

EXHIBIT

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DIRECT TESTIMONY

OF

LENA M. MANTLE

Submitted on Behalf of the Office of the Public Counsel

EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2014-0351

January 29, 2015

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DIRECT TESTIMONY

OF

LENA M. MANTLE

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2014-0351

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Lena M. Mantle and my business address is P.O. Box 2230, Jefferson City,
3 Missouri 65102. I am a Senior Analyst for the Office of the Public Counsel (“OPC”).

4 **Q. PLEASE DESCRIBE YOUR EXPERIENCE AND YOUR QUALIFICATIONS.**

5 A. I worked for the Staff of the Missouri Public Service Commission (“Staff”) from August
6 1983 until I retired in December 2012. During the time that I was employed at the Missouri
7 Public Service Commission (“Commission”), I worked as an Economist, Engineer,
8 Engineering Supervisor and Manager of the Energy Department. I was employed by the
9 OPC in my current position in August 2014.

10 Attached as Schedule LMM-1 is a brief summary of my experience with Staff and
11 a list of the Commission cases in which I filed testimony, Commission rulemakings in
12 which I participated, and Commission reports to which I contributed. I am a Registered
13 Professional Engineer in the State of Missouri.

14 **SUMMARY AND RECOMMENDATIONS**

15 **Q. PLEASE PROVIDE A SUMMARY THIS TESTIMONY?**

16 A. The Commission has been given the authority to grant, or not grant, an FAC for each
17 electric utility. An FAC is a significant deviation from the Commission’s prohibition
18 against single issue ratemaking. It is not a “right” for the electric utilities – it is
19 discretionary. The exercise of discretion requires comprehensive scrutiny by the

1 Commission since the result of granting an FAC is that the risk of changes in fuel and
2 purchased power costs moves from the electric utility to its customers. Regardless of how
3 long the electric utility has had an FAC, it should provide the detail necessary for the
4 Commission to make an informed decision in each rate case regarding how much of the
5 risk is moved to the ratepayers. Anything less trivializes the impact of an FAC on the
6 ratepayers.

7 This testimony explains how EDE's filing did not meet the Commission's
8 minimum filing requirement for a *complete* explanation of the costs and revenues it is
9 requesting be included in its FAC. This detail is necessary for the Commission to make an
10 informed decision regarding whether EDE should be allowed an FAC and, if so, what costs
11 and revenues should be included. Because this information was not provided and because
12 EDE's fuel and purchased power costs have remained reasonably stable since it was
13 granted an FAC, OPC recommends that the Commission discontinue EDE's FAC.

14 If the Commission allows EDE an FAC, the sharing mechanism should be changed
15 to recover/return 90% of changes in FAC costs and revenues from its customers from the
16 current 95%. This change would provide greater incentive for EDE to manage the costs
17 and revenues included in its FAC. In addition, the Commission should limit the costs and
18 revenues that flow through the FAC; all costs and revenues that flow through the FAC
19 should be well defined along with the account and subaccount of the cost or revenue, and
20 new costs or revenues that the Commission has not approved should not be allowed to flow
21 through the FAC between rate cases.

22 If the Commission does allow EDE an FAC, to provide for transparency, the FAC
23 tariff sheets should be revised to provide consistent, accurate information.

1 Q. WOULD YOU SUMMARIZE YOUR SPECIFIC RECOMMENDATIONS TO THE
2 COMMISSION IN THIS TESTIMONY?

3 A. OPC recommends:

4 1. The Commission discontinue EDE's FAC;
5 2. If the Commission grants EDE an FAC, certain modifications should be made to
6 the FAC including:

7 A. The costs and revenues that EDE is allowed to include in its FAC be
8 limited to costs and revenues that are clearly and distinctly defined by the Commission in
9 this case;

10 B. Certain revenue accounts should not have a jurisdictional allocation factor
11 applied to in the FAC tariff;

12 C. The costs and revenues included in the FAC should not change until the
13 next general rate increase case; and

14 D. The Commission should change the incentive mechanism from 95%/5% to
15 90%/10%; and

16 3. If the Commission grants EDE an FAC, certain changes should be made to the
17 FAC tariff sheets.

