

Exhibit No.:
Issue(s): Weather Normalization Rider
Witness: Michael L. Stahlman
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: ER-2019-0374
Date Testimony Prepared: March 27, 2020

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

SURREBUTTAL TESTIMONY

OF

MICHAEL L. STAHLMAN

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2019-0374

Jefferson City, Missouri
March 2020

1 **SURREBUTTAL TESTIMONY OF**

2 **MICHAEL L. STAHLMAN**

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 Michael L. Stahlman, and my business address is Missouri Public
7 Service Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

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

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

12 Q. Are you the same Michael L. Stahlman that supported sections in Staff’s Cost of
13 Service (“COS Report”) and filed COS rebuttal and Class Cost of Service (“CCOS”) rebuttal
14 in this case?

15 A. Yes.

16 Q. Do you have any corrections to your CCOS rebuttal testimony?

17 A. Yes. On page 2, line 21, I inadvertently refer to “ISRS revenue and PGA revenue”.
18 That should read “energy efficiency charge revenues or FAC revenues.”

19 Q. What is the purpose of your testimony?

20 A. The purpose of my surrebuttal testimony is to respond to Empire’s witness Tim
21 Lyons concerning the Weather Normalization Rider (“WNR”).

1 Q. Please summarize your testimony.

2 A. Staff continues to recommend that the Commission reject the WNR as proposed by
3 Empire and modified by Tim Lyons in his rebuttal testimony.

4 Q. Mr. Lyons states that Empire is willing to consider modifying its proposed WNR
5 to calculate “the weather adjustment on a calendar year basis rather than on a monthly”.¹ Does
6 this resolve Staff’s concerns with the WNR?

7 A. No. Mr. Lyons only states a willingness to consider changes; he has no proposed
8 changes in his testimony. It is unclear what Mr. Lyons is now proposing or how it will work.
9 Staff’s critique of the proposed WNR remains.

10 Q. Mr. Lyons also expresses willingness to designate the WNR as a “pilot program”
11 several times in his rebuttal testimony.² Does Mr. Lyons describe how a WNR could be
12 properly considered a pilot program?

13 A. Staff is unaware of a pilot program design that would encompass more than 95%
14 of a utility’s customer base, or almost 150,000 customers at a utility the size of Empire. Empire
15 has not suggested any learning objectives, evaluation criteria, or a limitation on the duration of
16 the requested WNR.

17 Q. Does Empire’s proposed revisions “create a mechanism more aligned with the
18 Weather Normalization Adjustment Rider... currently in place at Liberty Utilities”³?

19 A. No. As discussed in my rebuttal testimony, Liberty’s WNAR was an extension of
20 Staff’s weather normalization process, and applied a uniform rate to all customers within a rate

¹ Rebuttal of Timothy S. Lyons, p. 10 l. 23.

² E.g., p. 11, ll. 1-2.

³ Rebuttal of Timothy S. Lyons, p. 11 ll. 2-5.

1 class. The proposed WNR in this case is an individual customer kWh and corresponding
2 revenue adjustment and has no relation to the weather normalization process used in this case.⁴

3 Q. Does this conclude your surrebuttal testimony?

4 A. Yes.

⁴ It is also important to note that there are important differences between the way Staff weather normalizes natural gas and electric usage. For example, Staff does not use cooling degree days for natural gas since natural gas is chiefly used to heat the home and water; there is no correlation with cooling. There is also large differences based on the information available, and the flexibility in its use that make other factors relevant in determining the appropriate weather regression model.

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)
Tariffs Increasing Rates for Electric Service)
Provided to Customers in its Missouri)
Service Area)

Case No. ER-2019-0374

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
)
COUNTY OF COLE)

ss.

COMES NOW MICHAEL L. STAHLMAN and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing Surrebuttal Direct Testimony; and that the same is true and correct according to their best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

/s/ Michael L. Stahlman
MICHAEL STAHLMAN