

EXHIBIT

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Rate Design

Meisenheimer/Direct

Public Counsel

ER-2008-0093

DIRECT TESTIMONY

OF

BARBARA A. MEISENHEIMER

Submitted on Behalf of the Office of the Public Counsel

**EMPIRE DISTRICT ELECTRIC COMPANY
(RATE DESIGN)**

CASE NO. ER-2008-0093

March 7, 2008

OPC Exhibit No. 305
Case No(s) ER-2008-0093
Date 5-12-08 Rptr RF

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

In the matter of The Empire District Electric)
Company of Joplin, Missouri's application)
for authority to file tariffs increasing rates)
for electric service provided to customers in)
the Missouri service area of the Company)

Case No. ER-2008-0093

AFFIDAVIT OF BARBARA A. MEISENHEIMER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Barbara A. Meisenheimer, of lawful age and being first duly sworn, deposes and states:

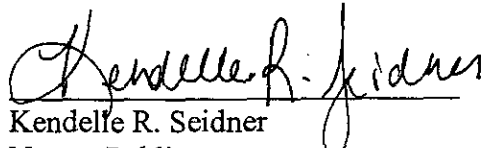
1. My name is Barbara A. Meisenheimer. I am Chief Utility Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.


Barbara A. Meisenheimer

Subscribed and sworn to me this 7th day of March 2008.



KENDELLE R. SEIDNER
My Commission Expires
February 4, 2011
Cole County
Commission #07004782


Kendelle R. Seidner
Notary Public

My Commission expires February 4, 2011.

DIRECT TESTIMONY
OF
BARBARA A. MEISENHEIMER
EMPIRE DISTRICT ELECTRIC COMPANY
(RATE DESIGN)
CASE NO. ER-2008-0093

1 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 A. Barbara A. Meisenheimer, Chief Utility Economist, Office of the Public Counsel, P. O. Box
3 2230, Jefferson City, Missouri 65102.

4 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS CASE?**

5 A. Yes. I filed direct testimony on revenue requirement issues on February 22, 2008.

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7 A. The primary purpose of my direct rate design testimony is to present Public Counsel's
8 position on the appropriate method for determining customer class revenue requirements
9 based on any increase or decrease that the Commission approves as a result of this case.

10 **Q. PLEASE PROVIDE BACKGROUND ON THE CURRENT RATES.**

11 A. On December 4, 2007, in Case No. ER-2006-0315, the Commission approved the currently
12 effective tariff sheets that allowed a net increase of approximately \$29.4 million over the
13 rates approved in ER-2004-0570. A significant portion of the increase was based on
14 increased fuel and purchased power expenses. Public Counsel, Praxair and Explorer
15 Pipeline have outstanding motions for rehearing related to the original Report and Order

1 approving the \$24.9 million increase and the December 4, Report and Order approving the
2 associated tariff sheets designed to implement the increase.

3 The distribution of the increase by customer class approved in Case No. ER-2006-
4 0315 was based on the terms of the Non-unanimous Stipulation and Agreement (ER-2006-
5 0315 Rate Design Agreement) filed on September 13, 2006, by the Staff, Public Counsel,
6 Praxair and Explorer Pipeline. The ER-2006-0315 Rate Design Agreement allocated the
7 revenue requirement increase to customer classes based on an equal percentage increase in
8 the permanent rate revenue plus IEC revenue and provided that the class increases be
9 collected in volumetric rates.

10 **Q. PLEASE DESCRIBE THE DISTRIBUTION OF REVENUE BY CLASS USED TO SET RATES IN ER-**
11 **2006-0315.**

12 A. Schedule BAM RD-1 shows each class's share of permanent rate revenue plus IEC revenue
13 prior to the increase in ER-2006-0315. The associated total revenue was \$296.2 million
14 including Other Rate Revenues.

15 **Q. PLEASE DESCRIBE THE CURRENT DISTRIBUTION OF REVENUE BY CLASS.**

16 A. Schedule BAM RD-1 shows each class's share of current revenue. The Company's total
17 rate revenue including Other Rate Revenue is \$329.9 million.

18

19

1 **Q. WHAT MAGNITUDE OF INCREASE HAS THE COMPANY REQUESTED IN THIS CASE?**

2 A. The Company seeks an increase of approximately \$34.7 million over the revenue approved
3 in Case No. ER-2006-0315.

4 **Q. WHAT IS PUBLIC COUNSEL'S PRIMARY RECOMMENDATION IN THIS CASE?**

5 A. Public Counsel's primary recommendation is that no additional fuel and purchased power
6 expense beyond that approved in ER-2004-0570 be included in customer rates and that any
7 non fuel and purchased power related increase be allocated based on an equal percent
8 increase of ER-2006-0315 revenue excluding IEC revenues as illustrated in Schedule BAM
9 RD-1.

10 **Q. IN THE EVENT THE COMMISSION DOES NOT FOLLOW PUBLIC COUNSEL'S PRIMARY**
11 **RECOMMENDATION AND INSTEAD ACCEPTS A RECOMMENDATION THAT ALLOWS AN**
12 **INCREASE IN VARIABLE FUEL COSTS, WHAT RATE DESIGN WOULD YOU RECOMMEND?**

13 A. I would recommend using the method used in the ER-2006-0315 Rate Design Agreement
14 which allocates an equal percent increase to classes based on current base rate revenue and
15 collects any class increase through volumetric rates. This rate design is preferable to a
16 method that would significantly increase the customer charge because customers retain more
17 ability to reduce their bills by reducing use. Also, the cost of service information reviewed
18 in ER-2004-0570 is dated providing no new or compelling reason to implement cost shifts
19 between classes in advance of the class cost of service study the company will prepare in
20 2009.

Direct Rate Design Testimony of
Barbara A. Meisenheimer
Case No. ER-2008-0093

1 || Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 || A. Yes, it does.

Direct Testimony
Barbara Meisenheimer
ER-2008-0093

Rate Schedule	Current Revenue	Class Share	ER-2006-0315 True-up Revenue	Class Share
RG-Residential	\$ 148,696,085	45.29%	\$ 133,656,926	45.33%
CB-Commercial	\$ 32,166,253	9.80%	\$ 29,162,366	9.89%
SH-Small Heating	\$ 8,451,776	2.57%	\$ 7,372,606	2.50%
PFM-Feed Mill/Grain Elev	\$ 68,891	0.02%	\$ 57,718	0.02%
MS-Traffic Signals	\$ 65,640	0.02%	\$ 59,375	0.02%
GP-General Power	\$ 62,420,278	19.01%	\$ 55,788,150	18.92%
TEB-Total Electric Bldg	\$ 26,793,646	8.16%	\$ 23,464,492	7.96%
LP-Large Power	\$ 41,446,295	12.62%	\$ 37,851,364	12.84%
SC	\$ 2,902,049	0.88%	\$ 2,579,413	0.87%
SPL-Municipal St Lighting	\$ 1,438,229	0.44%	\$ 1,277,202	0.43%
PL-Private Lighting	\$ 3,736,884	1.14%	\$ 3,399,404	1.15%
LS-Special Lighting	\$ 153,853	0.05%	\$ 164,738	0.06%
	<u>\$ 328,339,879</u>		<u>\$ 294,833,754</u>	