

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

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State Corporation Commission
of Kansas

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. 11-EPDE-856-RTS

DIRECT TESTIMONY OF

ANDREA C. CRANE

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

October 12, 2011

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1 **I. STATEMENT OF QUALIFICATIONS**

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

3 A. My name is Andrea C. Crane and my business address is 90 Grove Street, Suite 211,
4 Ridgefield, Connecticut 06877. (Mailing Address: PO Box 810, Georgetown,
5 Connecticut 06829)

6
7 **Q. By whom are you employed and in what capacity?**

8 A. I am President of The Columbia Group, Inc., a financial consulting firm that specializes
9 in utility regulation. In this capacity, I analyze rate filings, prepare expert testimony, and
10 undertake various studies relating to utility rates and regulatory policy. I have held
11 several positions of increasing responsibility since I joined The Columbia Group, Inc. in
12 January 1989.

13
14 **Q. Please summarize your professional experience in the utility industry.**

15 A. Prior to my association with The Columbia Group, Inc., I held the position of Economic
16 Policy and Analysis Staff Manager for GTE Service Corporation, from December 1987
17 to January 1989. From June 1982 to September 1987, I was employed by various Bell
18 Atlantic (now Verizon) subsidiaries. While at Bell Atlantic, I held assignments in the
19 Product Management, Treasury, and Regulatory Departments.

20
21 **Q. Have you previously testified in regulatory proceedings?**

1 A. Yes, since joining The Columbia Group, Inc., I have testified in over 350 regulatory
2 proceedings in the states of Arizona, Arkansas, Connecticut, Delaware, Hawaii, Kansas,
3 Kentucky, Maryland, New Jersey, New Mexico, New York, Oklahoma, Pennsylvania,
4 Rhode Island, South Carolina, Vermont, West Virginia and the District of Columbia.
5 These proceedings involved electric, gas, water, wastewater, telephone, solid waste, cable
6 television, and navigation utilities. A list of dockets in which I have filed testimony since
7 January 2008 is included in Appendix A.

8

9 **Q. What is your educational background?**

10 A. I received a Master of Business Administration degree, with a concentration in Finance,
11 from Temple University in Philadelphia, Pennsylvania. My undergraduate degree is a
12 B.A. in Chemistry from Temple University.

13

14 **II. PURPOSE OF TESTIMONY**

15 **Q. What is the purpose of your testimony?**

16 A. On June 17, 2011, Empire District Electric Company (“Empire” or “Company”) filed an
17 Application with the Kansas Corporation Commission (“KCC” or “Commission”)
18 seeking a rate increase of \$1,535,579 or approximately 6.39% over current operating
19 revenues (including Energy Cost Adjustment (“ECA”) revenues). The Company’s
20 request would result in an increase to base rate revenues of 9.71%. The Company’s filing
21 was made in response to the Stipulation and Agreement (“S&A”) in KCC Docket No. 10-

1 EPDE-314-RTS (“314 Docket”), whereby the parties agreed that Empire should make a
2 subsequent abbreviated rate filing to “update costs, including depreciation expense at
3 authorized depreciation rates and operating and maintenance expenses, related to Iatan I
4 ACQS, Iatan Common Costs, Iatan 2 (including Investment Tax Credit), and Plum Point,
5 that were not included in rates set as a result of this proceeding and which have not been
6 disallowed.” The Columbia Group, Inc. was engaged by the State of Kansas, Citizens’
7 Utility Ratepayer Board (“CURB”) to review the Company’s Application and to provide
8 recommendations to the KCC regarding the Company’s proposal. My testimony
9 addresses revenue requirement issues. Testimony on rate design issues is being filed on
10 behalf of CURB by Brian Kalcic of Excel Consulting.

11
12 **III. SUMMARY OF CONCLUSIONS**

13 **Q. What are your conclusions concerning the Company’s abbreviated rate filing?**

14 **A.** Based on my analysis of the Company’s filing and other documentation in this case, my
15 conclusions are as follows:

- 16 • The KCC should utilize the most recent utility plant-in-service balances for Plum
17 Point and the Iatan projects, adjusted to remove costs related to Schiff Hardin, costs
18 associated with a crane accident at the Iatan site, and costs that were previously found
19 by the KCC to be imprudent.
- 20 • The Company’s claimed rate base should be reduced by \$1,293,712, reflecting
21 adjustments to utility plant-in-service, accumulated depreciation, and working capital

1 (see Schedule ACC-2).

- 2 • The Company's claim for deferred depreciation expenses and deferred operating costs
3 should be adjusted to reflect actual costs through August 2011, estimated costs for
4 September-December 2011, and the elimination of costs related to Iatan Common
5 plant (see Schedule ACC-4). Deferred costs should be amortized over five years.
- 6 • The KCC should authorize recovery of regulatory costs for the abbreviated rate filing
7 of \$229,500, amortized over five years (see Schedule ACC-5). Regulatory costs for
8 the 314 Docket are already being recovered in base rates.
- 9 • The Company's claim for recovery of additional executive compensation costs should
10 be denied (see Schedule ACC-6). If the KCC decides to establish a policy in this case
11 for recovery of incentive compensation costs, it should find that such costs should be
12 borne by shareholders.
- 13 • For ratemaking purposes, the Company should amortize the Advanced Coal Tax
14 Credit over 56 years and begin the amortization of the entire credit with the effective
15 date of rates resulting from this case (see Schedule ACC-7).
- 16 • The Company's requested rate increase of \$1,535,579 is excessive. The KCC should
17 approve a revenue increase of no greater than \$1,128,792 (see Schedule ACC-1).

1 **IV. DISCUSSION OF THE ISSUES**

2 **Q. Please provide a brief background of this proceeding.**

3 A. On November 4, 2009, Empire filed an Application in the 314 Docket proposing a rate
4 increase of \$5,203,483, based upon a test year ending June 30, 2009, adjusted for known
5 and measurable changes. On May 4, 2010, the parties filed an S&A resolving the issues
6 in that proceeding. The S&A in the 314 Docket provided for a revenue increase of \$2.79
7 million. During the litigation of the 314 Docket, Empire was engaged in the construction
8 of several new generating facilities and environmental upgrades that were not yet in
9 service when the S&A was executed. The rate increase specified in the S&A was based
10 on actual utility plant-in-service balances at January 31, 2010, for the Iatan Unit 1 Air
11 Quality Control System ("AQCS"), Iatan Unit 2 generating facility, and Plum Point
12 generating facility.¹ The S&A provided for a subsequent abbreviated filing to update
13 Empire's capital and operating costs associated with these facilities. In addition, the
14 S&A permitted the Company to establish a regulatory asset to reflect deferred
15 depreciation expense and operating and maintenance expenses associated with Plum
16 Point and Iatan Unit 2. The S&A stated that these deferred costs would be "subject to
17 verification by the Commission in the abbreviated case, and will be recovered by Empire
18 using an amortized period of between three (3) years and five (5) years beginning on the
19 date rates become effective in the abbreviated rate case, with the exact amortization

¹ Empire is the owner of 7.5% of Plum Point and of 12.0% of Iatan Unit 1 and Iatan Unit 2.

1 period to be determined in the abbreviated rate case."² The S&A also stated that
2 "...Empire will be allowed to recover rate case expense relating to the abbreviated rate
3 case with the amortization period of those actual costs determined in the abbreviated rate
4 case."³

5
6 **Q. Please provide a brief summary of the Company's abbreviated rate filing.**

7 A. Empire filed its abbreviated rate case on June 17, 2011, requesting a rate increase of
8 \$1,535,579. The Company's abbreviated filing included the following adjustments:

- 9 • A revenue annualization adjustment in the amount of \$2,790,002 to reflect the rate
10 increase granted by the KCC in Docket No. 10-EPDE-314-RTS;
- 11 • A rate base adjustment to reflect incremental capital costs associated with Plum Point,
12 Iatan Unit 1 AQCS, Iatan Unit 2, and Iatan Common plant;
- 13 • A working capital adjustment to reflect materials and supplies and prepayments
14 associated with Plum Point and Iatan Unit 2;
- 15 • A rate base adjustment to reflect a payment from the Southwest Power
16 Administration ("SWPA") that the Company is proposing to return to ratepayers over
17 ten years through the Energy Cost Adjustment ("ECA");
- 18 • An expense adjustment of \$411,611 to reflect prospective annual operating and
19 maintenance costs for Plum Point, Iatan Unit 2, and Iatan Common plant.
- 20 • An expense adjustment of \$284,431 to reflect a three-year amortization of deferred

2 Stipulation and Agreement, KCC Docket No. 10-EPDE-314-RTS, paragraph 9.

3 *Id.*, paragraph 13.

1 operating and maintenance costs and depreciation expenses associated with Plum
2 Point, Iatan Unit 2, and Iatan Common plant;

- 3 • An expense adjustment of \$97,490 to reflect a five-year amortization of regulatory
4 costs for Docket No. 10-EPDE-314-RTS as well as for the abbreviated case;
- 5 • An expense adjustment of \$20,028 to reflect a three-year amortization of regulatory
6 costs for the Company's energy-efficiency case, Docket No. 10-EPDE-497-TAR;
- 7 • An expense adjustment of \$26,694 to reflect incentive compensation costs that the
8 Company claims were disallowed in Docket No. 10-EPDE-314-RTS;
- 9 • An expense adjustment of \$342,849 to annualize depreciation expenses associated
10 with Plum Point, Iatan Unit 2, and Iatan Common plant;
- 11 • A tax adjustment of \$5,159 to reflect the amortization over 56 years of certain
12 Advanced Coal Tax Credits;
- 13 • Associated federal and state income tax adjustments.

14
15 **Q. Are you recommending any revisions to the Company's claim?**

16 A. Yes, I am. Based upon my review of the Company's filing and its responses to data
17 requests, I am recommending various rate base and operating income adjustments.

18
19 **V. RATE BASE ADJUSTMENTS**

20 **Q. What rate base adjustments are you recommending?**

21 A. I am recommending that the KCC adjust the Company's utility plant-in-service claim for

1 Plum Point and the Iatan facilities to reflect actual expenditures at August 31, 2011. In
2 addition, I am recommending an adjustment to the amount that Empire claims is currently
3 included in rates relating to the Iatan projects. I am also recommending disallowances
4 relating to Schiff Hardin costs, disallowance of costs relating to the Iatan Unit 1 AQCS
5 and Iatan Unit 2 that the KCC has previously disallowed for KCP&L, and disallowance
6 of costs associated with a crane accident that occurred during the construction of the Iatan
7 AQCS. I am also recommending an adjustment to accumulated depreciation associated
8 with the three facilities. Finally, I am recommending elimination of the Company's
9 proposed working capital adjustment.

10
11 **A. Utility Plant-in-Service**

12 **Q. How did the Company develop its utility plant-in-service claim in this case?**

13 A. As discussed on page 7 of Mr. Keith's testimony, the Company's filing is based on
14 budgeted capital additions for the Plum Point and Iatan projects.

15
16 **Q. Why did Empire reflect budgeted amounts, rather than actual capital expenditures,
17 in its filing?**

18 A. The Company used budgeted expenditures because it did not yet have final total capital
19 costs for these projects. Mr. Keith stated on page 7 of his testimony that "Empire does
20 not expect to be billed for the final piece of construction on these units, especially Iatan 2
21 until the fall of 2011, and will plan to work with Staff and CURB to reflect any difference

1 between the final actual numbers and the capital budgeted numbers included herein."

2 However, it now appears that the final expenditures will not be available in "the fall of
3 2011", but will be delayed until well into 2012. In the response to CURB-11, Empire
4 stated that,

5 Empire had anticipated closure of these projects by the end of 2011. However,
6 flooding on the Missouri River is delaying activities at the Iatan site.
7 Assessments of schedule impact is ongoing, and that impact depends on when the
8 river begins to recede and how quickly. At this time, Kansas City Power and
9 Light is projecting that the earliest possible completion of project activities is
10 mid-June 2012.
11
12

13 **Q. Is it reasonable to establish rates in this case based on the project budgets for the
14 Plum Point and the Iatan facilities?**

15 A. No, it is not. The S&A states that the "abbreviated rate case will include the difference
16 between the final actual costs relating to these three projects (Plum Point, Iatan 1 AQCS
17 and Iatan Unit 2) and the actual costs up to the cut off date of January 31, 2010...."
18 (emphasis added) Thus, the parties anticipated that the abbreviated rate case would
19 reflect actual costs. The use of budgeted data violates both the spirit and the letter of the
20 S&A. Moreover, while the Company may have expected to update the filing with actual
21 data during the litigation phase of this case, such an update is now impossible due to the
22 fact that the data is not expected to be available until June 2012.
23

24 **Q. What do you recommend?**

25 A. I recommend that the rates resulting from this case be based on actual data through

1 August 31, 2011, which is the last month for which data is available. Thus, at Schedule
2 ACC-2, I have reflected actual data as of this date, as reported in the Company's
3 responses to data requests. As shown in that schedule, the total capital costs through
4 August 31, 2011 were \$412,664,498, or \$23,303,990 on a Kansas-jurisdictional basis.
5 This compares with total budgeted costs of \$24,050,073 reflected by the Company in its
6 workpapers.

7
8 **Q. Is there another plant-in-service adjustment relating to the timing of plant additions**
9 **reflected in your recommendation?**

10 A. Yes, there is. As shown in the Company's workpapers, Empire compared its total
11 budgeted costs for Plum Point, Iatan Unit 1 AQCS, Iatan Unit 2, and Iatan Common plant
12 to what it stated was Staff's position in the 314 Docket. According to the Company, Staff
13 had included \$20,728,721 of this plant in its testimony in the 314 Docket. Given the
14 Company's total budget of \$24,050,073, Empire proposed a plant-in-service adjustment
15 of \$3,321,352. However, Empire has understated the amount of this plant that was
16 actually included in rates in the 314 Docket. Actual plant costs through January 31,
17 2010, which were included in rates established in the 314 Docket, totaled \$20,745,697 as
18 shown in footnote 2 to the S&A. Thus, not only has the Company overstated the ending
19 balance for plant-in-service associated with these projects, but it has also understated the
20 amount that is already being recovered in base rates.