18 **HISTORY OF THE FUEL ADJUSTMENT CLAUSE**

19 Q. WOULD YOU GIVE A BRIEF HISTORY OF THE FUEL ADJUSTMENT
20 CLAUSE IN MISSOURI?

1 A. Prior to the passage of SB 179¹ (“SB 179”), which allows the Commission to grant an
2 FAC, fuel and purchased power costs were estimated and included in the determination of
3 the utility’s revenue requirement in general rate proceedings. This provided an incentive to
4 the electric utility that, if it managed its activities in a manner that allowed it to reliably
5 serve its customers at a cost lower than what was included in its revenue requirement in the
6 last rate case, the savings were retained by the electric utility. If costs were greater than the
7 costs included in the revenue requirement, the electric utility absorbed the increased costs.
8 When the electric utility believed that it could no longer absorb the increased costs, it asked
9 the Commission for an increase in its rates.

10 In the 1979 Missouri Supreme Court opinion of *Utility Consumer Council of*
11 *Missouri, Inc. v. P.S.C.*,² the Court concluded that FAC surcharges were unlawful because
12 they allowed rates to go into effect without considering all relevant factors. The Court
13 warned that “to permit such a clause would lead to the erosion of the statutorily-mandated
14 fixed rate system.” The Court further explained, “If the legislature wishes to approve
15 automatic adjustment clauses, it can of course do so by amendment of the statutes and set
16 up appropriate statutory checks, safeguards, and mechanisms for public participation.”

17 Senate Bill 179 was passed during the 2005 Session of the General Assembly and
18 became effective January 1, 2006. It authorizes investor-owned electric utilities to file
19 applications with the Commission requesting authority to make periodic rate adjustments
20 outside of general rate proceedings for their prudently-incurred fuel and purchased power
21 costs, including transportation. Granting an FAC removes the historical incentive to reduce

¹ Section 386.266, RSMo. 2010 Cum. Supp

² *State ex rel. Utility Consumers Council, Inc. v. P.S.C.*, 585 S.W.2d 41(MO. 1979)

1 fuel and purchased power costs since the utility is no longer able to retain any savings that
2 accrue due to effective management of fuel and purchased power pricing. It also reduces
3 the incentive to reduce fuel and purchased power costs because virtually all risk is borne by
4 the ratepayer – the electric utility has the ability to recover any increase in cost, and other
5 parties – in an after-the-fact prudence review – have to prove the utility acted imprudently.

6 After the enactment of SB 179, OPC worked diligently with Staff and other
7 stakeholders, including representatives from the electric utilities, to draft proposed rules for
8 the Commission’s consideration to implement SB 179. The draft rule development process
9 included stakeholder meetings and compromise on the proposed wording of the draft rules.

10 In June 2006, the Commission submitted proposed rules to the Secretary of State which
11 were published in the July 17, 2006, Missouri Register. The Commission held seven public
12 hearings on its proposed rules in August and September of 2006. It issued its Final Order
13 of Rulemaking effective September 21, 2006. The rules became effective January 30,
14 2007.

15 **Q. WERE YOU INVOLVED IN THE STAKEHOLDER PROCESS THAT DRAFTED**
16 **FAC RULES FOR THE COMMISSION’S CONSIDERATION?**

17 A. I attended and participated in all of the stakeholder meetings and some of the public
18 hearings. I was the Staff “scribe” at the meetings recording the compromise language that
19 the stakeholders developed. I also participated in drafting language for the stakeholders’
20 consideration in this process.

21 **Q. WHEN DID THE COMMISSION FIRST ALLOW EDE AN FAC?**

22 A. The Commission first authorized EDE’s FAC in its Report and Order in Empire’s 2008 rate
23 case (Case No. ER-2008-0093), and approved FAC tariff sheets in that case with an

1 effective date of September 1, 2008. The Commission has authorized continuation, with
2 modifications, of Empire's FAC in EDE's next three rate cases - Case Nos. ER-2010-0130,
3 ER-2011-0004 and ER-2012-0345.

