

Exhibit No.:  
Issues: Fuel & Purchased  
Power  
Witness: David Elliott  
Sponsoring Party: MoPSC Staff  
Type of Exhibit: Rebuttal Testimony  
Case No.: ER-2002-424  
Date Testimony Prepared: September 24, 2002

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**REBUTTAL TESTIMONY**

**OF**

**DAVID ELLIOTT**

**THE EMPIRE DISTRICT ELECTRIC  
COMPANY**

**CASE NO. ER-2002-424**

Jefferson City, Missouri  
August, 2002

**\*\*Denotes Highly Confidential Information\*\***

**NP**

**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 )

Case No. ER-2002-424

**AFFIDAVIT OF DAVID ELLIOTT**

**STATE OF MISSOURI** )  
 ) ss  
**COUNTY OF COLE** )

David Elliott, of lawful age, on his oath states: that he has participated in the preparation of the following written testimony in question and answer form, consisting of 4 pages of testimony to be presented in the above case, that the answers in the attached written 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.

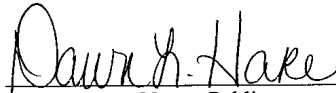
  
\_\_\_\_\_  
David Elliott



Subscribed and sworn to before me this 23<sup>rd</sup> day of September, 2002.

My commission expires \_\_\_\_\_

DAWN L. HAKE  
Notary Public - State of Missouri  
County of Cole  
My Commission Expires Jan 9, 2005

  
\_\_\_\_\_  
Notary Public

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22

2

3

4

5

7

8

9

10

11

12

13  
14  
15  
16  
17

18

19

20

21

22

1           A.     An additional cost was added to the results of the simulation, which  
2 increased the cost of the energy purchased from Western Resources. Staff determined  
3 this cost amounted to \*\* HC-----\*\*.

4           Q.     Why was this change made?

5           A.     During the pre-hearing meetings with Empire, it was determined that these  
6 additional actual costs associated with the Western Resources purchases were not initially  
7 provided by Empire and therefore had not been accounted for in the Staff's previous fuel  
8 model results filed in direct testimony.

9           Q.     What was the second change made?

10          A.     The operating hours of Riverton units 7 and 8 were adjusted to better  
11 match the actual operation of these units. This reduced fuel costs by \*\* HC-----\*\*.

12          Q.     Why was this change made?

13          A.     During the pre-hearing meetings with Empire, it was determined that the  
14 Staff's simulation had considerably more starts on these units than would normally occur  
15 in the actual dispatch of Empire's generating units. Staff reviewed the actual operation of  
16 Riverton Units 7 and 8, and made an adjustment to the model, which allowed these units  
17 to operate over a longer sustained period, thereby reducing the number of starts. These  
18 are relatively low cost coal-fired units, which Empire attempts to run whenever possible.

19          Q.     After the two changes above were completed are there any remaining  
20 differences between the Staff's production cost simulation results and Empire's results, as  
21 filed on March 22, 2002?

1           A.     Yes. The remaining difference between the simulations results is primarily  
2 related to the spot purchase power inputs. The Staff and Empire differ with respect to  
3 both the available price and the amount of energy available to be purchased.

4           Q.     Why does the spot purchase price make a difference?

5           A.     If, the price of spot purchase power is sufficiently high, then the overall  
6 fuel and purchased power cost is going to increase regardless of whether the model elects  
7 to purchase that high priced energy, or to run high cost generating units.

8           Q.     What is the difference between Staff's spot purchase prices and Empire's  
9 spot purchase prices?

10          A.     The Staff's input prices are lower than Empire's prices. Staff, Empire,  
11 and the actual prices during the twelve months ending June 2002, are plotted on Schedule  
12 2. The graph plots Empire's spot market prices (on-peak and off peak market prices),  
13 Empire's on-peak purchases made to replace generation forced off line (emergency unit  
14 replacement), Staff's spot market prices, and Empire's actual spot purchase prices. The  
15 Staff's input prices more closely approximate the actual prices than those used by  
16 Empire.

17          Q.     Why is the amount of spot purchase energy available important?

18          A.     Even if the price of spot purchases is low, if the amount of energy  
19 available to purchase is low, the simulation may still need to operate high cost generation  
20 to meet load during a particular hour.

21          Q.     Does the Staff's and Empire's models have the same amount of spot  
22 purchase energy available?

1           A.     No. The Staff has more spot purchase energy available during the peak  
2 hours of the day than Empire does. See Schedule 3.

3           Q.     How did Staff determine the spot purchase energy available for the  
4 model?

5           A.     The Staff's spot purchase energy availability is based on the maximum  
6 hourly quantity actually purchased in each month in the twelve months ending June 30,  
7 2002.

8           Q.     What methodology did Empire use to develop the spot market prices and  
9 available energy?

10          A.     Empire witness Brad Beecher's supplemental direct testimony states,  
11 "Empire evaluates the non-contract energy purchase market on a daily and hourly basis."

12          Q.     What is difference between Empire's methodology and Staff's  
13 methodology?

14          A.     Staff has issued a data request to Empire asking for a detailed explanation  
15 of the methodology used to develop spot purchase prices and available energy. Staff will  
16 review the response to this data request and will determine the differences.

17          Q.     Does this conclude your rebuttal testimony?

18          A.     Yes, it does.

SCHEDULE 1 HAS BEEN  
DEEMED  
HIGHLY CONFIDENTIAL  
IN ITS  
ENTIRETY

SCHEDULE 2 HAS BEEN  
DEEMED  
HIGHLY CONFIDENTIAL  
IN ITS  
ENTIRETY



SCHEDULE 3 HAS BEEN  
DEEMED  
HIGHLY CONFIDENTIAL  
IN ITS  
ENTIRETY