21 Given the actual August 31, 2011 balance of \$23,303,990, and the fact that

1 \$20,745,697 is currently being recovered in base rates, the incremental utility plant-in-
2 service costs that should be recovered in this docket are \$2,558,293. At Schedule ACC-
3 2, I have compared this incremental increase to the incremental increase of \$3,321,352
4 contained in the Company's filing, which includes a higher ending plant balance and a
5 lower beginning plant balance. Therefore, my first plant-in-service adjustment is a
6 reduction of \$763,059 from the Company's claim, based on actual expenditures through
7 August 31, 2011, and the expenditures that were included in rates in the 314 Docket.

8
9 **Q. Please describe your adjustment to the Schiff Hardin costs included in the**
10 **Company's capital costs.**

11 A. As discussed in the testimony of Mr. Mertens at page 16, Empire is currently in
12 arbitration over certain costs relating to Schiff Hardin's participation in the Iatan projects.
13 KCP&L, as the majority owner and operator of Iatan, had the primary responsibility for
14 managing construction of the Iatan projects. KCP&L entered into an agreement with
15 Schiff Hardin for the provision of certain construction management and legal services,
16 the costs of which were capitalized into the Iatan project costs. Many of these activities
17 were intended to protect KCP&L from allegations of imprudence and disallowances
18 associated with management of the Iatan project. As stated in Mr. Mertens' testimony,
19 the agreement between KCP&L and Schiff Hardin indicated that these services "are
20 intended for the sole benefit of KCP&L." Moreover, according to Mr. Mertens'
21 testimony at page 16, "Empire was not and to this date has not been given full access to

1 Schiff Hardin reports, work product, and legal counsel."
2

3 **Q. How much was Empire charged relating to work performed pursuant to the Schiff**
4 **Hardin agreement?**

5 A. Of the total costs of \$20,962,713, KCP&L allocated 12%, or \$2,515,526, to Empire. Of
6 this amount, approximately 5.65%, or \$142,057 was charged to the Kansas jurisdiction.
7

8 **Q. What do you recommend with regard to the Schiff Hardin costs?**

9 A. I recommend that the KCC remove these costs from the Company's rate base claim in this
10 case. As acknowledged by Empire, these costs were not incurred for the benefit of
11 Empire or its ratepayers. Rather, these costs were incurred to justify KCP&L's
12 management of the Iatan project. Thus, there is no rationale for requiring Empire's
13 ratepayers to pay for these costs, especially when Empire has not been privy to all of the
14 work product produced by Schiff Hardin. Accordingly, at Schedule ACC-2, I have made
15 an adjustment to eliminate the Schiff Hardin costs from the actual costs booked by the
16 Company through August 31, 2011, with regard to the Iatan projects.
17

18 **Q. Please describe your adjustments relating to the prudence disallowances that the**
19 **KCC has already determined for the Iatan Unit 1 AQCS and Iatan Unit 2.**

20 A. In various cases involving KCP&L, the KCC has reviewed extensive documentation with
21 regard to the prudence of expenditures made for the Iatan Unit 1 AQCS and Iatan Unit 2

1 projects. For the most part, the KCC has determined that the vast majority of
2 expenditures for the projects were prudent, in spite of evidence to the contrary submitted
3 by various witnesses on behalf of other parties. While the S&A in the 314 Docket gives
4 the parties the right to raise issues of prudence once again in this case, CURB does not
5 believe that it would be a good use of resources to relitigate the issues that have already
6 been addressed by this Commission with regard to KCP&L. Therefore, for the most part,
7 CURB is accepting the KCC's prior findings on prudence.

8 In Docket No. 09-KCPE-246-RTS, Staff recommended an adjustment based on
9 imprudence with regard to three of the R&O packages for the Iatan Unit 1 AQCS. Since
10 KCP&L did not contest Staff's finding, the KCC excluded these expenditures in
11 determining KCP&L's rate base associated with the Iatan Unit 1 AQCS. Therefore, at
12 Schedule ACC-2, I have made a similar adjustment to eliminate Empire's share of these
13 costs from the Company's Kansas-jurisdictional revenue requirement. The total
14 disallowance was \$1,016,541, \$121,985 of which was allocated to Empire. My
15 adjustment is \$6,889 on a Kansas-jurisdictional basis.

16 In Docket No. 10-KCPE-415-RTS, the KCC also disallowed certain Iatan Unit 2
17 costs relating to the engagement of Welding Services, Inc., with a total cost of
18 \$12,714,596 and costs relating to KCP&L's removal and re-addition of an auxiliary boiler
19 on the Iatan Unit 2 project, with a total cost of \$7,754,454. Approximately \$2,456,286
20 of these costs was allocated to Empire, or \$138,711 on a Kansas-jurisdictional basis. At
21 Schedule ACC-2, I have made an adjustment to eliminate these costs from Empire's rate

1 base in this case.

2
3 **Q. What is the basis for your disallowance, since Empire was not the overall manager**
4 **of the Iatan project?**

5 A. While I recognize that KCP&L, and not Empire, had the primary responsibility for the
6 management of the Iatan projects, it is unreasonable to require Empire's customers to
7 bear these imprudently-incurred costs. While Empire's ability to influence KCP&L's
8 decisions on the Iatan projects was limited, Empire's shareholders were aware of this risk
9 when they agreed to participate in the Iatan projects. Therefore, even if Empire tried, and
10 failed to impact KCP&L's actions with regard to these imprudent expenditures, Empire's
11 shareholders, not its ratepayers, should bear the associated costs. It was the shareholders
12 who decided to participate with KCP&L in Iatan and it is the shareholders who should be
13 held accountable for imprudent decisions made by its partner. Moreover, there is no
14 rationale for requiring Empire's ratepayers to bear a share of these costs, which the KCC
15 has determined should not be charged to KCP&L's ratepayers. Therefore, at Schedule
16 ACC-2, I have made adjustments to eliminate the costs associated with the three Iatan
17 disallowances from the Company's claim.

18
19 **Q. Please explain your adjustment relating to the crane incident.**

20 A. In May 2008, there was a crane accident at the Iatan construction site that killed one
21 worker, employed by Alstom Construction, and injured two others. It is my

1 understanding that KCP&L took the position that Alstom Construction, which contracted
2 with the crane company, should bear responsibility for the incident. Total costs of \$2.6
3 million have been incurred, approximately 12% of which have been billed to Empire.
4 According to the response to KCC-103, KCP&L withheld payment of certain amounts to
5 Alstom Construction due to this dispute. However, Empire has booked approximately
6 \$312,000 relating to this incident to the Iatan utility plant-in-service accounts.

7 I am recommending that the KCC disallow these costs, which amount to \$17,636
8 on a Kansas jurisdictional basis. This incident was clearly not the responsibility of
9 Empire's Kansas jurisdictional ratepayers, especially given that Empire was not directly
10 responsible for oversight of the construction management at the site. Consistent with my
11 recommendations above with regard to prudence disallowances, any such costs incurred
12 by Empire should be borne by its shareholders. The KCC should not lose sight of the fact
13 that when utility rates are established, shareholders are given the opportunity to earn a
14 risk-adjusted rate of return, i.e., a rate of return that exceeds a risk-free rate. The
15 rationale for awarding a return on equity that exceeds a risk-free rate is to compensate
16 shareholders for the risks that they accept when they invest in a utility; otherwise, there
17 would be no reason to award a return on equity that is any higher than the risk-free rate.
18 Certainly, the crane incident was a tragic accident but ratepayers, especially Empire's
19 ratepayers, should be held harmless for this incident, regardless of whether any blame can
20 be directly assigned to any specific party. Accordingly, at Schedule ACC-2, I have made
21 an adjustment to remove these costs from the Company's rate base claim.

1 **B. Accumulated Depreciation**

2 **Q. Please describe your adjustment to accumulated depreciation.**

3 A. In its filing, at Section 10, Schedule B, page 1, Empire calculated its pro forma
4 depreciation expense claim in this case for the Iatan Unit 1 AQCS, Iatan Unit 2, and Plum
5 Point, based on its projected plant-in-service claim and currently authorized depreciation
6 rates. The Company then compared the pro forma annual depreciation expense of
7 \$419,149 with the amount of depreciation expense for this plant that the Company is
8 currently recovering in base rates, which Empire states is \$76,300. It then made an
9 incremental expense adjustment to reflect the additional \$342,849 of depreciation
10 expense that it is seeking to recover in rates resulting from this rate case. However, in
11 calculating its rate base claim, Empire did not adjust its depreciation reserve to reflect the
12 reserve additions relating to the \$76,300 that it is currently collecting in base rates related
13 to this plant. Therefore, at Schedule ACC-2, I have made an adjustment to increase the
14 Company's depreciation reserve (or decrease its rate base) to account for these reserve
15 additions.

16
17 **Q. How did you quantify your adjustment?**

18 A. To quantify my adjustment, I assumed that the Company is currently recovering \$76,300
19 of annual depreciation expense relating to Iatan Unit 1 AQCS, Iatan Unit 2, and Plum
20 Point, consistent with Section 10, Schedule B of the Company's filing. Since rates in the
21 314 Docket were effective July 1, 2010, I reflected 14 months of reserve additions in my

1 rate base recommendation. I reflected reserve additions through August 31, 2011,
2 because that is the cut-off date that I have used for the Company's utility plant-in-service.

3
4 **C. Working Capital**

5 **Q. Did the Company include an adjustment for working capital in its abbreviated**
6 **filing?**

7 A. Yes, it did. Empire included an adjustment to increase materials and supplies by
8 \$126,389 and to increase prepayments by \$9,954.

9
10 **Q. Are you recommending any adjustment to the Company's working capital claim?**

11 A. Yes, I am recommending that the KCC eliminate these costs from Empire's rate base.
12 The S&A in the 314 Docket does not specifically permit Empire to include an adjustment
13 relating to working capital in the abbreviated filing. The S&A states that Empire may
14 update capital costs, depreciation expense, and operating and maintenance costs but does
15 not specifically permit the inclusion of additional working capital components.
16 Therefore, at Schedule ACC-2, I have made an adjustment to eliminate the Company's
17 claim for working capital from my recommended rate base.

18
19 **D. Rate Base Summary**

20 **Q. What is the total of the rate base adjustments that you are recommending?**

21 A. As shown on Schedule ACC-2, I am recommending total rate base adjustments of

1 \$1,293,712.

2
3 **Q. How did you quantify the impact of your rate base adjustments on the Company's**
4 **overall revenue request?**

5 A. The S&A in the 314 Docket states that an overall rate of return of 8.40% will be utilized
6 in the abbreviated case. At Schedule ACC-2, I applied this rate of return to my
7 recommended rate base adjustments of \$1,293,712. Therefore, my adjustments reduce
8 the Company's required operating income by \$108,672. Given the revenue multiplier of
9 1.65515, shown in Section 3 of the Company's filing, these adjustments will reduce the
10 overall revenue requirement by \$179,868.⁴

11
12 **VI. OPERATING INCOME ADJUSTMENTS**

13 **Q. What adjustments to the Company's operating income claim are you**
14 **recommending?**

15 A. I am recommending that the KCC update Empire's deferred costs to reflect actual results
16 through August 31, 2011 and order recovery of deferred costs over a period of five years.
17 In addition, I am recommending that the KCC reduce the Company's claim for rate case
18 costs for the abbreviated case, and deny the Company's claim for recovery of additional
19 regulatory costs for the 314 Docket. I am also recommending that the KCC deny the
20 Company's claim for incremental executive compensation costs. Finally, I am

⁴ The revenue multiplier is used to gross up operating income to reflect income taxes.

1 recommending an adjustment to the Company's proposed amortization of the Advanced
2 Coal Tax Credit. I have also made adjustments to reflect the impact of my rate base
3 adjustments on the Company's pro forma depreciation expense and pro forma interest
4 expense.

5
6 **A. Amortization of Deferred Costs**

7 **Q. How did the Company develop its claim relating to deferred depreciation expense**
8 **and deferred operating and maintenance costs?**

9 A. As shown in the Company's workpapers, Empire developed its claim by beginning with
10 actual deferred costs through April 30, 2011 for Iatan Unit 2 and Plum Point. It then
11 added costs for May through December 2011, based on budgeted amounts for the last
12 eight months of 2011. Finally, Empire included annual operating costs related to Iatan
13 Common plant in its deferral. In total, Empire claimed total deferred costs of \$853,292,
14 which it proposed to amortize over three years, for an annual amortization expense
15 adjustment of \$284,431. Empire did not defer fuel or AQCS consumables costs for Plum
16 Point or the Iatan projects, because these costs are recovered through the ECA.

17
18 **Q. Are you recommending any adjustments to the Company's claim for recovery of**
19 **deferred costs?**

20 A. Yes, I am recommending three adjustments. First, with regard to Iatan Unit 2 and Plum
21 Point facilities, I have updated the Company's claim to reflect actual depreciation

1 expense and operating and maintenance expenses through August 2011. I also utilized
2 the actual costs incurred during the four-month period May - August, 2011, as a proxy for
3 the last four months of 2011. Thus, my recommendation includes deferred costs of
4 \$745,937 for Iatan Unit 2 and Plum Point, which is slightly lower than Empire's claim of
5 \$748,546 for these two facilities.

6 Second, I have eliminated Empire's claim for \$104,746 in deferred costs relating
7 to Iatan Common plant. The S&A in the 314 Docket was very clear that the deferred
8 costs would be limited to costs for Iatan Unit 2 and Plum Point. The S&A provided for
9 two regulatory assets:

10 Deferral of Iatan 2 Generation Facility ("Iatan 2") depreciation and
11 operation and maintenance expenses incurred during the period between the date
12 when Iatan 2 meets the in-service criteria as determined by this Commission and
13 commences commercial operations, and the date rates become effective in the
14 abbreviated rate case discussed in this Stipulation.

