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Issue: Rate Design
Witness: Robin Kliethermes
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2016-0023
Date Testimony Prepared: May 2, 2016

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

OPERATIONAL ANALYSIS DEPARTMENT

REBUTTAL TESTIMONY

OF

ROBIN KLIETHERMES

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2016-0023

Jefferson City, Missouri
May 2016

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ROBIN KLIETHERMES

THE EMPIRE DISTRICT ELECTRIC COMPANY

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1 usage would receive a slightly higher percentage increase than a higher usage customer under
2 the scenario of increasing the customer charge, the variation in results between lower and
3 higher usage customers is very small. According to Table 4c of Mr. Hyman's direct
4 testimony, the percentage increases range from 9.2% to 10.4%.

5 Q. What level of overall increase, residential class revenue neutral shift, and
6 customer charge level was Mr. Hyman's analysis based on?

7 A. Mr. Hyman's analysis assumed the Company received its entire requested
8 increase of approximately \$33 million, and that the residential class received an above-
9 average percentage increase for a total increase to the Residential class of 9.57%, as requested
10 by Empire. Mr. Hyman evaluated Empire's requested customer charge level of \$14.47.

11 Q. Did Staff calculate any customer impact analysis using Staff's direct filed
12 rate design?

13 A. Yes. Table 1 shows customer bill calculations based on different levels of kWh
14 of usage and current Empire rates. Table 2 shows customer bill impacts associated with
15 Staff's recommended customer charge, using Staff's direct-filed revenue requirement,
16 residential interclass shift recommendation, and billing determinants.

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Table 1: Current Rates			Table 2: Staff's Rate Design		
Empire Rates	Summer	Winter	Empire Rates	Summer	Winter
Customer Charge	\$ 12.52	\$ 12.52	Customer Charge	\$ 15.00	\$ 15.00
First 600	\$ 0.12254	\$ 0.12254	First 600	\$ 0.12960	\$ 0.12960
Over 600	\$ 0.12254	\$ 0.09961	Over 600	\$ 0.12960	\$ 0.10535
Usage	Average Monthly Bill		Usage	Average Monthly Bill	% Increase
200	\$ 37.03		200	\$ 40.92	10.51%
300	\$ 49.28		300	\$ 53.88	9.33%
400	\$ 61.54		400	\$ 66.84	8.62%
500	\$ 73.79		500	\$ 79.80	8.14%
600	\$ 86.04		600	\$ 92.76	7.81%
650	\$ 91.41		650	\$ 98.43	7.69%
700	\$ 96.77		700	\$ 104.10	7.58%
750	\$ 102.13		750	\$ 109.78	7.48%
800	\$ 107.49		800	\$ 115.45	7.40%
850	\$ 112.86		850	\$ 121.12	7.32%
900	\$ 118.22		900	\$ 126.79	7.25%
950	\$ 123.58		950	\$ 132.46	7.18%
1000	\$ 128.95		1000	\$ 138.13	7.13%
1100	\$ 139.67		1100	\$ 149.48	7.02%
1200	\$ 150.40		1200	\$ 160.82	6.93%
1300	\$ 161.12		1300	\$ 172.16	6.85%
1400	\$ 171.85		1400	\$ 183.51	6.79%
1500	\$ 182.57		1500	\$ 194.85	6.73%
2000	\$ 236.20		2000	\$ 251.57	6.51%
2500	\$ 289.83		2500	\$ 308.28	6.37%
3000	\$ 343.45		3000	\$ 365.00	6.27%

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Table 3 shows customer bill impacts using Staff's direct filed rate design proposal but with the Residential customer charge held constant.

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Table 3: Staff's Rate Design (No Change in Cust. Charge)			
Empire Rates	Summer		Winter
Customer Charge	\$	12.52	\$ 12.52
First 600	\$	0.13205	\$ 0.13205
Over 600	\$	0.13205	\$ 0.10734
		Average Monthly	
Usage		Bill	% Increase
	200	\$ 38.93	5.14%
	300	\$ 52.14	5.79%
	400	\$ 65.34	6.18%
	500	\$ 78.55	6.44%
	600	\$ 91.75	6.63%
	650	\$ 97.53	6.70%
	700	\$ 103.31	6.76%
	750	\$ 109.09	6.81%
	800	\$ 114.87	6.86%
	850	\$ 120.64	6.90%
	900	\$ 126.42	6.94%
	950	\$ 132.20	6.97%
	1000	\$ 137.98	7.01%
	1100	\$ 149.54	7.06%
	1200	\$ 161.10	7.11%
	1300	\$ 172.65	7.16%
	1400	\$ 184.21	7.20%
	1500	\$ 195.77	7.23%
	2000	\$ 253.56	7.35%
	2500	\$ 311.35	7.43%
	3000	\$ 369.13	7.48%

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Lastly, Table 4 shows the dollar difference between a customer's bill under Staff's rate design proposal and a customer bill under Staff's rate design proposal excluding any change in the Residential customer charge.¹

¹ Based on weather-normalized and annualized usage for the Residential customer class an average customer uses approximately 1,086 kWh per month.

