

Exhibit No.:
Issues: Rate Design
Witness: Janice Pyatte
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2006-0315
Date Testimony Prepared: July 28, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

JANICE PYATTE

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2006-0315

**Jefferson City, Missouri
July 2006**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

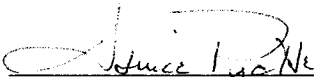
In the matter of The Empire District Electric)
Company of Joplin, Missouri for authority to file)
tariffs increasing rates for electric service provided)
to customers in the Missouri service area of the)
Company.)

Case No. ER-2006-0315

AFFIDAVIT OF JANICE PYATTE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Janice Pyatte, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 4 pages to be presented in the above case; that the answers in the foregoing Rebuttal 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.

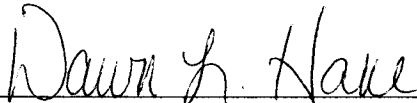


Janice Pyatte

Subscribed and sworn to before me this 27th day of July 2006.



DAWN L. HAKE
My Commission Expires
March 16, 2009
Cole County
Commission #05407643



Rebuttal Testimony of
Janice Pyatte

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

2 A. In my rebuttal testimony I respond to the rate design proposal of
3 Praxair/Explorer witness Maurice Brubaker, as presented in his direct testimony (rate design) and
4 as clarified in discussions among the parties that took place during the Settlement Conference on
5 July 10-14, 2006. Mr. Brubaker's position is that the revenues used to determine each customer
6 class' new rates should be computed using Empire's revenues from Praxair and Explorer Pipeline
7 net of special discounts. The Staff disagrees. It is the Staff's position that Empire's revenues
8 from Praxair and Explorer Pipeline should be based on gross revenues from them (i.e., prior to
9 the application of special discounts) for purposes of these computations, not revenues net of
10 special discounts.

11 Q. Would you please elaborate on this rate design issue between the Staff and Mr.
12 Brubaker?

13 A. Mr. Brubaker states that "In the absence of a current class cost of service study,
14 the most reasonable approach to spreading any change in revenues is an equal percentage applied
15 to the current revenues of each rate schedule..." [Brubaker Rate Design Direct, page 2, lines 6-8].
16 The Staff also proposes to distribute any additional revenues that result from this case (under the
17 IEC Continuation Scenario) "...in proportion to each class' percentage of current permanent
18 revenues." [Busch Rate Design Direct, page 2, lines 17-18]. The two proposals seem identical
19 and, at the level described, they are. However, Mr. Brubaker's application of this methodology
20 will result in a different answer than will Staff's because of a different interpretation of how
21 "current revenues" should be computed for Praxair and Explorer Pipeline.

22 Q. What is the difference in what the Staff means and what Mr. Brubaker means by
23 the term "current revenues" when applied to Praxair and Explorer?

24 A. Mr. Brubaker means Empire's revenues from Praxair and Explorer Pipeline net
25 of special discounts (i.e., after the application of special discounts). Staff means their gross

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1 revenues (i.e., prior to the application of special discounts). These are part of the revenues each
2 relies on for determining what each class' new rates should be if the Commission orders an
3 overall revenue increase.

4 Q. Have other Staff witnesses in this case presented testimony that is relevant to this
5 issue?

6 A. Yes. Staff witness Curt Wells presented Schedule CW-1, which is the source of
7 current revenues by class being used in Staff's rate design. In his rebuttal testimony, Mr. Wells
8 describes the necessity of "imputing" revenues (i.e., computing revenues as if discounts did not
9 exist) for these two customers to comply with the NonUnanimous Stipulation and Agreement
10 Regarding Fuel and Purchased Power Expense (Stipulation) in Case No.ER-2004-0570.

11 Q. What ratemaking treatment does the Stipulation specify for these discounts?

12 A. The Stipulation specifies that stipulated discounts for Praxair and Explorer
13 Pipeline should "...not affect the rates of Empire's other Missouri retail customers or be
14 recovered from Empire's other Missouri ratepayers..." [NonUnanimous Stipulation and
15 Agreement Regarding Fuel and Purchased Power Expense, Case No.ER-2004-0570, page 12].

16 Q. In your opinion, is Mr. Brubaker's proposal to use Praxair and Explorer
17 net revenues in the determination of each customer class' rates consistent with the
18 ratemaking treatment specified in the Stipulation?

19 A. No. I believe Mr. Brubaker's "net revenues" methodology will decrease
20 the percentage of any Commission-ordered revenue requirement to be recovered from Praxair and
21 Explorer. As a result, to compensate for Praxair and Explorer paying less, either the other
22 Missouri customers will be required to pay more or Empire's shareholders will need to absorb
23 additional non-Commission-authorized "discounts" to these customers.

24 Q. In your opinion, is the Staff's proposal to use Empire's gross revenues
25 from Praxair and Explorer (i.e., prior to the application of special discounts) in the

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1 determination of each customer class' rates consistent with the ratemaking treatment
2 specified in the Stipulation?

3 A. Yes, it is.

4 Q. Does this conclude your rebuttal testimony in this case?

5 A. Yes, it does.

Participation in MOPSC Cases
Witness: Janice Pyatte

Company	Case Number
The Empire District Electric Company	ER-2006-0315
Aquila, Inc. d/b/a Aquila Networks-L&P	HR-2005-0450
Aquila, Inc. d/b/a Aquila Networks-MPS and L&P	ER-2005-0436
Aquila, Inc. d/b/a Aquila Networks-MPS and L&P	EO-2002-384
The Empire District Electric Company	ER-2004-0570
Aquila, Inc. d/b/a Aquila Networks-MPS and L&P	ER-2004-0034 & HR-2004-0024
The Empire District Electric Company	ER-2002-424
Union Electric Company d/b/a AmerenUE	EC-2002-1
UtiliCorp United, Inc. d/b/a Missouri Public Service	ER-2001-672
The Empire District Electric Company	ER-2001-299
UtiliCorp United and The Empire District Electric Co.	EM-2000-369
UtiliCorp United and St. Joseph Light & Power Co.	EM-2000-292
St. Joseph Light & Power Company	ER-99-247 & EC-98-573
Union Electric Company	EO-96-15
St. Joseph Light & Power Company	EC-98-573
Missouri Public Service	ER-97-394 & ET-98-103
The Empire District Electric Company	ER-97-81
The Empire District Electric Company	ER-95-279
Kansas City Power & Light Company	EO-94-199
The Empire District Electric Company	ER-94-174 & EO-91-74
St. Joseph Light & Power Company	ER-93-41
Missouri Public Service	ER-93-37
Union Electric Company	EM-92-225 & EM-92-253
Union Electric Company	EO-87-175
Arkansas Power & Light Company	ER-85-265
Kansas City Power & Light Company	ER-85-128 & EO-85-185
Union Electric Company	EO-85-17 & ER-85-160
Union Electric Company	ER-84-168
Laclede Gas Company	GR-84-161
Union Electric Company	ER-84-168
Arkansas Power & Light Company	ER-83-206
Kansas City Power & Light Company	ER-83-49
The Empire District Electric Company	EO-82-40
The Empire District Electric Company	ER-81-209
Kansas City Power & Light Company	EO-78-161
Laclede Gas Company	GO-78-38
Union Electric Company	EO-78-163
St. Joseph Light & Power Company	EO-77-56