

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

In the Matter of The Empire District	)	
Electric Company's Request for Authority	)	
to File Tariffs Increasing Rates for Electric	)	<u>Case No. ER-2019-0374</u>
Service Provided to Customers in its	)	
Missouri Service Area	)	

**PUBLIC COUNSEL'S OBJECTION TO PARTS OF THE  
GLOBAL STIPULATION AND AGREEMENT FILED APRIL 15, 2020**

COMES NOW the Office of the Public Counsel and, within the seven days allotted by rule 20 CSR 4240-2.115(2)(B) and (E), hereby objects to parts of the *Global Stipulation and Agreement* of The Empire District Electric Company, the Staff of the Missouri Public Service Commission, Midwest Energy Consumers Group, Empire District Electric Company SERP Retirees, the Empire District Retired Members & Spouses Association LLC, Renew Missouri, Natural Resources Defense Council, National Housing Trust, and the Sierra Club filed on April 15, 2020. While it does not object to specific terms and provisions of the *Global Stipulation and Agreement* identified below, the Office of the Public Counsel objects to and opposes the other terms and provisions of the *Global Stipulation and Agreement*, primarily on the following grounds:

- 1) The *Global Stipulation and Agreement* is premised on Empire being entitled to a rate increase;
- 2) The *Global Stipulation and Agreement* is premised on the assumption that Empire's transactions with its affiliates are prudent without any evidence that they are;
- 3) The *Global Stipulation and Agreement* is premised on the Commission deferring the ratemaking treatment of Empire's removal of Asbury from its supply-side resource mix by cutting off coal deliveries to Asbury in November 2019 so that Asbury was forced to shut down on December 12, 2019.

The Office of the Public Counsel does not object to only the following terms of the *Global Stipulation and Agreement*: The changes to Empire’s FAC set out in subparagraphs c., d., .f., and g. of paragraph 6; paragraph 7; paragraph 9. (Including all of subparagraphs a. to k.); paragraphs 10 to 23; and paragraphs 27 to 29, all of which are set out following:

**FAC – Base and Tariffs**

The following FAC changes:

6.c. Empire’s monthly FAC submissions shall include a detailed listing of all the costs incurred due to the MJMEUC contracts and the revenues that Empire receives from MJMEUC including but not limited to revenue for energy generated, revenue for capacity, and reimbursement of fuel, variable O&M, and start-up costs.

6.d. The Company will work with the stakeholders to determine the appropriate unit commitment data to support the analysis underlying Empire’s unit self-commitment decisions in advance of the next fuel prudence review.

6.f. The Office of the Public Counsel (“OPC”) and other parties to this case shall be provided the notices and the additional reported FAC submission information requested by Staff.

6.g. Empire’s quarterly FAC surveillance report submissions shall, unless otherwise agreed upon or ordered by the Commission, be provided by:

<u>Quarter Ending:</u>	<u>Submission Deadline</u>
March 31	End of May
June 30	End of August
September 30	End of November
December 31	End of February

7. With respect to Empire’s North Fork Ridge, Neosho Ridge, and Kings Point wind projects, the FAC tariff language shall be revised and clarified to explicitly prohibit costs associated with the wind projects and revenue generated from the wind energy sold to the Southwest Power Pool (“SPP”) from being passed through to customers via the Fuel Adjustment Clause before the wind projects’ revenue requirements are included in rates.

**Adjustments Related to Meter Reading and Billing**

9. Regarding Empire’s estimated billing process, the Company shall do the following for the years 2020, 2021, and 2022:

- a. Incorporate data into its monthly reports to Commission Staff;
- b. Initiate quarterly reports to the Commission Staff and OPC regarding the number of estimated meter readings;

- c. Initiate quarterly reports to the Commission Staff and OPC regarding the number of estimated meter readings exceeding three consecutive estimates;
- d. Initiate quarterly reports to the Commission Staff and OPC regarding the number of bills with a billing period outside of 26 to 35 days; and
- e. Initiate quarterly reports to the Commission Staff and OPC regarding the Company and contract meter reader staffing levels;
- f. Evaluate the authorized meter reader staffing level and take action to maintain adequate meter reader staffing levels in order to minimize the number of estimated bills.
- g. Company will meet with Staff and OPC to discuss bill redesign possibilities for the future.
- h. Ensure that all customers who receive estimated bills for three consecutive months receive the appropriate communication regarding estimated bills and their option to report usage as required by Service and Billing Practices, Rule 20 CSR 4240-13.020(3).
- i. Ensure that all customers who receive an adjusted bill due to underestimated usage are offered the appropriate amount of time to pay the amount due on past actual usage as required by Service and Billing Practices, Rule 20 CSR 4240- 13.025(1)(C).
- j. Evaluate meter reading practices and take action to ensure that billing periods stay within the required 26 to 35 days, unless permitted by those exceptions listed in the Commission's rules.
- k. File notice within this case by September 1, 2020, containing an explanation of the actions the Company has taken to implement the above recommendations related to billing and bill estimates.

10. The Company will benchmark across utilities for reliability and present this information in its direct testimony in its next rate case and in subsequent reliability reports (annual basis) for the years 2021 and 2022. The Company will provide a 6-year retrospective benchmarking analysis of investor-owned utilities in Kansas, Arkansas, Oklahoma and the utilities identified in Table 1 of the surrebuttal testimony of Geoff Marke in its next rate case based on publically available EIA data and to then be filed in the Company's Reliability Reports for 2021 and 2022. Metrics include SAIDI, SAIDI w/out Major Event Days, SAIFI, SAIFI w/out Major Event Days. To the extent known to the Company and based on publicly available information, the Company will indicate whether the utilities used for benchmarking are reporting using the IEEE-1366 standard or some other standard.

