

Exhibit No.:  
Issue: Rate Design  
Witness: Janice Pyatte  
Type of Exhibit: Direct  
Sponsoring Party: MoPSC Staff  
Case No.: ER-97-81

**MISSOURI PUBLIC SERVICE COMMISSION**  
**POLICY & PLANNING DIVISION**

**DIRECT TESTIMONY**  
**OF**

**JANICE PYATTE**

**FILED**  
**FEB 20 1997**  
**MISSOURI**  
**PUBLIC SERVICE COMMISSION**

**THE EMPIRE DISTRICT ELECTRIC COMPANY**

**CASE NO. ER-97-81**

**Jefferson City, Missouri**

**February, 1997**

1 DIRECT TESTIMONY  
2 OF  
3 JANICE PYATTE  
4 THE EMPIRE DISTRICT ELECTRIC COMPANY  
5 CASE NO. ER-97-81  
6

7 Q. Please state your name and business address.

8 A. My name is Janice Pyatte and my business address is Missouri Public  
9 Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

10 Q. Are you the same Janice Pyatte who has previously filed direct  
11 testimony in this case on February 13, 1997 on the issue of Revenues?

12 A. Yes, I am.

13 Q. What is the purpose of your direct testimony in this filing?

14 A. This filing addresses issues relating to class cost-of-service and rate  
15 design for The Empire District Electric Company (EDE or Company). The topics I will  
16 address are: (i) my development of various inputs used in the Staff's class cost-of-service  
17 study; (ii) EDE's current billing procedure for applying seasonal rates to customer bills  
18 under the Average Payment Plan; (iii) Church & School Service-Rider SC; and (iv) rate  
19 design for EDE's lighting tariffs.

20 Q. How does your testimony in this filing relate to the testimony of  
21 other Staff witnesses?

22 A. Mr. Daniel I. Beck, Mr. Kenneth Christie, Mr. Dennis Patterson,  
23 Ms. Anne E. Ross and Mr. James C. Watkins are also filing testimony which addresses

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1 each individual's participation in the development of Staff's class cost-of-service studies.  
2 The results of the class cost-of-service studies are presented in Ms. Ross' testimony. In  
3 addition, Ms. Lena M. Mantle, Mr. Watkins and I are addressing rate design issues.  
4

5 CLASS COST-OF-SERVICE STUDIES

6 Q. What was your role in the preparation of the Staff's class cost-of-  
7 service studies in this case?

8 A. I am responsible for three inputs into the class cost-of-service  
9 studies: (i) Missouri retail rate revenues by customer class; (ii) excess facilities  
10 investment by Federal Energy Regulatory Commission (FERC) account; and  
11 (iii) customer maximum demands and customer numbers by voltage level for the Large  
12 General Service and Large Power Service customer classes. Revenues and excess  
13 facilities investment are a direct input into the cost-of-service study; customer maximum  
14 demands and customer numbers are inputs into the development of the distribution-  
15 related and customer-related allocation factors.

16 The Missouri retail rate revenues which I supplied to Ms. Ross are shown  
17 in Schedule 1. These revenues are consistent with the revenues I am sponsoring in my  
18 direct testimony on revenues filed on February 13, 1997 in this case.

19 Investment in Rider XC special or excess facilities was developed by both  
20 cost-of-service class and FERC primary account. This data was supplied to Ms. Ross  
21 and is shown in Schedule 2.

22 The customer maximum demands and customer numbers for the Large

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1 General Service and Large Power Service customer classes which I supplied to Mr. Beck  
2 are shown in Schedule 3. These customer maximum demands were developed by  
3 aggregating individual customer maximum metered demands from EDE's billing data by  
4 month, by tariff and by voltage level.

5  
6 APPLICATION OF SEASONAL RATES TO CUSTOMER BILLS

7 Q. What is EDE's general procedure for applying seasonal rates to  
8 customer bills?

9 A. EDE's tariffs define the summer season to be the "first four  
10 monthly billing periods billed on and after June 16" and the winter season to be the  
11 "remaining eight monthly billing periods of the calendar year". What constitutes the  
12 summer and winter seasons for billing purposes is important because EDE, like all  
13 regulated electric utility companies in Missouri, has seasonally-differentiated rates.  
14 Summer rates are higher than winter rates to reflect the differences in the costs of  
15 producing electricity by season.

