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Service Commission

Exhibit No.:

Issues: Fuel Expenses
Rate Base

Witness: David W. Elliott

Sponsoring Party: MO PSC Staff

Type of Exhibit: Supplemental Direct
Testimony

Case No.: ER-2006-0315

Date Testimony Prepared: July 17, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SUPPLEMENTAL DIRECT TESTIMONY

OF

DAVID W. ELLIOTT

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2006-0315

Jefferson City, Missouri
July 2006

STAFF Exhibit No. 28
Case No(s) ER-2006-0315
Date 8-05-06 Rptr PF

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI


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

Case No. ER-2006-0315

AFFIDAVIT OF DAVID W. ELLIOTT

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

David W. Elliott, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Supplemental Direct Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Supplemental Direct 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.



David W. Elliott

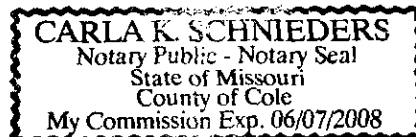
Subscribed and sworn to before me this 14th day of July 2006.



Notary Public

My commission expires

Aug 7, 2008



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SUPPLEMENTAL DIRECT TESTIMONY
OF
DAVID W. ELLIOTT
THE EMPIRE DISTRICT ELECTRIC COMPANY
CASE NO. ER-2006-0315

Q. Please state your name and business address.

A. David W. Elliott, P.O. Box 360, Jefferson City, Missouri, 65102.

Q. Are you the same David W. Elliott who has previously filed direct testimony in this case?

A. Yes I am.

Q. What is the purpose of your supplemental direct testimony?

A. The purpose of my supplemental direct testimony is to provide additional variable fuel and purchased power information requested in question number 2 of the Commission Order Regarding Additional Information Or Supplemental Filing of June 20, 2006.

Q. Please provide a summary of your testimony.

A. This testimony provides a calculation of contract and spot power purchased and the amount of natural gas used for The Empire District Electric Company (Empire) for a period of three years out from Staff's direct case. The Staff used the RealTime® production cost model to determine the purchased power amounts and the natural gas amounts for Empire for three years out from Staff's direct case. The results for purchased power are 202,509 MWh for year one, 221,927 Mwh for year two, and 248,108 MWh for year three.

Supplemental Direct Testimony
Of David W. Elliott

1 The results for natural gas usage are 11,190,370 mmBTU for year one, 11,744,300 mmBTU
2 for year two, and 12,204,910 mmBTU for year three.

3 Q. What inputs were used in the RealTime® production cost model simulations
4 for this analysis?

5 A. Three additional load forecasts and an additional generating unit, Riverton
6 Unit 12, were the only changes to the inputs used in the simulation supporting the Staff's
7 calculation of variable fuel and purchased power costs in its direct case.

8 Q. Why was Riverton Unit 12 added to Staff's production cost simulation?

9 A. Empire has started construction of this 155 MW unit at its Riverton Plant in
10 Kansas, and it is expected to be in operation by spring of 2007. The Staff believes that in
11 order to have representative results for the additional runs, this unit should be included in the
12 model.

13 Q. What was the impact of just adding Riverton Unit 12 to the production cost
14 simulation supporting Staff's direct case.

15 A. The results showed a lower purchased power amount and a lower average
16 price of the spot purchased power. The Staff believes this was due to the fact that the cost of
17 running Riverton Unit 12 is less than the price of some spot purchased power in the
18 simulation during certain periods. As a result, the model, at times, purchased less high priced
19 spot purchased power and generated lower cost megawatts from Riverton Unit 12 than it did
20 before Riverton Unit 12 was included.

21 Q. How was the load forecasts developed for each of the three years going
22 forward?

23 A. Please refer to Staff witness Lena M. Mantle's supplemental direct testimony.

Supplemental Direct Testimony
Of David W. Elliott

1 Q. Please explain how these load forecasts were used in the simulation.

2 A. A production cost simulation run was made with each of the three load
3 forecasts. Each run included Riverton Unit 12.

4 Q. What were the results of these three runs?

5 A. The results are shown in Schedule 1.

6 Q. What were the resulting averages of all purchased power prices and amount of
7 all purchased power?

8 A. 1,787,706 MWh at \$22.68 for year one, 1,833,110 MWh at \$22.91 for year
9 two, and 1,885,478 MWh at \$23.23 for year three.

10 Q. What were the natural gas usage results from the simulations?

11 A. The usage was 11,190,370 mmBTU for the first year, 11,744,300 mmBTU for
12 the second year, and 12,204,910 mmBTU for the third year.

13 Q. Did you provide this gas usage information to any Staff witness?

14 A. Yes. I provided the natural gas usage numbers to Staff witness James A.
15 Busch.

16 Q. Does this conclude your supplemental direct testimony?

17 A. Yes, it does.

| | <u>RUN20</u> | <u>RUNC0</u> | <u>RUNC1</u> | <u>RUNC2</u> | <u>RUNC3</u> |
|------------------|---------------|------------------|---------------|---------------|---------------|
| | Filed case | Filed case w R12 | Year 1 | Year 2 | Year 3 |
| <u>GEN</u> | | | | | |
| MWH | 3,620,296 | 3,625,624 | 3,696,713 | 3,767,484 | 3,833,772 |
| \$ | \$95,572,046 | \$96,687,787 | \$100,377,261 | \$104,030,727 | \$107,087,720 |
| \$/MWH | \$26.40 | \$26.67 | \$27.15 | \$27.61 | \$27.93 |
| <u>PURC</u> | | | | | |
| MWH | 1,750,307 | 1,744,980 | 1,787,706 | 1,833,110 | 1,885,478 |
| \$ | \$39,986,933 | \$38,986,668 | \$40,550,800 | \$41,992,453 | \$43,800,683 |
| \$/MWH | \$22.85 | \$22.34 | \$22.68 | \$22.91 | \$23.23 |
| <u>TOTAL</u> | | | | | |
| MWH | 5,370,603 | 5,370,604 | 5,484,419 | 5,600,594 | 5,719,250 |
| \$ | \$135,558,979 | \$135,674,455 | \$140,928,061 | \$146,023,180 | \$150,888,403 |
| \$/MWH | \$25.24 | \$25.26 | \$25.70 | \$26.07 | \$26.38 |
| <u>Gas Usage</u> | | | | | |
| MMBTU | 10,452,630 | 10,627,220 | 11,190,370 | 11,744,300 | 12,204,910 |

Schedule 1