

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

In the Matter of The Empire District Electric Company )	
For Authority to Implement Rate Adjustments Related )	<b><u>File No. ER-2015-0085</u></b>
To the Company's Fuel and Purchase Power )	Tracking No. JE-2015-0137
Adjustment Clause (FAC) Required in 4 CSR )	
240-20.090(4) )	

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEET**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Recommendation to Approve Tariff Sheet* states as follows:

1. On October 1, 2014, The Empire District Electric Company ("Empire") filed one tariff sheet bearing a proposed effective date of December 1, 2014, to revise the Current Period Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC"). The Commission assigned it Tracking No. JE-2015-0137. Empire filed 5th Revised Sheet No. 17e Canceling 4th Revised Sheet No. 17e, which complies with the Commission's *Order Approving Stipulation and Agreement* in File No. ER-2012-0345, Commission rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Empire's FAC embodied in its tariff.

2. Concurrently on October 1, 2014, Empire made a FAC true-up filing in File No. EO-2015-0086 to identify the true-up amount of \$220,997 it under-collected from its customers during the 10<sup>th</sup> Recovery Period of its FAC. This amount is included with 95% of the amount of its under-recovery during Accumulation Period 12 (which is equal to \$1,992,207) and interest equal to \$7,875 when calculating new FARs in this case.

3. Commission Rule 4 CSR 240-20.090(4) provides that Staff “shall submit a recommendation regarding its examination and analysis to the Commission not later than thirty (30) days after the electric utility files its tariff schedules to adjust its FAC rates.” Staff must determine if Empire’s proposed adjustment to its FAC rate is in accordance with 4 CSR 240-20.090, §386.266 RSMo, and the “FAC mechanism established in the most recent general rate proceeding.” 4 CSR 240-20.090(4).

4. Commission Rule 4 CSR 240-20.090(4) also provides in part:

[T]he commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility’s filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.

5. In the accompanying Staff Recommendation Memorandum, Staff recommends that the Commission issue an order approving Empire’s Tariff Sheet, P.S.C. MO. No. 5, Section 4, 5th Revised Sheet No. 17e Canceling 4th Revised Sheet No. 17e, as filed on October 1, 2014, to become effective December 1, 2014, as requested by Empire, subject to true-up and prudence reviews. The resulting rates are in the column marked “Proposed” in the table following:

Fuel Adjustment Rates (\$ Per kWh)			
Voltage Level	Present	Proposed	Difference
Primary	\$0.00170	\$0.00106	\$0.00064 Decrease
Secondary	\$0.00173	\$0.00108	\$0.00065 Decrease

6. Based on a monthly usage of 1,000 kWh, the proposed change to the FAR will decrease the Fuel Adjustment Charge of an Empire residential customer's bill from \$1.73 to \$1.08, a decrease in the customer's bill of \$0.65 per month.

7. Except for Empire's proposed true-up amount in its FAC true-up filing in File No. EO-2015-0086, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

8. The Staff's review shows Empire's filing is in compliance with §386.266 RSMo, 4 CSR 240-20.090, and the Commission's *Order Approving Stipulation and Agreement* in File No. ER-2012-0345.

**WHEREFORE**, Staff recommends that the Commission issue an interim rate adjustment order approving Empire's Tariff Sheet, P.S.C. MO. No. 5, Section 4, 5th Revised Sheet No. 17e Canceling 4th Revised Sheet No. 17e, as filed on October 1, 2014, to become effective December 1, 2014, subject to true-up and prudence reviews.

Respectfully submitted,

**/s/ Jeffrey A. Keevil**

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Attorney for the Staff of the  
Missouri Public Service Commission  
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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 27<sup>th</sup> day of October 2014.

**/s/ Jeffrey A. Keevil**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
File No. ER-2015-0085, Tariff Tracking No. JE-2015-0137  
The Empire District Electric Company

FROM: Matthew J. Barnes, Utility Regulatory Auditor IV  
David Roos, Regulatory Economist III  
Curtis Gateley, Utility Policy Analyst II

DATE: /s/John Rogers 10/27/2014                      /s/Jeffrey A. Keevil 10/27/2014  
Energy Resource Analysis Unit / Date              Staff Counsel Office / Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates Related to The Empire District Electric Company's Fuel Adjustment Clause Pursuant to the Commission's *Order Approving Stipulation and Agreement* in File No. ER-2012-0345.