### **Rate Design**

11. The Company will incorporate the following in its direct filing in its next general base rate proceeding:

- a. Allocation of interruptible credits for SC-P rate schedule consistent with MECG's recommendation in this case;
- b. Allocation of the cost of the economic development rider discount on revenues

pursuant to Section 393.1640.2;

- c. The Company agrees to firm-up interruptible revenues to match with cost allocation of production plant in its direct filing in the next general rate case.
- d. The lettered commitments by the Company in this section do not limit any other party's ability to support or oppose these treatments.

12. Prior to the next rate case, the Company will identify and provide the data required to determine: primary distribution costs by voltage; secondary distribution costs by voltage; primary voltage service drops; line extension by rate schedule and voltage; and, meter costs by voltage and rate schedule. If the required data is not readily available, the Company will identify and implement the actions necessary to obtain it as quickly as possible.

13. As the Company deploys AMI, it will commit to retaining the data necessary to:

- a. Commit to use of AMI data to enhance the accuracy and applicability of its load research data as soon as is practical. The Company shall make available the following information to the extent practicable:
  - 1. For each rate schedule the total number of customers served on that rate schedule on the first day of the month and the last day of the month;
  - 2. For each rate schedule on which customers may take service at various voltages the number of customers served at each voltage on the first day of the month and the last day of the month;
  - 3. For each rate schedule the number of customers served on that rate schedule on the first day of the month and the last day of the month for which interval meter readings are obtained;
  - 4. For each rate schedule on which customers may take service at various voltages the number of customers served at each voltage on the first day of the month and the last day of the month which interval meter readings are obtained;
  - 5. For each rate schedule on which customers may take service at various voltages the sum of customers' interval meter readings, by interval and by voltage;
  - 6. For each rate schedule on service is available at a single voltage the sum of customers' interval meter readings, by interval;
  - 7. If any internal adjustments to customer interval data are necessary for the company's billing system to bill the interval data referenced in parts 5 and 6, such adjustments should be applied to each interval recording prior to the customers' data being summed for each interval;
  - 8. Individual customer interval data shall be retained for a minimum of fourteen months. If individual data is acquired by the company in intervals of less than one hour in duration, such data shall be retained in intervals of no less than one hour.
  - 9. From time to time the Commission may designate certain customer subsets for more granular study. If such designations have been made, the

information required under parts 1 – 8 should be provided or retained for those instances.

- b. Retain individual hourly data for use in providing bill comparison tools for customers to compare rate alternatives.
  - c. Retain coincident peak determinants for use in future rate proceedings.
14. The Company will submit a rate impact analysis for the alignment of GP/TEB rates in its next rate case.
15. The Company will submit a rate impact analysis for the alignment of CB/SH rates in its next rate case.
16. The Company will propose the elimination of the Feed & Grain rate in its next general rate case.
17. The Company will work with parties to explore modification of the rate structures of all rate schedules to subdivide the current “Winter” billing season into a “Peak Winter” and two “Shoulder Month” seasons, to reflect at a minimum the difference in the cost of market energy among current “Winter” months to the extent it is consistent with reasonable rate design principles.
18. When the Company files its next rate case, the Company will include testimony regarding whether or not it proposes to change its tariffs to allow mastermeters to be served under CB/SH.
19. The Company will develop determinants suitable for use in the design and development of time of use (“TOU”) rates as part of the next rate case.

#### **Energy Efficiency and Low-Income Programs**

20. There will be no changes to energy efficiency funding levels in this case.
21. The Company’s Low-Income Pilot Program will remain in place with no changes made in this case, and the Company will track all costs until the next rate case.
22. The Company, Staff, and OPC agree to meet at least twice prior to the filing of Empire’s next rate case to discuss the Company’s Low Income Pilot Program and whether or not modifications are warranted.

#### **COVID-19**

23. The Company will meet with stakeholders to discuss expected customer-impact of planned capital expenditures in 2020 of prolonged and/or significant economic downturn in light of COVID-19 before the Company’s next filed rate case.

### **Retired Employees Provisions**

27. The Company shall provide, to a designated EDRA contact, the following documents of The Empire District Electric Company in the years 2020-2026:

- a. IRS filings (specifically Form 5500 for each plan),
- b. Actuarial valuation reports,
- c. Financial disclosures,
- d. Annual funding notice to pension plan participants,
- e. Annual health care premium and coverage letter to retirees,
- f. FERC Form 1 and summary and full annual reports.

28. In addition, the company will designate a contact for these matters.

### **SERP Retirees Provision**

29. EDESR and the Company shall discuss with Staff and OPC, in or prior to July of 2020, the possibility of external funding (Rabbi Trust) of SERP benefits. If an agreement is reached between EDESR, the Company, Staff, and OPC in which: (1) EDESR, Staff, and OPC agree that, using reasonable assumptions, the annual costs and expenses of funds contributed by Empire using a Rabbi trust (including contributions to the trust) to provide benefits are essentially the same or less than the costs and expenses to customers of providing the alternate of SERP benefits from Empire's general funds and (2) none of these parties (EDESR, Staff, OPC) oppose the rate recovery of the Rabbi trust consistent with the Willis Towers Watson SERP funding analysis dated July 17, 2019 (but with currently approved weighted average cost of capital) in place of the SERP funded from general funds and will support said rate recovery in future cases, Empire will fund SERP benefits via a Rabbi trust within 30 days of execution of the written agreement.

Respectfully,

/s/ Nathan Williams

Nathan Williams  
Chief Deputy Public Counsel  
Missouri Bar No. 35512

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 16<sup>th</sup> day of April 2019.

/s/ Nathan Williams