

Exhibit No.:
Issues: Fuel Adjustment Clause
Witness: Matthew J. Barnes
Sponsoring Party: MO PSC Staff
Type of Exhibit: True-Up Direct Testimony
File No.: ER-2011-0004
Date Testimony Prepared: May 6, 2011

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

TRUE-UP DIRECT TESTIMONY

OF

MATTHEW J. BARNES

THE EMPIRE DISTRICT ELECTRIC COMPANY

FILE NO. ER-2011-0004

*Jefferson City, Missouri
May 2011*

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

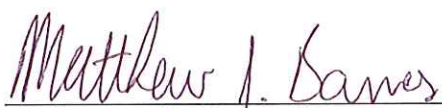
In the Matter of The Empire District)
 Electric Company of Joplin, Missouri for)
 Authority to File Tariffs Increasing)
 Rates for Electric Service Provided to)
 Customers in the Missouri Service Area)
 of the Company)

File No. ER-2011-0004

AFFIDAVIT OF MATTHEW J. BARNES

STATE OF MISSOURI)
) ss
 COUNTY OF COLE)

Matthew J. Barnes, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 3 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct 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.



 Matthew J. Barnes

Subscribed and sworn to before me this 6th day of May, 2011.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 08, 2012 Commission Number: 08412071
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 Notary Public

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TRUE-UP DIRECT TESTIMONY

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MATTHEW J. BARNES

THE EMPIRE DISTRICT ELECTRIC COMPANY

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Q. Please state your name and business address?

A. My name is Matthew J. Barnes and my business address is Missouri Public Service Commission, P.O. Box 360, Jefferson City, MO 65102.

Q. What is your position with the Missouri Public Service Commission (Commission)?

A. I am a Utility Regulatory Auditor IV in the Energy Resource Analysis Section of the Energy Department of the Utility Operations Division.

Q. Are you the same Matthew J. Barnes that filed rebuttal testimony on April 18, 2011, and surrebuttal testimony on April 28, 2011, and contributed to the Staff's Revenue Requirement Cost of Service Report filed on February 23, 2011 and the Staff's Rate Design Class Cost of Service Report filed on March 16, 2011?

A. Yes, I am.

Q. What is the purpose of your true-up direct testimony?

A. The purpose of my true-up direct testimony is to provide a true-up for known and measurable changes through March 31, 2011 for The Empire District Electric Company's (Empire or Company) base fuel and purchased power costs plus air quality control systems costs (AQCS) and less renewable energy credits (REC) revenue. My recommendation contained in this true-up testimony will include the costs and the benefits of the Southern Star

1 Central Pipeline natural gas storage contract in the Company's Fuel Adjustment Clause
2 (FAC). My true-up direct testimony will also provide a true-up for the FAC base cost per
3 kWh.

4 **Staff's True-Up FAC Base Fuel and Purchased Power Costs Per kWh**

5 Q. Did Staff true-up its estimate of fuel and purchased power costs plus AQCS
6 costs and less REC revenue for known and measurable changes through March 31, 2011?

7 A. Yes.

8 Q. Would you please summarize Staff's recommendation for true-up for Empire's
9 FAC base fuel and purchased power costs plus AQCS costs and less REC revenue?

10 A. Staff's true-up for Empire's FAC base fuel and purchased power costs plus
11 AQCS costs and less REC revenue includes the following: 1) true-up loads; 2) true-up fuel
12 and purchased power costs and AQCS costs; and 3) true-up REC revenue.

13 Q. What is the benefit of natural gas storage?

14 A. Empire entered into a natural gas storage contract signed June 17, 2010 for the
15 term of April 1, 2011 until April 1, 2016. This will allow the Company to purchase and store
16 natural gas in the summer to use in the winter. Staff witness Daniel I. Beck provides true-up
17 direct testimony that describes Empire's natural gas storage contract in more detail, and
18 Staff's proposed ratemaking treatment of the costs and benefits associated with this contract
19 in this case.

20 Q. What FAC base cost per kWh did Staff recommend in its rebuttal testimony?

21 A. Staff recommended a base cost of \$0.02706 per kWh.

22 Q. What FAC base cost per kWh is Staff recommending for true-up?

23 A. Staff recommends a base cost of \$0.02918 per kWh.

24 Q. What caused the increase in the base cost per kWh?

1 A. The increase in the base cost per kWh was caused by an increase in fuel and
2 purchased power prices.

3 **Recommendation**

4 Q. What does the Commission need to include in its Report and Order to
5 effectuate Staff's recommendation for Empire's FAC?

6 A. The Commission needs to include in its Report and Order to effectuate Staff's
7 recommendation for Empire's FAC, a sharing mechanism of 85%/15% and a true-up base
8 fuel and purchased power costs plus AQCS costs less REC revenue of \$0.02918 per kWh
9 based on Staff's fuel model run updated for known and measurable changes through March
10 31, 2011.

11 Q. Does this conclude your true-up direct testimony?

12 A. Yes it does.