

Exhibit No.:
Issues: *Low Income Program*
Witness: *Carol Gay Fred*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Supplemental Direct
Testimony*
Case No.: *ER-2010-0130*
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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

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.

Q. 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

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.