

Exhibit No.:

Issues: IEC Rate Design

Witness: James C. Watkins

Sponsoring Party: MO PSC Staff

Type of Exhibit: Rebuttal Testimony

Case No.: ER-2004-0570

Date Testimony Prepared: November 4, 2004

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

JAMES C. WATKINS

FILED

DEC 28 2004

Missouri Public
Service Commission

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2004-0570

Jefferson City, Missouri

November 2004

Exhibit No. 76
Case No(s). ER-2004-0570
Date 2-06-07 Rptr XX

DAWN L. HAKE
Notary Public - State of Missouri
County of Cole
My Commission Expires Jan 9, 2005

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A. My name is James C. Watkins and my business address is Missouri Public
e Commission, 200 Madison Street, P. O. Box 360, Jefferson City, Missouri

Q. Are you the same James C. Watkins who filed Direct Testimony on September 27, 2004 and October 4, 2004, on behalf of the Staff of the Missouri Public Service Commission (Commission)?

Q. What is the purpose of this testimony?

A. The purpose of my testimony is to rebut the recommendation of Mr. Brubaker who testified on behalf of Explorer Pipeline Company and Praxair, regarding the appropriate mechanism for recovering and refunding an Interim Recovery Charge (IEC).

Q. What cost-recovery mechanism does Mr. Brubaker recommend?

A. In the Fuel and Purchased Power Cost Recovery section on pages 8 and 9 Direct Testimony, Mr. Brubaker recommends that a percentage adder be applied to the revenues of each rate schedule to collect the refundable portion of fuel costs.

Q. Has Mr. Brubaker provided a rationale to explain why this approach is appropriate?

Rebuttal Testimony of
James C. Watkins

1 A. No. Mr. Brubaker has not provided in his Direct Testimony any
2 foundation for his recommendation. It appears contrary to any reasonable cost-causation
3 principle with which I am familiar because fuel costs are not the same percentage of each
4 customer's bill.

5 Q. Has Mr. Brubaker provide an explanation of his true-up and refund
6 mechanism?

7 A. Mr. Brubaker has not provided in his Direct Testimony any explanation of
8 how the amount of any "refund entitlement" would be determined. Mr. Brubaker has not
9 explained in his Direct Testimony how "base rate revenues" would be determined at the
10 time of the refund. He merely states that "the refund entitlement . . . would be divided by
11 base rate revenues and refunded to each rate schedule and each customer within each
12 schedule a uniform percentage of base rate revenues." (Direct, page 9, lines 4-7).

13 Q. Is Mr. Brubaker's proposal workable?

14 A. Mr. Brubaker has not provided enough information regarding his proposal
15 to make that determination.

16 Q. What is your recommendation to the Commission regarding
17 Mr. Brubaker's proposal?

18 A. Mr. Brubaker's proposal should be rejected.

19 Q. Does this conclude your testimony?

20 A. Yes, it does.