15
16 Deferral of Plum Point Generation Facility ("Plum Point") depreciation
17 and operation and maintenance expenses incurred during the period between the
18 date when Plum Point meets the in-service criteria as determined by this
19 Commission and commences commercial operations, and the date rates become
20 effective in the abbreviated rate case discussed in this Stipulation.
21

22 Thus, the Company never received authorization to defer depreciation or operating costs
23 relating to Iatan Common plant. Accordingly, at Schedule ACC-4, I have not included
24 any costs relating to Iatan Common plant in my recommended deferral. As a result, I am
25 recommending amortization of total deferred costs of \$745,937, while the Company's
26 claim includes amortization of total costs of \$853,292.

1 **Q. Has Empire acknowledged that the S&A did not provide for deferral of**
2 **depreciation expense and operating costs associated with Iatan Common plant?**

3 A. Yes, it did. In response to KCC-114, Empire stated that "10-EPDE-314-RTS authorized
4 deferral for Unit 2 of Iatan and the Plum Point unit. No deferrals for our Kansas
5 jurisdiction have been recorded for O&M expenses related to Iatan Common."
6 Therefore, it appears that Empire agrees that deferred costs related to Iatan Common
7 plant should not be included in its deferral in this case.

8
9 **Q. What amortization period are you recommending for recovery of deferred costs**
10 **relating to Iatan Unit 2 and Plum Point?**

11 A. The S&A in the 314 Docket stated that deferred costs "will be recovered by Empire using
12 an amortization period of between three (3) years and five (5) years beginning on the date
13 rates become effective in the abbreviated rate case, with the exact amortization to be
14 determined in the abbreviated rate case."⁵ I am recommending a five-year amortization
15 period.

16
17 **Q. What is the basis for your recommendation?**

18 A. Empire's ratepayers received a rate increase of approximately 21.43 % in July 2010 and
19 they are facing another significant rate increase as a result of this abbreviated case. The
20 Company is seeking an additional operating revenue increase of 6.39%, or 9.71% on base

⁵ S&A in Docket No. 10-EPDE-314-RTS, paragraph 9.

1 rates. Even if all of my adjustments are adopted by the KCC, ratepayers will still be
2 facing a base rate increase of approximately 8.14%. Moreover, this increase will be
3 implemented only 18 months after the 21.43% increase approved in the 314 Docket.
4 Therefore, I believe that the KCC should do everything it can to mitigate the impact on
5 ratepayers that is consistent with the S&A in the 314 Docket. Given the limitations of the
6 provisions of the S&A in the 314 Docket, the KCC has few options in this case to
7 mitigate the impact on ratepayers. However, one of the few options that it does have is to
8 adopt a longer amortization period for the recovery of deferred costs, as clearly permitted
9 in the S&A. Therefore, my recommendation is for the KCC to utilize a five-year
10 amortization period, which is also consistent with the Company's use of a five-year
11 amortization period for its regulatory cost claim.

12
13 **Q. Please summarize the adjustments that you have made to the Company's claim for**
14 **deferred costs.**

15 A. My recommendations, if adopted, will reduce the total amount of deferred costs to
16 \$745,937, a reduction of about \$107,000 from the \$853,292 included in the Company's
17 claim. Most of my adjustment results from the elimination of Iatan Common costs,
18 which were not included among the regulatory assets enumerated by the parties in the
19 314 Docket. In addition, I am recommending a recovery period of five years for deferred
20 costs instead of the three-year period requested by Empire. As shown on Schedule
21 ACC-4, my recommendations reduce the annual amortization expense related to deferred

1 costs from the \$284,430 included in Empire's claim to \$149,187.

2
3 **Q. Why are you recommending that the KCC include deferred expenses through**
4 **December 31, 2011 in the Company's revenue requirement, when you are also**
5 **recommending that the KCC only include capital costs through August 31, 2011 in**
6 **Empire's rate base?**

7 A. Rate base costs are routinely updated each time a utility files a new base rate case.
8 Therefore, in the normal ratemaking process, actual capital costs will be reflected in rate
9 base in the Company's next rate case. By including deferred costs through December 31,
10 2011, in the abbreviated case, the Company will receive a return of these project costs,
11 although it may forego a return on a portion of this plant between the end of this case and
12 the establishment of new rates in its next base rate case. Moreover, the depreciation
13 expense and operating and maintenance expenses on these projects have been relatively
14 consistent from month-to-month, and the deferral will cease with the implementation of
15 rates in January 2012. However, the final capital costs will not be available prior to new
16 rates going into effect. In fact, it now appears that final capital costs will not be available
17 until at least June 2012. Given this delay, I believe that allowing Empire to recover
18 deferred depreciation expense and deferred operating costs through December 31, 2011,
19 while limiting recovery of capital costs to those incurred through August 31, 2011,
20 provides a reasonable balance between permitting the Company to recover prudently-
21 incurred costs and ensuring that rates reflect, to the extent practicable, known and

1 measurable costs and adjustments.

2

3 **B. Regulatory Costs**

4 **Q. How did the Company determine its claim for regulatory costs in this case?**

5 A. As shown in the Company's workpapers, Empire's claim is based on estimated costs of
6 \$329,500 for this abbreviated case. In addition, the Company included total actual costs
7 of \$322,181 for the 314 Docket. Thus, the Company's regulatory cost claim is based on
8 total regulatory costs of \$651,581. Empire is proposing to amortize these costs over a
9 period of five years, for an annual cost of \$130,336. The Company then calculated the
10 difference between this annual amount and the \$32,846 that it claims is currently being
11 recovered in base rates, which resulted in the Company's request for a net annual
12 increase of \$97,490.

13

14 **Q. Are you recommending any adjustments to the Company's claim?**

15 A. Yes, I am recommending two adjustments. First, I am recommending that rate case costs
16 relating to the 314 Docket be excluded from the incremental rate increase resulting from
17 this abbreviated case. The S&A in the 314 Docket states that "Empire's rate case expense
18 is included in the settled revenue requirement in this case and is to be amortized over five
19 (5) years." Thus, regulatory costs associated with the 314 Docket were fully addressed in
20 that S&A. There is no provision in the S&A for reopening the issue of rate case costs
21 associated with that docket, or for adjusting the amounts being recovered for rate case

1 costs that were included in the 314 Docket. That case was resolved by the S&A and
2 should not be reopened in this docket.

3 With regard to the regulatory costs for this abbreviated case, the S&A does permit
4 Empire to seek recovery of these costs. Specifically, paragraph 13 of the S&A provides
5 that "Because of the potential imprudence argument and rate design issues in the
6 abbreviated rate case, the parties agree Empire will be allowed to recover rate case
7 expense relating to the abbreviated rate case with the amortization period of those actual
8 costs determined in the abbreviated rate case."
9

10 **Q. What level of rate case costs for the abbreviated case rate do you believe are**
11 **reasonable to include in the Company's revenue requirement?**

12 A. Empire has included estimated costs of \$329,500 for the abbreviated filing, which
13 exceed the costs incurred in the 314 Docket. A breakdown of the costs for the 314
14 Docket and the costs being claimed for this case are shown below:
15

16

	Abbreviated Case	314 Docket
Legal	\$100,000	\$61,506
KCC Staff	\$75,000	\$93,030
CURB	\$100,000	\$76,165
Iatan Disallowance	\$50,000	\$0
Miscellaneous	\$4,600	\$86,403
Total	\$329,500	\$322,181

17
18
19
20

21 I believe that the Company's claim for the regulatory costs associated with the

1 abbreviated filing is excessive, for several reasons. First, given that the scope of issues to
2 be addressed in this abbreviated case are limited by regulation and by the S&A itself, it is
3 reasonable to expect that Empire's legal costs in this case will not exceed the costs it
4 incurred in the 314 Docket, which was a full base rate case. Similarly, I would not expect
5 CURB's costs in this case to exceed the costs incurred in the 314 Docket. Moreover, I do
6 not expect the costs relating to the Iatan disallowance issue to be as high as those
7 estimated by the Company. At the time of the S&A, the parties were not sure whether
8 the disputes over prudence in the KCP&L cases would be resolved by now but, as noted
9 previously, this issue has already been extensively litigated in prior KCP&L rate cases.
10 CURB's adjustments in this case are limited to costs that the KCC has already determined
11 were imprudent, and to costs that have been questioned by Empire itself (Schiff Hardin)
12 or by KCP&L (the crane incident). Thus, there are no new issues being raised, at least in
13 CURB's testimony, with regard to the prudence issue.

14 Given my expectation that this case will involve fewer issues than the 314
15 Docket, I am recommending that the KCC reduce the Company's \$329,500 request for
16 regulatory costs associated with the abbreviated filing to \$229,500, a reduction of
17 \$100,000. My recommendation is based on the reasonable assumption that Empire will
18 not incur more legal and CURB costs in the abbreviated case that it incurred in the 314
19 Docket. Moreover, it is based on the assumption that Empire will not incur the additional
20 \$50,000 in costs the Company estimated to litigate the Iatan disallowance issues. These
21 three adjustments would reduce rate case costs by over \$112,000. To be conservative, I

1 am recommending an adjustment of \$100,000.

2
3 **Q. How did you determine the annual incremental regulatory costs to be recovered in**
4 **this case?**

5 A. As discussed previously, the regulatory costs for the 314 Docket are currently included in
6 Empire's rates, pursuant to the terms of the S&A. Thus, the 314 Docket costs should be
7 excluded when determining the additional rate increase required to recover the regulatory
8 costs resulting from this abbreviated case. Therefore, I calculated the increase by
9 utilizing my pro forma rate case costs of \$229,500, reflecting the \$100,000 reduction
10 from the Company's claim, and amortized these costs over a five-year amortization
11 period. This is the same amortization period used by Empire in its filing. The result is an
12 annual incremental regulatory cost allowance of \$45,900. I then compared this amount to
13 the Company's annual claim of \$97,490 to develop my recommended adjustment of
14 \$51,590, as shown in Schedule ACC-5.

15
16 **C. Executive Compensation Costs**

17 **Q. Please describe the Company's claim for executive compensation costs.**

18 A. Empire has included a claim of \$26,694 relating to executive compensation costs.
19 According to Empire witness Dale Harrington, the purpose of his testimony is "to
20 respond to the Kansas Corporation Commission's ("Commission") order in Docket No.
21 10-EPDE-314-RTS ("314 Docket"), and support Empire's position that variable or at risk

1 payroll qualifies for inclusion in Empire's overall Kansas revenue requirement and the
2 adjustment eliminating this expense should be reconsidered in this case."⁶

3
4 **Q. Please provide a brief history of this issue.**

5 A. In the 314 Docket, I recommended the elimination of all executive and non-executive
6 salaried employee bonus and incentive compensation costs. In that case, Staff
7 recommended the elimination of 50% of the restricted stock bonus incentive costs. That
8 case was resolved by an S&A that did not explicitly discuss the issue of incentive
9 compensation. However, as stated in the S&A, the "Stipulation represents a negotiated
10 settlement that fully resolves the issues addressed in this document." The primary issue
11 addressed in the S&A is the revenue requirement. While the settlement was a "black
12 box" settlement, and therefore a specific resolution with regard to most issues was not
13 identified, the fact remains that the S&A was intended to resolve all revenue requirement
14 issues except those specifically deferred to the abbreviated proceeding. The parties did
15 not identify executive or incentive compensation as an unresolved issue and it was my
16 understanding, and the understanding of CURB counsel, that the financial dispute
17 regarding those issues was resolved in the S&A until such time as the Company files its
18 next general base rate case.

19 During the hearing on the S&A, Commissioner Harkins raised the issue of
20 executive compensation. As noted in the Commission's Order in the 314 Docket at

⁶ Testimony of Mr. Harrington, page 1, line 16 – page 2, line 2.

1 paragraph 75,

2 In questioning witnesses during the hearing, the Commission raised the additional
3 issue of executive compensation, which was discussed in prefiled testimony but
4 was not specifically addressed in the S&A. Commissioner Harkins noted that
5 CURB witness Crane appeared to recommend in her direct testimony that the
6 Commission change the method used to treat costs incurred for executive
7 compensation. Crane Direct 32-39. At the hearing, Crane expressed her belief
8 that, at some point, the Commission should give consideration to how executive
9 compensation costs are treated and noted that her direct testimony outlined her
10 recommendation regarding an appropriate way to treat such costs. But, due to the
11 settlement reached by the parties in this proceeding, Crane believed that this issue
12 was reflected in the bottom line reached in the S&A and that this docket was no
13 longer the appropriate docket to address this issue. Tr., 61-64 (Crane).

14
15 The Order goes on to state at paragraph 77,

16 During the hearing, Commissioner Harkins expressed his concern about the
17 extensive public comments addressing the difficulty Empire customers will
18 experience paying increased rates and the salaries paid to Empire executives.
19 Commissioner Harkins stated his desire that the next rate case include an in-depth
20 analysis on the issue of executive compensation. Tr., 79-80 (Harkins)

21
22 Finally, in paragraph 78, the Commission stated that it "anticipates the parties in the
23 abbreviated proceeding will address the issue of executive compensation."
24

25 **Q. How do you interpret the Commission Order stating that the parties in the**
26 **abbreviated proceeding will address the issue of executive compensation?**

27 A. Given the concerns expressed by Commissioner Harkins regarding increasing utility rates
28 and the difficulty that customers are having in paying their bills, I did not interpret his
29 comments or the Order in general as an invitation for Empire to increase recovery of its
30 executive compensation costs. While the Order states that the issue will be addressed, it
31 does not provide for the parties to reopen the S&A. More importantly, the S&A resulted

1 in a negotiated rate increase. Except for items that were expressly transferred to the
2 abbreviated proceeding, the S&A was intended to resolve all issues until Empire files its
3 next general base rate case. While the parties to the S&A undoubtedly arrived at the
4 agreed upon rate increase in different ways, all parties agreed that the rate increase
5 awarded in the 314 Docket was just and reasonable.

