

**FILED**

SEP 29 2006

Missouri Public  
Service Commission

Exhibit No.:

Issues:

Rate Design

Witness:

James A. Busch

Sponsoring Party:

MO PSC Staff

Type of Exhibit:

Rebuttal Testimony

Case No.:

ER-2006-0315

Date Testimony Prepared:

July 28, 2006

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**REBUTTAL TESTIMONY**

**OF**

**JAMES A. BUSCH**

**THE EMPIRE DISTRICT ELECTRIC COMPANY**

**CASE NO. ER-2006-0315**

Jefferson City, Missouri

July 2006

*STAFF* Exhibit No. 62  
Case No(s) ER-2005-0315  
Date 9-05-06 Rptr PF

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

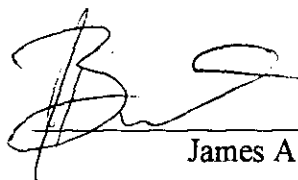
In the matter of The Empire District Electric )  
Company of Joplin, Missouri for authority to file )  
tariffs increasing rates for electric service provided )  
to customers in the Missouri service area of the )  
Company. )

Case No. ER-2006-0315

**AFFIDAVIT OF JAMES A. BUSCH**

STATE OF MISSOURI     )  
                                  )  
COUNTY OF COLE     )     ss.

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

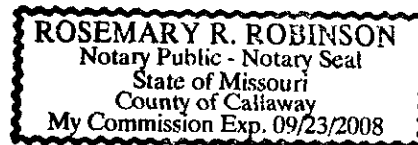


James A. Busch

Subscribed and sworn to before me this 27<sup>th</sup> day of July 2006.

  
Notary Public

My commission expires 9-22-2008



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**OF**

**JAMES A. BUSCH**

**THE EMPIRE DISTRICT ELECTRIC COMPANY**

**CASE NO. ER-2006-0315**

**Q. Please state your name and business address.**

A. My name is James A. Busch and my business address is P. O. Box 360,  
Jefferson City, Missouri 65102.

Q. Are you the same James A. Busch that filed direct testimony in this proceeding?

A. Yes I am.

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

A. I am responding to Office of the Public Counsel (Public Counsel) witness Barbara Meisenheimer's direct testimony regarding rate design.

**Q.** To what part of her testimony are you responding?

A. Her recommendation for rate design if the IEC is terminated.

**Q. What is that recommendation?**

A. Under this scenario, Public Counsel recommends a rather complex formula for calculating the appropriate class revenues. First, an equal percentage increase would apply to any increase associated with non-variable fuel costs. Second, an equal percentage increase would also apply to any net variable fuel costs. The portion of the variable fuel related revenue requirement increase to be allocated on an equal percentage basis should not exceed 29.91% (this 29.91% is calculated by dividing the base level of fuel from the Empire's

Rebuttal Testimony of  
James A. Busch

1 previous case, \$85,064,873, by the current revenues in this case, \$284,423,930). Third, any  
2 remaining net increase associated with variable fuel and purchased power expenses should  
3 then be allocated to the classes based on a factor that reflects each class' share of total kWhs  
4 (Meisenheimer direct, page 6, lines 19 - 20, and page 7, lines 1 - 8).

5 Q. What is Staff's recommendation for rate design if the IEC is terminated?

6 A. Staff recommends that class revenues be changed in proportion to each class'  
7 current share of total rate revenues, where total rate revenues are equal to current permanent  
8 revenues and the IEC revenues (Busch direct testimony, page 6, lines 7 - 10).

9 Q. Have you compared Staff's recommendation to Public Counsel's  
10 recommendation?

11 A. Yes. Table 1 below shows the results of using both Staff's and Public  
12 Counsel's proposed method. Staff performed two scenarios. The first scenario indicates a  
13 \$3,000,000 increase in revenue requirement with \$1,000,000 related to non-fuel and  
14 \$2,000,000 related to fuel. The second scenario is Empire's filed rate case which was a  
15 \$29,000,000 increase of which \$19,000,000 was based on fuel.

16 TABLE 1

\$3,000,000	Staff	OPC	Difference
RG	\$130,538,763	\$130,887,228	\$ 348,465
CB	\$ 28,284,466	\$ 28,425,394	\$ 140,929
SH	\$ 6,989,658	\$ 6,999,153	\$ 9,494
PFM	\$ 56,583	\$ 57,162	\$ 579
MS	\$ 58,207	\$ 58,180	\$ (28)
GP	\$ 54,356,019	\$ 54,228,003	\$(128,016)
TEB	\$ 22,867,371	\$ 22,821,586	\$ (45,785)
LP	\$ 37,014,456	\$ 36,670,688	\$(343,768)
SC-P	\$ 2,512,281	\$ 2,470,542	\$ (41,739)
SPL	\$ 1,252,082	\$ 1,254,880	\$ 2,797
PL	\$ 3,332,546	\$ 3,388,216	\$ 55,670
LS	\$ 161,498	\$ 162,898	\$ 1,400
	\$287,423,930	\$ 287,423,930	

Rebuttal Testimony of  
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	\$29,000,000	Staff	OPC	Difference
RG		\$142,347,132	\$142,081,030	\$(266,102)
CB		\$ 30,843,042	\$ 30,735,422	\$(107,620)
SH		\$ 7,621,934	\$ 7,614,684	\$ (7,250)
PFM		\$ 61,701	\$ 61,259	\$ (442)
MS		\$ 63,473	\$ 63,495	\$ 22
GP		\$ 59,272,995	\$ 59,370,752	\$ 97,757
TEB		\$ 24,935,924	\$ 24,970,887	\$ 34,962
LP		\$ 40,362,736	\$ 40,625,252	\$ 262,516
SC-P		\$ 2,739,539	\$ 2,771,412	\$ 31,873
SPL		\$ 1,365,344	\$ 1,363,208	\$ (2,136)
PL		\$ 3,634,004	\$ 3,591,491	\$ (42,513)
LS		\$ 176,107	\$ 175,039	\$ (1,068)
		\$313,423,930	\$ 313,423,930	

Q. What does Table 1 indicate?

A. Table 1 indicates that depending on the magnitude of the increase approved for Empire, Staff's method is beneficial to certain classes compared to Public Counsel's method.

Q. Did you also compare Staff's rate design recommendation to Public Counsel's rate design recommendation if the IEC is not terminated?

A. Yes, and in my opinion there is no issue between Staff and Public Counsel under that scenario.

Q. What is Staff's recommendation in this proceeding for rate design and why should the Commission accept it vis-à-vis Public Counsel's recommendation?

A. Staff is recommending that the Commission accept its rate design proposal. Staff believes that its rate design proposal is easier to understand and implement. Also, Staff's method maintains the revenue relationship among the classes from the previous case.

Q. Does this conclude your rebuttal testimony?

A. Yes.