

Exhibit No. 139

Staff – Exhibit 139
Testimony of Marina Gonzales
Rebuttal
File No. ER-2024-0261

Exhibit No.:
Issue(s): Rate Design
Witness: Marina Gonzales
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2024-0261
Date Testimony Prepared: August 18, 2025

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF & RATE DESIGN DEPARTMENT

REBUTTAL TESTIMONY

OF

MARINA GONZALES

**THE EMPIRE DISTRICT ELECTRIC COMPANY,
d/b/a Liberty**

CASE NO. ER-2024-0261

*Jefferson City, Missouri
August 2025*

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1 Q. Describe the revenue requirement allocations among the non-residential rate
2 classes provide by MEGC.

3 A. As is demonstrated in Figure 2.1 from Ms. Maini’s direct testimony, the different
4 rate options within the rate classes are assigned “class multipliers” that align with MEGC’s
5 calculated cost of service. Ms. Maini states that “[t]he multipliers are calculated by taking the
6 class increase and dividing it by the system average... The class multiplier would be applied to
7 the final authorized increase.”² Within the Small Primary class, Figure 2.1 (shown below)
8 illustrates a different Class Cost of Service (“COSS”) percentage and MEGC COSS Class
9 Multiplier, but ultimately recommends the same class multipliers to these alternative rate
10 schedules. Meanwhile, within the General Service Class the MEGC Recommend Class
11 Multiplier for non-standard (“NS”) and time-choice (“TC”) rate options are the same, but not
12 the time-choice plus (“TP”) option. For example, if an increase of 10% is approved, the NS
13 General Service and TC General Service rates would receive an increase of 8% and the TP
14 General Service rate would receive an increase of 12.5%. A Data Request (“DR”) was sent on
15 July 24, 2025, requesting an explanation behind the reasoning and methodology that was used
16 to calculate the MEGC Recommended Class Multipliers, but unfortunately, the response
17 received on August 13, 2025, declined to provide this additional information, instead primarily
18 providing citation to Ms. Maini’s existing testimony.

² Case No. ER-2024-0261, Maini Direct Testimony, Page 21, Lines 16-19.

Figure 2.1: MEGC COSS Based Multiplier and MEGC Recommended Class Multiplier

Column	1	2	3
Class	MEGC COSS	MEGC COSS Class Multiplier	MEGC Recommended Class Multiplier
NS Residential	27.7%	0.94	0.88
TC Residential	42.5%	1.43	1.15
TP Residential	61.7%	2.08	1.20
NS General Service	17.7%	0.60	0.80
TC General Service	10.1%	0.34	0.80
TP General Service	98.7%	3.33	1.25
NS Large General	24.3%	0.82	0.85
TC Large General	34.1%	1.15	1.01
NS Small Primary	-1.0%	-0.03	0.74
TC Small Primary	-5.0%	-0.17	0.74
Large Power	5.6%	0.19	0.76
Transmission	10.4%	0.35	0.77
MS-Miscellaneous	-22.7%	-0.77	0.70
SPL-Municipal St Lighting	55.1%	1.86	1.20
PL-Private Lighting	-30.1%	-1.01	0.70
LS-Special Lighting	240.8%	8.13	1.25
Total Company	29.64%	1.00	1.00

Q. Describe the revenue requirement allocations among the non-residential rate classes provide by Empire.

A. The substitute workpapers provided by Empire witness Tim Lyons on February 5, 2025, do not align with the proposed rate schedules outlined in Tariff JE-2025-0127 for the General Service, Large General Service, and Small Primary Service rate classes. While it is unclear how Empire determined the exact rates in the tariff for these classes, the percent increase of the rates within each of these rate classes consistently indicates a lower percent increase to the time-of-use rates compared to the non-standard rates. A Data Request for clarification and the workpapers used to generate the rates illustrated in the proposed Tariff JE-2025-0127 was sent on July 31, 2025. A response was not provided in time for this testimony.

Q. Is it reasonable to adjust alternative rate schedules differently within a rate class under the circumstances of this case?

