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Missouri Public  
Service Commission

Exhibit No.:

Issues: Rate Design

Witness: Janice Pyatte

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

JANICE PYATTE

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2006-0315

Jefferson City, Missouri

July 2006

Staff Exhibit No. 70  
Case No(s) ER-2006-0315  
Date 9-05-06 Rptr pt

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

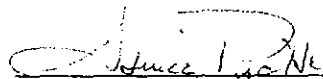
In the matter of The Empire District Electric )  
Company of Joplin, Missouri for authority to file )  
tariffs increasing rates for electric service provided )  
to customers in the Missouri service area of the )  
Company. )

Case No. ER-2006-0315

**AFFIDAVIT OF JANICE PYATTE**

STATE OF MISSOURI     )  
                                  )  
COUNTY OF COLE     )     ss.

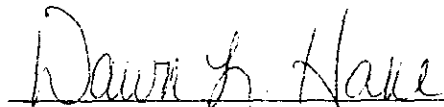
Janice Pyatte, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 4 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by her; that she has 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.

  
\_\_\_\_\_  
Janice Pyatte

Subscribed and sworn to before me this 27<sup>th</sup> day of July 2006.



DAWN L. HAKE  
My Commission Expires  
March 18, 2009  
Cole County  
Commission #05407643

  
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Dawn L. Hake

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**REBUTTAL TESTIMONY**

**OF**

**JANICE PYATTE**

**THE EMPIRE DISTRICT ELECTRIC COMPANY**

**CASE NO. ER-2006-0315**

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Q. Please state your name and business address.

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

Q. What is your present position with the Missouri Public Service Commission?

A. I am a Regulatory Economist in the Economic Analysis Section, Energy Department, Utility Operations Division.

Q. Please review your educational background and work experience.

A. I completed a Bachelor of Arts degree in Economics at Western Washington State College in Bellingham, Washington and a Masters of Arts (A.M.) degree in Economics at Washington University in St. Louis, Missouri. I have been employed by the Missouri Public Service Commission (Commission) since June 1977. My primary role with the Missouri Public Service Commission Staff (Staff) has been to perform analysis in the areas of rate design, class cost of service, rate revenue, and billing units for the regulated electric utilities in Missouri. A list of the cases in which I have filed testimony before the Commission is shown on Schedule JP-1.

Rebuttal Testimony of  
Janice Pyatte

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

2 A. In my rebuttal testimony I respond to the rate design proposal of  
3 Praxair/Explorer witness Maurice Brubaker, as presented in his direct testimony (rate design) and  
4 as clarified in discussions among the parties that took place during the Settlement Conference on  
5 July 10-14, 2006. Mr. Brubaker's position is that the revenues used to determine each customer  
6 class' new rates should be computed using Empire's revenues from Praxair and Explorer Pipeline  
7 net of special discounts. The Staff disagrees. It is the Staff's position that Empire's revenues  
8 from Praxair and Explorer Pipeline should be based on gross revenues from them (i.e., prior to  
9 the application of special discounts) for purposes of these computations, not revenues net of  
10 special discounts.

11 Q. Would you please elaborate on this rate design issue between the Staff and Mr.  
12 Brubaker?

13 A. Mr. Brubaker states that "In the absence of a current class cost of service study,  
14 the most reasonable approach to spreading any change in revenues is an equal percentage applied  
15 to the current revenues of each rate schedule..." [Brubaker Rate Design Direct, page 2, lines 6-8].  
16 The Staff also proposes to distribute any additional revenues that result from this case (under the  
17 IEC Continuation Scenario) "...in proportion to each class' percentage of current permanent  
18 revenues." [Busch Rate Design Direct, page 2, lines 17-18]. The two proposals seem identical  
19 and, at the level described, they are. However, Mr. Brubaker's application of this methodology  
20 will result in a different answer than will Staff's because of a different interpretation of how  
21 "current revenues" should be computed for Praxair and Explorer Pipeline.

22 Q. What is the difference in what the Staff means and what Mr. Brubaker means by  
23 the term "current revenues" when applied to Praxair and Explorer?

24 A. Mr. Brubaker means Empire's revenues from Praxair and Explorer Pipeline net  
25 of special discounts (i.e., after the application of special discounts). Staff means their gross

Rebuttal Testimony of  
Janice Pyatte

1 revenues (i.e., prior to the application of special discounts). These are part of the revenues each  
2 relies on for determining what each class' new rates should be if the Commission orders an  
3 overall revenue increase.