6 CURB's decision to sign the S&A was based on its reasonable assumption that
7 issues raised in that docket would not be reopened in the abbreviated case unless
8 specifically permitted by the S&A. If different assumptions were made by CURB
9 regarding the amount of executive compensation costs to be recovered from ratepayers,
10 then CURB very possibly would not have signed the S&A. It is inappropriate to reopen
11 the S&A to allow the Company to make a further claim for executive compensation
12 costs, just as it would be inappropriate to allow CURB to reopen the S&A to argue for a
13 rate reduction. Moreover, since the S&A was silent with regard to the amount of
14 executive compensation costs embedded in the approved rate increase, no party can state
15 with certainty how much is actually being recovered for executive compensation costs.
16 While the Company's testimony assumes that Staff's recommendations were embedded in
17 the S&A, that was certainly not CURB's assumption when it agreed to the S&A.

18
19 **Q. But doesn't the Order in the 314 Docket require the parties to address the issue of**
20 **executive compensation in the abbreviated case?**

21 **A.** The Order requires the parties to address the "issue" but it does not state that the parties

1 can renegotiate the rate increase negotiated in the 314 Docket. The mandate to address
2 the issue is consistent with Mr. McClanahan's testimony. As noted in paragraph 76 of the
3 Order,

4 At the hearing, Staff witness McClanahan noted that, from a global perspective,
5 executive compensation is an issue that has been addressed in previous rate cases
6 and may need Commission attention. McClanahan pointed out the issue of
7 salaries and compensation was initially addressed in this docket in Staff direct
8 testimony proposing an adjustment that removed 50% of the awarded restricted
9 stock units from the case. Hull Direct, 21-22. McClanahan stated that Staff has
10 recently been researching what proposals could be made to the Commission on
11 executive compensation in light of the current economic environment. Tr., 71-73
12 (McClanahan)

13
14
15 If the Commission permitted the S&A from the 314 Docket to be reopened to either
16 increase or decrease the amount of executive compensation costs being recovered from
17 ratepayers, such an action would have a chilling effect on negotiated settlements. The
18 beauty of a black box settlement is that each party can develop its own path to
19 determining an appropriate revenue requirement. The critical point is that parties reach
20 the same conclusion, not that they take the same route to get there. If negotiated
21 settlements can be reopened later to increase or decrease recovery of specific items, then
22 parties will have no incentive to agree to such settlements in the first place. Therefore, I
23 interpret the Commission's language directing the parties to address the issue of executive
24 compensation as a policy directive and not an invitation to reopen the rate increase
25 awarded in the 314 Docket. Accordingly, at Schedule ACC-6, I have made an
26 adjustment to eliminate the Company's claim for an additional \$26,694 in executive
27 compensation costs. However, I also note that abbreviated rate cases are permitted for

1 limited purposes only, and are not the most appropriate venue for determining broad
2 issues of public policy if they are to remain truly “abbreviated”.

3
4 **Q. From a policy perspective, what concerns do you have regarding the issue of**
5 **executive compensation?**

6 A. As I stated in my testimony in the 314 Docket, Empire included costs of approximately
7 \$1.75 million (total Company) in its revenue requirement claim in that case relating to
8 several incentive compensation programs. While the Company claimed that the specific
9 details of these programs and costs are confidential, the majority of these costs were
10 earmarked for officers and executives. Programs available to officers and executives
11 included a cash bonus program, a stock option program, and a restricted stock bonus
12 program. With regard to the annual cash incentive plan, awards were based on a series of
13 metrics developed from corporate goals and approved by the Compensation Committee
14 of the Board of Directors. Metrics may include expense control, regulatory performance,
15 completion of projects, financial performance, and customer services. A total target cash
16 incentive amount is identified for each executive officer.

17 In the 314 Docket, the Company also identified a Department Head Cash
18 Incentive Plan, which is similar to the plan for executive officers, as well as a Salaried
19 Employee Cash Incentive Plan. The latter plan allocates a cash pool to each department.
20 This cash pool is then allocated among salaried employees by individual managers.
21 There does not appear to be a specific set of approved metrics for allocation of these

1 awards to individuals. Finally, the Company identified a discretionary “Lighting Bolt”
2 program that awards individuals “who have delivered results which are beyond those
3 normally associated with their position.”
4

5 **Q. How much of the Company’s incentive compensation claim is allocated to executives
6 and officers?**

7 A. Based on workpapers provided in the 314 Docket, it appeared that approximately 73% of
8 the Company’s incentive compensation claim in that case related to programs that
9 exclusively benefitted officers and executives.
10

11 **Q. How is compensation determined for Empire executives?**

12 A. As described in Mr. Harrington's testimony and as further described in the Company's
13 Proxy Statement, Empire relies upon national surveys to determine benchmarks for its
14 executives. Empire sets benchmarks for base compensation as well as for short and long-
15 term incentive awards. Empire generally establishes a target of between the 25th and
16 50th percentile of the benchmarked companies. Empire argues in its testimony that since
17 its target is below the average total compensation target of the benchmarked companies,
18 then Empire's targets are reasonable and all of its executive compensation costs should be
19 recovered from ratepayers.
20

1 **Q. Do you agree?**

2 A. No, I do not. First, as mentioned in my testimony in the 314 Docket, the use of industry
3 benchmarks has a spiraling impact on executive compensation. I do agree with Mr.
4 Harrington that such benchmarks are commonly used by both regulated and non-
5 regulated entities in today's environment. But that is perhaps one of the reasons why
6 executive compensation costs have skyrocketed over the past several years, even while
7 we face a serious economic downturn. This is true even if one targets executive
8 compensation at a level that is lower than the 50th percentile. As noted in Mr.
9 Harrington's testimony, the average company in the surveyed group targets total
10 compensation at between the 50th and 60th percentile.⁷ But by definition, at any given
11 time, 50% of the companies will be at or below this target. Since the average company is
12 trying to achieve total compensation of between the 50th and 60th percentile, many
13 companies will raise their compensation levels in an effort to reach the 50th-60th
14 percentile target. This has the effect of increasing the level of compensation at the 50th
15 percentile. Therefore, even if Empire is targeting only the 25th to 50th percentile, the
16 fact that other companies are targeting compensation exceeding the 50th percentile will
17 drive Empire's target higher. This is an executive compensation spiral that is a self-
18 fulfilling prophecy, resulting in ever-increasing targets for executive compensation
19 among all companies using these benchmarks. According to information provided in the
20 314 Docket, officer incentive compensation increased by approximately 77% from 2005

⁷ Testimony of Mr. Harrington, page 6, lines 9-10.

1 to 2009. During this same period, incentive compensation for other employees rose by
2 approximately 29%.

3
4 **Q. What was the total compensation for the Named Executive Officers (“NEOs”) as
5 specified in the most recent Proxy Statement?**

6 Q. According to the most recent Proxy Statement, total compensation in 2010 for the NEOs
7 ranged from \$397,192 for Ronald F. Gatz, (Vice President and Chief Operating Officer)
8 to \$1,439,300 for William L. Gipson (President and Chief Executive Officer). Base
9 salaries ranged from \$180,000 for Mr. Gatz to \$365,000 for Mr. Gipson. Thus, it
10 appears that officers are well-compensated through their base salaries.

11
12 **Q. Do you believe that the incentive compensation program costs should be passed
13 through to ratepayers?**

14 A. No, I do not. As noted, in my testimony in the 314 Docket, I have several concerns about
15 these types of programs, many of which are based, at least in part, on a utility’s ability to
16 achieve certain earnings goals. As noted, 73% of the overall cost of these plans involve
17 incentive compensation awards for a small group of officers and executives. In addition
18 to these awards, the Company’s rates include substantial base salaries for officers and
19 executives, which I accepted without adjustment in the 314 Docket. If the Company
20 wants to provide further incentives to officers and executives it can do so, but these
21 additional costs should be borne by shareholders, not ratepayers.

1 In addition, the goals established for these various incentive programs often
2 provide more benefits to shareholders than to ratepayers. For example, according to the
3 Company's Proxy Statement, one of the factors used to determine annual cash incentives
4 is Regulatory Performance, including the "planning, developing, filing, and outcome of
5 various electric segment rate proceedings...."⁸ Mr. Palmer earned \$48,389 in 2010
6 related to regulatory performance, with other awards ranging from \$4,182 for Mr. Gipson
7 to \$39,900 for Mr. Gatz. Thus, it appears that a high rate case award can result in
8 ratepayers not only paying for higher operational costs, but also for higher incentive
9 payments to the executives that successfully managed the rate case.

10 In addition to the annual cash incentives, executives are also eligible for equity
11 incentives based on long-term performance goals. According to the Company's Proxy
12 Statement, the "Long-Term Incentive element is designed to motivate executive officers
13 over the long-term to put forth maximum effort in contributing to the continued success
14 and growth of Empire, and to ensure the interests of the executive officers are aligned
15 with those of stockholders (emphasis added)."⁹

16 The use of benchmarking results in spiraling costs for executive compensation.
17 If the Company wants to reward executives, in whole or in part, on financial results then
18 shareholders should be willing to absorb these costs. This recommendation will require
19 the Board of Directors to establish incentive compensation plans that shareholders are
20 willing to finance. As long as ratepayers are required to pay the costs of these executive

⁸ 2010 Proxy Statement, page 18.

⁹ *Id.*, page 23.

1 compensation plans, there is no incentive for management to control these costs. This is
2 especially true since the officers and executives of the Company are the primary
3 beneficiaries of such plans. Therefore, if the KCC decides to adopt a policy in this case
4 for future executive compensation costs, I recommend that it require that these costs be
5 paid for by shareholders, and not regulated ratepayers.

6
7 **D. Advanced Coal Tax Credit**

8 **Q. Please describe the Company's proposed treatment of the Advanced Coal Tax**
9 **Credit.**

10 A. As described in the *Report and Order Directing KCPL and GMO to Apply to the IRS to*
11 *Revise the Memorandum of Understanding Regarding the Advanced Coal Tax Credits for*
12 *Iatan*, which was attached to Mr. Mertens' testimony, the Energy Policy Act of 2005
13 provided for \$500 million of advanced coal project tax incentives. KCP&L applied for,
14 and was awarded, \$125 million of these incentives for Iatan Unit 2. KCP&L did not
15 allocate any of these incentives to the other Iatan Unit 2 owners, or even inform the other
16 owners that it was applying for these tax incentives. Empire subsequently initiated
17 arbitration proceedings against KCP&L in an effort to receive its proportionate share of
18 these tax incentives. A revised Memorandum of Understanding ("MOU") was
19 subsequently executed between the IRS and KCP&L that allocated \$17,712,500 of these
20 incentives to Empire.

21 In its abbreviated filing, Empire has reflected an Advanced Coal Tax Credit of

1 \$5,159. This tax credit was based on the assumption that Empire would utilize
2 \$5,116,695 of the \$17.7 million tax credit by September 15, 2011. Empire allocated
3 5.67% of this amount, or \$288,944, to Kansas and amortized the Kansas-jurisdictional
4 share over 56 years, for a total annual credit of \$5,159. In an update to its response to
5 CURB-25, Empire later revised its claim, stating that it expected to utilize only
6 \$1,118,506 of the Advanced Coal Tax Credit by September 15, 2011.

7
8 **Q. What is the basis for the 56-year amortization period proposed by Empire?**

9 A. It is my understanding that the Company used a 56-year amortization period because this
10 is the average useful life assumed for Iatan Unit 2. The normalization regulations of the
11 IRS apparently prohibit the Company from returning this tax credit to ratepayers over a
12 period that is shorter than the useful life of the underlying asset. Thus, Empire reflected a
13 56-year life in its filing.

14
15 **Q. Are you recommending any adjustment to the Company's proposed Advanced Coal
16 Tax Credit adjustment?**

17 A. Yes, I am. While I am not recommending any adjustment to the proposed amortization
18 period, for ratemaking purposes I am recommending that the Kansas-jurisdictional share
19 of the entire \$17,712,500 be reflected as an offset to the Company's income tax expense.
20 Empire has not explained why the return of this tax credit should be based on the actual
21 tax credit utilized each year, instead of pro-rated equally over the proposed amortization

1 period. Because of the normalization requirements of the IRS, it appears that ratepayers
2 will have to wait a minimum of 56 years to receive this entire tax credit. The return of
3 the tax credit should not be further delayed by Empire limiting the amount returned each
4 year to only 1/56th of the actual tax credit utilized. Empire's methodology results in an
5 unreasonable delay in flowing these tax credits through to ratepayers. Moreover, it
6 would also require a cumbersome tracking mechanism as a new amortization period
7 would begin each year. Therefore, I recommend that Empire begin to amortize the entire
8 \$17,712,500 with rates resulting from this case, unless Empire can demonstrate that such
9 an amortization would violate IRS regulations. No such showing has been made at this
10 time. Therefore, at Schedule ACC-7, I have made an adjustment to reflect an annual tax
11 credit based on a 56-year amortization of the \$17,712,500 credit allocated to Empire.

12
13 **E. Depreciation Expense**

14 **Q. Have you made an adjustment to the Company's claim for pro forma depreciation**
15 **expense?**

16 **A.** Yes, I have made one adjustment. Since I am recommending a reduction to the
17 Company's utility plant-in-service claim, it is necessary to make a corresponding
18 reduction to its depreciation expense claim. At Schedule ACC-8, I have made an
19 adjustment to eliminate depreciation on the utility plant that I recommend the KCC
20 exclude from rate base. To quantify my adjustment, I utilized a composite depreciation
21 rate of 1.75%. This composite rate is based on the Company's depreciation expense

1 claim at Section 10, Schedule B of its filing.

2
3 **F. Interest Synchronization and Taxes**

4 **Q. Have you adjusted the pro forma interest expense for income tax purposes?**

5 A. Yes, I made this adjustment at Schedule ACC-9. It is consistent (synchronized) with my
6 recommended rate base recommendation. I am recommending a lower rate base than the
7 rate base that the Company included in its filing. My recommendation results in lower
8 pro forma interest expense for the Company. This lower interest expense, which is an
9 income tax deduction for state and federal tax purposes, will result in an increase to the
10 Company's income tax liability under my recommendations. Therefore, my
11 recommendations result in an interest synchronization adjustment that reflects a higher
12 income tax burden for the Company, and a decrease to pro forma income at present rates.

13
14 **Q. What income tax factor have you used to quantify your adjustments?**

15 A. As shown on Schedule ACC-10, I have used a composite income tax factor of 39.58%,
16 which includes a state income tax rate of 7.05% and a federal income tax rate of 35%.
17 These are the state and federal income tax rates contained in the Company's filing.

