

Exhibit No.:
Issues: Rate Design
Witness: Janice Pyatte
Sponsoring Party: MoPSC
Type of Exhibit: Revised Surrebuttal Testimony
Case No.: ER-2001-299
Date Testimony Prepared: June 1, 2001

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REVISED SURREBUTTAL TESTIMONY

OF

JANICE PYATTE

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2001-299

Jefferson City, Missouri
June, 2001

Exhibit No. 110
Date 6-01-01 Case No. ER-2001-299
Reporter KS

1 **REVISED SURREBUTTAL TESTIMONY**
2 **OF**
3 **JANICE PYATTE**
4 **THE EMPIRE DISTRICT ELECTRIC COMPANY**
5 **CASE NO. ER-2001-299**
6

7 Q. Please state your name and business address.

8 A. My name is Janice Pyatte and my business address is Missouri Public Service
9 Commission, P. O. Box 360, Jefferson City, Missouri 65102.

10 Q. Are you the same Janice Pyatte who filed direct testimony in this case on
11 April 3, 2001 on the issue of Sales and Revenues, filed direct testimony on April 10, 2001 on
12 the issues of Class Cost of Service and Rate Design, filed rebuttal testimony on May 3, 2001
13 on the issues of Class Cost of Service and Rate Design, and filed surrebuttal testimony on the
14 issue of Rate Design on May 17, 2001?

15 A. Yes, I am.

16 Q. What is the purpose of your revised surrebuttal testimony in this case?

17 A. My revised surrebuttal testimony will address Class Cost of Service/Rate
18 Design issue 4(d) on the List of Issues filed May 14, 2001; namely, *What is the appropriate*
19 *rate design treatment of the Interim Energy Charge?*

20 Q. What is the Interim Energy Charge?

21 A. The Interim Energy Charge is a charge of 0.54 cents per kWh that is proposed
22 in The Staff's Interim Energy Charge (IEC) Recommendation Regarding Fuel and Purchased

Revised Surrebuttal Testimony of
Janice Pyatte

1 Power Expense in this case. (This Recommendation is denoted as Schedule 1 attached to the
2 Supplemental Testimony in Support of the Staff's Change of Position Regarding Fuel and
3 Purchased Power Expense of Staff witness James C. Watkins.) The proposed Interim Energy
4 Charge was developed to address the potential effects of volatility in natural gas and
5 wholesale electricity prices. Under the proposal, all customers on all Missouri rate schedules
6 of The Empire District Electric Company will be billed the same 0.54 cents for each kWh of
7 energy used. The proposed IEC would collect approximately \$20 million annually from
8 Missouri retail customers. It would be in effect for as long as 24 months and the money
9 collected via the IEC would be subject to refund at the end of the period.

10 Q. How does the Interim Energy Charge relate to the determination of the
11 appropriate allocation of any increase in revenues to customer classes?

12 A. The IEC is proposed to be an equal cents per kWh charge. The Staff's rate
13 design proposal described in this testimony addresses how any additional revenue (above the
14 \$20 million collected annually by the IEC) should be collected.

15 Q. What is the Staff's recommendation on the rate design treatment of the
16 Interim Energy Charge?

17 A. The Staff's recommendation is that the IEC should be collected in addition to
18 the changes in class revenues proposed in my direct rate design testimony. Schedule 1
19 illustrates the outcome of this proposal in the hypothetical situation where the Commission
20 orders an overall increase of \$30 million (approximately 15%). In this example, \$10 million
21 (approximately 5%) is distributed in accordance with the Staff's rate design proposal and \$20
22 million is recovered through the Interim Energy Charge.

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Janice Pyatte

1 Q. Will adding the IEC “on top of” the Staff’s proposal for class revenues result
2 in “double-counting” in fuel cost recovery?

3 A. No. Appendix A to Schedule 1 attached to the Supplemental Testimony in
4 Support of the Staff’s Change of Position Regarding Fuel and Purchased Power Expense of
5 Staff witness James C. Watkins shows that the 0.54 cents per kWh Interim Energy Charge
6 represents the amount by which “forecasted” fuel and purchased power expense exceeds
7 “base” fuel and purchased power expense. The Staff’s class cost-of-service study includes
8 only the “base” amount of fuel and purchased power expense. So, it is appropriate to make
9 the class revenue shifts proposed by Staff for the “base” amount, and then add the IEC
10 amount as an equal cents per kWh.

