Exhibit No.:

Issues:

Low Income Program Witness: Carol Gay Fred

Sponsoring Party: Type of Exhibit:

MoPSC Staff Supplemental Direct

Testimony

Case No.:

Date Testimony Prepared:

ER-2010-0130 April 9, 2010

MISSOURI PUBLIC SERVICE COMMISSION **GENERAL COUNSEL DIVISION**

SUPPLEMENTAL DIRECT **REGARDING LOW INCOME CONSUMERS**

OF

CAROL GAY FRED

EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2010-0130

Jefferson City, Missouri April 2010

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric Company for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Missouri Service Area of the Company Case No. ER-2010-0130
AFFIDAVIT OF CAROL GAY FRED
STATE OF MISSOURI)) ss COUNTY OF COLE)
Carol Gay Fred, of lawful age, on her oath states: that she has participated in the preparation of the following Supplemental Direct Testimony in question and answer form, consisting of 3 pages of Supplemental Direct Testimony to be presented in the above case, that the answers in the following Supplemental Direct 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.
Subscribed and sworn to before me this day of April, 2010.
SHARON S. WILES Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: October 23, 2010 Commission expires Notary Public Notary Public

SUPPLEMENTAL DIRECT TESTIMONY

OF

CAROL GAY FRED

EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2010-0130

- Q. Please state your name and business address
- A. My name is Carol Gay Fred, and my business address is 200 Madison Street, Suite 800, Jefferson City, MO 65101.
 - Q. By whom are you employed and in what capacity?
- A. I am the Consumer Services Manager for the Missouri Public Service Commission (Commission or MoPSC).
- Q. Are you the same Carol Gay Fred who authored the section of the Staff's Class Cost of Service Report concerning Empire's Experimental Low Income Program ("ELIP")?
 - A. Yes.
 - Q. Is Staff recommending the discontinuance of the ELIP in this case?
 - A. Not at this time.
 - O. Have you received a final version of the third party evaluation of the ELIP?
 - A. Yes.
- Q. Based on the final version, do you have any changes or follow-up to your statements made in, "Staff's Class Cost-Of-Service and Rate Design Report"?
- A. Yes, a couple. In my initial statements regarding ELIP on arrearages, there was a lack of data provided in the draft ELIP evaluation to base an assessment. However, now that

I have received the final version of the third party evaluation, it would suggest that arrearage levels increase for all ELIP participants when they no longer participate in the program. It also suggests that ELIP participant's arrearage level increases beyond the level they carried prior to their participation in the ELIP program. Therefore, I believe the program is a subsidy to the customer that participates.

- Q. What is Staff's position on subsidization in utility rate design?
- A. Staff will address the issue of subsidization in the Supplemental Direct Testimony of Dr. Henry Warren.
 - Q. Do you have any other statement or changes?
- A. Just one, based on the final evaluation all my other suggestions stated in the, "Staff's Class Cost-Of-Service and Rate Design Report," would remain unchanged and would continue to be my recommendation, with the continuation of the program until the new rates are implemented in the Iatan 2 rate case as specified the Regulatory Plan Stipulation and Agreement in Case No. EO-2005-0263.
- Q. Since the Commission issued its order on March 31, 2010, directing parties to file supplemental testimony to address the feasibility of establishing an experiment "very low-income" Customer class, has the Commission's Consumer Services Department heard from any of Empire's customers regarding the directive?
- A. Yes. It appears consumers have expressed a desire for the experiment not to be exclusive to just the "very low-income" consumers.
 - Q. Can you provide an example?
- A. Yes. On 4/6/2010, a customer called the Consumer Services Hotline and made the following statement, "Low income people get help already. I think the PSC should look at

Supplemental Direct Testimony of Carol Gay Fred

ALL customers, not just poverty level customers." In addition, we have had similar statements made by at least 2 other consumers, who called in on the same day.

- Q. Does this conclude your testimony?
- A. Yes,