20 more conservation-oriented rate structures, where feasible, for its larger commercial
21 and industrial customers in future rate proceedings.

22

23 **Q. Does this conclude your direct testimony?**

1 A. Yes.

VERIFICATION

STATE OF MISSOURI)
) ss:
COUNTY OF)

I, Brian Kalcic, of lawful age, being first duly sworn upon his oath states:

That he is a consultant for the Citizens' Utility Ratepayer Board; that he has read the above and foregoing Testimony, and, upon information and belief, states that the matters therein appearing are true and correct.

Brian Kalcic

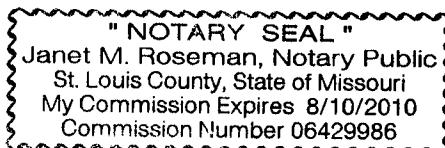
Brian Kalcic

SUBSCRIBED AND SWORN to before me this 30~~th~~ day of March, 2010.

Janet M. Roseman

Notary of Public

My Commission expires:



APPENDIX

Qualifications of Brian Kalcic

Mr. Kalcic graduated from Illinois Benedictine College with a Bachelor of Arts degree in Economics in December 1974. In May 1977 he received a Master of Arts degree in Economics from Washington University, St. Louis. In addition, he has completed all course requirements at Washington University for a Ph.D. in Economics.

From 1977 to 1982, Mr. Kalcic taught courses in economics at both Washington University and Webster University, including Microeconomic and Macroeconomic Theory, Labor Economics and Public Finance.

During 1980 and 1981, Mr. Kalcic was a consultant to the Equal Employment Opportunity Commission, St. Louis District Office. His responsibilities included data collection and organization, statistical analysis and trial testimony.

From 1982 to 1996, Mr. Kalcic was employed by the firm of Cook, Eisdorfer & Associates, Inc. During that time, he participated in the analysis of electric, gas and water utility rate case filings. His primary responsibilities included cost-of-service and economic analysis, model building, and statistical analysis.

In March 1996, Mr. Kalcic founded Excel Consulting, a consulting practice that offers business and regulatory analysis.

Mr. Kalcic has previously testified before the state regulatory commissions of Delaware, Kansas, Kentucky, Maine, Massachusetts, Minnesota, Missouri, New Jersey, New York, Ohio, Oregon, Pennsylvania, and Texas, and also before the Bonneville Power Administration.

EMPIRE DISTRICT ELECTRIC COMPANY
Summary of Present and Proposed Residential Base Rates

Line	Description	Present Rates (1)	Proposed Rates (2)	Proposed Increase	
				Amount (3)	Percent (4)
Customer Charge					
1	RG	\$10.00	\$14.00	\$4.00	40.00%
2	RGW	\$10.00	\$14.00	\$4.00	40.00%
3	RH	\$10.00	\$14.00	\$4.00	40.00%
4	RHD	\$10.00	\$14.00	\$4.00	40.00%
Energy Charge					
<u>RG--Summer</u>					
5	First 600 kWh	\$0.05920	\$0.08290	\$0.02370	40.03%
6	All add'l kWh	\$0.04280	\$0.05990	\$0.01710	39.95%
<u>RG--Winter</u>					
7	First 600 kWh	\$0.05920	\$0.08290	\$0.02370	40.03%
8	All add'l kWh	\$0.04280	\$0.05990	\$0.01710	39.95%
<u>RGW--Summer</u>					
9	First 600 kWh	\$0.05100	\$0.07140	\$0.02040	40.00%
10	All add'l kWh	\$0.04280	\$0.05990	\$0.01710	39.95%
<u>RGW--Winter</u>					
11	First 600 kWh	\$0.05100	\$0.07140	\$0.02040	40.00%
12	All add'l kWh	\$0.04280	\$0.05990	\$0.01710	39.95%
<u>RH--Summer</u>					
13	All kWhs	\$0.04280	\$0.05990	\$0.01710	39.95%
<u>RH--Winter</u>					
14	All kWhs	\$0.04280	\$0.05990	\$0.01710	39.95%
<u>RHD</u>					
15	Summer--Demand	\$5.53	\$7.74	\$2.21	39.96%
16	Winter--Demand	\$2.78	\$3.89	\$1.11	39.93%
17	Energy - All kWhs	\$0.04280	\$0.05990	\$0.01710	39.95%