16 Q. What deficiency do you see with EDE's application of seasonal  
17 rates to customer bills?

18 A. EDE's implementation of its Average Payment Plan created a  
19 situation where EDE is billing its seasonal rates in a way which occasionally results in  
20 customers paying winter rates for summer usage and/or paying summer rates for winter  
21 usage. EDE's Average Payment Plan allows customers to change the date of the month  
22 on which their electric bill is due. This provision is being implemented in such a way that

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1 the customer's choice of a due date, which is independent of the period over which his  
2 usage is measured, is used to determine whether summer or winter rates will be applied  
3 in the calculation of his bill. The result is that in the month of June, usage which would  
4 otherwise be billed at winter rates may be billed on summer rates and, conversely in  
5 October, customers may pay winter rates for what would otherwise be considered  
6 summer usage. As a result, the Average Payment Plan may actually change the  
7 customer's annual bill for electricity rather than simply levelize the payments throughout  
8 the year for a given annual dollar amount.

9 Q. Are you opposed to the Average Payment Plan?

10 A. I am not opposed to EDE's Average Payment Plan as a method of  
11 levelizing a customer's monthly electricity bills. Likewise, I am not opposed to allowing  
12 customers to choose when in the month they pay their electric bill. What I do oppose is  
13 the method of determining which rates apply to the customer's usage, and thus the dollar  
14 amount of the customer's electric bill, based upon that choice.

15 Q. What changes is the Staff proposing be made to EDE's current  
16 procedure for billing customers who participate in the Average Payment Plan?

17 A. The Staff recommends that the implementation of the Average  
18 Payment Plan be changed to ensure that seasonal usage is billed at the correct seasonal  
19 rates.

20 Q. What was EDE's response to your criticism of this billing practice  
21 in the last rate case (Case No. ER-95-279)?

22 A. EDE indicated that the billing practice I had identified was a

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1 "glitch" in their billing system of which they were not aware. Although the Stipulation  
2 and Agreement in the prior case did not explicitly address the issue, I believed at that  
3 time that the Company intended to make procedural changes to ensure that seasonal  
4 usage was billed at the correct seasonal rates. The billing data provided in this case  
5 indicates that this problem has not been rectified.

6 Q. Is there another situation where a mis-match between seasonal  
7 usage and seasonal rates can occur?

8 A. Yes, there is. A special provision in the Municipal General Service  
9 rider (Rider M) has been interpreted by the Company to allow all municipal customers to  
10 be billed on the rates in effect at the end of each month, no matter what period the  
11 customer's usage covers. Rider M will be eliminated on August 15, 1997, as part of the  
12 outcome of Case Nos. ER-94-174 and EO-91-74, so this situation will soon resolve  
13 itself.

14  
15 ELIMINATION OF CHURCH & SCHOOL SERVICE (RIDER SC)

16 Q. What is the Church & School Service rider (Rider SC)?

17 A. The Church & School Service rider (Rider SC) outlines the  
18 conditions under which each public school that is a customer of EDE is allowed to  
19 receive a single electricity bill in September for that customer's entire summer energy  
20 usage instead of receiving four separate bills (June, July, August and September) as  
21 required under the Company's general rules and regulations. This provision is  
22 commonly referred to as "deferred billing".

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1 The language in Rider SC states:

2 1. Bills for electric service to public schools will not be rendered during  
3 the months of regular summer vacation.

4  
5 2. Incidental consumption of electric service during such period of  
6 summer vacation will be included in the measurement for bills rendered  
7 on the regular basis for such service.

8  
9 3. During any such summer months that the school premises are in active  
10 use, bills for electric service hereunder will be rendered on the regular  
11 basis for such service.

12  
13 Q. What was the rationale behind Rider SC?

14 A. The original intent of Rider SC was to allow public schools that  
15 used little or no electricity during June, July and August to receive a single bill in  
16 September for their entire summer energy use. Before the advent of monthly customer  
17 charges and blocked energy rates, the only effect of this rider was to defer the billing of  
18 summer energy to a customer; the single September customer bill would be the same  
19 dollar amount as that customer would have paid if he had received four summer bills.

20 When monthly customer charges and blocked energy charges were  
21 introduced to the general application tariffs, the deferred billing feature of Rider SC  
22 allowed the customer to receive a lower overall summer electricity bill rather than just  
23 defer the payment of the standard four summer bills. Three customer charges could be  
24 avoided and combining summer energy would allow a larger proportion of total energy  
25 to be priced in the lower-priced rate blocks.

