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**Missouri Public
Service Commission**

Exhibit No.:

Issues: Experimental Low
Income Program

Witness: Lena M. Mantle

Sponsoring Party: MO PSC Staff

Type of Exhibit: Rebuttal Testimony

Case No.: ER-2006-0315

Date Testimony Prepared: July 28, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

LENA M. MANTLE

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2006-0315

Jefferson City, Missouri

July 2006

STAFF Exhibit No. 67
Case No(s). ER-2005-0315
Date 9-05-06 Rptr PF

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-2006-0315

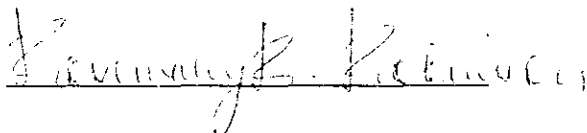
AFFIDAVIT OF LENA M. MANTLE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Lena M. Mantle, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 5 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.


Lena M. Mantle

Subscribed and sworn to before me this ⁴¹27 day of July 2006.



My Commission Expires 09-23-2008

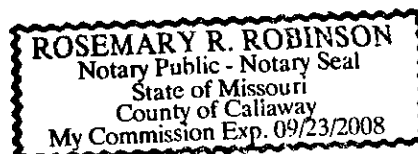


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OF

LENA M. MANTLE

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2006-0315

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REBUTTAL TESTIMONY

OF

LENA M. MANTLE

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2006-0315

Q. Please state your name and business address.

A. My name is Lena M. Mantle and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

Q. Are you the same Lena M. Mantle who has filed prepared supplemental direct testimony in this case?

A. Yes, I am.

EXECUTIVE SUMMARY

Q. Please summarize your rebuttal testimony.

A. I am responding to the direct testimony of Office of the Public Counsel witness Barbara A. Meisenheimer regarding the Experimental Low Income Program (ELIP) and other need based and energy efficiency programs of The Empire District Electric Company (Empire). I am proposing that the ELIP program be discontinued or in the alternative modified, and that the unspent funding provided for other need based and energy efficiency programs (demand-side programs) in previous cases be placed in a special account for future demand-side programs.

EXPERIMENTAL LOW-INCOME PROGRAM

Q. What is the ELIP program?

A. The ELIP program, established in the Stipulation and Agreement for Case No. ER-2002-0424, is an experimental program that provides qualifying low-income households monthly bill discounts. Program participants receive a monthly bill discount of \$40 if their household income is up to 50% of the Federal Poverty level. Program participants with a household income of 51% to 100% of the Federal Poverty level receive monthly bill discounts of \$20. These discounts are available for each participant for up to 24 months under the current tariff.

Q. Can you summarize Ms. Meisenheimer's position regarding the ELIP?

A. Despite participation at a much lower rate than expected (Meisenheimer direct, pg. 15, lines 1-12), and what appears to be declining rates of participation, Ms. Meisenheimer would like to continue the program with modifications (Meisenheimer direct, pg. 15, lines 13-14). The modifications include: (1) reduced funding (Meisenheimer direct, pg. 15, lines 20-21); (2) extending participation past 24 months (Meisenheimer direct, pg. 16, line 5); (3) earmarking two thousand dollars annually for outreach (Meisenheimer direct, pg. 16, line 8); (4) increasing the discounts for participants below 50 percent (50%) of the poverty level from \$40 to \$50 (Meisenheimer direct, pg. 16, lines 13-18); (5) increasing the upper bound median income for the \$20 monthly rebate to 125% of the poverty level (Meisenheimer direct, pg. 17, lines 1-3); (6) adding an experimental arrearage payment incentive (Meisenheimer direct, pg. 17, lines 6-7); (7) changing what happens to the unpaid funding (Meisenheimer direct, pg. 18, line 17 through pg. 19, line 1); and (8) adding an interest payment to the unused funds (Meisenheimer direct, pg. 18, lines 1-2).