EMPIRE DISTRICT ELECTRIC COMPANY

CURB Recommended Residential Rate Design and Proof of Revenue
(Excludes RDH)

Line	Description	Pro Forma Billing Determinants (1)	Present Rates (2)	Present Revenue (3) = (1)*(2)	CURB Rates (4)	CURB Revenue (5) = (1)*(4)	Percentage Change in Revenues (6) = (5)/(3)
Customer Charge							
1	RG	72,408	\$10.00	\$724,080	\$12.42	\$899,307	24.20%
2	RGW	10,020	\$10.00	\$100,200	\$12.42	\$124,448	24.20%
3	RH	<u>21,288</u>	\$10.00	<u>\$212,880</u>	\$12.42	<u>\$264,397</u>	24.20%
4	Subtotal	103,716		\$1,037,160		\$1,288,152	24.20%
Energy Charge							
<i>RG--Summer</i>							
5	First 600 kWh	6,676,190	\$0.05920	\$395,230	\$0.06830	\$455,984	15.37%
6	All add'l kWh	<u>10,055,409</u>	\$0.04280	<u>\$430,372</u>	\$0.05840	<u>\$587,236</u>	36.45%
7	Subtotal Summer	16,731,599		\$825,602		\$1,043,220	26.36%
<i>RG--Winter</i>							
8	First 600 kWh	27,947,726	\$0.05920	\$1,654,505	\$0.06830	\$1,908,830	15.37%
9	All add'l kWh	<u>22,825,880</u>	\$0.04280	<u>\$976,948</u>	\$0.05840	<u>\$1,333,031</u>	36.45%
10	Subtotal Winter	50,773,606		\$2,631,453		\$3,241,861	23.20%
<i>RGW--Summer</i>							
11	First 600 kWh	980,386	\$0.05100	\$50,000	\$0.05880	\$57,647	15.29%
12	All add'l kWh	<u>1,738,300</u>	\$0.04280	<u>\$74,399</u>	\$0.05840	<u>\$101,517</u>	36.45%
13	Subtotal Summer	2,718,686		\$124,399		\$159,164	27.95%
<i>RGW--Winter</i>							
14	First 600 kWh	4,344,914	\$0.05100	\$221,591	\$0.05880	\$255,481	15.29%
15	All add'l kWh	<u>4,847,544</u>	\$0.04280	<u>\$207,475</u>	\$0.05840	<u>\$283,097</u>	36.45%
16	Subtotal Winter	9,192,458		\$429,066		\$538,578	25.52%
<i>RH--Summer</i>							
17	All kWhs	<u>5,388,887</u>	\$0.04280	<u>\$230,644</u>	\$0.05320	<u>\$286,689</u>	24.30%
18	Subtotal Summer	5,388,887		\$230,644		\$286,689	24.30%
<i>RH--Winter</i>							
19	All kWhs	<u>28,896,126</u>	\$0.04280	<u>\$1,236,754</u>	\$0.05320	<u>\$1,537,274</u>	24.30%
20	Subtotal Winter	28,896,126		\$1,236,754		\$1,537,274	24.30%
21	Total Residential	113,701,362		\$6,515,078		\$8,094,938	24.25%

Source: Sch. JRL-1
& Sch. ACC-16

Target
Rounding
\$8,094,599
\$39

EMPIRE DISTRICT ELECTRIC COMPANY
Summary of CURB Recommended Residential Base Revenue Increases

<u>Line</u> <u>Description</u>	Present Revenue (1)	Recommended Revenue (2)	Recommended Increase	
			Amount (3)	Percent (4)
Residential Service				
1 General Service - RG	\$4,181,135	\$5,184,388	\$1,003,253	23.99%
2 Water Heating - RGW	\$653,665	\$822,190	\$168,525	25.78%
3 Total Electric - RH	\$1,680,278	\$2,088,360	\$408,082	24.29%
4 Total Electric Demand- RHD	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
5 Total Residential	\$6,515,078	\$8,094,938	\$1,579,860	24.25%

Source: Sch. BK-2.

