

Exhibit No.:  
Issues: DSM Cost Recovery  
Witness: John A. Rogers  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Surrebuttal Testimony  
File No.: ER-2011-0004  
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**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**SURREBUTTAL TESTIMONY**

**OF**

**JOHN A. ROGERS**

**THE EMPIRE DISTRICT ELECTRIC COMPANY**

**FILE NO. ER-2011-0004**

*Jefferson City, Missouri  
April 2011*



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**OF**

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**SURREBUTTAL TESTIMONY**

**OF**

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**THE EMPIRE DISTRICT ELECTRIC COMPANY**

**FILE NO. ER-2011-0004**

13 Q. Please state your name and business address.

14 A. My name is John A. Rogers, and my business address is Missouri Public  
15 Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

16 Q. What is your present position at the Missouri Public Service Commission?

17 A. I am a Utility Regulatory Manager in the Energy Department of the Utility  
18 Operations Division.

19 Q. Are you the same John A. Rogers that contributed to Staff's Revenue  
20 Requirement Cost of Service Report (COS Report) filed on February 23, 2011 and filed  
21 rebuttal testimony on April 18, 2011?

22 A. Yes, I am.

23 Q. Would you please summarize the purpose of your rebuttal testimony?

24 A. I address certain rebuttal testimony of The Empire District Electric Company  
25 (Empire or Company) witness, Sherril L. McCormack, related to: a) cost recovery for  
26 Empire's demand-side management (DSM) market potential study; b) Empire's 2006 – 2010  
27 estimated energy savings from DSM programs; c) DSM cost recovery treatment; and d)  
28 clarification of compliance with the statutory requirements of the Missouri Energy Efficiency  
29 Investment Act of 2009 (MEEIA). On these issues Staff makes the following  
recommendations in this case:

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1           1.       That the Commission approve recovery of all costs for Empire's DSM  
2 market potential study incurred prior to March 31, 2011, by including these costs in  
3 rate base to be amortized over ten years;

4           2.       That the Commission change Empire's current DSM cost recovery  
5 mechanism from its current ten-year amortization to a six-year amortization consistent  
6 with the current amortization periods approved by the Commission for Union Electric  
7 Company d/b/a Ameren Missouri<sup>1</sup> and for Kansas City Power & Light Company and  
8 KCP&L Greater Missouri Operations Company<sup>2</sup>; and

9           3.       That the Commission encourage Empire to pursue a comprehensive  
10 strategy to align its financial incentives with helping its customers use energy more  
11 efficiently by focusing its attention on working with its stakeholders to develop and to  
12 take steps necessary to file applications for approval of DSM programs and for  
13 approval of a demand side programs investment mechanism (DSIM) under the soon-  
14 to-be-effective MEEIA rules or, should MEEIA rules not be effective, under  
15 393.1075, RSMo, Supp. 2009.

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<sup>1</sup> File No. ER-2010-0036, First Nonunanimous Stipulation and Agreement, page 5, paragraph 10.

<sup>2</sup> File No. ER-2010-0355, Commission's Report and Order dated April 21, 2011, page 93.

1 **Cost Recovery for Empire's DSM Market Potential Study**

2 Q. Does Staff support the Company's request to recover the cost of Empire's  
3 DSM market potential study<sup>3</sup>?

4 A. Yes. Staff recommends that all costs for Empire's DSM market potential study  
5 incurred prior to March 31, 2011 be included in rate base and be amortized over ten years.

6 **Empire's 2006 – 2010 Estimated Energy Savings from DSM Programs**

7 Q. Does Staff agree with Ms. McCormack's position that, since the Large Power  
8 customers were not allowed to participate in any of Empire's energy efficiency programs by  
9 virtue of the Commission's order approving Stipulation and Agreement (Regulatory Plan) in  
10 Case No. EO-2005-0263, should the associated sales for this class be excluded from the table  
11 at page 78, line 16 of Staff's COS Report when comparing Empire's energy savings from its  
12 DSM programs to its Missouri retail energy sales?

13 A. Yes. Staff has reviewed the revised table in Ms. McCormack's rebuttal  
14 testimony and agrees with the data in the table. Staff also appreciates the inclusion of  
15 comparative data for 2010 in the table.

16 **DSM Cost Recovery Treatment**

17 Q. Please respond to Ms. McCormack's rebuttal testimony at page 3, lines 10  
18 through 19:

19 Q. DOES EMPIRE AGREE WITH STAFF'S RECOMMENDATION  
20 TO CONTINUE THE 10 YEAR AMORTIZATION OF DEMAND-  
21 SIDE RELATED EXPENDITURES DUE TO THE PERCEIVED  
22 LOW LEVELS OF PARTICIPATION BY EMPIRE'S CUSTOMERS

23 A. No. Low levels of customer participation at the time of a major  
24 economic recession [are] not a valid reason to deny Empire an  
25 improvement in the DSM cost recovery mechanism. Since approval of  
26 the Regulatory Agreement, Empire has worked diligently, in good  
27 faith, and in conjunction with the CPC to implement the DSM

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<sup>3</sup> Rebuttal Testimony of Sherrill L. McCormack, p. 2, ll. 1 – 8.

1 programs approved by the Commission. Empire continues to believe  
2 that a reduction in the DSM amortization timeline is appropriate and  
3 requests Commission approval of a three-year DSM amortization  
4 period.

5 A. Staff agrees that Empire has worked cooperatively with the Customer  
6 Programs Collaborative (CPC) to implement its DSM programs and that the economic  
7 recession did have some impact on the participation rates of some of Empire's DSM  
8 programs. Staff's recommendation for a ten-year amortization is not due to the levels of  
9 participation as Ms. McCormack contends. However, Staff recommends approval of the  
10 DSM regulatory asset for DSM expenditures after March 31, 2011, with a six-year  
11 amortization period. The six-year amortization period is consistent with the current  
12 amortization periods approved by the Commission for Ameren Missouri and for Kansas City  
13 Power & Light Company and KCP&L Greater Missouri Operations Company.

14 **Clarification of Compliance with the Statutory Requirements of MEEIA**

15 Q. Please respond to Ms. McCormack's rebuttal testimony at page 4, lines 1  
16 through 5:

17 Q. DOES EMPIRE AGREE WITH THE STAFF STATEMENT  
18 THAT THE COMMISSION'S MEEIA RULES ARE NOT NEEDED?

19 A. No. Empire does not agree with Staff's position that the  
20 Commission's MEEIA [rules] are not needed and that Empire can and  
21 should file under the MEEIA statute if the MEEIA rules are staid by a  
22 court.

23  
24 A. No. The Commission expressed its view on this issue when it stated the  
25 following on page 88 in its April 12, 2011 Report and Order in File No. ER-2010-0355  
26 regarding its Conclusions of Law – Demand-Side Management:

27 Utilities within the Commission's jurisdiction must comply with The  
28 Missouri Energy Efficiency Investment Act (MEEIA) regardless of  
29 whether or not proposed rules under the law are effective. The  
30 language of MEEIA allows KCP&L and GMO to propose a different

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1 method of recovery regardless of whether specific Commission rules  
2 are in place or not<sup>4</sup>.

3 Q. Does this conclude your testimony at this time?

4 A. Yes.

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<sup>4</sup> Case No. ER-2010-0355, *Report and Order*, p. 88, para. 26 (April 12, 2011).