A. No.

1 Q. What would be needed to reasonably adjust rates within a rate class?

2 A. A clear understanding of the cost basis is needed to reasonably realign revenue
3 recovery within a class. That is not present in this case, as discussed further in Staff witness
4 Sarah L.K. Lange's rebuttal testimony.

5 **RECOVERY OF FIXED COSTS**

6 Q. What is considered a "fixed cost"?

7 A. A fixed cost is something that costs the same no matter how much or how little
8 of something is used. As it is used in on page 26 of MCEG witness Kavita Maini's direct
9 testimony, "fixed cost" means a class's allocated share of capital cost recovery for power plants.

10 Q. What is the relationship between capital costs for power plants and long-term
11 system coincident peak ("CP") demand?

12 A. A customer's CP demand represents a customer's load during the hour when the
13 system as a whole has its highest energy usage. The system CP is the total load occurring in
14 that same hour. Over time, a utility such as Empire will generally seek to balance its system
15 CP demand, plus reserve margin, with its resource adequacy requirements.

16 Q. What would be the result of shifting the recovery of "fixed costs" more heavily
17 on billing demand charges as opposed to energy charges?

18 A. As discussed on page 26 of MCEG witness Maini's direct testimony, shifting
19 the recovery of fixed costs more heavily to the demand charges would decrease the energy
20 charge. This would effectively place more of the recovery for the cost of Empire to own power
21 plants into the demand charge.

22 Q. Are Empire's billing demand charges based on CP demand?

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Marina Gonzales

1 A. No. Empire's billing demand charges are based on a customer's non-coincident
2 peak³ ("NCP") demand.

3 Q. What is the relationship between a given customer's monthly NCP and the
4 overall system CP relevant to resource adequacy requirements?

5 A. There is little to no relationship. The given customer's monthly NCP used for
6 billing represents a class's maximum usage regardless of when it occurs relative to other
7 classes, other customers, or the system as a whole. Compared to using CP demand as a cost
8 basis, NCP demand charges allow for more inefficient customer responses. Due to the minimal
9 relationship between a given customer's monthly NCP and the overall system CP, the NCP
10 demand charge does not properly align the customer's usage with the grid's capacity and
11 potentially penalizes customers that use the most of their energy when the system is not under
12 strain by overstating their responsibility for system capacity costs.

13 Q. Is it reasonable to increase the cost recovery of NCP demand charges, and to
14 further bill customers who use most of their energy in off peak hours for the cost of owning
15 power plants?

16 A. No.

17 Q. Does this conclude your rebuttal testimony?

18 A. Yes, it does.

³ Non-Coincident Peak ("NPC"), refers to the customer's maximum usage regardless of when it occurs relative to other classes on the system, while Coincident Peak ("CP") refers to a given customer or class's load in the hour in a given month (or year) when the system has the highest energy usage.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

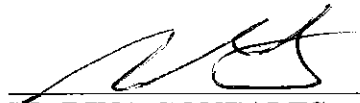
In the Matter of the Request of The Empire	)	
District Electric Company d/b/a Liberty for	)	Case No. ER-2024-0261
Authority to File Tariffs Increasing Rates	)	
for Electric Service Provided to Customers	)	
in Its Missouri Service Area	)	

AFFIDAVIT OF MARINA GONZALES

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

COMES NOW MARINA GONZALES and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Marina Gonzales*; and that the same is true and correct according to her best knowledge and belief.

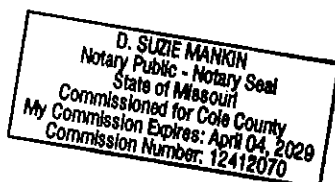
Further the Affiant sayeth not.

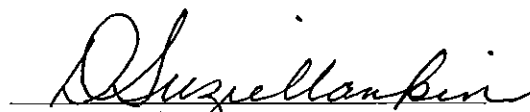


MARINA GONZALES

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 13th day of August 2025.





Notary Public