26 Q. What has been the history of Rider SC in practice?

27 A. In the most recent rate design case (Case No. EO-91-74), I  
28 questioned whether EDE was appropriately administering Rider SC because it appeared

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1 that a substantial number of customers on Rider SC at that time appeared to be public  
2 schools which operated year-round. In the Stipulation and Agreement to that case, EDE  
3 agreed to collect data on the actual energy use of the Rider SC customers during each of  
4 the four summer months. EDE did so during the summer of 1995.

5 Q. What are the results of your analysis of the summer 1995 energy  
6 use of Rider SC customers?

7 A. My analysis of the individual energy use of each Rider SC customer  
8 during each summer month during 1995 indicates that these customers use too much  
9 electricity during June, July, and August to qualify for deferred billing under Condition  
10 No. 3 of the Church & School Service rider.

11 Q. What has been EDE's response to the summer 1995 energy use  
12 data on Rider SC customers?

13 A. In response to the detailed data from the summer of 1995, EDE has  
14 billed all of these customers **without** the Rider SC deferred billing provisions during the  
15 summer of 1996.

16 Q. What is the Staff's recommendation in this case regarding Rider  
17 SC?

18 A. The Staff recommends that Rider SC be eliminated.

19 Q. What will be the impact on customers of eliminating Rider SC?

20 A. Since no customers are currently being served on Rider SC, there  
21 will be no revenue impact on any customer from eliminating Rider SC.  
22



LIGHTING RATE DESIGN

Q. Has any special rate design analysis for EDE's lighting tariffs been prepared in this case by the Company?

A. No. The Stipulation and Agreement in EDE's prior rate case (Case No. ER-95-279) provided that:

Empire agrees that it will perform a special lighting study to be submitted to the Staff and the Public Counsel no later than the filing date for its direct testimony in the Company's next general electric rate case and it will work with parties interested in doing so to develop the scope of that study.

EDE did not file such a study in this case.

Q. What is the Staff's recommendation in this case regarding lighting?

A. The Staff recommends that the Commission order EDE to perform and provide the special lighting study which was envisioned in the Stipulation and Agreement to Case No. ER-95-279 in their next general rate case. The Staff's proposal regarding existing lighting tariffs in this case is outlined in Mr. Watkins' testimony.

Q. Does this conclude your direct testimony?

A. Yes, it does.

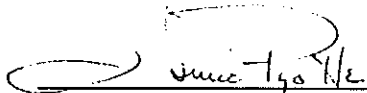
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the matter of the Empire District Electric Company )  
of Joplin, Missouri, for Authority to File Tariffs ) CASE NO. ER-97-81  
Increasing Rates for Electric Service Provided to )  
Customers in the Missouri Service Area of the Company. )

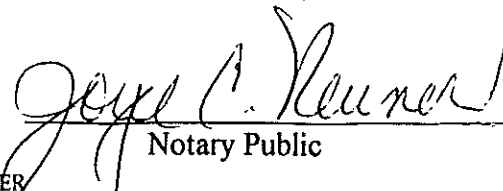
AFFIDAVIT OF JANICE PYATTE

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

Janice Pyatte, of lawful age, on her oath states: that she has participated in the preparation of the foregoing written testimony in question and answer form, consisting of 8 pages of testimony to be presented in the above case; that the answers in the attached written testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.

  
Janice Pyatte

Subscribed and sworn to before me this 20th day of February, 1997.

  
Notary Public

My commission expires \_\_\_\_\_  
JOYCE C NEUNER  
NOTARY PUBLIC STATE OF MISSOURI  
OSAGE COUNTY  
MY COMMISSION EXP JUNE 18, 1997

**THE EMPIRE DISTRICT ELECTRIC CO - CASE NO ER-97-81  
MISSOURI RETAIL RATE REVENUES TO BE USED  
IN THE STAFF CLASS COST-OF-SERVICE STUDY**

**C-O-S Class Rate Revenues:**

Residential	\$74,129,942
Small General Service	\$24,056,415
Large General Service	\$39,800,915
Large Power	\$18,082,021
Special Contracts	<u>\$3,564,859</u>
	\$159,634,152

**Other Rate Revenues:**

Electric Furnace (Rate 70)	\$106,248
Lighting	\$2,885,717
Excess Facilities-Rider XC	\$670,215
Other Facilities Charges	\$379,720
Interruptible-Rider IR Credits	<u>(\$846,810)</u>
	\$3,195,090

<b>Total MO Retail Rate Revenue</b>	<b>\$162,829,243</b>
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**THE EMPIRE DISTRICT ELECTRIC CO. - CASE NO. ER-97-81**  
**RIDER XC INVESTMENT BY CUSTOMER CLASS AND FERC ACCOUNT**