DATE: October 27, 2014

On October 1, 2014, The Empire District Electric Company ("Empire") filed one (1) tariff sheet, 5<sup>th</sup> Revised Sheet No. 17e Canceling 4<sup>th</sup> Revised Sheet No. 17e bearing a proposed effective date of December 1, 2014, to revise its Current Period Fuel Adjustment Rates<sup>1</sup> ("FARs") of its Fuel Adjustment Clause ("FAC") used to determine the Fuel Adjustment Rate<sup>2</sup> amount on customers' bills. Empire also filed direct testimony of its witness Todd W. Tarter on October 1, 2014, and submitted to Staff work papers in support of the testimony and filed tariff sheet. The Commission assigned the tariff sheet to Tariff Tracking No. JE-2015-0137.

The testimony and work papers include information that supports Empire's calculation of the dollar amount<sup>3</sup> used to calculate the FARs for Accumulation Period 12 ("AP12"). That dollar amount is \$2,221,079 resulting from:

1. The under recovery amount equal to 95% of the difference between: a) Empire's actual fuel and purchased power costs plus net emissions allowance costs less off-system sales revenue and renewable energy credits ("REC") revenue, and b) Empire's net base energy cost during AP12 which is equal to \$1,992,207, found on Line 7 on 5<sup>th</sup> Revised Sheet No. 17e, plus;

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<sup>1</sup> The Current Period FARs for service at primary voltage and above and for service at secondary voltage are located on lines 14 and 15, respectively, of proposed 5<sup>th</sup> Revised Sheet No. 17e.

<sup>2</sup> The actual line item on the customer's bill is: Fuel Adjust Charge.

<sup>3</sup> The dollar amount used to calculate the Current Period FAR is called the Fuel and Purchased Power Adjustment ("FPA") which is located on line 11 of proposed 5<sup>th</sup> Revised Sheet No. 17e.

2. The true-up amount of \$220,997<sup>4</sup> which is the under recovery amount as a result of the FARs for Recovery Period 10 (“RP10”), found on Line 8 on 5<sup>th</sup> Revised Sheet No. 17e plus;

3. The interest for AP12, a portion of RP10<sup>5</sup>, and a portion of RP11<sup>6</sup> which is equal to \$7,875, found on Line 10 on 5<sup>th</sup> Revised Sheet No. 17e.

The Current Period FAR of \$0.00101 per kWh (Line 13 on 5<sup>th</sup> Revised Sheet No. 17e) is equal to the FPA Amount of \$2,221,079 divided by the forecasted Missouri net system input (“NSI”) for RP12 of 2,188,895,865 kWh (Line 12 on 5<sup>th</sup> Revised Sheet No. 17e).

Because of a difference in line losses, there are different FARs for service taken at secondary voltage level and at primary and above voltage levels. When accounting for line losses for the different voltage levels, the proposed FARs are \$0.00106 per kWh for customers receiving service at primary voltage level and above, and \$0.00108 per kWh for customers receiving service at secondary voltage level. Empire’s present FARs is \$0.00170 per kWh for customers receiving service at primary voltage level and above, and \$0.00173 per kWh for customers receiving service at secondary voltage level.

Fuel Adjustment Rates (\$ Per kWh)			
Voltage Level Adjustment	Present	Proposed	Difference
Primary	\$0.00170	\$0.00106	\$0.00064 Decrease
Secondary	\$0.00173	\$0.00108	\$0.00065 Decrease

Based on a monthly usage of 1,000 kWh, the proposed change to the FAR will decrease the Fuel Adjustment Charge of an Empire residential customer’s bill from \$1.73 to \$1.08, a decrease in the customer’s bill of \$0.65 per month. The accumulation periods, recovery periods, and other specifications of Empire’s existing FAC are set out in its currently effective tariff sheets designated Sheet Nos. 17 through 17k.

Staff reviewed Empire’s proposed 5<sup>th</sup> Revised Sheet No. 17e Canceling 4<sup>th</sup> Revised Sheet No. 17e, the direct testimony of Empire witness Todd W. Tarter filed on October 1, 2014, in

<sup>4</sup> Empire’s RP10 true-up filing is contained in File No. EO-2015-0086.

<sup>5</sup> Recovery Period 10 is December 2013 through May 2014.

