Exhibit No.:

Issues:	Class Cost of Service Rate Design
Witness:	James C. Watkins
Sponsoring Party:	MO PSC Staff
Type of Exhibit:	Rebuttal Testimony
Case No.:	ER-2008-0093
Date Testimony Prepared:	April 4, 2008

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

JAMES C. WATKINS

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2008-0093

Jefferson City, Missouri

Staff Exhibit No. 212
Case No(s). ER-2008-0093
Date 5-12-08 Rptr KF

EXHIBIT
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212

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 JAMES C. WATKINS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James C. Watkins, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 2 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

James C. Watkins

Subscribed and sworn to before me this 4th day of April, 2008.

NOTARY PUBLIC SEAL STATE OF MISSOURI

SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086

Notary Public

REBUTTAL TESTIMONY

OF

JAMES C. WATKINS

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2008-0093

Q. Please state your name and business address.

A. My name is James C. Watkins and my business address is Missouri Public Service Commission, 200 Madison Street, P. O. Box 360, Jefferson City, Missouri 65102.

Q. Who is your employer and what is your present position?

A. I am employed by the Missouri Public Service Commission (Commission) and my title is Manager, Economic Analysis, Energy Department, Operations Division.

Q. Are you the same James C. Watkins that prefiled direct testimony in this case on March 7, 2008?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of this testimony is to address Ms. Barbara A. Meisenheimer's testimony on behalf of the Office of the Public Counsel regarding changes to the rate components of each Empire rate schedule to collect the level of revenues authorized by the Commission in this case.

Q. What is the Staff's recommendation?

A. The Staff recommends that class revenues be adjusted to collect any increase in Empire's revenue requirement granted by the Commission by increasing each rate value on

each rate schedule by the same equal percentage; thus, maintaining the present rate design and increasing each customer's bill by the same percentage.

Q. What does Ms. Meisenheimer recommend?

A. Ms. Meisenheimer recommends that any increase in class revenues should be collected by increasing only the "volumetric rates," *i.e.*, the demand and energy charges. (Meisenheimer, Direct, page 3).

Q. What would be the effect of adopting Ms. Meisenheimer's recommendation?

A. There would be within-class revenue shifts, *i.e.*, some customers within a class would receive a higher percentage increase in their bill than other customers in the same class.

Q. Has Ms. Meisenheimer presented any studies or analysis to support her recommendation to give some customers larger increases than others?

A. No. In fact she states, "Also, the cost of service information reviewed in ER-2004-0570 is dated providing no new or compelling reason to implement cost shifts between classes in advance of the class cost of service study the company will prepare in 2009." (Meisenheimer, Direct, page 3). The same would be true for cost shifts within classes.

Q. What is your recommendation regarding Ms. Meisenheimer's proposal?

A. I recommend rejecting Ms. Meisenheimer's proposal because there is no evidence to support a change in Empire's rate design at this time.

Q. Does this conclude your direct testimony?

A. Yes, it does.