18
19 **Q. What revenue multiplier have you used in your revenue requirement?**

20 A. I have utilized a revenue multiplier of 1.65515. This is the revenue multiplier used by
21 Empire in its filing and is the same revenue multiplier that Staff reflected in its schedules

1 in the 314 Docket.

2
3 **G. Operating Income Summary**

4 **Q. What is the impact of the operating income adjustments that you are recommending**
5 **in this case?**

6 A. As shown on Schedule ACC-3, my operating income adjustments total \$137,099. Given
7 the revenue multiplier of 1.65515, my operating income adjustments will reduce the
8 Company's revenue requirement by \$226,919.

9
10
11 **VII. SUMMARY OF CURB RECOMMENDATIONS**

12 **Q. What rate increase are you recommending for Empire in this abbreviated case?**

13 A. My recommendation is summarized in Schedule ACC-1. Based on rate base adjustments
14 with a revenue impact of \$179,868, and on operating income adjustments with a revenue
15 impact of \$226,919, I am recommending total adjustments of \$406,787. Thus, I am
16 recommending a rate increase of \$1,128,792 instead of the \$1,535,579 requested by
17 Empire.

18
19 **Q. Does this complete your testimony?**

20 A. Yes, it does.

VERIFICATION

STATE OF CONNECTICUT)
COUNTY OF FAIRFIELD) ss:

Andrea C. Crane, being duly sworn upon her oath, deposes and states that she is a consultant for the Citizens' Utility Ratepayer Board, that she has read and is familiar with the foregoing testimony, and that the statements made herein are true to the best of her knowledge, information and belief

Andrea C. Crane
Andrea C. Crane

Subscribed and sworn before me this 10TH day of OCTOBER, 2011.

Notary Public Majorie M. Berlin

My Commission Expires: DECEMBER 31, 2013



APPENDIX A

List of Prior Testimonies

(Includes Testimonies filed from January 2008-Present)

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Comcast Cable	C	New Jersey	CR11030116-117	9/11	Forms 1240 and 1205	Division of Rate Counsel
Artesian Water Company	W	Delaware	11-207	9/11	Revenue Requirements Cost of Capital	Division of the Public Advocate
Kansas City Power & Light Company	E	Kansas	10-KCPE-415-RTS (Remand)	7/11	Rate Case Costs	Citizens' Utility Ratepayer Board
Midwest Energy, Inc.	G	Kansas	11-MDWE-609-RTS	7/11	Revenue Requirements	Citizens' Utility Ratepayer Board
Kansas City Power & Light Company	E	Kansas	11-KCPE-581-PRE	6/11	Pre-Determination of Ratemaking Principles	Citizens' Utility Ratepayer Board
United Water Delaware, Inc.	W	Delaware	10-421	5/11	Revenue Requirements Cost of Capital	Division of the Public Advocate
Mid-Kansas Electric Company	E	Kansas	11-MKEE-439-RTS	4/11	Revenue Requirements	Citizens' Utility Ratepayer Board
South Jersey Gas Company	G	New Jersey	GR10060378-79	3/11	BGSS / CIP	Division of Rate Counsel
Chesapeake Utilities Corporation	G	Delaware	10-296F	3/11	Gas Service Rates	Division of the Public Advocate
Westar Energy, Inc.	E	Kansas	11-WSEE-377-PRE	2/11	Pre-Determination of Wind Investment	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	G	Delaware	10-295F	2/11	Gas Cost Rates	Attorney General
Delmarva Power and Light Company	G	Delaware	10-237	10/10	Revenue Requirements Cost of Capital	Division of the Public Advocate
Pawtucket Water Supply Board	W	Rhode Island	4171	7/10	Revenue Requirements	Division of Public Utilities and Carriers
New Jersey Natural Gas Company	G	New Jersey	GR10030225	7/10	RGGI Programs and Cost Recovery	Division of Rate Counsel
Kansas City Power & Light Company	E	Kansas	10-KCPE-415-RTS	6/10	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Atmos Energy Corp.	G	Kansas	10-ATMG-495-RTS	6/10	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Empire District Electric Company	E	Kansas	10-EPDE-314-RTS	3/10	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	E	Delaware	09-414 and 09-276T	2/10	Cost of Capital Rate Design Policy Issues	Division of the Public Advocate
Delmarva Power and Light Company	G	Delaware	09-385F	2/10	Gas Cost Rates	Division of the Public Advocate
Chesapeake Utilities Corporation	G	Delaware	09-398F	1/10	Gas Service Rates	Division of the Public Advocate
Public Service Electric and Gas Company	E	New Jersey	ER09020113	11/09	Societal Benefit Charge Non-Utility Generation Charge	Division of Rate Counsel
Delmarva Power and Light Company	G	Delaware	09-277T	11/09	Rate Design	Division of the Public Advocate

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Public Service Electric and Gas Company	E/G	New Jersey	GR09050422	11/09	Revenue Requirements	Division of Rate Counsel
Mid-Kansas Electric Company	E	Kansas	09-MKKE-969-RTS	10/09	Revenue Requirements	Citizens' Utility Ratepayer Board
Westar Energy, Inc.	E	Kansas	09-WSEE-925-RTS	9/09	Revenue Requirements	Citizens' Utility Ratepayer Board
Jersey Central Power and Light Co.	E	New Jersey	EO08050326 EO08080542	8/09	Demand Response Programs	Division of Rate Counsel
Public Service Electric and Gas Company	E	New Jersey	EO09030249	7/09	Solar Loan II Program	Division of Rate Counsel
Midwest Energy, Inc.	E	Kansas	09-MDWE-792-RTS	7/09	Revenue Requirements	Citizens' Utility Ratepayer Board
Westar Energy and KG&E	E	Kansas	09-WSEE-641-GIE	6/09	Rate Consolidation	Citizens' Utility Ratepayer Board
United Water Delaware, Inc.	W	Delaware	09-60	6/09	Cost of Capital	Division of the Public Advocate
Rockland Electric Company	E	New Jersey	GO09020097	6/09	SREC-Based Financing Program	Division of Rate Counsel
Tidewater Utilities, Inc.	W	Delaware	09-29	6/09	Revenue Requirements Cost of Capital	Division of the Public Advocate
Chesapeake Utilities Corporation	G	Delaware	08-269F	3/09	Gas Service Rates	Division of the Public Advocate
Delmarva Power and Light Company	G	Delaware	08-266F	2/09	Gas Cost Rates	Division of the Public Advocate
Kansas City Power & Light Company	E	Kansas	09-KCPE-246-RTS	2/09	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Jersey Central Power and Light Co.	E	New Jersey	EO08090840	1/09	Solar Financing Program	Division of Rate Counsel
Atlantic City Electric Company	E	New Jersey	EO06100744 EO08100875	1/09	Solar Financing Program	Division of Rate Counsel
West Virginia-American Water Company	W	West Virginia	08-0900-W-42T	11/08	Revenue Requirements	The Consumer Advocate Division of the PSC
Westar Energy, Inc.	E	Kansas	08-WSEE-1041-RTS	9/08	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Artesian Water Company	W	Delaware	08-96	9/08	Cost of Capital, Revenue, New Headquarters	Division of the Public Advocate
Comcast Cable	C	New Jersey	CR08020113	9/08	Form 1205 Equipment & Installation Rates	Division of Rate Counsel
Pawtucket Water Supply Board	W	Rhode Island	3945	7/08	Revenue Requirements	Division of Public Utilities and Carriers
New Jersey American Water Co.	WWW	New Jersey	WR08010020	7/08	Consolidated Income Taxes	Division of Rate Counsel
New Jersey Natural Gas Company	G	New Jersey	GR07110889	5/08	Revenue Requirements	Division of Rate Counsel

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Kansas Electric Power Cooperative, Inc.	E	Kansas	08-KEPE-597-RTS	5/08	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Company	E	New Jersey	EX02060363 EA02060366	5/08	Deferred Balances Audit	Division of Rate Counsel
Cablevision Systems Corporation	C	New Jersey	CR07110894, et al.	5/08	Forms 1240 and 1205	Division of Rate Counsel
Midwest Energy, Inc.	E	Kansas	08-MDWE-594-RTS	5/08	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Chesapeake Utilities Corporation	G	Delaware	07-246F	4/08	Gas Service Rates	Division of the Public Advocate
Comcast Cable	C	New Jersey	CR07100717-946	3/08	Form 1240	Division of Rate Counsel
Generic Commission Investigation	G	New Mexico	07-00340-UT	3/08	Weather Normalization	New Mexico Office of Attorney General
Southwestern Public Service Company	E	New Mexico	07-00319-UT	3/08	Revenue Requirements Cost of Capital	New Mexico Office of Attorney General
Delmarva Power and Light Company	G	Delaware	07-239F	2/08	Gas Cost Rates	Division of the Public Advocate
Atmos Energy Corp.	G	Kansas	08-ATMG-280-RTS	1/08	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board

APPENDIX B

Supporting Schedules

EMPIRE DISTRICT ELECTRIC COMPANY

ABBREVIATED RATE FILING

REVENUE REQUIREMENT SUMMARY

1. Rate Base Adjustments	(\$179,868)	(A)
2. Operating Income Adjustments	<u>(226,919)</u>	(B)
3. Total Recommended Adjustments	(\$406,787)	
4. Company Claim	<u>1,535,579</u>	(C)
5. Recommended Rate Increase	<u>\$1,128,792</u>	

Sources:

(A) Schedule ACC-3.

(B) Schedule ACC-3.

(C) Company Filing, Section 3.

EMPIRE DISTRICT ELECTRIC COMPANY

ABBREVIATED RATE FILING

RATE BASE ADJUSTMENTS

	<u>Actual Costs</u> (A)	<u>Kansas %</u> (B)	<u>Kansas \$</u>		
1. Iatan Unit 1	\$57,725,132	5.6472%	\$3,259,854		
2. Iatan Unit 2	251,637,640	5.6472%	14,210,481		
3. Plum Point	<u>103,301,726</u>	5.6472%	<u>5,833,655</u>		
4. Total	\$412,664,498		\$23,303,990		
5. Amounts Included in 314 Docket			<u>20,745,697</u>	(C)	
6. Incremental Capital Costs			\$2,558,293		
7. Company Claim			<u>3,321,352</u>	(D)	
8. Adjustment for Actual Costs			(\$763,059)		
Other Utility Plant in Service Adjustments:					
	<u>Total</u>	<u>Empire</u>	<u>Kansas %</u>	<u>Kansas \$</u>	
9. Schiff Hardin	20,962,713	2,515,526	5.6472%	(142,057)	(E)
10. R&O	1,016,541	121,985	5.6472%	(6,889)	(F)
11. Iatan 2	20,469,050	2,456,286	5.6472%	(138,711)	(G)
12. Crane Incident	2,602,426	312,291	5.6472%	(17,636)	(H)
13. Accumulated Depreciation Adjustment				(89,017)	(I)
14. Working Capital Adjustment				<u>(136,343)</u>	(J)
15. Total Rate Base Adjustments				(\$1,293,712)	
16. Return				8.40%	
17. Impact of Rate Base Adjustments on Income Requirement				<u>(\$108,672)</u>	
18. Tax Factor				1.655150	(J)
19. Impact of Rate Base Adjustments on Revenue Requirement				<u>(\$179,868)</u>	

Sources:

(A) KCC-84, Update 9/28/11.

(B) Per Company Workpaper.

(C) Stipulation and Agreement in KCC Docket No. 10-EPDE-314-RTS, footnote 2.

(D) Company Filing, Section 4, Schedule A.

(E) Response to CURB-40.

(F) Order in KCC Docket No. 10-KCPE-415-RTS, page 35.

(G) Testimony of Mr. Mertens, page 17.

(H) Response to KCC-71.

(I) Reflects annual depreciation of \$77,300 per Company Filing, Section 10, Schedule B for 14 months.

(J) Company Filing, Section 3.

EMPIRE DISTRICT ELECTRIC COMPANY**ABBREVIATED RATE FILING****OPERATING INCOME ADJUSTMENTS**

1. Amortization of Deferred Costs	\$81,710	(A)
2. Regulatory Costs	31,169	(B)
3. Executive Compensation Costs	16,128	(C)
4. Advanced Coal Tax Credit	12,703	(D)
5. Depreciation Expense	11,302	(E)
6. Interest Synchronization	<u>(15,914)</u>	(F)
7. Total Income Adjustments	\$137,099	
8. Revenue Factor	<u>1.65515</u>	(G)
9. Revenue Requirement	<u>\$226,919</u>	

Sources:

(A) Schedule ACC-4.

(B) Schedule ACC-5.

(C) Schedule ACC-6.

(D) Schedule ACC-7.

(E) Schedule ACC-8.

(F) Schedule ACC-9.

(G) Company Filing, Section 3.

EMPIRE DISTRICT ELECTRIC COMPANY

ABBREVIATED RATE FILING

AMORTIZATION OF DEFERRED COSTS

	Actual Through <u>April</u> (A)	Actual May- <u>August</u> (B)	Sept- <u>Dec.</u> (C)	<u>Total</u>	
1. Plum Point Depreciation	\$63,108	\$30,828	\$30,828	\$124,763	
2. Plum Point Operating and Maintenance	83,987	45,394	45,394	174,774	
3. Iatan Unit 2 Depreciation	142,509	70,129	70,129	282,767	
4. Iatan Unit 2 Operating and Maintenance	84,668	39,482	39,482	<u>163,632</u>	
5. Total				\$745,937	
6. Proposed Amortization Period				<u>5</u>	(D)
7. Annual Amortization Expense				\$149,187	
8. Company Claim				<u>284,430</u>	(E)
9. Total Expense Adjustment				\$135,243	
10. Income Taxes @ 39.58%				<u>53,532</u>	
11. Operating Income Impact				<u>\$81,710</u>	

Sources:

(A) Company Workpapers.

(B) Depreciation per the response to KCC-113, 9/28/11 Update.

Operating expense per the response to KCC-97 and 9/28/11 Update.