<sup>6</sup> Recovery Period 11 is June 2014 through November 2014.

addition to Empire's monthly filings and work papers for AP12. Staff verified that the actual fuel and purchased power costs plus net emissions allowance costs less off-system sales revenue and REC revenue, match the fuel and purchased power costs plus net emissions allowance costs less off-system sales revenue and REC revenue in Empire's proposed 5<sup>th</sup> Revised Sheet No. 17e Canceling 4<sup>th</sup> Revised Sheet No. 17e. The Staff also reviewed Empire's monthly interest rates that are applied to the monthly over- and under-recovery amounts for AP12, a portion of RP11, and a portion of RP10 and the calculation of the monthly interest amounts. The information filed with the tariff sheet and work papers, as supplemented by Empire, include sufficient data to calculate the FARs for AP12.

#### Staff Recommendation

Empire filed 5<sup>th</sup> Revised Sheet No. 17e Canceling 4<sup>th</sup> Revised Sheet No. 17e, which complies with the Commission's *Order Approving Stipulation and Agreement* in File No. ER-2012-0345, Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Empire's FAC embodied in its tariff.

Commission Rule 4 CSR 240-20.090(4) provides in part:

[T]he commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility's filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.

Empire has requested that 5<sup>th</sup> Revised Sheet No. 17e Canceling 4<sup>th</sup> Revised Sheet No. 17e filed on October 1, 2014, become effective on December 1, 2014, the first cycle of Empire's December billing month. Thus, the tariff sheet was filed with sixty-one (61) days' notice. Based on its examination and analysis of the information Empire filed and submitted in this case, the Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed, to become effective on December 1, 2014, as requested by Empire, subject to both true-up and prudence reviews:

P.S.C. Mo. No. 5 Section 4

5<sup>th</sup> Revised Sheet No. 17e Canceling 4<sup>th</sup> Revised Sheet No. 17e

The Staff has verified that Empire is not delinquent on any assessment and Empire has filed its 2013 annual report. Empire is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5). Except for Empire's RP 10 true-up filing in File No. EO-2015-0086, also filed on October 1, 2014, Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing. Staff's recommendation for approval of the Current Period FARs in this case is solely based on the accuracy of Empire's calculations, and is not indicative of the prudence of the fuel costs during a portion of RP10, a portion of RP11, and AP12.

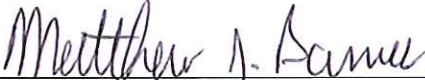
**BEFORE THE PUBLIC SERVICE COMMISSION  
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In the Matter of The Empire District	)	
Electric Company for Authority to	)	
Implement Rate Adjustments Related to	)	Case No. ER-2015-0085
the Company's Fuel and Purchased Power	)	File No. JE-2015-0137
Adjustment Clause (FAC) Required in	)	
4 CSR 240-20.094	)	

**AFFIDAVIT OF MATTHEW J. BARNES**

STATE OF MISSOURI    )  
                                  ) ss  
COUNTY OF COLE    )

Matthew J. Barnes, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

  
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Matthew J. Barnes

Subscribed and sworn to before me this 27<sup>th</sup> day of October, 2014.

LAURA BLOCH  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: June 21, 2015  
Commission Number: 11203914

  
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Notary Public



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

In the Matter of The Empire District  
Electric Company for Authority to  
Implement Rate Adjustments Related to  
the Company's Fuel and Purchased Power  
Adjustment Clause (FAC) Required in  
4 CSR 240-20.094 )  
)  
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Case No. ER-2015-0085  
File No. JE-2015-0137

**AFFIDAVIT OF CURT B. GATELY**

STATE OF MISSOURI    )  
                                  ) ss  
COUNTY OF COLE     )

Curt B. Gately, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

  
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Curt B. Gately

Subscribed and sworn to before me this 27<sup>th</sup> day of October, 2014.



  
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Notary Public


**BEFORE THE PUBLIC SERVICE COMMISSION  
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 Adjustment Clause (FAC) Required in )  
 4 CSR 240-20.094 )

**AFFIDAVIT OF DAVID C. ROOS**

STATE OF MISSOURI )  
 ) ss  
 COUNTY OF COLE )

David C. Roos, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

  
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 David C. Roos

Subscribed and sworn to before me this 24th day of October, 2014.

LAURA BLOCH Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 21, 2015 Commission Number: 11203914
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 Notary Public