11 Q. Does this conclude your revised surrebuttal testimony?

12 A. Yes, it does.

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

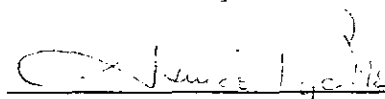
IN THE MATTER OF THE)
APPLICATION OF THE EMPIRE)
DISTRICT ELECTRIC COMPANY FOR)
A GENERAL RATE INCREASE)

Case No. ER-2001-299

AFFIDAVIT OF JANICE PYATTE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

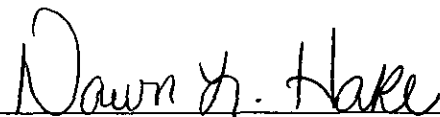
Janice Pyatte, of lawful age, on her oath states: that she has participated in the preparation of the foregoing written testimony in question and answer form, consisting of 3 pages of testimony to be presented in the above case, that the answers in the attached written testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.



Janice Pyatte

Subscribed and sworn to before me this 1st day of June, 2001.

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



Notary Public

EXAMPLE CALCULATION
DISTRIBUTION OF ADDITIONAL REVENUES UNDER STAFF'S RATE DESIGN PROPOSAL

Cost of Service Class/Tariff	Current Revenues	% Change to Rate Schedules	\$ Change to Rate Schedules	Current kWh Sales	\$ to Refundable \$0.0054 Fuel Charge	% Change due Refundable Fuel Charge	Overall \$ Increase	Overall % Increase
RESIDENTIAL	\$93,046,756	5.0%	\$4,610,931	1,458,495,987	\$7,875,878	8.5%	\$12,486,810	13.4%
SMALL GENERAL SERVICE:								
Commercial Service	\$22,974,537	2.5%	\$569,252	320,897,158	\$1,732,845	7.5%	\$2,302,096	10.0%
Small Heating	\$5,532,323	2.5%	\$137,077	94,106,265	\$508,174	9.2%	\$645,251	11.7%
Feed Mills	\$117,329	2.5%	\$2,907	1,291,512	\$6,974	5.9%	\$9,881	8.4%
Traffic Signals	\$24,170	2.5%	\$599	456,549	\$2,465	10.2%	\$3,064	12.7%
Total Small GS	\$28,648,358		\$709,835	416,751,484	\$2,250,458	7.9%	\$2,960,293	10.3%
LARGE GENERAL SERVICE:								
Total Electric Buildings	\$15,657,174	5.0%	\$775,891	307,262,102	\$1,659,215	10.6%	\$2,435,106	15.6%
General Power	\$37,337,264	5.0%	\$1,850,248	750,116,735	\$4,050,630	10.8%	\$5,900,878	15.8%
Total Large GS	\$52,994,438		\$2,626,139	1,057,378,836	\$5,709,846	10.8%	\$8,335,985	15.7%
LARGE POWER	\$24,792,524	7.6%	\$1,888,692	648,098,300	\$3,499,731	14.1%	\$5,388,423	21.7%
SPECIAL CONTRACTS	\$1,868,004	7.6%	\$142,304	55,098,173	\$297,530	15.9%	\$439,835	23.5%
ELECTRIC FURNACE	\$94,693	5.0%	\$4,693	2,081,160	\$11,238	11.9%	\$15,931	16.8%
LIGHTING								
Street Lighting	\$904,535	5.0%	\$44,824	15,350,916	\$82,895	9.2%	\$127,719	14.1%
Private Lighting	\$2,770,142	5.0%	\$137,274	17,149,283	\$92,606	3.3%	\$229,880	8.3%
Special Lighting	\$132,482	5.0%	\$6,565	1,585,158	\$8,560	6.5%	\$15,125	11.4%
Total Lighting	\$3,807,158		\$188,664	34,085,357	\$184,061	4.8%	\$372,725	9.8%
TOTAL MO RETAIL	\$205,251,931	5.0%	\$10,171,258	3,671,989,297	\$19,828,742	9.7%	\$30,000,000	14.6%