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Missouri Public  
Service Commission

Exhibit No.:  
Issues: Tariff Issues  
Class Cost-of-Service  
Witness: Robin Kliethermes  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Surrebuttal Testimony  
Case No.: ER-2014-0351  
Date Testimony Prepared: March 24, 2015

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION**

**SURREBUTTAL TESTIMONY**

**OF**

**ROBIN KLIETHERMES**

**EMPIRE DISTRICT ELECTRIC COMPANY**

**CASE NO. ER-2014-0351**

*Jefferson City, Missouri  
March 2015*

**\*\* Denotes Highly Confidential Information \*\***

*Staff* Exhibit No. 219  
Date 4-14-15 Reporter KF  
File No. ER-2014-0351

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**SURREBUTTAL TESTIMONY**

**OF**

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**THE EMPIRE DISTRICT ELECTRIC COMPANY**

**CASE NO. ER-2014-0351**

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Q. Please state your name and business address.

A. Robin Kliethermes, 200 Madison Street, Jefferson City, MO 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission ("Commission")  
as a Regulatory Economist II.

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**Executive Summary**

Q. Are you the same Robin Kliethermes who has previously filed rebuttal  
testimony and who contributed to Staff's Revenue Requirement Cost of Service Report and  
Staff's Rate Design and Class Cost-of-Service Report in this case?

A. Yes.

Q. What is the purpose of your surrebuttal testimony?

A. The purpose of my surrebuttal testimony is to respond to Company witness  
Dr. Overcast regarding his interpretation of Staff's proposed classification of distribution  
costs in accounts 364-368 and to respond to MECG's witness Kavita Maini regarding rate  
classes that are taking interruptible service.

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**Response to Dr. Overcast Regarding distribution System Costs**

Q. Was Dr. Overcast's explanation of Staff's classification of distribution costs in  
accounts 364-368 accurate?

Surrebuttal Testimony of  
Robin Kliethermes

1           A.     No. Dr. Overcast asserts that Staff had classified all costs in the distribution  
2 accounts 364-368<sup>1</sup> as demand-related.<sup>2</sup> However, it is clear in Staff's workpapers that Staff  
3 divided the costs in distribution accounts 364-368 between primary demand, secondary  
4 demand, and costs to be allocated to classes based on the number of customers in a class.

5           Q.     How did Staff allocate these costs to rate classes?

6           A.     Staff allocated primary demand costs to the rate classes based on each class'  
7 peak at primary voltage and secondary demand costs were allocated to rate classes on that  
8 class' peak at secondary voltage. The remaining costs were allocated to each rate class based  
9 on the number of customers in that class. By allocating a portion of the costs in these  
10 accounts to the classes based on the number of customers in a class, Staff is not classifying all  
11 of the costs as demand related.

12          Q.     Are these costs recovered through a demand charge?

13          A.     No, the residential service class has two rate components: a customer charge  
14 and an energy charge. Since Staff does not include these costs in the residential customer  
15 charge calculation they are recovered through an energy charge.

16          Q.     On page 12, line 14, Dr. Overcast states, "Failure to use the minimum system  
17 classification means that the cost study has deviated significantly from the gold standard of  
18 cost of service – cost causation". Is it correct that Staff did not use Dr. Overcast's minimum  
19 system classification?

20          A.     No. Again, it is clear in Staff's workpapers that Staff used Dr. Overcast's  
21 minimum distribution system study results to classify costs in distribution accounts 364, 365,

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<sup>1</sup> These are electric utility's Uniform System of Accounts. Account 364 is Poles, Towers, and Fixtures. Account 365 is Overhead Conductors and Devices. Account 366 is Underground Conduit. Account 367 is Underground Conductors and Devices. Account 368 is Line Transformers.

<sup>2</sup> On page 11, line 14 of Dr. Overcast's rebuttal testimony

1 367 and 368. FERC account 366 was the only account Staff did not use Dr. Overcast's  
2 minimum system classification. Staff classified account 366<sup>3</sup> as primary demand related.

3 **Response to MCEG Regarding Interruptible Service**

4 Q. Is it correct that the Special Transmission Service Schedule SC-P is the only  
5 rate class taking interruptible service?<sup>4</sup>

6 A. \*\* \_\_\_\_\_  
7 \_\_\_\_\_ \*\* taking interruptible service under Empire's Interruptible Service Rider IR rate  
8 schedule.

9 Q. Is Staff recommending any changes be made to the Rider IR rate schedule?

10 A. No.

11 Q. Does this conclude your testimony?

12 A. Yes.

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<sup>3</sup> FERC account 366 is underground conduit and it was not clear from Dr. Overcast's workpapers if the costs in this class were demand related or related to the number of customers in the class. However, it was clear that the costs were related to primary voltage.

<sup>4</sup> Page 2, line 8-9 of Kavita Maini's rebuttal testimony