

Exhibit No.
Issue: Experimental Low Income Program
Witness: Sherrill L. McCormack
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

Sherrill L. McCormack

April 2008

SURREBUTTAL TESTIMONY
OF
SHERRILL L. MCCORMACK
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2008-0093

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A. My name is Sherrill L. McCormack and my business address is 602 S. Joplin Avenue, Joplin,
4 Missouri 64801.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am currently employed by The Empire District Electric Company (“Company” or
7 “Empire”) as a Planning Analyst.

8 **Q. ARE YOU THE SAME SHERRILL L. MCCORMACK THAT PRESENTED DIRECT**
9 **AND REBUTTAL TESTIMONY IN THIS CASE?**

10 A. Yes.

11 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

12 A. I will respond to the comments made by Missouri Public Service Commission Staff (“Staff”)
13 regarding the Experimental Low Income Program (“ELIP”).

14 **ELIP**

15 **Q. HAVE YOU REVIEWED THE REBUTTAL TESTIMONY OF STAFF AS IT**
16 **RELATES TO THE ELIP?**

17 A. Yes.

18 **Q. HOW DO YOU RESPOND?**

1 A. Empire's ELIP proposal as contained in my rebuttal testimony is basically the same as
2 Staff's ELIP proposal presented in Staff witness Mantle's rebuttal testimony. The primary
3 difference between the two ELIP proposals at this point is interest on the customer supplied
4 funds. Empire agrees with Staff that interest should be accrued and paid to the customers as
5 part of the refund of their money.

6 **Q. DOES EMPIRE HAVE A SPECIFIC PROPOSAL RELATED TO THE**
7 **CALCULATION OF INTEREST IN THIS AREA?**

8 A. Yes. Empire proposes that interest be paid on the unused customer supplied funds at the rate
9 specified in the Credit Action Fees Schedule CA tariff. This specified rate is one percentage
10 point over the Wall Street Journal published prime rate on the last business day of the prior
11 year. In 2007, the rate paid by Empire was 9.25%; 8.25% is currently being used for
12 calendar year 2008. Under our proposal, simple interest will be calculated on the unused
13 customer supplied ELIP funds beginning January 1, 2007. An example of this calculation is
14 shown on SLM Surrebuttal Schedule 1. The final calculation would be run after the final
15 order of this rate case since customer participation is unknown for April through the end of
16 this case.

17 **Q. WHY WOULD INTEREST BEGIN ON JANUARY 1, 2007?**

18 A. The original tariff for this program, which was in effect from April 30, 2003 until January 1,
19 2007, excluded interest. The only revisions to the tariff were a result of Case No. ER-2006-
20 0315, in which the issue of interest on ELIP monies was raised. A Report and Order in Case
21 No. ER-2006-0315 was issued in late December 2006 with rates effective January 1, 2007.
22 Empire believes this would make it appropriate to begin the interest calculation in calendar
23 year 2007.

1 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

2 **A. Yes.**