4 Q. Have other Staff witnesses in this case presented testimony that is relevant to this  
5 issue?

6 A. Yes. Staff witness Curt Wells presented Schedule CW-1, which is the source of  
7 current revenues by class being used in Staff's rate design. In his rebuttal testimony, Mr. Wells  
8 describes the necessity of "imputing" revenues (i.e., computing revenues as if discounts did not  
9 exist) for these two customers to comply with the NonUnanimous Stipulation and Agreement  
10 Regarding Fuel and Purchased Power Expense (Stipulation) in Case No.ER-2004-0570.

11 Q. What ratemaking treatment does the Stipulation specify for these discounts?

12 A. The Stipulation specifies that stipulated discounts for Praxair and Explorer  
13 Pipeline should "...not affect the rates of Empire's other Missouri retail customers or be  
14 recovered from Empire's other Missouri ratepayers..." [NonUnanimous Stipulation and  
15 Agreement Regarding Fuel and Purchased Power Expense, Case No.ER-2004-0570, page 12].

16 Q. In your opinion, is Mr. Brubaker's proposal to use Praxair and Explorer  
17 net revenues in the determination of each customer class' rates consistent with the  
18 ratemaking treatment specified in the Stipulation?

19 A. No. I believe Mr. Brubaker's "net revenues" methodology will decrease  
20 the percentage of any Commission-ordered revenue requirement to be recovered from Praxair and  
21 Explorer. As a result, to compensate for Praxair and Explorer paying less, either the other  
22 Missouri customers will be required to pay more or Empire's shareholders will need to absorb  
23 additional non-Commission-authorized "discounts" to these customers.

24 Q. In your opinion, is the Staff's proposal to use Empire's gross revenues  
25 from Praxair and Explorer (i.e., prior to the application of special discounts) in the

Rebuttal Testimony of  
Janice Pyatte

1 determination of each customer class' rates consistent with the ratemaking treatment  
2 specified in the Stipulation?

3 A. Yes, it is.

4 Q. Does this conclude your rebuttal testimony in this case?

5 A. Yes, it does.

**Participation in MOPSC Cases**  
**Witness: Janice Pyatte**

<b>Company</b>	<b>Case Number</b>
The Empire District Electric Company	ER-2006-0315
Aquila, Inc. d/b/a Aquila Networks-L&P	HR-2005-0450
Aquila, Inc. d/b/a Aquila Networks-MPS and L&P	ER-2005-0436
Aquila, Inc. d/b/a Aquila Networks-MPS and L&P	EO-2002-384
The Empire District Electric Company	ER-2004-0570
Aquila, Inc. d/b/a Aquila Networks-MPS and L&P	ER-2004-0034 & HR-2004-0024
The Empire District Electric Company	ER-2002-424
Union Electric Company d/b/a AmerenUE	EC-2002-1
UtiliCorp United, Inc. d/b/a Missouri Public Service	ER-2001-672
The Empire District Electric Company	ER-2001-299
UtiliCorp United and The Empire District Electric Co.	EM-2000-369
UtiliCorp United and St. Joseph Light & Power Co.	EM-2000-292
St. Joseph Light & Power Company	ER-99-247 & EC-98-573
Union Electric Company	EO-96-15
St. Joseph Light & Power Company	EC-98-573
Missouri Public Service	ER-97-394 & ET-98-103
The Empire District Electric Company	ER-97-81
The Empire District Electric Company	ER-95-279
Kansas City Power & Light Company	EO-94-199
The Empire District Electric Company	ER-94-174 & EO-91-74
St. Joseph Light & Power Company	ER-93-41
Missouri Public Service	ER-93-37
Union Electric Company	EM-92-225 & EM-92-253
Union Electric Company	EO-87-175
Arkansas Power & Light Company	ER-85-265
Kansas City Power & Light Company	ER-85-128 & EO-85-185
Union Electric Company	EO-85-17 & ER-85-160
Union Electric Company	ER-84-168
Laclede Gas Company	GR-84-161
Union Electric Company	ER-84-168
Arkansas Power & Light Company	ER-83-206
Kansas City Power & Light Company	ER-83-49
The Empire District Electric Company	EO-82-40
The Empire District Electric Company	ER-81-209
Kansas City Power & Light Company	EO-78-161
Laclede Gas Company	GO-78-38
Union Electric Company	EO-78-163
St. Joseph Light & Power Company	EO-77-56