

Exhibit No.:

Issues: IEC Rate Design

Witness: James C. Watkins

Sponsoring Party: MO PSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: ER-2004-0570

Date Testimony Prepared: November 24, 2004

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SURREBUTTAL TESTIMONY

OF

JAMES C. WATKINS

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2004-0570

Jefferson City, Missouri

November 2004

FILED

DEC 28 2004

Missouri Public
Service Commission

Exhibit No. 77
Case No(s). ER-2004-0570
Date 12-06-04 Rptr XF

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

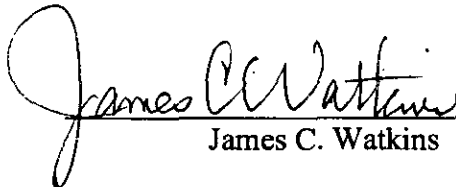
In The Matter Of The Tariff Filing Of The)
Empire District Electric Company To)
Implement A General Rate Increase For)
Retail Electric Service Provided To)
Customers In Its Missouri Service Area)

Case No. ER-2004-0570

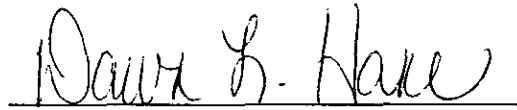
AFFIDAVIT OF JAMES C. WATKINS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James C. Watkins, of lawful age, on his oath states: that he has participated in the preparation of the following Surrebuttal Testimony in question and answer form, consisting of 3 pages of Surrebuttal Testimony to be presented in the above case, that the answers in the following Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.


James C. Watkins

Subscribed and sworn to before me this 23rd day of November, 2004.


Notary Public

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

My commission expires _____

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24

6

7

10

13

14

15

18

19

20

23

Surrebuttal Testimony of
James C. Watkins

1 3. Because of differences in load patterns, different customer classes should
2 not be charged the same rate for the IEC charge.

3 Q. Regarding Mr. Brubaker's first point, would it be inappropriate to properly
4 allocate incremental fuel costs in a situation where base fuel costs may not have been
5 allocated by that method?

6 A. No. The Commission will determine the appropriate (just and reasonable)
7 permanent rates for each customer class. The Interim Energy Charge collects only the
8 additional cost of producing energy associated with higher fuel and purchased power
9 prices. Collecting, and refunding, these additional costs caused by higher fuel and
10 purchased power prices on an equal-cents-per-kilowatt-hour basis from all customers is
11 much more reasonable than the arbitrary method proposed by Mr. Brubaker to the benefit
12 of his clients.

13 Q. Regarding Mr. Brubaker's second point, should losses be accounted for in
14 determining the IEC charges for each rate schedule?

15 A. Yes.

16 Q. Regarding Mr. Brubaker's third point, should the difference in load
17 patterns be accounted for in determining the IEC charges for each rate schedule?

18 A. Mr. Brubaker has not indicated why he thinks that an increase in fuel costs
19 due to higher fuel and purchased power prices would be affected by differences in load
20 patterns, once these differences are accounted for in the permanent rates. Higher fuel and
21 purchased power prices affect all hours of the year, not just peak hours in the summer.

22 Q. What is your recommendation to the Commission regarding
23 Mr. Brubaker's criticisms?

Surrebuttal Testimony of
James C. Watkins

1 A. Mr. Brubaker's criticisms should be rejected.

2 Q. Does this conclude your testimony?

3 A. Yes, it does.