4 **Q. DID YOU PARTICIPATE IN ANY OF THESE CASES WITH RESPECT TO THE**
5 **FAC?**

6 A. Yes. I was the Staff FAC witness in the case in which the Commission first allowed EDE
7 an FAC, Case No. ER-2008-0093. As Manager of the Energy Department, I participated in
8 the determination of Staff's position regarding the FAC in Case Nos. ER-2010-0130, ER-
9 2011-0004 and ER-2012-0345.

10 **RECOMMENDATION TO DISCONTINUE EDE'S FAC**

11 **Q. WHY IS OPC RECOMMENDING DISCONTINUANCE OF EDE'S FAC?**

12 A. OPC is recommending the discontinuance of EDE's FAC for the following three reasons:

13 1. The explanations of the costs and revenues that EDE is proposing flow through its
14 FAC do not meet the FAC minimum filing requirements;

15 2. EDE did not provide information to show the magnitude of each cost and revenue
16 that it is requesting flow through its FAC, and provided insignificant testimony on how the
17 costs and revenues that it is requesting flow through its FAC are uncertain, volatile or
18 beyond the ability of the utility to manage; and

19 3. Since the FAC was originally implemented, fuel costs for EDE have stabilized at,
20 or near, the base established in the FAC.

21 **Q. WHAT ARE THE FAC MINIMUM FILING REQUIREMENTS THAT EDE DID**
22 **NOT ADEQUATELY PROVIDE?**

1 A. EDE did not provide *complete* explanations of the costs and revenues that it is requesting
2 flow through its FAC as required by 4 CSR 240-3.161(3)(H) and (I). OPC is appreciative
3 of the additional information that EDE provided as supplemental direct testimony in this
4 case regarding the costs and revenues it is proposing flow through its FAC. However, EDE
5 did not provide an explanation of any of the costs listed on page one (1) of Supplemental
6 Schedule ADJ-2 found in the Supplemental testimony of EDE witness Aaron J. Doll.

7 **Q. WOULD YOU PROVIDE AN EXAMPLE OF AN INCOMPLETE**
8 **EXPLANATION?**

9 A. Yes. While the description of General Ledger account 501042, Fuel – Coal, seems at first
10 glance to be a good description, Supplemental Schedule AJD-1, page 1, shows that railroad
11 transportation is also included in account 501042. In addition, according to EDE's
12 response to OPC's data request 8008, attached to this testimony as Schedule LMM-2-2,
13 account 501042 may include switching and demurrage charges, applicable taxes, fuel
14 additives, Btu adjustments assessed by coal suppliers, quality adjustments assessed by coal
15 suppliers and fuel adjustments included in commodity and transportation costs. As a result,
16 just stating "Fuel-Coal" does not provide a complete description of what is included in
17 account 501042 as required by 4 CSR 240-3.161(3)(H).

18 **Q. IS THIS THE ONLY INSTANCE OF INCOMPLETE INFORMATION?**

19 A. No, there are more general ledger accounts without a complete description. The description
20 of account 547210 provided by Mr. Doll is "Combust Turb Fuel Natural Gas." EDE's
21 response to OPC's data request 8008 also shows that transportation, storage, capacity
22 reservation and fuel losses may be recorded in account 547210. In addition, the description
23 given by Mr. Doll for a given account may not be what it looks like from given the short

1 description in his supplemental testimony. For example account 501400 "Ops Labor-Fuel
2 Handling" is the fuel handling cost for the Plum Point power plant according to EDE's
3 response to OPC data request 8008.

4 **Q. IS THERE A REASON TO PROVIDE A COMPLETE EXPLANATION FOR**
5 **EACH OF THESE ACCOUNT DESCRIPTIONS?**

6 A. Yes, there is. The Commission must have a complete description of the cost and revenue
7 types for it to make an informed determination of exactly what costs and revenues it will
8 allow to flow through EDE's FAC. If the only definition that the Commission is given is
9 account 547210 "Combust Turb Fuel Natural Gas," it may not realize that in approving that
10 this cost flow through the FAC, may be approving that transportation, storage, capacity
11 reservation and fuel losses also flow through the FAC.

