

Exhibit No.:
Issues: Transmission Tracker
Witness: Daniel I. Beck
Sponsoring Party: MoPSC 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

DANIEL I. BECK

THE EMPIRE 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 DANIEL I. BECK

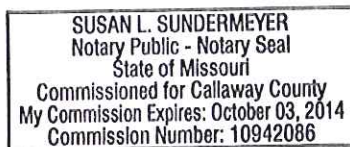
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Daniel I. Beck, 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 4 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.



Daniel I. Beck

Subscribed and sworn to before me this 16th day of January, 2013.





Notary Public

1
2
3
4
5
6
7
8
9
REBUTTAL TESTIMONY

OF

DANIEL I. BECK

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2012-0345

10 Q. Please state your name and business address.

11 A. Daniel I. Beck and my business address is Missouri Public Service
12 Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

13 Q. Are you the same Daniel I. Beck who provided testimony in the Staff's Cost of
14 Service Report and the Staff's Rate Design and Class Cost-of-Service Report in this case?

15 A. Yes.

16 Q. What is the purpose of your rebuttal testimony?

17 A. The purpose of this testimony is to respond to the direct testimony of The
18 Empire District Electric Company ("Empire" or "Company") witness W. Scott Keith
19 regarding a transmission tracker.

20 Q. Please summarize your testimony.

21 A. The Staff ("Staff") of the Missouri Public Service Commission
22 ("Commission") is opposed to the SPP expense transmission tracker requested by the
23 Company. The Company requests to track only its SPP expense and not the associated
24 revenue.

25 Q. Where did Empire address the transmission tracker in its direct testimony?

26 A. Empire witness W. Scott Keith states that Empire expects to see significant
27 increases in SPP Schedule 1a and Schedule 11 charges in calendar year 2013 and 2014 (Keith

1 Direct, page 15, lines 3-4). For this reason witness Keith states that Empire is requesting
2 authority to implement an accounting tracking mechanism or tracker for SPP Schedule 1a and
3 Schedule 11 costs. (Keith Direct, page 15, lines 15-17) Witness Keith discusses the requested
4 SPP Transmission Tracker in more detail on pages 16 through 22 of his direct testimony.
5 Witness L. Patrick Bourne, as Director, Transmission Policy for the Southwest Power Pool
6 Inc. (“SPP”), presented the latest forecast of zonal Annual Transmission Revenue
7 Requirement (ATRR) on behalf of Empire, but did not address the issue of a SPP expense
8 transmission tracker.

9 Q. Are there any other pending cases that are of potential significance to a
10 transmission tracker?

11 A. Yes. Empire is seeking Commission authority to continue to participate in
12 SPP, File No. EO-2012-0269.

13 Q. Is Staff opposed to the transmission tracker requested by Empire?

14 A. Yes.

15 Q. Despite Staff’s opposition, if the Commission approves a transmission tracker
16 in this case, do you recommend that both transmission costs and transmission revenues be
17 included in the tracker?

18 A. Yes. No one can predict with absolute certainty the exact level of SPP
19 transmission expenses for the future. Company witness Bourne presented SPP’s latest
20 forecast of zonal ATRR which was made on June 25, 2012. The testimony states that the
21 ongoing construction of facilities by the transmission owners in SPP is the major factor
22 driving the increases in SPP’s ATRR. (Bourne direct, page 6, lines 17-21). The testimony
23 also describes how “the forecast assumes that everything that has been issued a Notification to

1 Construct (“NTC”) by SPP, is in approved and active status, and is actually built and placed-
2 into rates.” (Bourne direct, page 4, lines 20-22). This forecast is exactly what the witness
3 says it is, the latest forecast as of June 25, 2012. Ironically, SPP’s 2013 Integrate
4 Transmission Plan Near-Term Assessment Report, dated January 15, 2013, states that:

5 Multiple NTCs have been issued to Empire District Electric around the Joplin
6 area as part of SPP’s regional reliability process. Load reductions in the Joplin
7 area resulting from a tornado occurring in 2011 have reduced loads in the Joplin
8 area in the 2013 ITPNT model set. The effects of reduced load in this area caused
9 Empire District Electric to request a reevaluation of NTCs associated with the
10 Joplin area. It was determined that these upgrades were no longer needed in the
11 2013 ITPNT. Staff recommends previous NTCs issued to Empire District
12 Electric be withdrawn as part of the 2013 ITPNT. Each NTC is listed
13 individually in Appendix I.

14 While changes like the one described above are a critical part of any ongoing planning
15 process, these changes will affect the accuracy of any estimate. In addition, other factors such
16 as the SPP day-ahead market, which will begin operation in the next year, will also affect
17 Empire’s transmission costs and revenues. I expect that this market will have an effect on the
18 electric sales and purchases throughout the SPP marketplace and, therefore; it will have an
19 effect on the market participants of SPP. If only the transmission costs are tracked, the full
20 effect of this change in the marketplace will not be captured. Even if both Empire’s
21 transmission costs and revenues are tracked, some of the transmission costs and revenues
22 within Empire’s existing service territory are likely to be outside of the tracker in the future as
23 FERC Order 1000 is implemented since transmission costs and revenues would go to the
24 owner of the transmission assets and future projects will be awarded based on a bidding
25 process. In addition, specific project estimates that were used during the SPP transmission
26 planning process when compared to the actual cost of construction have resulted in large
27 differences between the estimated and the actual costs. All of these factors could affect the
28 accuracy of any estimate of SPP transmission costs and revenues.

1 Q. Do Empire's witnesses characterize expected SPP expenses as volatile?

2 A. No. Company witness Keith refers to "pending increases in SPP Schedule 11
3 charges " (Keith direct, page 17, lines 12-13) and Company witness Bourne presents a single
4 value for Empire's expected portion of the ATRR costs while describing how the future costs
5 will be directly tied to the transmission projects that occur in the SPP footprint.

6 Q. Did any other Staff witnesses file rebuttal testimony on the transmission
7 tracker?

8 A. Yes. Staff witness Mark L. Oligschlaeger filed rebuttal testimony
9 contemporaneously with my rebuttal testimony.

10 Q. Does witness Oligschlaeger's testimony also recommend that the SPP
11 transmission tracker not be approved?

12 A. Yes.

13 Q. Does witness Oligschlaeger's testimony support your contention that both SPP
14 transmission revenues and costs should be included if the Commission decides to adopt a SPP
15 transmission tracker?

16 A. Yes. Witness Oligschlaeger proposes six (6) conditions that should be
17 imposed if the Commission authorizes a SPP transmission tracker and the first condition
18 addresses the need to track both revenue and expenses.

19 Q. Does this conclude your rebuttal testimony?

20 A. Yes, it does.