(C) May-August 2011 used as proxy for September-December 2011.

(D) Recommendation of Ms. Crane.

(E) Company Filing, Section 9, Schedule B.

EMPIRE DISTRICT ELECTRIC COMPANY**ABBREVIATED RATE FILING****REGULATORY COSTS**

1. Estimated Costs of Abbreviated Case	\$329,500	(A)
2. Recommended CURB Adjustments	<u>(100,000)</u>	(B)
3. Pro Forma Regulatory Costs	\$229,500	
4. Amortization Period	<u>5</u>	(A)
5. Annual Amortization	\$45,900	
6. Company Claim	<u>97,490</u>	(A)
7. Recommended Adjustment	\$51,590	
8. Income Taxes @ 39.58%	<u>20,421</u>	
9. Operating Income Impact	\$31,169	

Sources:

(A) Company Workpapers.

(B) Testimony of Ms. Crane.

EMPIRE DISTRICT ELECTRIC COMPANY

ABBREVIATED RATE FILING

EXECUTIVE COMPENSATION COSTS

1. Company Claim		\$26,694	(A)
2. Income Taxes @	39.58%	<u>10,566</u>	
3. Operating Income Impact		\$16,128	

Sources:

(A) Company Filing, Section 9, Schedule B.

EMPIRE DISTRICT ELECTRIC COMPANY**ABBREVIATED RATE FILING****ADVANCED COAL TAX CREDIT**

1. Advanced Coal Tax Credit	\$17,712,500	(A)
2. Amortization Period	<u>56</u>	(B)
3. Annual Amortization	\$316,295	
4. Allocation to Kansas (%)	<u>5.6472%</u>	(C)
5. Allocation to Kansas (\$)	\$17,862	
6. Company Claim	<u>5,159</u>	(D)
7. Recommended Adjustment	\$12,703	

Sources:

(A) Response to CURB-25, Update 9/15/2011.

(B) Testimony of Mr. Keith, page 12.

(C) Per Company Workpaper.

(D) Company Filing, Section 9, Schedule B.

EMPIRE DISTRICT ELECTRIC COMPANY**ABBREVIATED RATE FILING****DEPRECIATION EXPENSE**

1. Utility Plant in Service Adjustment	\$1,068,352	(A)	
2. Composite Depreciation Rate	<u>1.75%</u>	(B)	
3. Depreciation Expense Adjustment	\$18,707		
4. Income Taxes @ 39.58%	<u>7,405</u>		
5. Operating Income Impact	<table border="1"><tr><td>\$11,302</td></tr></table>	\$11,302	
\$11,302			

Sources:

(A) Schedule ACC-2.

(B) Derived from Company Filing, Section 10, Schedule B, page 1.

Schedule ACC-9

EMPIRE DISTRICT ELECTRIC COMPANY

ABBREVIATED RATE FILING

INTEREST SYNCHRONIZATION

1. Rate Base Adjustment	(\$1,293,712)	(A)
2. Weighted Cost of Debt	<u>3.11%</u>	(B)
3. Interest Expense Adjustment	(\$40,203)	
4. Income Taxes @	39.58% (\$15,914)	

Sources:

(A) Schedule ACC-2.

(B) Company Filing, Section 11, Schedule B, page 1.

EMPIRE DISTRICT ELECTRIC COMPANY

ABBREVIATED RATE FILING

INCOME TAX FACTOR

1. Revenue	100.00%	
2. State Income Taxes	<u>7.05%</u>	(A)
3. Federal Taxable Income	92.95%	
4. Federal Income Taxes @ 35%	<u>32.53%</u>	(A)
5. Operating Income	60.42%	
6. Total Income Taxes	39.58%	(B)

Sources:

(A) Rates per Company Filing, Section 11, Schedule B, page 1.

(B) Line 2 + Line 4.

APPENDIX C

Referenced Data Requests

**CURB-11
CURB-25, Update 9/15/2011
CURB-40***

**KCC-71 (Partial)
KCC-84, Update 9/28/2011 (Partial)*
KCC-97 (Partial) and Update 9/28/2011 (Partial)
KCC-103
KCC-113, Update 9/28/2011
KCC-114**

*** Confidential Response – not provided**

Citizens' Utility Ratepayer Board

Board Members:
Nancy Jackson, Chair
Stephanie Kelton, Vice-Chair
A. W. Dirks, Member
Kenneth Baker, Member
Robert L. Harvey, Member



State of Kansas
Sam Brownback, Governor

David Springe, Consumer Counsel
1500 S.W. Arrowhead Road
Topeka, Kansas 66604-4027
Phone: (785) 271-3200
Fax: (785) 271-3116
<http://curb.kansas.gov>

DATA REQUEST(S) TO EMPIRE DISTRICT ELECTRIC COMPANY FROM THE CITIZENS' UTILITY RATEPAYER BOARD DOCKET NO. 11-EPDE-856-RTS

Company Name: EMPIRE DISTRICT ELECTRIC COMPANY
Docket No: 11-EPDE-856-RTS
Request Date: July 22, 2011
Due Date: August 2, 2011

Please provide the following:

CURB-11. When does Empire expect to have final costs for the Iatan 1 AQCS, Iatan 2, and Iatan common plant?

Response: Empire had anticipated closure of these projects by the end of 2011. However, flooding on the Missouri River is delaying activities at the Iatan site. Assessment of schedule impact is ongoing, and that impact depends on when the river begins to recede and how quickly. At this time, Kansas City Power and Light is projecting that the earliest possible completion of project activities is mid-June 2012.

Submitted by: David Springe

Submitted to: James Flaherty

If for some reason, the information cannot be provided by the date requested, please provide a written explanation of those reasons.

VERIFICATION OF RESPONSE

I have read the forgoing Data Request and Answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Citizens' Utility Ratepayer Board any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed: Shaen T. Rooney
Name: Shaen T. Rooney
Position: Manager of Strategic Projects
Date: August 1, 2011

Citizens' Utility Ratepayer Board

Board Members:
Nancy Jackson, Chair
Stephanie Kelton, Vice-Chair
A. W. Dicks, Member
Kenneth Baker, Member
Robert L. Harvey, Member



State of Kansas
Sam Brownback, Governor

David Sprunge, Consumer Counsel
1500 S.W. Arrowhead Road
Topeka, Kansas 66604-4027
Phone: (785) 271-3200
Fax: (785) 271-3116
<http://curb.kansas.gov>

DATA REQUEST(S) TO EMPIRE DISTRICT ELECTRIC COMPANY FROM THE CITIZENS' UTILITY RATEPAYER BOARD DOCKET NO. 11-EPDE-856-RTS

Updated September 15, 2011

Company Name: EMPIRE DISTRICT ELECTRIC COMPANY
Docket No: 11-EPDE-856-RTS
Request Date: July 22, 2011
Due Date: August 2, 2011

Please provide the following:

CURB-25. Please provide all supporting workpapers, assumptions, documentation, and calculations for the adjustment relating to amortization of the deferred coal tax credit, shown in Section 9, Schedule B (Adjustment No. 10). Please include documentation for both the total amount of the credit as well as for the annual amortization.

Response: See attached analysis for an updated Advance Coal Credit analysis of the amount of the credit that can be used by Empire. This analysis was performed in connection with an IRS Pre-filing Agreement, and resulted in a reduction in the "useable" portion of the Advanced Coal Credit for tax year 2010. This revision or update also increases Empire's overall Kansas revenue requirement by \$6,672 annually.

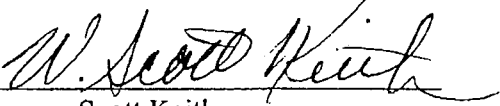
Submitted by: David Sprunge

Submitted to: James Flaherty

If for some reason, the information cannot be provided by the date requested, please provide a written explanation of those reasons.

VERIFICATION OF RESPONSE

I have read the forgoing Data Request and Answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Citizens' Utility Ratepayer Board any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed: 
Name: Scott Keith
Position: Director Planning & Regulatory
Date: 9/15/2011

11-EPDE - 856-RTS

UPDATE
CURB 25
9/15/2011

	Account No.	Dr.	Cr.
Deferred ITC - Advanced Coal Credit Carryforward	190113	12,595,805	
Current Federal Income Tax Expense	409111	12,595,805	
Current Federal Income Tax Payable	236100		12,595,805
Deferred Income Tax Expense - AMT	411120		12,595,805

To reclassify the anticipated carryforward of the ITC credit after application as shown below:

		Revised 9/15/2011 Actual Return
Total ITC credit available in 2010	17,712,500	17,712,500
Estimated 2010 federal income tax liability	11,133,260	538,417
Estimated 2010 federal AMT (See Below)	<u>(6,844,140)</u>	<u>(247,487)</u>
Available for use in 2010	4,289,120	290,930
Available for carryback to 2009	13,423,380	17,421,570
Federal Income Tax Liability on 2009 return	3,192,831	3,192,831
Federal AMT Income Tax Liability on 2009 return	<u>(2,365,256)</u>	<u>(2,365,256)</u>
Available for use in 2009	<u>827,575</u>	<u>827,575</u>
Estimated ITC Carryforward to 2011	<u>12,595,805</u>	<u>16,593,995</u>
Memo - Amount Expected to be Utilized Before 9/15/2011	<u>5,116,695</u>	<u>1,118,505</u>

*Excludes Return to Accrual Adjustments from 2009

Estimated 2010 federal AMT -	
2010 Federal taxable income estimated	31,809,913
2009 AMT adjustments	<u>2,410,789</u>
Estimated 2010 AMTI	<u>34,220,702</u>
Estimated AMT (20%)	<u>6,844,140</u>

11-EPDE-856-RTS

CURB 25

UPDATE

9/15/2011

The Empire District Electric Company
Investment Tax Credit Liability Balances
Abbreviated Rate Filing-2011

Section 11
Schedule C
Page 1 of 1
Updated
9/15/2011

	A	B	C	D
	Prior Year	At March 31, 2011	Kansas Jurisdictional	Allocation Basis
	Reference Section 11C of Docket No. 10-EPDE-314-RTS			
1 3%	n/a	n/a	n/a	
2 4%	n/a	n/a	n/a	
3 10%	n/a	n/a	n/a	
4 Total Investment Tax Charge	-	-	-	
5 Advanced Coal Credit		\$ 1,118,505	\$ 63,164	1

Allocation Basis

1. Kansas Jurisdictional Electric Plant Iatan 2 5.6472%

**Kansas Corporation Commission
Information Request**

Request No: 71

Company Name EMPIRE DISTRICT ELECTRIC COMPANY EPDE
Docket Number 11-EPDE-856-RTS
Request Date August 13, 2011
Date Information Needed August 18, 2011

RE: Iatan

Please Provide the Following:

Please provide the following in relation to the Iatan Unit I Crane Incident that occurred on May 23, 2008:

1. Has KCPL billed Empire for any direct and/or indirect costs specifically related to the incident?
2. If applicable, please provide a detailed listing of the actual cost that has been billed to Empire to date. This detail should include vendor, amount and date.
3. Are the incident costs included in Empire's application? If yes, please state the total dollar amount and applicable account number(s).
4. Please provide a detailed explanation of why or why not Empire believes it is appropriate to include these cost in the current rate case.
Please provide support.

Submitted By Laura Bowman

Submitted To Walters / Cloven

Response:

1. Yes.
2. Please refer to the following attachments:
 KS_11-EPDE-856-RTS_DR071_Part_2_Exh_1.pdf,
 KS_11-EPDE-856-RTS_DR071_Part_2_Exh_2.pdf
 KS_11-EPDE-856-RTS_DR071_Part_2_Exh_3.pdf
3. No. Please refer to the attachments for Part 2 of this Data Request.
4. Not applicable.

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____

Shawn C. Rooney

Date: _____

18 August 2011

Summary of Billed Amounts To-Date by Project

Project	Description	100% Amount	Empire 12%	
51-00029	Chimney Flue - Unit 1	\$392,598.42	\$47,111.81	0.12%
51-00101	Retire Old Const. Buildings	\$197,547.00	\$23,705.64	0.06%
51-00123	Unit 1 AQCS & SCR Project Administration	\$32,996,215.19	\$3,959,545.82	9.87%
51-00124	Iatan 1 AQCS Site Preparation	\$80,528.00	\$9,663.36	0.02%
51-00137	Bottom/Fly Ash Handling System	\$518,507.00	\$62,220.84	0.16%
51-00146	Unit 1 Controls & Electrical	\$10,036,521.20	\$1,204,382.54	3.00%
51-00150	AQCS Power Plant Structures	\$9,997,186.54	\$1,199,662.38	2.99%
51-00151	U1 Non URL Approved Conduit	\$5,645.34	\$677.44	0.00%
51-06531	Iatan Unit 1 Crane Damage	\$2,602,425.87	\$312,291.10	0.78%
51-09893	Iatan 1 Environmental Retrofit	\$277,431,041.30	\$33,291,724.96	83.00%
51-93100	Comp Project Mgmt System - SKIRE	(\$183.84)	(\$22.06)	0.00%
	Total Unit 1	\$334,258,032.02	\$40,110,963.84	100.00%
	Grand Total	\$334,258,032.02	\$40,110,963.84	

