

Exhibit No.
Issues: Coal Inventory Base Mat
Witness: Brian J. Berkstresser
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Empire District Electric
Case No.: ER-2010-0130
Date Testimony Prepared: April 2010

**Before the Public Service Commission
of the State of Missouri**

Rebuttal Testimony

Of

Brian J. Berkstresser

April 2010

REBUTTAL TESTIMONY
OF
BRIAN J BERKSTRESSER
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2010-0130

1 **Introduction**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. Brian J. Berkstresser. My business address is 720 South Schifferdecker Avenue,
4 Joplin, Missouri.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. The Empire District Electric Company (“Empire” or “Company”); I am the
7 Assistant Director of Supply Management at the Company’s System Operations
8 facility.

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

10 A. I graduated from the University of Missouri-Rolla in 1991 with a Bachelor of
11 Science Degree in Mechanical Engineering.

12 **Q. PLEASE GIVE AN OVERVIEW OF YOUR PROFESSIONAL**
13 **EXPERIENCE.**

14 A. I have been employed for the past fifteen years by Empire. For the first ten years I
15 worked at multiple generation sites at Empire. I held positions of Staff Engineer,
16 Local Projects Manager, and Production Supervisor at the various plants. For the
17 past five years I have held the position of Assistant Director, in which I am

1 responsible for Empire's Energy Trading Group (Traders and Analyst) and the Fuel
2 Contracts Manager. The Energy Trading Group is responsible for the real-time and
3 day-ahead buying and selling of power to supply Empire's load requirements. The
4 Fuel Contracts Manager is responsible for oversight of both coal and rail issues,
5 including contract negotiations on both fronts, to ensure that sufficient coal is
6 purchased for projected yearly burns and that the coal is delivered in a timely
7 manner. In addition, I am also responsible for large volume gas purchases at the
8 direction of the Risk Management Oversight Committee, participation in
9 appropriate Southwest Power Pool working groups and committees, and ensuring
10 effective communication between our System Operators and Energy Traders.

11 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
12 **CASE?**

13 A. I provide information to the Commission regarding the coal inventory at the Empire
14 power plants and adjustments needed to account for the base mat coal expenses.
15 Specifically, my testimony rebuts the Staff Cost of Service Report at pages 43-44.

16 **Q. WHICH PLANTS' COAL INVENTORY WILL YOU BE DISCUSSING?**

17 A. The power plants pertinent to this discussion are the Asbury and Riverton power
18 plants.

19 **Q. BRIEFLY DESCRIBE BASE MAT.**

20 A. Base mat, also referred to as unrecoverable coal, is a layer of coal located at the
21 bottom of each coal pile. Over time, heavy equipment and the weight of the
22 inventory itself presses this layer of coal into the ground subsurface. Once the coal
23 is mixed with soil it becomes unusable.

1 **Q. WAS THE BASE MAT INCLUDED IN STAFF'S INVENTORY**
2 **WORKSHEET IN THIS CASE?**

3 A. No, the Staff's inventory worksheet did not include any base mat calculations.

4 **Q. WHY SHOULD AN ALLOWANCE FOR THE COST OF THE BASE MAT**
5 **BE INCLUDED?**

6 A. Empire has incurred costs associated with purchasing the coal in the base mat.
7 However, the cost of the base mat coal has not been accounted for in the Staff rate
8 base because of the manner in which Staff calculates the Company's coal inventory.

9 **Q. HOW DID STAFF CALCULATE COAL INVENTORY?**

10 A. Staff used the total of the 60-Day burn for each of the generating plants. This
11 includes usable coal but does not include coal in the base mat.

12 **Q. FOR PURPOSES OF THIS CASE, WHAT ADJUSTMENTS TO STAFF'S**
13 **RATE BASE CALCULATION ARE NECESSARY TO PROPERLY**
14 **REFLECT THE BASE MAT?**

15 A. Two specific adjustments to the Staff's rate base calculation are required to account
16 for the cost associated with the base mat. These adjustments are:

17 I. Asbury PRB and Blend base mat adjustment of \$897,443, and

18 II. Riverton PRB and Blend base mat adjustment of \$307,164.

19 **Q. PLEASE SUMMARIZE THE BASE MAT ADJUSTMENTS THAT ARE**
20 **NECESSARY.**

21 A. The overall base mat adjustment that is required to properly reflect base mat costs
22 totals \$1,204,607.

23 **Q. HOW WERE THE ADJUSTMENTS AT EACH PLANT CALCULATED?**

BRIAN J. BERKSTRESSER
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1 A. These adjustments were derived by multiplying the per ton coal cost in Staff's
2 inventory worksheet by the total tons of coal in the base mat at each plant.

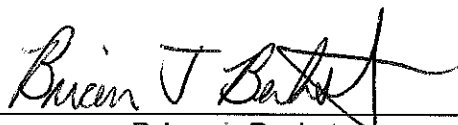
3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 A. Yes, at this time.

AFFIDAVIT OF BRIAN J. BERKSTRESSER

STATE OF MISSOURI)
) ss
COUNTY OF JASPER)

On the 31 day of March, 2010, before me appeared Brian J. Berkstresser, to me personally known, who, being by me first duly sworn, states that he is the Assistant Director of Supply Management of The Empire District Electric Company and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.



Brian J. Berkstresser

Subscribed and sworn to before me this 31 day of March, 2010.



Notary Public

My commission expires
10-30-10

VICKI L. KRAMER-GIBSON
Notary Public - Notary Seal
STATE OF MISSOURI
Jasper County - Comm#06482169
My Commission Expires Oct. 30, 2010