

Exhibit No.:
Issues: Rate Design
Witness: Janice Pyatte
Sponsoring Party: MoPSC
Type of Exhibit: Surrebuttal Testimony
Case No.: ER-2001-299
Date Testimony Prepared: May 17, 2001

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

FILED³
MAY 17 2001

Missouri Public
Service Commission

SURREBUTTAL TESTIMONY

OF

JANICE PYATTE

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2001-299

Jefferson City, Missouri
May, 2001

1 **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 April
11 3, 2001 on the issue of Sales and Revenues, filed direct testimony on April 10, 2001 on the
12 issues of Class Cost of Service and Rate Design, and filed rebuttal testimony on May 3, 2001
13 on the issues of Class Cost of Service and Rate Design?

14 A. Yes, I am.

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

16 A. My surrebuttal testimony will address item 4(d) on the List of Issues; namely,
17 what is the appropriate rate design treatment of the Interim Energy Charge?

18 Q. What is the Interim Energy Charge?

19 A. The Interim Energy Charge (IEC) is a charge of 0.54 cents per kWh that is
20 proposed in the Stipulation and Agreement Regarding Fuel and Purchased Power Expense
21 filed May 14, 2001 in this case. This proposed charge was developed by the parties to the
22 Stipulation and Agreement (Company, Staff, OPC) to address the potential effects of

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1 volatility in natural gas and wholesale electricity prices. The proposed IEC would collect
2 approximately \$20 million annually from Missouri retail customers. It would be in effect for
3 as long as 24 months and the money collected via the IEC would be subject to refund at the
4 end of the period.

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

7 A. The Stipulation and Agreement Regarding Fuel and Purchased Power Expense
8 specifies that the IEC be an equal cents per kWh to all customers. The Staff's rate design
9 proposal described in this testimony addresses how any additional revenue (above the
10 \$20,000,000 collected annually by the IEC) should be collected.

11 Q. What is the Staff's recommendation on the rate design treatment of the IEC?

12 A. The Staff's recommendation is that the IEC should be collected in addition to
13 the changes in class revenues proposed in my direct rate design testimony. Schedule 1
14 illustrates the outcome of this proposal in the hypothetical situation where the Commission
15 orders an overall increase of \$30,000,000 (approximately 15%). In this example, \$10 million
16 (approximately 5%) is distributed in accordance with the Staff's rate design proposal and \$20
17 million is recovered through the IEC charge.

18 Q. Will adding the IEC "on top of" the Staff's proposal for class revenues result
19 in "double-counting" in fuel cost recovery?

20 A. No. Exhibit A attached to the Stipulation and Agreement Regarding Fuel and
21 Purchased Power Expense shows that the 0.54 cents per kWh IEC charge represents the
22 amount by which "forecasted" fuel and purchased power expenses exceed "base" fuel and
23 purchased power expenses. The Staff's class cost-of-service study includes the "base" fuel

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1 and purchased power expenses. So, it is appropriate to make the class revenue shifts
2 proposed by Staff for the base amount, and then add the IEC amount as an equal cents per
3 kWh.

4 Q. Does this conclude your surrebuttal testimony?

5 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 17th day of May, 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%