12 **Q. IS THE LIST PROVIDED TO YOU IN OPC DATA REQUEST 8008 AN**
13 **EXHAUSTIVE LIST OF ALL THE COSTS THAT MAY BE RECORDED IN**
14 **EACH ACCOUNT?**

15 A. I do not know. The example that I gave above regarding all of the costs not included in Mr.
16 Dolls description of account 501042, Fuel - Coal, gives me doubt that all the costs that may
17 be recorded in each account are included. This is another reason that a complete
18 description of the costs and revenues that are being requested flow through the FAC be
19 provided along with the account, subaccount and any other identifying information. This
20 will provide the information needed for prudence audits to determine if only the costs
21 approved by the Commission have been flowed through the FAC.

22 **Q. WHAT MAY HAPPEN IF THIS INFORMATION IS NOT PROVIDED?**

1 A. Costs may pass through the FAC that the Commission did not specifically approve to pass
2 through EDE's FAC.

3 **Q. DO YOU HAVE AN EXAMPLE OF SUCH A COST?**

4 A. Yes, I do. Based on the limited definition provided by EDE, it appears that EDE has been
5 passing costs for attending fuel conventions and seminars through the FAC. Even though
6 this is a very small cost, I do not believe that the Commission was asked if this cost could
7 be passed through the FAC. However, it is a cost that is recorded in Account 501 and,
8 according to EDE's tariff, costs from Account 501 may pass through the FAC.

9 **Q. YOUR SECOND REASON FOR RECOMMENDING THE COMMISSION**
10 **DISCONTINUE EDE'S FAC WAS THAT EDE DID NOT PROVIDE THE**
11 **MAGNITUDE, OR DESCRIPTIONS OF THE UNCERTAINTY AND**
12 **VOLATILITY OF COSTS AND REVENUES THAT IT IS REQUESTING BE**
13 **INCLUDED IN ITS FAC. WOULD YOU PLEASE EXPLAIN WHY THIS**
14 **INFORMATION IS IMPORTANT?**

15 A. Commission rule 4 CSR 240-20.090(2)(C) requires that, when determining which costs
16 should be included in an FAC, the Commission must consider, at a minimum, the
17 magnitude of the cost, the ability of the utility to manage the cost, the volatility of the cost
18 and the incentive provided to the utility as a result of the inclusion or exclusion of a cost. I
19 could find no information regarding the magnitude, uncertainty, manageability and
20 volatility of *individual* cost and revenue types that the Commission needs to consider when
21 determining what costs and revenues should be included in an FAC. There is limited,
22 insufficient information provided in EDE's direct testimony on the FAC regarding the
23 magnitude of aggregated costs and revenues, the ability of EDE to manage these aggregated

1 costs and revenues, and the aggregate volatility of the costs and revenues EDE is proposing
2 be included in the FAC. However, this information was not provided at disaggregated level
3 so that the Commission could make a determination regarding each individual cost and
4 revenue.

5 **Q. DID EDE FILE INFORMATION ON THE MAGNITUDE, UNCERTAINTY AND**
6 **VOLATILITY OF EDE'S COAL COSTS IN ITS DIRECT TESTIMONY?**

7 A. No. EDE witness Todd W. Tarter discussed coal and the coal costs used in the fuel
8 production cost model, which a sum of the coal commodity and the coal transportation
9 costs. He did not discuss the magnitude of coal commodity and coal transportation costs
10 separately or EDE's expected future coal and coal transportation cost, or the uncertainty or
11 volatility of coal prices or coal transportation costs.