Proj	Descr	Parent	Acctg Date	An Type	Res Type	Prod	DeptID	Amount	ResourceID	Line Descr	PO
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2008-07-25	ACT	DIRCT	MS	145	74,088.52	VCHAP001002866990120942443	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2008-08-29	ACT	DIRCT	MS	145	23,445.66	VCHAP001002894650121951771	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2008-09-30	ACT	DIRCT	MS	145	21,825.72	VCHAP001002919120120960045	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2008-10-27	ACT	DIRCT	MS	145	86,154.44	VCHAP001002939150120967709	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2008-11-26	ACT	DIRCT	MS	145	50,516.85	VCHAP001002962210120976377	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2008-12-18	ACT	DIRCT	MS	145	11,245.76	VCHAP001002977730117982143	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-01-29	ACT	DIRCT	MS	145	8,945.10	VCHAP001003008580119991407	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-02-27	ACT	DIRCT	MS	145	4,393.27	VCHAP001003032720111998551	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-02-28	ACT	AFUDC	IT	000	786.54	INTFC2287097#235#1001237	AFUDC Feb 2009 Rate 6.68%	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-02-28	ACT	AFUDC	IT	000	767.69	INTFC2287097#3#1001237	AFUDC Correction	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-02-28	ACT	AFUDC	IT	000	745.05	INTFC2287097#4#1001237	AFUDC Correction	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-02-28	ACT	AFUDC	IT	000	763.33	INTFC2287097#95#1001237	AFUDC Feb 2009 Rate 6.68%	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-02-28	ACT	AFUDC	IT	000	4.28	INTFC2289097#490#1001451	Feb 2009 AFUDC	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-02-28	ACT	AFUDC	IT	000	4.41	INTFC2289097#374#1001451	Feb 2009 AFUDC	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-02-28	ACT	DIRCT	TX	145	3,122.86	INTFC2289097#137#1001451	Yearly Construction Prop Tax	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-03-31	ACT	AFUDC	IT	000	777.91	INTFC3311009#145#1009228	AFUDC Mar 2009 Rate 6.68%	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-03-31	ACT	AFUDC	IT	000	801.56	INTFC3311009#287#1009228	AFUDC Mar 2009 Rate 6.68%	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-03-31	ACT	VCHER	MS	145	2,202.43	INTFC3316097#21#1008001	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-04-02	ACT	DIRCT	MS	145	2,202.43	VCHAP0010030587601141007141	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-04-27	ACT	DIRCT	MS	145	8,603.46	VCHAP0010030746701141012517	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-04-30	ACT	AFUDC	IT	000	792.72	INTFC4309097#244#1016047	AFUDC Apr 2009 Rate 6.68%	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-04-30	ACT	AFUDC	IT	000	816.82	INTFC4309097#93#1016047	AFUDC Apr 2009 Rate 6.68%	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-04-30	ACT	VCHER	MS	145	(2,202.43)	INTFC4302097#57#1014526	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-05-31	ACT	VCHER	OT	145	2,674.57	INTFC5314097#138#1021912	Kcp&L	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-06-08	ACT	DIRCT	MS	145	2,674.57	VCHAP001003106770181022708	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-06-30	ACT	VCHER	MS	145	114.81	INTFC6306097#106#1030051	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-06-30	ACT	VCHER	OT	145	(2,674.57)	INTFC6304097#65#1029105	Kcp&L	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-07-07	ACT	DIRCT	MS	145	114.81	VCHAP001003129510181029702	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-07-23	ACT	DIRCT	MS	145	2,249.16	VCHAP001003143130161033684	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-07-31	ACT	VCHER	MS	145	(114.81)	INTFC7311097#139#1036357	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-08-26	ACT	DIRCT	MS	145	437.41	VCHAP001003170870161041795	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-08-31	ACT	AFUDC	IT	000	(317.58)	INTFC8311209#13#1046061	Afudc	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-08-31	ACT	AFUDC	IT	000	(308.20)	INTFC8311209#14#1046061	Afudc	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-09-30	ACT	VCHER	MS	145	817.37	INTFC9309097#13#1053938	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-10-09	ACT	DIRCT	MS	145	817.37	VCHAP001003207200151053834	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-10-31	ACT	VCHER	MS	145	(817.37)	INTFC10312097#80#1059139	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-10-31	ACT	VCHER	MS	145	156.32	INTFC10313097#135#1059989	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-11-04	ACT	DIRCT	MS	145	156.32	VCHAP0010032265101121059303	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-11-25	ACT	DIRCT	MS	145	1,493.43	VCHAP001003242730181064415	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-11-30	ACT	VCHER	MS	145	(156.32)	INTFC11304097#16#1065739	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-12-22	ACT	DIRCT	MS	145	30.95	VCHAP001003261920171070960	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-12-31	ACT	AFUDC	IT	000	(2,775.09)	INTFC12311009#1181#1075054	Reverse Jan-Nov 2009 AFUDC	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-12-31	ACT	AFUDC	IT	000	3,281.17	INTFC12311009#468#1075054	Jan-Nov AFUDC Recalc 7.0%	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-12-31	ACT	AFUDC	IT	000	(2,659.44)	INTFC12311009#941#1075054	Reverse Jan-Nov 2009 AFUDC	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2009-12-31	ACT	AFUDC	IT	000	2,623.23	INTFC12311009#705#1075054	Jan-Nov AFUDC Recalc 7.0%	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-02-01	ACT	DIRCT	MS	145	542.65	VCHAP001003289300161079631	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-02-16	ACT	DIRCT	MS	145	(15.30)	VCHAP001003299670151083639	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-03-26	ACT	DIRCT	MS	145	77.02	VCHAP001003329910171093234	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-04-27	ACT	DIRCT	MS	145	44.16	VCHAP001003353490181100459	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-06-02	ACT	DIRCT	MS	145	189.28	VCHAP001003382310161109189	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-06-30	ACT	VCHER	OT	145	8,243.81	INTFC6306107#53#1117779	Kansas City Power & Light	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-07-01	ACT	DIRCT	MS	145	8,243.81	VCHAP001003406630151116489	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-07-22	ACT	DIRCT	MS	145	51.05	VCHAP00100342200161121094	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-07-31	ACT	VCHER	OT	145	(8,243.81)	INTFC7312107#68#1123531	Kansas City Power & Light	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-08-26	ACT	DIRCT	MS	145	502.73	VCHAP001003453930141129248	Kansas City Power & Light Co	
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-09-30	ACT	VCHER	OT	145	47.15	INTFC9307107#330#1139848	Iatan Unit 1 Bldg Modification	

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MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-10-12	ACT	DIRCT	MS	145	47.15	VCHAP001003489980141140996	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-10-31	ACT	VCHER	OT	145	1,085.26	INTFC10317107#254#1147423	Kcp&L Replacements & Bettermen
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-11-12	ACT	DIRCT	MS	145	1,085.26	VCHAP0010035166101281148866	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-11-30	ACT	VCHER	OT	145	(47.15)	INTFC11303107#297#1152781	Iatan Unit 1 Bldg Modification
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-11-30	ACT	VCHER	OT	145	(1,085.26)	INTFC11306107#300#1153983	Kcp&L Replacements & Bettermen
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-12-02	ACT	DIRCT	MS	145	831.46	VCHAP0010035340801231152696	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2010-12-31	ACT	VCHER	OT	145	41.25	INTFC12311210#17#1162786	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-01-05	ACT	DIRCT	MS	145	41.25	VCHAP0010035621101191160764	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-01-31	ACT	VCHER	OT	145	(41.25)	INTFC1311117#347#1167419	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-01-31	ACT	VCHER	OT	145	15.84	INTFC1314117#915#1168299	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-02-04	ACT	DIRCT	MS	145	15.84	VCHAP0010035837201191167608	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-02-28	ACT	DIRCT	MS	145	64.89	INTFC2283117#77#1174192	Corr 353408 Kansas City Power
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-02-28	ACT	DIRCT	MS	145	(631.46)	INTFC2283117#78#1174192	Corr 353408 Kansas City Power
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-02-28	ACT	VCHER	OT	145	43.88	INTFC2282117#204#1173500	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-02-28	ACT	VCHER	OT	145	(15.84)	INTFC2282117#299#1173500	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-03-01	ACT	DIRCT	MS	145	43.88	VCHAP0010036056001171172537	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-03-31	ACT	VCHER	OT	145	(43.88)	INTFC3311117#231#1180537	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-03-31	ACT	VCHER	OT	145	191.78	INTFC3312117#721#1181325	Kcpl Betterments & Replacement
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-04-11	ACT	DIRCT	MS	145	191.78	VCHAP0010036382301281182516	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-04-28	ACT	DIRCT	MS	145	1,268.57	VCHAP0010036518801231185753	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-04-30	ACT	VCHER	OT	145	(191.78)	INTFC4304117#190#1186845	Kcpl Betterments & Replacement
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-05-31	ACT	VCHER	MS	145	237.04	INTFC5314117#881#1193361	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-06-02	ACT	DIRCT	MS	145	237.04	VCHAP0010036781901281192500	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-06-30	ACT	VCHER	MS	145	(237.04)	INTFC6303117#258#1199472	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-06-30	ACT	VCHER	OT	145	59.77	INTFC6306117#323#1200580	Kcp&L Iatan-Value Link
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-06-30	ACT	VCHER	OT	145	191.31	INTFC6306117#389#1200580	Kcp&L Rb
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-07-07	ACT	DIRCT	MS	145	191.31	VCHAP0010037060201271200577	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-07-07	ACT	DIRCT	OP	145	59.77	VCHAP0010037060101201200577	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-07-31	ACT	VCHER	MS	145	13.73	INTFC7316117#231#1207735	Kansas City Power & Light Co
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-07-31	ACT	VCHER	OT	145	(191.31)	INTFC7314117#282#1206982	Kcp&L Rb
MI6531C	IATN UNIT 1 CRANE DAMAGE	PI0002	2011-07-31	ACT	VCHER	OT	145	(59.77)	INTFC7314117#397#1206982	Kcp&L Iatan-Value Link
								321,318.36	Total through 7/31/2011	
								(5,904.40)	Less Empire AFUDC	
								(3,122.86)	Less Empire Construction Property Taxes	
								312,291.10	Ties to KCPL Invoiced Amount for Project ID 51-06531	
								310,549.92	Amount credited on Alstom invoice 08002110 Oct 2010 to Project 51-09893	
								10,768.44	Net Empire balance to date (includes Empire AFUDC and Construction Property Taxes)	

Kansas Corporation Commission
Information Request

Request No: 97

Company Name EMPIRE DISTRICT ELECTRIC COMPANY EPDE
Docket Number 11-EPDE-856-RTS
Request Date August 25, 2011
Date Information Needed August 31, 2011

RE: Deferred Depreciation

Please Provide the Following:

Re: Section 9 of the electronic filing, worksheet I - PP OM
The bottom portion of this worksheet shows "Deferred Kansas Operating Costs" for Plum Point, Iatan 2 and Iatan Common. The workpaper shows deferred depreciation amounts for Plum Point and Iatan 2.

1. Please provide actual depreciation amounts for Plum Point, Iatan 2 and Iatan Common for May, June and July 2011.
2. Please provide actual August 2011 depreciation for Plum Point, Iatan 2 and Iatan Common when it becomes available.

Submitted By Andria Finger

Submitted To Walters / Clevon

Response: See attached for the O&M and depreciation expenses for Iatan 2, Plum Point and Iatan common and the O&M and depreciation expenses deferred for Empire's Kansas jurisdictional operations through July 2011. In addition, the Iatan 2 and Plum Point operating expenses for January 2011 through July 2011 are attached. Finally, the monthly depreciation accrual for Empire's property is attached. This accrual includes the Iatan 2, Iatan Common and Plum Point property accounts. August information on O&M and depreciation will be provided when it becomes available.

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____

Date: 08-31-2011

Deferred Operating Costs - Kansas

Journal	Period	Year	Acct	Amount	Line Descr	Status	DeptID	Prod	Unit
PLMPTDEF10	9	2010	182333	438.40	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	DP	GL001 carrying charge
PLMPTDF10A	9	2010	182333	7,891.53	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	DP	GL001 carrying charge
PLMPTDF10A	9	2010	182333	(438.40)	Rev KS PlumPt DfDp	P	160	DP	GL001 carrying charge
PLMPTDEF10	10	2010	182333	8,038.79	KS PlumPt DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
PLMPTDEF10	11	2010	182333	7,936.62	KS PlumPt DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
PLMPTDEF10	12	2010	182333	7,892.22	KS PlumPt DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
PLMPTDEF11	1	2011	182333	7,896.27	KS PlumPt DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
PLMPTDEF11	2	2011	182333	7,878.45	KS PlumPt DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
PLMPTDEF11	3	2011	182333	7,808.71	KS PlumPt DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
PLMPTDEF11	4	2011	182333	7,765.54	KS PlumPt DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
PLMPTDEF11	5	2011	182333	7,709.92	KS PlumPt DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
PLMPTDEF11	6	2011	182333	7,710.06	KS PlumPt DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
PLMPTDEF11	7	2011	182333	7,724.42	KS PlumPt DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
				<u>86,252.53</u>					
PLMPTDEFEX	8	2010	182333	5,088.61	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	OT	GL001 O&M
PLMPTDEFEX	9	2010	182333	8,797.44	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	OT	GL001 O&M
PLMPTDEFEX	10	2010	182333	8,326.07	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	OT	GL001 O&M
PLMPTDEFEX	11	2010	182333	33,303.21	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	OT	GL001 O&M
PLMPTDEFEX	12	2010	182333	(16,662.95)	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	OT	GL001 O&M
PLMPTDEFEX	1	2011	182333	10,448.02	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	OT	GL001 O&M
PLMPTDEFEX	2	2011	182333	10,084.18	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	OT	GL001 O&M
PLMPTDEFEX	3	2011	182333	14,081.77	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	OT	GL001 O&M
PLMPTDEFEX	4	2011	182333	10,520.37	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	OT	GL001 O&M
PLMPTDEFEX	5	2011	182333	9,356.48	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	OT	GL001 O&M
PLMPTDEFEX	6	2011	182333	12,008.39	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	OT	GL001 O&M
PLMPTDEFEX	7	2011	182333	12,380.21	KS PlumPt DfCh 10-EPDE-314-RTS	P	160	OT	GL001 O&M
				<u>117,731.80</u>					