EMPIRE DISTRICT ELECTRIC COMPANY
Summary of Present and Proposed Small General Service Base Rates

<u>Line</u>	<u>Description</u>	Present Rates	Proposed Rates	Proposed Increase	
				Amount	Percent
		(1)	(2)	(3)	(4)
Customer Charge 1/					
1	Commercial Service - CB	\$12.50	\$17.51	\$5.01	40.08%
2	Small Heating Service - SH	\$12.50	\$17.51	\$5.01	40.08%
Energy Charge					
<i>CB - Summer</i>					
3	Next 650 kWh	\$0.08690	\$0.12170	\$0.03480	40.05%
4	All add'l kWh	\$0.06250	\$0.08750	\$0.02500	40.00%
<i>CB - Winter</i>					
5	Next 650 kWh	\$0.08690	\$0.12170	\$0.03480	40.05%
6	All add'l kWh	\$0.06250	\$0.08750	\$0.02500	40.00%
<i>SH - Summer</i>					
7	Next 950 kWh	\$0.06630	\$0.09280	\$0.02650	39.97%
8	All add'l kWh	\$0.05200	\$0.07280	\$0.02080	40.00%
<i>SH - Winter</i>					
9	Next 950 kWh	\$0.06630	\$0.09280	\$0.02650	39.97%
10	All add'l kWh	\$0.05200	\$0.07280	\$0.02080	40.00%

Notes:

1/ Includes first 50 kWh of usage.

EMPIRE DISTRICT ELECTRIC COMPANY

Schedule BK-5

CURB Recommended SGS Rate Design and Proof of Revenue

Line	Description	Pro Forma Billing Determinants		Present Rates		CURB Rates		CURB Revenue		Percentage Change in Revenues (6) = (5)/(3)
		(1)	(2)	(3) = (1)*(2)	(4)	(5) = (1)*(4)	(6) = (5)/(3)			
Customer Charge										
1	Commercial Service - CB	13,956	\$12.50	\$174,450	\$15.53	\$216,737	24.24%			
2	Small Heating Service - SH	<u>1,368</u>	\$12.50	<u>\$17,100</u>	\$15.53	<u>\$21,245</u>	24.24%			
3	Subtotal	15,324		\$191,550		\$237,982	24.24%			
Energy Charge										
<i>CB - Summer</i>										
4	First 50 kWh	102,705	\$0.00000	\$0	\$0.08690	\$8,925	-			
5	Next 650 kWh	917,182	\$0.08690	\$79,703	\$0.08690	\$79,703	0.00%			
6	All add'l kWh	<u>3,188,514</u>	\$0.06250	<u>\$199,282</u>	\$0.08170	<u>\$260,502</u>	30.72%			
7	Subtotal Summer	4,208,401		\$278,985		\$349,130	25.14%			
<i>CB - Winter</i>										
8	First 50 kWh	490,403	\$0.00000	\$0	\$0.08690	\$42,616	-			
9	Next 650 kWh	4,114,891	\$0.08690	\$357,584	\$0.08690	\$357,584	0.00%			
10	All add'l kWh	<u>10,247,851</u>	\$0.06250	<u>\$640,491</u>	\$0.08170	<u>\$837,249</u>	30.72%			
11	Subtotal Winter	14,853,144		\$998,075		\$1,237,449	23.98%			
<i>SH - Summer</i>										
12	First 50 kWh	10,710	\$0.00000	\$0	\$0.07290	\$781	-			
13	Next 950 kWh	148,764	\$0.06630	\$9,863	\$0.07290	\$10,845	9.95%			
14	All add'l kWh	<u>366,840</u>	\$0.05200	<u>\$19,076</u>	\$0.06640	<u>\$24,358</u>	27.69%			
15	Subtotal Summer	526,314		\$28,939		\$35,984	24.34%			
<i>SH - Winter</i>										
16	First 50 kWh	53,621	\$0.00000	\$0	\$0.07290	\$3,909	-			
17	Next 950 kWh	748,484	\$0.06630	\$49,624	\$0.07290	\$54,564	9.95%			
18	All add'l kWh	<u>1,804,134</u>	\$0.05200	<u>\$93,815</u>	\$0.06640	<u>\$119,795</u>	27.69%			
19	Subtotal Winter	2,606,239		\$143,439		\$178,268	24.28%			
20	Total SGS	22,194,097		\$1,640,988		\$2,038,813	24.24%			

