

Exhibit No.:
Issues: Cost of Service
Witness: Henry E. Warren
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2012-0345
Date Testimony Prepared: January 16, 2013

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

REBUTTAL TESTIMONY

OF

HENRY E. WARREN, Ph.D.

THE EMPRIE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2012-0345

*Jefferson City, Missouri
January 2013*

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

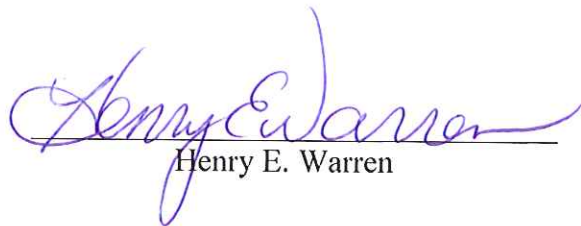
In the Matter of The Empire District)
Electric Company of Joplin, Missouri)
Tariffs Increasing Rates for Electric)
Service Provided to Customers in the)
Missouri Service Area of the Company)

Case No. ER-2012-0345

AFFIDAVIT OF HENRY E. WARREN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Henry E. Warren, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 2 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.


Henry E. Warren

Subscribed and sworn to before me this 15th day of January, 2013.




Notary Public

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REBUTTAL TESTIMONY

OF

HENRY E. WARREN, Ph.D.

EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2012-0345

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1. EXECUTIVE SUMMARY..... 1

2. RESPONSE TO DIRECT TESTIMONY OF DR. ADAM BICKFORD, MDNR.... 1

3. STAFF RECOMMENDATION 2

Rebuttal Testimony of
Henry E. Warren

1 A. On page 11, lines 4-10 of his Direct Testimony Dr. Bickford states,

2 MDNR does not have a formal role in administering Empire's
3 Weatherization program, but does have a concern with the average and
4 maximum per-house funding levels in Empire's weatherization tariff. The per-
5 house funding level is considerably below that authorized by the federal
6 weatherization program, and could be reducing the potential benefits of the
7 weatherization program, if cost-effective weatherization measures are not
8 being installed due to the stated per-house limits.

9 Staff recommends that Empire's *Revised Tariff Sheet No. 8c* containing the guidelines
10 for the weatherization of Empire's low-income customers should be consistent with the
11 current federal guidelines for low income weatherization of the homes of Empire's low-
12 income customers (Schedule HEW-1). Having the same guidelines will expedite the use of
13 the funds from Empire and simplify reporting requirements.

14 **3. STAFF RECOMMENDATION**

15 Q. What is Staff's recommendation regarding the Direct Testimony of MDNR
16 witness Dr. Adam Bickford?

17 A. Staff's recommendation is for the Commission to accept the modification of
18 Empire's low-income weatherization tariff sheet no. 8c to be consistent with federal
19 guidelines for low income weatherization expenditures.

20 Q. Does this conclude your Rebuttal Testimony?

21 A. Yes, it does.

THE EMPIRE DISTRICT ELECTRIC COMPANY

P.S.C. Mo. No. 5 Sec. 4 4th Revised Sheet No. 8cCancelling P.S.C. Mo. No. 5 Sec. 4 3rd Revised Sheet No. 8cFor ALL TERRITORYPROMOTIONAL PRACTICES
SCHEDULE PRO

E. Weatherization Program

APPLICATION:

The Residential Weatherization Program (Program) is designed to provide energy education and weatherization assistance, primarily for lower income customers. This Program is intended to assist customers through conservation, education and weatherization in reducing their use of energy and to reduce the level of bad debts experienced by The Empire District Electric Company (Company). The Company's participation in such financial incentives is limited to the funds allocated for that purpose and approved by the Demand Side Management advisory group (DSM advisory group) Customer Program Collaborative (CPC) pursuant to the Stipulation and Agreement approved by the Missouri Public Service Commission (Commission) in Case No. ER-2012-0345 EO-2005-0263.

ADMINISTRATION:

The program will be administered by the Economic Security Corporation, the Ozark Area Community Action Corporation and the West Central Missouri Community Action Agency, also known in this tariff as Social Agencies, in accordance to an established formula. This formula, calculated by Missouri Department of Natural Resources, Energy Division (MDNR) DNR Energy Center, allocates the dollars between the Social Agencies based on the total Empire accounts enrolled with Social Agency and the percentage of households in poverty within the Social Agency's service region. The formula is: (% of total Empire accounts by Social Agency times % of the annual funds available to the Social Agencies) plus (% of estimated poverty households accounts by Social Agency times % of the annual funds available to the Social Agencies).

TERMS & CONDITIONS:

- The program will offer grants for weatherization services to eligible customers. Customer eligibility will be determined by federal low income weatherization guidelines administered by the MDNR. The program will be primarily directed to lower income customers.
- The total amount of grants offered to a customer will be determined by the federal low income weatherization guidelines administered by the MDNR the agreement between the Company and the Social Agencies. The total amount of grants to a customer is expected to average \$1,200 (escalated by \$50 per year) with a maximum per customer of \$1,800 (escalated by \$50 per year). These funds will focus on measures that reduce electricity usage associated with electric heat, air conditioning, refrigeration, lighting, etc. Of the total funds allocated, the Social Agencies may spend up to \$200 toward the purchase of an Energy Star® rated refrigerator and \$100 toward the purchase of Energy Star® compact fluorescent lights (CFL) and lighting fixtures per home.
- Program funds made available to the Social Agencies cannot be used for administrative costs except those incurred by the Social Agencies that are directly related to qualifying and assisting customers under this program. The amount of reimbursable administrative costs per participating household shall not exceed 15% of the total expenditures for each participating household.
- Social Agencies and Company agree to consult with Staff, Public Counsel, MDNR Department of Natural Resources, and other members of the DSM advisory group CPC during the term of the Program.
- This Program will continue for five years from the effective date of this tariff, unless otherwise ordered by the Commission. With the assistance of Social Agencies, the Company shall submit a report on the Program to the Staff, the Office of Public Counsel, the MDNR Energy Division Department of Natural Resources Energy Center and other members of the DSM advisory group CPC on or before April 16, 2007 2014 and on the same date for each succeeding year in which the Program continues. Each report will address the progress of the Program, and provide an accounting of the funds received and spent on the Program during the preceding calendar year. The report will include the following information with breakdowns for each of the participating social agencies:
 - Program funds provided by Company.
 - Amount of Program funds, if any, rolled over from previous year.
 - Amount of administrative funds retained by the social agency.
 - Number of weatherization jobs completed and total cost (excluding administrative funds) of jobs completed.
 - Number of weatherization jobs "in progress" at the end of the calendar year.
 - Number, type and total cost of baseload measures (non-heating) installed.

The report shall be subject to audit by the Commission Staff and Public Counsel.

PROGRAM FUNDING:

To the extent that the annual funds contributed exceeds the total cost expended on the Program, the amount of the excess shall be "rolled over" to be utilized for the Weatherization Program in the succeeding year. Annual funding of \$226,430 is available to the Social Agencies for this Program. are as follows:

2010	\$201,300	2012	\$226,430
2011	\$226,430	2013	\$226,430

If one of the Social Agencies is unable to place the total dollars allocated, the unspent funds may be reallocated among the remaining Social Agencies.

DATE OF ISSUE June 3, 2011 January xx, 2013
ISSUED BY Kelly S. Walters, Vice President, Joplin, MO

DATE EFFECTIVE January xx, 2013 June 15, 2014

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Service Commission
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