

Exhibit No.:

Issues: DNR

Witness: Lena M. Mantle

Sponsoring Party: MO PSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: ER-2004-0570

Date Testimony Prepared: November 23, 2004

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

FILED³

DEC 28 2004

SURREBUTTAL TESTIMONY

Missouri Public
Service Commission

OF

LENA M. MANTLE

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2004-0570

Jefferson City, Missouri

November 2004

Exhibit No. 59
Case No(s). ER-2004-0570
Date 12-06-04 Rptr XX

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

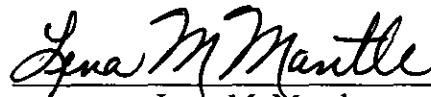
In the Matter of the tariff filing of The)
Empire District Electric Company to)
implement a general rate increase for retail)
electric service provided to customers in)
its Missouri service area)

Case No. ER-2004-0570

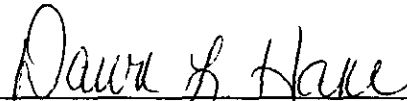
AFFIDAVIT OF LENA M. MANTLE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Lena M. Mantle, of lawful age, on her oath states: that she has participated in the preparation of the following Surrebuttal Testimony in question and answer form, consisting of 4 pages of Surrebuttal Testimony to be presented in the above case, that the answers in the following Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.


Lena M. Mantle

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


Notary Public

My commission expires _____
DAWN L. HAKE
Notary Public – State of Missouri
County of Cole
My Commission Expires Jan 9, 2005

Surrebuttal Testimony of
Lena M. Mantle

1 A. In my Rebuttal Testimony on page 1, line 28, I made the statement that
2 “wind has not been a part of the future resource plans for EDE.” What I meant by this
3 statement is that while EDE has told Staff in its integrated resource planning updates that
4 it has evaluated wind as a future resource and it is a potential future resource, EDE has
5 not signed a contract for wind as a future resource nor has it started the process of
6 acquiring the property (real estate or technology) necessary to obtain energy or capacity
7 from a wind resource. Staff does not consider any energy source, whether a capacity
8 contract or a generating unit, to be a resource until a utility has signed a contract for the
9 resource or otherwise taken action necessary to obtain the resource.

10 Q. What statement did Mr. Palmer make in his Rebuttal Testimony that you
11 would like to address?

12 A. On page 5, lines 20 though 22, Mr. Palmer, in reference to the DNR-EC
13 proposals, states “The Company agrees with Staff’s position that the cost of these
14 proposals should be paid for by the beneficiaries, the ratepayers.”

15 Q. Is this the Staff’s position?

16 A. No. It is the Staff’s position that no analysis has been conducted to
17 determine if there are any beneficiaries beyond the participants in each program, and that
18 further analysis should be conducted to show that there will be benefits to the ratepayers.
19 If analysis does show that there will be benefits, then it might be appropriate for
20 ratepayers to pay for a pilot program that will give relevant information regarding
21 whether or not the program actually does benefit the ratepayers. At that time, a
22 determination should be made whether or not the program should be fully implemented
23 and paid for by the general body of ratepayers who will benefit from the program.

Surrebuttal Testimony of
Lena M. Mantle

1 Q. Might energy efficiency programs not help address the rising cost of
2 electric service provided by EDE as discussed by Ms. Randolph in her Rebuttal
3 Testimony?

4 A. Ms. Randolph addresses the concern of Company witness William L.
5 Gipson, regarding the rising expenses related to EDE's increased dependence upon
6 natural gas, by suggesting that energy efficiency programs will reduce the amount of
7 energy that EDE will be required to generate, and, therefore, it will reduce EDE's
8 dependence on natural gas (Randolph Rebuttal p.4, l. 22 through p.5 line 6).

9 While a large portion of EDE's generation is fueled by natural gas, EDE's
10 generation fleet also contains units fueled by coal. The coal plants are base load plants
11 that typically run as many hours as possible. In addition to the economics of these coal
12 plants that make it more efficient to run them as much as possible, these plants are
13 designed in a manner that make them operate at their most efficient when they run
14 continuously. It is costly to shut these plants down so instead of shutting these plants
15 down, utilities, including EDE, will sell energy produced at these plants at a lose instead
16 of shutting these plants off.

17 EDE also owns a portion of a combined cycle plant that is fueled by natural gas.
18 This plant must run for a minimum time once it comes on. It cannot follow hourly load
19 changes and it has a cost to shut down.

20 Generation plant operating characteristics make it very important for a utility to
21 evaluate how an energy efficiency program will impact its generation fleet before fully
22 launching a program. The objective of energy efficiency programs is to impact the
23 energy usage of the utility. However, because of the operating characteristics of the

Surrebuttal Testimony of
Lena M. Mantle

1 generation fleet of the utility, certain energy efficiency programs could actually increase
2 generation costs because when the energy efficiency program reduces the load
3 requirements is not cost efficient to the generation fleet of the utility.

4 Q. So are you saying that EDE should not engage in any energy efficiency
5 programs?

6 A. No, I am not. Energy efficiency programs have value. What I said in my
7 Rebuttal Testimony, and what I want make clear here, is that before EDE implements a
8 energy efficiency program it should analyze how the program will impact the current and
9 future generation requirements of EDE. If it is shown that the program is likely to be
10 beneficial to EDE and its ratepayers, it should be implemented, with on going evaluation,
11 by EDE.

12 Q. Does this conclude your Surrebuttal Testimony?

13 A. Yes, it does.