Journal	Period	Year	Acct	Amount	Line Descr	Status	DeptID	Prod	Unit
IATNDEF10	9	2010	182334	17,627.68	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
IATNDEF10	10	2010	182334	18,018.23	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
IATNDEF10	11	2010	182334	17,967.29	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
IATNDEF10	12	2010	182334	18,015.13	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
IATNDEF11	1	2011	182334	17,859.13	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
IATNDEF11	2	2011	182334	17,775.49	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
IATNDEF11A	2	2011	182334	17,775.49	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
IATNDEFREV	2	2011	182334	(17,775.49)	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
IATNDEF11A	3	2011	182334	17,622.22	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
IATNDEF11	4	2011	182334	17,624.31	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
IATNDEF11	5	2011	182334	17,510.96	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
IATNDEF11	6	2011	182334	17,540.31	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
IATNDEF11	7	2011	182334	17,573.86	KS lat II DfCh 10-EPDE-314-RTS	P	000	DP	GL001 carrying charge
				<u>195,134.61</u>					
IAT2DEFEX2	9	2010	182334	6,690.35	KS IATAN 2 DEF O&M - SEP 2010	P	147	OT	GL001 O&M
IAT2DEFEX2	9	2010	182334	6,786.04	KS IATAN 2 DEF O&M - SEP 2010	P	146	OT	GL001 O&M
IAT2DEFEXP	9	2010	182334	8,001.50	KS IATAN 2 DEF O&M - AUG 2010	P	147	OT	GL001 O&M
IAT2DEFEXP	9	2010	182334	286.70	KS IATAN 2 DEF O&M - AUG 2010	P	146	OT	GL001 O&M
IATCOMREV	10	2010	182334	(23,427.74)	REVERSE IATAN COMMON DEFERRAL	P	147	OT	GL001 O&M
IAT2DEFEX2	10	2010	182334	6,509.90	KS IATAN 2 DEF O&M - OCT 2010	P	147	OT	GL001 O&M
IAT2DEFEX2	10	2010	182334	10,826.13	KS IATAN 2 DEF O&M - OCT 2010	P	146	OT	GL001 O&M
IAT2DEFEXP	10	2010	182334	2,225.99	KS IATAN 2 DEF O&M - AUG 2010	P	147	OT	GL001 O&M
IAT2DEFEX	11	2010	182334	12,933.82	KS lat II DfCh 10-EPDE-314-RTS	P	146	OT	GL001 O&M
IAT2DEFEX	12	2010	182334	2,665.54	KS lat II DfCh 10-EPDE-314-RTS	P	146	OT	GL001 O&M
IAT2DEFEX	1	2011	182334	10,107.86	KS lat II DfCh 10-EPDE-314-RTS	P	146	OT	GL001 O&M
IAT2DEFEX	2	2011	182334	10,875.95	KS lat II DfCh 10-EPDE-314-RTS	P	146	OT	GL001 O&M
IAT2DEFEX	3	2011	182334	16,714.87	KS lat II DfCh 10-EPDE-314-RTS	P	146	OT	GL001 O&M
IAT2DEFEX	4	2011	182334	13,471.41	KS lat II DfCh 10-EPDE-314-RTS	P	146	OT	GL001 O&M
IAT2DEFEX	5	2011	182334	11,104.14	KS lat II DfCh 10-EPDE-314-RTS	P	146	OT	GL001 O&M
IAT2DEFEX	6	2011	182334	16,501.33	KS lat II DfCh 10-EPDE-314-RTS	P	146	OT	GL001 O&M
IAT2DEFEX	7	2011	182334	961.93	KS lat II DfCh 10-EPDE-314-RTS	P	146	OT	GL001 O&M
				<u>113,235.72</u>					

1/1

11/28 UPDATE

**Kansas Corporation Commission
Information Request**

Request No: 97

Company Name EMPIRE DISTRICT ELECTRIC COMPANY EPDE
Docket Number 11-EPDE-856-RTS
Request Date August 25, 2011
Date Information Needed August 31, 2011

RE: Deferred Depreciation

Please Provide the Following:

Re: Section 9 of the electronic filing, worksheet I - PP OM

The bottom portion of this worksheet shows "Deferred Kansas Operating Costs" for Plum Point, Iatan 2 and Iatan Common. The workpaper shows deferred depreciation amounts for Plum Point and Iatan 2.

1. Please provide actual depreciation amounts for Plum Point, Iatan 2 and Iatan Common for May, June and July 2011.
2. Please provide actual August 2011 depreciation for Plum Point, Iatan 2 and Iatan Common when it becomes available.

Submitted By: Andria Finger

Submitted To: Walters / Cloven

Response: See attached for the O&M and depreciation expenses for Iatan 2, Plum Point and Iatan common and the O&M and depreciation expenses deferred for Empire's Kansas jurisdictional operations through July 2011. In addition, the Iatan 2 and Plum Point operating expenses for January 2011 through July 2011 are attached. Finally, the monthly depreciation accrual for Empire's property is attached. This accrual includes the Iatan 2, Iatan Common and Plum Point property accounts. August information on O&M and depreciation will be provided when it becomes available.

See attached for update.

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: 

Date: ~~08-31-2011~~ 09/28/2011

QUERY2

9/28/2011
 update
 staff DR 97

Unit	Year	Period	DeptID	Acct	Journal	Line Descr	Status	Prod	Amount
GL001	2,011	8	000	182333	PLMPTDEF11	KS PlumPt DfCh 10-EPDE-314-RTS	P	DP	7,683.32
GL001	2,011	8	160	182333	PLMPTDEFEX	KS PlumPt DfCh 10-EPDE-314-RTS	P	OT	11,648.64
GL001	2,011	8	000	182334	IATNDEF11	KS lat II DfCh 10-EPDE-314-RTS	P	DP	17,503.95
GL001	2,011	8	146	182334	IAT2DEFEX	KS lat II DfCh 10-EPDE-314-RTS	P	OT	10,914.48

9/28/2011
update
Staff DR 99

Period	8
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Sum of Amount Acct	DeptID			Grand Total
	145	146	147	
			160	
408141	150.57	150.57		301.13
408144	7,273.50	5,259.47	7,815.83	20,348.80
408511	0.09	0.09		0.18
408512	0.33	0.34		0.67
408610				75.02
419026				-29.13
426114				22.56
426400	39.98	0.00	0.00	39.98
500036				5,785.88
500039	19,006.21	16,785.40	121,848.98	10,832.55
501004		-12,459.16		
501042	180,675.95	901,124.25	0.00	548,967.24
501045	71,370.98	31,530.03		28,352.25
501400				7,509.29
501401				-39.50
501605				786.08
502096				10,794.21
502108	0.00			1,373.19
502109				5,772.23
502114	29,982.88	33,262.54	34,554.12	
505422	10,295.11	8,748.07	3,614.97	
505426				5,405.26
506025				4,452.89
506126	5,176.22	1,585.48	30,905.19	4,620.89
506201	443.04	3,878.13		
506202	522.06	2,018.43		7,575.11
506203	6,016.82	5,823.46		8,655.83
506204				26,713.42
507129	4.23	4.23	364.70	
510030	1,167.98	949.40	21,258.39	24,691.08
511127	3,244.62	1,612.97	24,337.53	589.93
512162	0.00			
512165	104,805.92	35,384.53	-33,268.84	73,486.24
513168	14,230.94	33,356.13	0.00	6,244.43
514171	1,373.63	4,185.92	0.00	3,456.78
553160	0.00	0.00		
556401	2.67	1.83	0.89	6,686.64
557448	2,748.16	2,356.51	2,589.49	17,739.35
560449	0.00			
570177	184.03	0.00		
591049	0.00			
920882	523.76	47.63	1,163.58	1,851.75
921475				329.68
921489				275.05
921885	31,891.13	36,056.18	313.98	
921886				1,516.65
922000	0.00			
923045	0.00	0.00		
923050				27,684.10
923051				4,315.23
924000	-1,898.99	11,982.30	612.27	3,309.81
925000	0.00	0.00	633.99	5,535.10
925494	0.00			
926105				11.54
926197	26,806.22	21,274.58	2,850.45	
928000			32,039.18	
930240	0.00			
Grand Total	516,038.04	1,144,919.31	251,634.70	855,650.61
				2,768,242.66

Kansas Corporation Commission
Information Request

Request No: 103

Company Name EMPIRE DISTRICT ELECTRIC COMPANY EPDE
Docket Number 11-EPDE-856-RTS
Request Date August 26, 2011
Date Information Needed September 1, 2011

RE: Follow-up to DR 71

Please Provide the Following:

Please provide a detailed explanation as to why Empire is crediting \$310,549.92 of the Iatan crane incident costs to Alstom Invoice 08002110 - Project 51-09893 rather than to the Unit I Crane Damage - Project 51-06531.

Submitted By Laura Bowman

Submitted To Walters / Cloven

Response: KCP&L withheld payment of a portion of the final Alstom invoice (08002110) because of an unresolved dispute related to the Iatan I crane incident.

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____

Shaun Rooney

Date: _____

1 September 2011

Kansas Corporation Commission
Information Request

9/28 UPDATE

Request No: 113

Company Name EMPIRE DISTRICT ELECTRIC COMPANY EPDE
Docket Number 11-EPDE-856-RTS
Request Date August 29, 2011
Date Information Needed September 6, 2011

RE: Deferred Depreciation

Please Provide the Following:

I. Please provide actual deferred depreciation expenses by month by general ledger account number for Iatan 2, Iatan Common, and Plum Point for the months of September 2010 through July 2011.

Submitted By Andria Finger

Submitted To Walters / Cloven

Response: See attached for update.

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: *Steven Robertson*

Date: ~~9/28/2011~~ 09/28/2011

Journal	Period	Year	Acct	Amount	Line Descr	Status	DeptID	Prod
IATNDEF10	9	2,010	403007	-17,627.68	KS Iat II DfDp 10-EPDE-314-RTS	P	000	DP
IATNDEF10	10	2,010	403007	-18,018.23	KS Iat II DfDp 10-EPDE-314-RTS	P	000	DP
IATNDEF10	11	2,010	403007	-17,967.29	KS Iat II DfDp 10-EPDE-314-RTS	P	000	DP
IATNDEF10	12	2,010	403007	-18,015.13	KS Iat II DfDp 10-EPDE-314-RTS	P	000	DP
IATNDEF11	1	2,011	403007	-17,859.13	KS Iat II DfDp 10-EPDE-314-RTS	P	000	DP
IATNDEF11A	2	2,011	403007	-17,775.49	KS Iat II DfDp 10-EPDE-314-RTS	P	000	DP
IATNDEF11A	3	2,011	403007	-17,622.22	KS Iat II DfDp 10-EPDE-314-RTS	P	000	DP
IATNDEF11	4	2,011	403007	-17,624.31	KS Iat II DfDp 10-EPDE-314-RTS	P	000	DP
IATNDEF11	5	2,011	403007	-17,510.96	KS Iat II DfDp 10-EPDE-314-RTS	P	000	DP
IATNDEF11	6	2,011	403007	-17,540.31	KS Iat II DfDp 10-EPDE-314-RTS	P	000	DP
IATNDEF11	7	2,011	403007	-17,573.86	KS Iat II DfDp 10-EPDE-314-RTS	P	000	DP
IATNDEF11	8	2,011	403007	-17,503.95	KS Iat II DfDp 10-EPDE-314-RTS	P	000	DP

DR113_-_Deferred_Depreciation_Exp_latan_II_and_Plum_Pt_Updated_thru_Aug_2011

Journal	Period	Year	Acct	Amount	Line Descr	Status	DeptID	Prod
PLMPTDF10B	9	2,010	403006	-7,891.53	KS PlumPt DfDp 10-EPDE-314-RTS	P	401	DP
PLMPTDEF10	10	2,010	403006	-8,038.79	KS PlumPt DfDp 10-EPDE-314-RTS	P	000	DP
PLMPTDEF10	11	2,010	403006	-7,936.62	KS PlumPt DfDp 10-EPDE-314-RTS	P	000	DP
PLMPTDEF10	12	2,010	403006	-7,892.22	KS PlumPt DfDp 10-EPDE-314-RTS	P	000	DP
PLMPTDEF11	1	2,011	403006	-7,896.27	KS PlumPt DfDp 10-EPDE-314-RTS	P	000	DP
PLMPTDEF11	2	2,011	403006	-7,878.45	KS PlumPt DfDp 10-EPDE-314-RTS	P	000	DP
PLMPTDEF11	3	2,011	403006	-7,808.71	KS PlumPt DfDp 10-EPDE-314-RTS	P	000	DP
PLMPTDEF11	4	2,011	403006	-7,765.54	KS PlumPt DfDp 10-EPDE-314-RTS	P	000	DP
PLMPTDEF11	5	2,011	403006	-7,709.92	KS PlumPt DfDp 10-EPDE-314-RTS	P	000	DP
PLMPTDEF11	6	2,011	403006	-7,710.06	KS PlumPt DfDp 10-EPDE-314-RTS	P	000	DP
PLMPTDEF11	7	2,011	403006	-7,724.42	KS PlumPt DfDp 10-EPDE-314-RTS	P	000	DP
PLMPTDEF11	8	2,011	403006	-7,683.32	KS PlumPt DfDp 10-EPDE-314-RTS	P	000	DP

**Kansas Corporation Commission
Information Request**

Request No: 114

Company Name EMPIRE DISTRICT ELECTRIC COMPANY EPDE
Docket Number 11-EPDE-856-RTS
Request Date August 29, 2011
Date Information Needed September 6, 2011

RE: C&M Expense for Iatan Common

Please Provide the Following:

1. Please provide the month and year Empire began accruing deferred O & M expenses for Iatan Common.
2. Please provide actual deferred O & M expense by month for Iatan Common from the month Empire began accruing deferred O & M expenses through July 2011.

Submitted By Bill Baldry

Submitted To Walters / Cloven

Response: 10-EPDE-314-RTS authorized deferral for Unit 2 of Iatan and the Plum Point unit. No deferrals for our Kansas jurisdiction have been recorded for O&M expenses related to Iatan Common.

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: Albert W. Lyon

Date: 09-06-2011

CERTIFICATE OF SERVICE

11-EPDE-856-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, or hand-delivered this 12th day of October, 2011, to the following:

JAMES G. FLAHERTY, ATTORNEY
ANDERSON & BYRD, L.L.P.
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MATTHEW SPURGIN, LITIGATION COUNSEL
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Hand Delivered

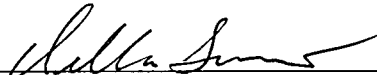
JUDY JEWSOME, LITIGATION COUNSEL
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CERTIFICATE OF SERVICE

11-EPDE-856-RTS

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Della Smith
Administrative Specialist