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Table 4: Difference of Customer Increase				
	A		B	
kWh Usage	Dollar difference between Current Rates and Staff's Proposed Rate Design	Dollar difference between Current Rates and Staff's Rate Design (No Change in Cust. Charge)	Difference (A-B)	
200	\$ 3.89	\$ 1.90	\$ 1.99	
300	\$ 4.60	\$ 2.85	\$ 1.74	
400	\$ 5.30	\$ 3.80	\$ 1.50	
500	\$ 6.01	\$ 4.76	\$ 1.26	
600	\$ 6.72	\$ 5.71	\$ 1.01	
650	\$ 7.02	\$ 6.12	\$ 0.90	
700	\$ 7.33	\$ 6.54	\$ 0.80	
750	\$ 7.64	\$ 6.95	\$ 0.69	
800	\$ 7.95	\$ 7.37	\$ 0.58	
850	\$ 8.26	\$ 7.79	\$ 0.47	
900	\$ 8.57	\$ 8.20	\$ 0.37	
950	\$ 8.88	\$ 8.62	\$ 0.26	
1000	\$ 9.19	\$ 9.04	\$ 0.15	
1100	\$ 9.81	\$ 9.87	\$ (0.06)	
1200	\$ 10.42	\$ 10.70	\$ (0.28)	
1300	\$ 11.04	\$ 11.53	\$ (0.49)	
1400	\$ 11.66	\$ 12.36	\$ (0.70)	
1500	\$ 12.28	\$ 13.20	\$ (0.92)	
2000	\$ 15.37	\$ 17.36	\$ (1.99)	
2500	\$ 18.46	\$ 21.52	\$ (3.06)	
3000	\$ 21.55	\$ 25.68	\$ (4.13)	

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3 **RESPONSE TO DIVISION OF ENERGY'S RECOMMENDATION TO OPEN A**
 4 **WORKING DOCKET**

5 Q. Does Staff agree with Division of Energy's recommendation to open a working
 6 docket to address residential volumetric rates?

7 A. Staff does not oppose the recommendation to open a working docket to address
 8 residential volumetric rates; however, Staff would recommend that if a working docket is

1 opened, it should also address volumetric rates for all Empire's rate classes. As discussed in
2 Staff's *Rate Design and Class Cost-of-Service Report*, the addition of shoulder month rates
3 rather than just volumetric rates for Summer and Winter months may be more appropriate
4 than the current rate structure. Currently, on the Residential tariff, the summer months are
5 defined as the first four monthly billing periods on and after June 16th and the winter months
6 are the remaining eight months. A rate structure that includes shoulder month rates would
7 still consist of two sets of rates, but the rates would apply to (1) the summer and winter
8 months, and (2) the fall and spring months. Ideally, this could also be consolidated with the
9 consideration of Time of Use rate designs for the Large Power Class.

10 **UPDATED CLASS COST OF SERVICE STUDY**

11 Q. Did you perform an Average and Excess study of the four Non-Coincident
12 Peaks?

13 A. Yes. The results are provided in my workpapers,² and in the rebuttal testimony
14 of Sarah L. Kliethermes.

15 Q. Does this conclude your rebuttal testimony?

16 A. Yes.

² For ease of preparation and overall consistency among allocation of accounts, in the Average and Excess Study workpaper, I have replaced the "BIP Installed Capacity," "BIP Fuel in Storage," and "BIP O&M" allocators with the Average and Excess study of the four Non-Coincident Peaks allocators. I have replaced the "BIP Fuel for Energy" allocators with the Sales at Generation allocation.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric)
Company's Request for Authority to Implement) Case No. ER-2016-0023
a General Rate Increase for Electric Service)

AFFIDAVIT OF ROBIN KLIETHERMES

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW ROBIN KLIETHERMES 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.

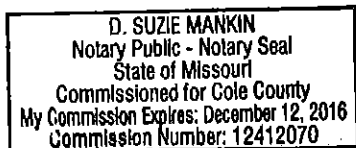
Further the Affiant sayeth not.

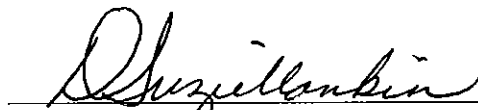


ROBIN KLIETHERMES

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 29th day of April, 2016.





Notary Public