12 **Q. DID EDE FILE INFORMATION ON THE MAGNITUDE, UNCERTAINTY AND**
13 **VOLATILITY OF EDE'S NATURAL GAS COSTS IN ITS DIRECT TESTIMONY?**

14 A. No. Mr. Tarter did give a brief summary of EDE's Risk Management Policy that it uses to
15 help manage natural gas volatility but the rest of his testimony regarding natural gas
16 pertained to the natural gas prices used in EDE's fuel production cost model. He did not
17 discuss the magnitude of current, past or future natural gas purchases or the expected
18 volatility of natural gas prices.

19 **Q. DID EDE FILE INFORMATION ON THE MAGNITUDE, UNCERTAINTY AND**
20 **VOLATILITY REGARDING THE TRANSMISSION COSTS AND REVENUES**
21 **THAT IT IS REQUESTING BE ADDED TO ITS FAC IN ITS DIRECT**
22 **TESTIMONY?**

1 A. Yes, but it provided very limited information. Mr. Doll provided EDE's expected increase
2 in its total Missouri jurisdictional Regional Transmission Organization ("RTO") costs and
3 revenues from the test year ending April, 2014, through the true-up period ending
4 December, 2014, and discussed the reasons that overall RTO costs were volatile. He did
5 not provide information as to the volatility or uncertainty of any specific RTO cost that
6 EDE has been incurring or of any specific RTO cost it is expecting to incur in the future.

7 **Q. WHY IS IT IMPORTANT FOR THE COMMISSION TO KNOW THE**
8 **MAGNITUDE, VOLATILITY AND UNCERTAINTY REGARDING EACH COST**
9 **AND REVENUE THAT EDE IS REQUESTING FLOW THROUGH ITS FAC?**

10 A. An FAC is not a right. An FAC moves the risk of changes in costs from the electric utility
11 to every single ratepayer of the electric utility. Just because an electric utility has been
12 granted an FAC in the past it is not absolved of the requirement to prove continued
13 necessity. The FAC's costs and revenues and their volatility and uncertainty change across
14 time. Without information in every rate case on what the cost or revenue consists of, the
15 magnitude of the cost or revenue, and the electric utility's uncertainty regarding changes in
16 the magnitude of each cost and revenue and the expected volatility of each cost and
17 revenue, the Commission cannot make an informed judgment regarding which changes to
18 costs and revenues would be significant enough to impact the likelihood of the electric
19 utility achieving its authorized Return on Equity ("ROE"), and should flow through the
20 FAC. For example, if a cost is \$10 million (i.e., large magnitude) in the test year, but the
21 company has no reason to expect that to change before its next rate case (i.e., no
22 uncertainty or volatility), there is no reason for this cost to be included in an FAC. If a
23 certain cost for the test year was less than \$5,000 (i.e., small magnitude) but was expected

1 to increase to \$10,000 before the next rate case (i.e., not uncertain but may be considered
2 volatile), it also should not be included in the FAC. Information on the magnitude,
3 uncertainty and volatility of a cost or revenue gives the Commission the information
4 necessary to determine if it is critical for that electric utility to include this cost in its FAC.

5 **Q. THE THIRD REASON THAT YOU GIVE FOR DISCONTINUANCE OF EDE'S**
6 **FAC IS THAT FUEL AND ENERGY COSTS FOR EDE HAVE STABILIZED AT,**
7 **OR NEAR THE BASE ESTABLISHED IN THE FAC SINCE THE FAC WAS**
8 **ORIGINALLY IMPLEMENTED. WHAT IS THIS BASED ON?**

9 A. I based this on (1) The direct testimony of EDE witness Todd Tarter; and (2) The Actual
10 Net Energy Costs ("ANEC") and the Net Base Energy Costs ("NBEC") of every
11 accumulation period since EDE was allowed to have an FAC in September, 2008.

12 **Q. WHAT DID MR. TARTER SAY IN HIS TESTIMONY WHICH MIGHT SUPPORT**
13 **OPC'S RECOMMENDATION THAT EDE'S FAC BE DISCONTINUED?**

14 A. On page 9 of his direct testimony filed on August 29, 2014, Mr. Tarter states that fuel and
15 energy costs for EDE have stabilized at, or near, the base established in the FAC since the
16 FAC was originally implemented.

