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EXHIBIT

Exhibit No.:
Issue(s): Rate Design/ ELIP
Witness/Type of Exhibit: Meisenheimer/Surrebuttal
Sponsoring Party: Public Counsel
Case No.: ER-2008-0093

SURREBUTTAL TESTIMONY

OF

BARBARA A. MEISENHEIMER

Submitted on Behalf of the Office of the Public Counsel

EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2008-0093

April 25, 2008

OPC Exhibit No. 306
Case No(s). ER 2008-0093
Date 5-12-08 Rptr KF

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 surrebuttal 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 25th day of April 2008.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

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

Kendelle R. Seidner
Notary Public

My Commission expires February 4, 2011.

SURREBUTTAL TESTIMONY

OF

BARBARA A. MEISENHEIMER

EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2008-0093

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

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

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS CASE?

A. Yes. I filed direct testimony on revenue requirement issues on February 22, 2008, and direct testimony on rate design issues on March 7, 2008.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The primary purpose of my surrebuttal testimony is to present Public Counsel's response to the rebuttal testimony of other parties on the issues of rate design and the ELIP program.

Q. IN YOUR DIRECT TESTIMONY WHAT SUGGESTIONS DID YOU MAKE REGARDING THE ELIP?

A. In direct testimony, I indicated that with the exception of the issue of interest to be paid on the ELIP funding balance, Public Counsel is satisfied to continue to address program changes through the collaborative process.

Q. HAVE YOU REVIEWED THE ELIP PROPOSAL CONTAINED IN THE REBUTTAL TESTIMONY OF STAFF WITNESS LENA MANTLE?

A. Yes. I understand Staff's recommendation is to continue the ELIP until the Iatan 2 rate case. Both the ratepayer and shareholder contributions would cease in this case. One half the current fund balance including interest would be refunded to ratepayers. The remaining funds would offset ongoing ELIP expenses with any excess or shortfall reflected in the CPC regulatory asset balance at the time the ELIP ends. An evaluation of the ELIP shall occur prior to the filing of the Iatan 2 rate case. The evaluation shall not be completed by an entity that helped design the ELIP.

Q. WHAT IS YOUR RESPONSE TO THE STAFF'S PROPOSAL?

A. Staff's recommendation addresses some of Public Counsel's key concerns. With certain additional modifications, Public Counsel would not oppose the recommendation.

Q. PLEASE DISCUSS THE MODIFICATIONS YOU WOULD RECOMMEND TO THE STAFF'S PROPOSAL.

A. The first modification is that the proposal should clearly state that interest should be paid on both the refunded and retained funding balances which are addressed in number 1 and number 2 of Schedule 1 of the rebuttal testimony of Lena Mantle.

The second modification is that it should be made clear that the language describing criteria for the third party evaluation in number 3 of Schedule 1 of the rebuttal testimony of Lena Mantle does not limit or prohibit a party's ability to perform an evaluation.

The third modification is that item number 4 of Schedule 1 of rebuttal testimony of Lena Mantle should be excluded. It is not reasonable to limit what positions parties might take based on an evaluation that has not occurred.

The fourth modification, related to number 5 of Schedule 1 of the rebuttal testimony of Lena Mantle, is that any excess ELIP funding that remains may be used as offsets to the CPC regulatory asset balance or for alternative low income discount programs if approved by the Commission.

Q. ARE THERE CHANGES THAT YOU WOULD PROPOSE TO THE ELIP TARIFF IF THE COMMISSION MOVES FORWARD WITH THE STAFF'S PROPOSAL?

A. Yes. In my Direct Revenue Requirement testimony in ER-2006-0315 I proposed a number of modifications to the ELIP program. The Commission adopted my proposal with the exception of reducing the funding level. However, the tariff sheets filed by Empire in ER-2006-0315 did not fully reflect those modifications. Public Counsel requests that the Commission direct Empire to submit tariff sheets that are fully compliant by addressing the following;

First, the ELIP tariff should be modified to state the CPC's role is to develop recommendations to extend the length of participation as well as to develop outreach.

Second, the ELIP tariff does not comply with the Commission's Order because it imposes a requirement that the matching incentive will only apply to arrears payments "above the monthly deferred payment." I did not propose this limitation. The limitation is contrary to the reason I described for proposing a flexible arrearage repayment incentive. In Direct Revenue Requirement Testimony in Case ER-2006-0315 I testified:

Q. WHAT LEVEL OF FUNDING AND INCENTIVE STRUCTURE DO YOU RECOMMEND?

A. I would propose allocating up to $30,000 of existing program funds, annually to an experimental arrearage repayment incentive component of the program in order to provide a matching of two customer dollars to 1 incentive dollar with maximum annual incentive payment of $60 per customer. As opposed to a mandatory regular monthly repayment scheme, this would allow participants the flexibility to catch up on arrears as their budgets allow.

Please note that Public Counsel believes that the ELIP tariff filed by Empire in ER-2006-0315 does not comply with the Commission's Order with respect to unused funds and interest paid on the fund balance. I have addressed acceptable resolutions for those two issues previously in this testimony.

Q. HAVE YOU REVIEWED THE REBUTTAL TESTIMONY OF JAMES WATKINS FILED ON BEHALF OF STAFF AND THE REBUTTAL TESTIMONY OF MAURICE BRUBAKER FILED ON BEHALF OF ENBRIDGE ENERGY, LP; EXPLORER PIPELINE COMPANY; GENERAL MILLS; PRAXAIR, INC. AND WALMART STORES, INC. ?

A. Yes. While Mr. Watkins and Mr. Brubaker appear to support changing class revenues by an equal percentage, they are concerned about the potential for significant intraclass shifts that might result from implementing volumetric increases without corresponding customer charge increases.

Q. HOW DOES THE STAFF RATE DESIGN PROPOSAL DIFFER?

A. The Staff generally proposes that an equal percentage change apply to both interclass revenues and intraclass rates with some intraclass adjustments related to equipment ownership, facilities charges and line loses.

Q. WOULD PUBLIC COUNSEL ACCEPT STAFF'S RATE DESIGN PROPOSAL AS A RESOLUTION TO THIS CASE?

A. Yes.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes. It does.