Rebuttal Testimony
Of Lena M. Mantle

1 Q. Do you agree with Ms. Meisenheimer's position regarding ELIP?

2 A. No, I do not. Throughout the resource planning meetings that have been held
3 since the inception of ELIP, Empire has told participants, including Staff, that the program is
4 not very effective. In addition, data on the participation level shows that it is less effective
5 than hoped for. It is Staff's position that this program should be eliminated and the funds
6 redirected toward a program aimed at helping low income customers reduce their usage, and
7 hence reduce their electric bill. This would be consistent with the original goal of the
8 program, which was to generate affordable home energy bills for the participants. One way
9 in which this could be done would be by increasing funding for Empire's current low-income
10 weatherization program. This program, which results in long-term benefits to both Empire
11 and the participants, is being funded at \$155,000 annually, and the entire amount is being
12 used. The decision regarding the type of low-income program which would be most effective
13 in reducing the usage of Empire's low-income customers should be made by Empire with the
14 aid of the Customer Program Collaborative (CPC) established by the Stipulation and
15 Agreement approved by the Commission in the Empire Regulatory Plan (Regulatory Plan)
16 case (Case No. EO-2005-0263). One of the charges to this group is to develop affordability
17 (i.e., low-income) demand-side programs to be implemented by Empire.

18 Q. If the Commission determines that ELIP should continue, do you have an
19 opinion regarding Ms. Meisenheimer's suggested modifications?

20 A. It is my opinion that if ELIP continues, the modifications to the program
21 design should be determined by the CPC which consists of interested signatory parties in the
22 Regulatory Plan case. I do agree with Ms. Meisenheimer that something needs to be done
23 regarding the funding of the program if it continues.

Rebuttal Testimony
Of Lena M. Mantle

1 Q. What would you propose?

2 A. I propose that the expenses of the program be recovered using the mechanism
3 set up in the Regulatory Plan for Empire's affordability, energy-efficiency and demand
4 response programs (collectively referred to as demand-side programs) except that this
5 program should continue to be funded 50 percent (50%) by shareholders. It was agreed in the
6 Regulatory Plan that the expenses for the development and implementation of demand-side
7 programs would be placed in an account that would be amortized over ten years and would be
8 allowed to earn a return (demand-side program account). It is my opinion that 50% of the
9 expenses for ELIP, if the program continues, should be placed in this account. The other
10 50% of expenses should be funded by Empire's shareholders.

11 Q. What do you propose be done with the funds collected for ELIP that have not
12 been spent?

13 A. The excess funds were supposed to be sent to ProjectHELP, a group that helps
14 low-income customers pay their utility bills. While ProjectHELP is a worthy recipient of the
15 excess funds, it was not envisioned when the program was designed that there would be the
16 level of unspent funds that currently exists. I propose that the unspent funds be placed in the
17 demand-side programs account as a negative amount thereby providing funds for this
18 program, if it continues, or other demand-side programs. The amount that should be placed
19 in the account should be the difference between what has been collected from the ratepayers
20 for ELIP and one-half of what was actually spent.

21 Q. Why should only one-half of the amount spent be removed from the ratepayer
22 funding level?

Rebuttal Testimony
Of Lena M. Mantle

1 A. The program design required Empire's shareholders to contribute half of the
2 funding for ELIP. Only removing one-half of the amount spent would be consistent with the
3 design of the program.

4 **OTHER DEMAND-SIDE PROGRAMS**

5 Q. Do you have a response to Ms. Meisenheimer testimony regarding Empire's
6 other needs based and energy efficiency programs (Meisenheimer direct, page 19, line 4
7 through page 20, line 9)?

8 A. My only response is that the unused funding since the last rate case should
9 also be placed as a negative amount in the demand-side programs account. Funding for
10 proposed programs was included totally in the customer rates. Because of unforeseen events
11 (EPAct 2005 and changes in the increase in federally mandated minimum efficiency
12 standards for air conditioners), the residential energy star program, stipulated to in the
13 previous rate case, has not been implemented. In addition, the funds collected from the
14 ratepayers for the commercial audit program stipulated in the previous rate case have not
15 been fully used. Similar to the ratemaking treatment of the unspent funds for ELIP, I
16 recommend that the unspent funding for these two energy-efficiency programs should be
17 placed as a negative amount in the demand-side program account for future demand-side
18 program funding.

19 Q. Does this conclude your rebuttal testimony?

20 A. Yes, it does.