17 **Q. WAS THIS SUPPORTED BY YOUR REVIEW OF THE ACCUMULATION**
18 **PERIOD ACTUAL AND BASE FUEL COSTS?**

19 A. In the eleven (11) accumulation periods since EDE was granted an FAC, its actual fuel
20 costs have been \$710 million of which \$693 million was recovered in permanent rates. An
21 additional \$17 million was recovered through the FAC, bringing the total amount of actual
22 fuel costs that have been recovered since the FAC was granted to EDE to \$709 million or
23 99.91% of its total actual fuel costs. In the last two years of accumulation periods (March,

1 2012, through February, 2014), EDE's fuel costs were \$251 million. For that time period,
2 EDE recovered \$250 million of that cost through permanent rates and an additional \$1
3 million through the FAC, resulting in EDE recovering 100% of its fuel costs.

4 **Q. WHY DID EDE RECOVER 100% OF ITS FUEL COSTS IN THE TWO YEARS**
5 **ENDING FEBRUARY, 2014?**

6 A. EDE was able to recover 100% of its fuel costs because its actual fuel costs were below the
7 net fuel costs included in its permanent rates for two of the four accumulation periods. It
8 returned 95% of that decrease but got to keep 5%, which resulted in EDE recovering more
9 than 100% of its fuel costs for those two accumulation periods.

10 **Q. HOW DOES THIS INDICATE THAT THE COMMISSION SHOULD**
11 **DISCONTINUE THE FAC FOR EDE?**

12 A. If the Commission had not granted an FAC to EDE in September, 2008, or any time since,
13 and all other factors remained the same, then EDE still would have recovered 97.5% of the
14 fuel costs included in its FAC in permanent rates since that time. In the last four completed
15 accumulation periods, EDE recovered 99.54% of its FAC costs in permanent rates. During
16 the time period of September, 2011 through February, 2013, EDE would have recovered
17 104% of its fuel costs if it had not had an FAC during that time period. This shows that
18 FAC costs and revenues in past accumulation periods (1) are not so volatile that EDE
19 would not have recovered its fuel costs but for the FAC; (2) EDE's opportunity to achieve
20 its allowed ROE would have been improved without an FAC; and (3) strongly suggests that
21 EDE's FAC should be discontinued. Moreover, nothing in the record before the
22 Commission at this point suggests the future will be any different for EDE than this history
23 suggests.

1 **RECOMMENDATION SHOULD THE COMMISSION ALLOW EDE AN FAC**

2 **Q. DOES OPC HAVE RECOMMENDATIONS IF THE COMMISSION DECIDES TO**
3 **GRANT EDE AN FAC IN THIS CASE?**

4 A. It is OPC's recommendation that the Commission not grant Ameren Missouri an FAC.
5 However, if the Commission does grant EDE an FAC, OPC recommends the following:

6 1. The costs and revenues that EDE is allowed to include in its FAC be limited to
7 costs and revenues that are clearly and distinctly defined by the Commission in this case;

8 2. Certain revenue accounts should not have a jurisdictional allocation factor applied
9 to the FAC tariff;

10 3. The costs and revenues included in the FAC should not change until the next
11 general rate increase case; and

12 4. The Commission should change the incentive mechanism from 95%/5% to
13 90%/10%.

14 **Q. HOW MANY COST AND REVENUE ACCOUNTS IS EDE REQUESTING FLOW**
15 **THROUGH ITS FAC?**

16 A. According to EDE's response to OPC DR 8008, EDE currently flows fifty-nine (59) cost
17 accounts and eighteen (18) revenue accounts through its FAC. EDE is requesting to add an
18 additional seven (7) cost accounts and ten (10) revenue accounts for a total of ninety-four
19 (94) accounts flowing through the FAC.

