

Exhibit No.:
Issue(s): *Weather Normalization
and Rate Revenue*
Witness: *Michelle A. Bocklage*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *ER-2019-0374*
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF AND RATE DESIGN DEPARTMENT

REBUTTAL TESTIMONY

OF

MICHELLE A. BOCKLAGE

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2019-0374

Jefferson City, Missouri
March 2020

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1 **REBUTTAL TESTIMONY OF**

2 **MICHELLE A. BOCKLAGE**

3 **THE EMPIRE DISTRICT ELECTRIC COMPANY**

4 **CASE NO. ER-2019-0374**

5 Q. Please state your name and business address.

6 A. My name is Michelle A. Bocklage. My business address is 200 Madison
7 Street, Jefferson City, Missouri 65101.

8 Q. By whom are you employed and in what capacity?

9 A. I am employed by the Missouri Public Service Commission (“Commission”) as
10 a Rate and Tariff Examiner III of the Tariff and Rate Design Department, of the Industry
11 Analysis Division.

12 Q. Are you the same Michelle Bocklage who has previously filed testimony in
13 Staff’s Revenue Requirement Cost of Service Report in this case?

14 A. Yes.

15 Q. What is the purpose of your rebuttal testimony?

16 A. The purpose of my rebuttal testimony is to respond to The Empire District
17 Electric Company (“Empire” or “Company”) witness Sheri Richard concerning
18 Empire’s methodology for applying the weather normalization adjustment factor to the block
19 rate structure.

20 **RESPONSE TO EMPIRE’S WEATHER NORMALIZED ALLOCATION**

21 Q. Did you review Ms. Richard’s direct testimony?

22 A. Yes.

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1 Q. How did Empire apply the weather factor to the rate blocks to calculate the
2 weather normalization adjustment?

3 A. Within Ms. Richard's workpaper *IS ADJ 15 - Weather Normalization*, are
4 individual worksheets that provide calculations for Residential ("RG"), Commercial ("CB"),
5 Small Heating ("SH"), General Power ("GP"), and Total Electric Building ("TEB").
6 For example, in the worksheet labeled IS ADJ 15.3, Ms. Richard performs the calculations on
7 the RG class where she breaks down the monthly sales by bill counts in two categories:
8 Bill Count – First Block Only and Bill Count – First and Second Block. To determine the
9 allocation of the adjustment to each "block", she divides the total of the bill counts for each
10 block by the total bills. She then used the resulting percentage to determine the portion of the
11 weather normalization adjustment that should be applied to each block.

12 Q. Does Staff have concerns regarding Empire's method of applying the weather
13 normalization adjustment to rate blocks?

14 A. Yes. Empire's method fails to recognize that a relationship exists between usage
15 per customer and the percentage of first block usage that should be adjusted due to changes in
16 weather. For example, in April 2018 the Company shows that approximately 61% of the bills
17 for the month have usage billed in the second block. If a residential customer has usage in the
18 second block then the customer also has 600 kWh in the first block. According to the
19 Company's total first block usage, the customers with usage in the second block represent
20 76% of the total usage in the first block. Therefore, 76% of the first block usage should not be
21 adjusted due to weather. However, Empire's method ignores this relationship and allocates only
22 61% of the weather adjustment to the second block and approximately 39% of the weather
23 adjustment to the first block.

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1 Q. Does Staff's method address this concern?

2 A. Yes.

3 Q. How did Staff apply the factor to the rate blocks to calculate the weather
4 normalization adjustment?

5 A. Staff began by using the actual kWh per month from the billing determinants
6 provided by Empire and calculating the blocks of usage for each rate class. Staff also found
7 average usage per customer per month. Then, Staff determined the percentage of total usage
8 represented by each rate block by dividing the kWh within the first block by the total kWh and
9 then continuing the process for each of the blocks. Secondly, Staff determined the percentage
10 of total normalized usage by rate block by using each block's representation of usage per
11 customer and normalized usage per customer and the number of customers billed in the second
12 block. Lastly, Staff applied the calculated normalized percentage of usage attributable to each
13 rate block to the total normalized usage per the class by month.

14 Q. What is your conclusion on these issues?

15 A. I recommend that the Commission accept Staff's weather normalized rate block
16 allocations and resulting weather normalization adjustments to kWhs and revenue as they are
17 based on kWhs provided in the billing records and subsequently broken down by each block of
18 usage, rather than the number of bills issued method used by Empire.

19 **RATE REVENUE**

20 Q. Does Staff have any changes to its direct filed retail rate revenue?

21 A. At this time, no. However, during the local public hearings, Staff became aware
22 of the magnitude and impact of the Company's policy of estimating usage for a large number
23 of customers due to a shortage of meter readers over the course of the test period used to

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1 calculate retail rate revenues in this case. Staff has submitted several data requests to identify
2 the estimated bills and to quantify any impact to retail revenues due to bill estimation. Due to
3 the timing of the date for responses to Staff's data requests, Staff will further address any
4 revenue impact in true-up.

5 Q. Does this conclude your testimony?

6 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric)
Company's Request for Authority to File) Case No. ER-2019-0374
Tariffs Increasing Rates for Electric Service)
Provided to Customers in its Missouri)
Service Area)

AFFIDAVIT OF MICHELLE A. BOCKLAGE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW MICHELLE A. BOCKLAGE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony*; and that the same is true and correct according to her best knowledge and belief.

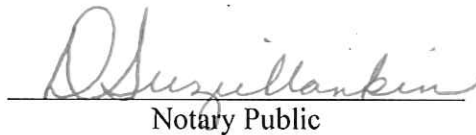
Further the Affiant sayeth not.


MICHELLE A. BOCKLAGE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 2nd day of March 2020.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires December 12, 2020
Commission Number: 12412070


Notary Public