Source: Sch. JRL-1 & Sch. ACC-16

Target Rounding
\$2,038,831
(\$18)

EMPIRE DISTRICT ELECTRIC COMPANY
Summary of CURB Recommended SGS Revenue Increases

<u>Line</u> <u>Description</u>	Present Revenue (1)	Recommended Revenue (2)	Recommended Increase	
			Amount (3)	Percent (4)
Small General Service				
1 Commercial Service - CB	\$1,451,510	\$1,803,316	\$351,806	24.24%
2 Small Heating Service - SH	<u>\$189,478</u>	<u>\$235,497</u>	<u>\$46,019</u>	24.29%
3 Total SGS - Secondary	\$1,640,988	\$2,038,813	\$397,825	24.24%

Source: Sch. BK-5.

CERTIFICATE OF SERVICE

10-EPDE-314-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was placed in the United States mail, postage prepaid, e-mailed, or hand-delivered this 31st day of March, 2010, to the following:

JAMES G. FLAHERTY, ATTORNEY
ANDERSON & BYRD, L.L.P.
216 SOUTH HICKORY
PO BOX 17
OTTAWA, KS 66067
Fax: 785-242-1279
jflaherty@andersonbyrd.com

* GLENDA CAFER, ATTORNEY
CAFER LAW OFFICE, L.L.C.
3321 SW 6TH STREET
TOPEKA, KS 66606
Fax: 785-271-9993
gcafer@sbcglobal.net

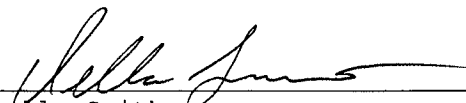
* KELLY WALTERS, VICE-PRESIDENT
EMPIRE DISTRICT INDUSTRIES, INC.
602 JOPLIN
PO BOX 127
JOPLIN, MO 64802-0127
Fax: 417-625-5173
kwalters@empiredistrict.com

* VICKIE SCHATZ, CORPORATE COUNSEL
KANSAS CITY POWER & LIGHT COMPANY
ONE KANSAS CITY PLACE
1200 MAIN STREET (64105)
P.O. BOX 418679
KANSAS CITY, MO 64141-9679
Fax: 816-556-2992
victoria.schatz@kcpl.com

* MARY TURNER, DIRECTOR, REGULATORY AFFAIRS
KANSAS CITY POWER & LIGHT COMPANY
ONE KANSAS CITY PLACE
1200 MAIN STREET (64105)
P.O. BOX 418679
KANSAS CITY, MO 64141-9679
Fax: 816-556-2110
mary.turner@kcpl.com

* DANA BRADBURY, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD ROAD
TOPEKA, KS 66604-4027
Fax: 785-271-3354
d.bradbury@kcc.ks.gov
**** Hand Deliver ****

* TERRI PEMBERTON, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD ROAD
TOPEKA, KS 66604-4027
Fax: 785-271-3354
t.pemberton@kcc.ks.gov
**** Hand Deliver ****



Della Smith

* Denotes those receiving the Confidential version