**RIDER XC INVESTMENT BY FERC ACCOUNT**

<u>FERC Plant Acct</u>	<u>Booked Investment</u>
364 Poles, Towers & Fixtures	\$320,664
365 Overhead Conductors & Devices	\$387,414
366 Underground Conduit	\$295,615
367 Underground Conductors & Devices	\$684,593
368 Line Transformers	\$2,262,560
369 Services	\$188,903
370 Meters	\$86,728
371 Installation on Customers' Premise	<u>\$250,513</u>
Total Rider XC	\$4,476,990

**RIDER XC INVESTMENT BY CUSTOMER CLASS**

<u>Customer Class</u>	<u>Booked Investment</u>
Residential	\$2,086
Small General Service	\$8,710
Large General Service	\$1,184,395
Large Power	\$3,018,055
Special Contracts	\$5,760
Power Furnace	\$7,471
Lighting	<u>\$250,513</u>
Total Rider XC	\$4,476,990

EMPIRE DISTRICT ELECTRIC COMPANY  
MONTHLY METERED DEMANDS BY GROUP AND REVENUE MONTH  
MISSOURI RETAIL

RATE CATEGORY	REVENUE MONTH (YYMM)						
	9510	9511	9512	9601	9602	9603	9604
63 SEC SEC	66438.8	71586.6	82505.9	91994.0	79568.8	77259.2	75154.0
63 SEC PRI	0.0	0.0	0.0	0.0	0.0	0.0	0.0
63 PRI SEC	0.0	0.0	0.0	0.0	0.0	0.0	0.0
63 PRI PRI	1698.8	2016.6	2301.2	2538.7	2720.2	2622.9	1786.5
68 SEC SEC	109397.5	106266.4	106458.0	106736.5	106452.3	107683.1	108072.9
68 SEC PRI	2062.6	1911.6	1980.0	2135.1	2137.8	1998.2	1986.1
68 PRI SEC	2129.6	2493.4	2760.0	2335.2	2486.2	2341.0	2148.2
68 PRI PRI	24036.5	24042.2	22733.8	24836.6	24808.6	22664.3	23174.5
77 SEC SEC	3006.1	3228.7	3206.1	3189.6	3331.8	3037.1	3111.3
77 SEC PRI	804.0	816.0	744.0	804.0	852.0	900.0	864.0
77 PRI SEC	5793.7	5406.1	5362.8	5461.8	5177.2	5562.8	5146.2
77 PRI PRI	67999.3	67261.2	66402.5	67123.4	69895.9	69852.7	70752.0
70 PRI PRI	3317.4	3282.4	3465.4	3710.4	3548.0	3567.2	3451.0
61 SUB SUB	7827.3	7646.6	7225.2	7767.0	7405.8	7646.6	7827.3
69 TRN TRN	7028.0	6942.0	6974.0	7525.0	6716.0	6659.0	6648.0
TOTAL	301539.6	302899.8	312118.9	326157.3	315100.6	311794.1	310122.0

RATE CATEGORY	9605	9606	9607	9608	9609	#RECS
63 SEC SEC	67966.6	66324.1	65950.9	66736.0	67346.7	6723.0
63 SEC PRI	0.0	0.0	0.0	0.0	0.0	0.0
63 PRI SEC	0.0	0.0	0.0	0.0	0.0	0.0
63 PRI PRI	1828.5	1968.5	1853.5	2112.5	2031.5	24.0
68 SEC SEC	112942.5	117196.0	119189.0	121517.7	121357.8	11623.0
68 SEC PRI	1943.9	2011.9	2050.2	2207.9	2131.1	61.0
68 PRI SEC	2107.4	2291.2	2397.6	2434.6	2372.0	48.0
68 PRI PRI	25724.6	25490.2	25497.3	26791.3	26578.3	430.0
77 SEC SEC	3437.0	3371.1	3494.8	3449.4	3331.9	36.0
77 SEC PRI	876.0	936.0	984.0	924.0	936.0	12.0
77 PRI SEC	5834.9	5983.4	6321.5	5995.7	5841.1	36.0
77 PRI PRI	73287.9	75725.0	75556.5	78328.4	76618.8	288.0
70 PRI PRI	3490.8	3347.6	3665.8	3540.2	3403.4	24.0
61 SUB SUB	7164.9	7767.0	7767.0	7706.8	7947.7	12.0
69 TRN TRN	7103.0	7241.0	7683.0	7618.0	7544.0	12.0
TOTAL	313708.0	319653.0	322411.1	329362.5	327440.3	19329.0