

Exhibit No. 24  
Issue: Regulatory Amortization  
Witness: Robert W. Sager  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Party: Empire District Electric  
Case No. ER-2008-0093  
Date Testimony Prepared: April 2008

**Before the Public Service Commission  
of the State of Missouri**

**Surrebuttal Testimony**

**of**

**Robert W. Sager**

**April 2008**

Empire Exhibit No. 24  
Case No(s). ER-2008-0093  
Date 5-12-08 Rptr KE

SURREBUTTAL TESTIMONY  
OF  
ROBERT W. SAGER  
THE EMPIRE DISTRICT ELECTRIC COMPANY  
BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION  
CASE NO. ER-2008-0093

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

2   A. Robert W. Sager, 602 Joplin Street, Joplin, Missouri 64801.

3   **Q. ARE YOU THE SAME ROBERT W. SAGER THAT PRESENTED DIRECT**  
4   **AND REBUTTAL TESTIMONY IN THIS CASE?**

5   A. Yes.

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

7   A. My testimony responds to the rebuttal testimony of Mark Oligschlaeger of the  
8   Missouri Public Service Commission Staff ("Staff").

9   **Q. WHAT AREAS OF STAFF WITNESS OLIGSCHLAEGER'S TESTIMONY**  
10   **DOES YOUR SURREBUTTAL TESTIMONY ADDRESS?**

11   A. My surrebuttal testimony will discuss one of the differences that remain between  
12   Empire and the Staff concerning the components included in the calculation of the  
13   Regulatory Plan Amortization ("RPA"). At page 11 of his rebuttal testimony, Mr.  
14   Oligschlaeger notes that there are differences between Staff, the Office of the Public  
15   Counsel and Empire. In fact, by its very nature, the RPA and related calculations will  
16   remain a work in progress at least until Empire's revenue requirement is determined  
17   by the Commission in this case.

18   **Q. WERE ALL OF THE DIFFERENCES BETWEEN THE PARTIES**  
19   **CONCERNING THE REGULATORY PLAN AMORTIZATION RESOLVED**

1       **IN THE TENTATIVE AGREEMENT MENTIONED AT PAGE 11 OF MR.**  
2       **OLIGSCHLAEGER'S REBUTTAL TESTIMONY?**

3       A. No. As Mr. Oligschlaeger indicated, the parties, except for the Industrial Intervener,  
4       had agreed on a tentative format and continue to work toward that end. Staff's  
5       calculation, however, includes recovery of deferred ice storm expenses as a source of  
6       cash in the calculation of the RPA. Empire does not agree with this Staff position.

7       **Q. WHY?**

8       A. We do not agree with this position due to the fact that the recovery of ice storm  
9       expense represents a direct recovery of an expense that Empire has previously  
10      incurred for repairing its system. Unlike the investment in electric plant in service  
11      and the depreciation expense related to the plant investment, the deferred ice storm  
12      *expenses* are not included in rate base in this case and Empire does not earn a rate of  
13      return on them. This makes the Staff proposal on ice storm recovery inconsistent  
14      with the treatment afforded the plant in service and the depreciation related to the  
15      plant in service in the calculation of the RPA.

16      **Q. HOW CAN THE STAFF REGULATORY AMORTIZATION**  
17      **CALCULATION BE CHANGED TO MAKE THE TREATMENT OF**  
18      **DEFERRED ICE STORM EXPENSE AND RELATED RECOVERY**  
19      **CONSISTENT WITH THE TREATMENT AFFORDED PLANT IN**  
20      **SERVICE.**

21      A. The easiest way to correct the calculation of the RPA is to eliminate ice storm  
22      expense recovery as a source of cash. Therefore, I suggest that the recovery of ice

ROBERT W. SAGER  
SURREBUTTAL TESTIMONY

1 storm expense not be considered as a source of cash for purposes of the RPA in this  
2 case.

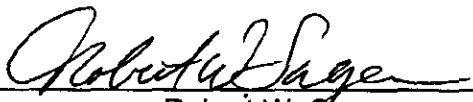
3 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

4 A. Yes, it does.


**AFFIDAVIT OF ROBERT W. SAGER**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF JASPER )

On the 25 day of April, 2008, before me appeared Robert W. Sager, to me personally known, who, being by me first duly sworn, states that he is the Director of Financial Services of The Empire District Electric Company and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.

  
Robert W. Sager

Subscribed and sworn to before me this 25 day of April, 2008.

  
Notary Public

My commission expires: June 27, 2009.

