

Exhibit No.:
Issues: *Bad Debt Expense, Amortization*
of December 2007 Ice Storm
Witness: *Amanda C. McMellen*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
Case No.: *ER-2008-0093*
Date Testimony Prepared: *April 25, 2008*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

AMANDA C. McMELLEN

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2008-0093

Jefferson City, Missouri
April 2008

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AMANDA C. McMELLEN
THE EMPIRE DISTRICT ELECTRIC COMPANY
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1 reviewed by the Staff does suggest some level of relationship between these two items. The
2 Staff is also aware that the Commission recently ordered a factor-up of bad debt expense to
3 take into account the amount of rate relief granted in Case No. ER-2006-0314, Kansas City
4 Power & Light Company. Therefore, the Staff now recommends its bad debt factor be
5 applied to the amount of the Staff's total direct case rate increase recommendation, as
6 suggested in Empire witness, Mr. W. Scott Keith's rebuttal testimony. This results in an
7 increase to the Staff's adjusted level of bad debt expense in this case of approximately
8 \$165,000.

9 Q. Should this adjustment be further updated to reflect the final amount of rate
10 relief granted to Empire in this proceeding?

11 A. Yes.

12 **AMORTIZATION OF DECEMBER 2007 ICE STORM**

13 Q. Have the Company, the Staff and the Office of the Public Counsel reached an
14 agreement in part concerning rate treatment for the December 2007 ice storm?

15 A. Yes. The parties submitted an unopposed Non-Unanimous Stipulation and
16 Agreement as to Certain Issues (Stipulation) to the Commission on April 4, 2008. The
17 Stipulation called in concept for a five-year amortization to expense for December 2007 ice
18 storm costs in this proceeding, with no rate base treatment of the unamortized balance of ice
19 storms costs. However, no specific amount of the amortization was specified in the
20 Stipulation, to give the signatory parties an opportunity to review the Company's accounting
21 for these costs.

22 Q. What is the Staff's recommended amount of December 2007 ice storm
23 amortization to include in its case?

Surrebuttal Testimony of
Amanda C. McMellen

1 A. After a review of Empire's records concerning this event, the Staff is
2 proposing to include \$1,710,149 in the cost of service for amortization expense for the
3 December 2007 ice storm.

4 Q. Does this conclude your surrebuttal testimony?

5 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

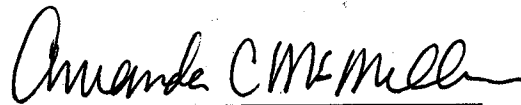
In the Matter of The Empire District Electric)
Company of Joplin, Missouri's Application for)
Authority to File Tariffs Increasing Rates for)
Electric Service Provided to Customers in the)
Missouri Service Area of the Company)

Case No. ER-2008-0093

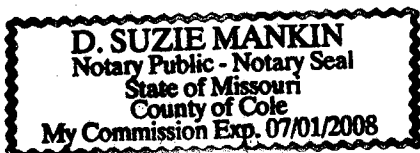
AFFIDAVIT OF AMANDA C. MCMELLEN

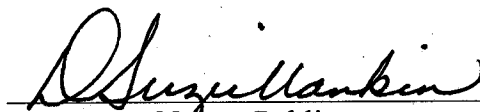
STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

Amanda C. McMellen, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.


Amanda C. McMellen

Subscribed and sworn to before me this 24th day of April, 2008.




Notary Public