20 **Q. WHY SHOULD THE NUMBER OF ACCOUNTS THAT FLOW THROUGH THE**
21 **FAC BE LIMITED?**

22 A. Increasing the number of accounts that flow through an FAC increases the complexity of
23 the FAC and increases the likelihood that costs that have not been approved by the

1 Commission flow through the FAC. It also contributes to an expansion of the types of
2 costs recovered by moving the FAC away from the recovery of fuel, purchased power and
3 the transportation of that fuel and purchased power toward the inclusion of many other
4 types of costs such as the costs of attending fuel seminars and conventions.

5 In addition, one of the FAC minimum filing requirements is to describe how the
6 FAC is compatible with the requirement for a prudence review.³ The electric utilities have
7 stated that these prudence reviews are a powerful incentive for prudently managing their
8 FAC costs. Including a large variety of expense and revenue accounts complicates the
9 review process making it unreasonably burdensome, especially where the utility has not
10 provided sufficient detail regarding each account and the Commission has not made a
11 determination in each account.

12 It is not OPC's recommendation that EDE should not recover prudently incurred
13 costs in this rate case; it is OPC's recommendation that certain costs and revenues not flow
14 through the FAC.

15 **Q. DO YOU HAVE A RECOMMENDATION REGARDING WHICH COSTS AND**
16 **REVENUES SHOULD BE INCLUDED IN EDE'S FAC SHOULD THE**
17 **COMMISSION ALLOW AN FAC?**

18 **A.** Yes, I have the following recommendations:

- 19 1. Only variable fuel commodity costs, variable fuel transportation costs, purchased
20 power, the transmission costs of purchased power, and off-system sales should be included
21 in the FAC;
- 22 2. Only cost types which EDE actually incurs should be included in EDE's FAC;

1 3. No cost account, current or proposed, in which costs less than \$60,000 were
2 incurred in the true-up year should be included; and

3 4. Revenue accounts containing revenues received for other jurisdictions should be
4 excluded, and the remaining Missouri account should not have the jurisdictional allocation
5 factor applied to it.
6

7 **Recommendation Regarding Costs and Revenues That Should Be Allowed in its FAC**

8 **Q. WHY SHOULD THE FAC ONLY INCLUDE VARIABLE FUEL**
9 **TRANSPORTATION COSTS, PURCHASED POWER, THE TRANSMISSION**
10 **COSTS OF PURCHASED POWER AND OFF-SYSTEM SALES?**

11 A. EDE has not shown the magnitude, uncertainty and volatility of the costs that it is
12 requesting be included in its FAC or why the costs should be included. Therefore, if the
13 Commission authorizes EDE to continue an FAC, OPC recommends that the allowed costs
14 and revenues flowing through the FAC should be limited until: 1) EDE presents to the
15 Commission exactly what costs and revenues it is proposing flow through the FAC, the
16 magnitude and volatility of each cost and revenue item and why the cost or revenue should
17 flow through the FAC; 2) all parties to the case have had the time and opportunity to
18 develop and present their positions regarding each of the costs and revenues to the
19 Commission; and 3) the Commission has issued an order stating which of these costs and
20 revenues, along with the major and minor accounts and activity codes, should flow through
21 the FAC.

³ 4 CSR 240-3.161(3)(G)

1 **Q. ARE THERE SOME COSTS THAT EDE IS REQUESTING BE ADDED TO THE**
2 **FAC THAT ARE NOT VARIABLE?**

3 A. Yes. On his Schedule TWT-2, EDE witness Todd Tarter shows that gas storage costs have
4 not changed since the last rate case and gas transportation costs only increased by \$13,679
5 or 0.2%. He did not provide a reason for these costs to be included other than Ameren
6 Missouri was allowed to recover these types of costs through its FAC. But, a cost another
7 utility has in its FAC is no justification for including that cost in EDE's FAC. These costs
8 should not be allowed to flow through the FAC because they are not variable costs for
9 EDE.

10 **Q. ARE THERE COSTS THAT EDE IS NOT CURRENTLY INCURRING THAT ARE**
11 **LISTED IN THE CURRENT FAC TARIFF SHEETS?**

12 A. Attached as Schedule LMM-2-1 is EDE's response to OPC data request 8008. In its
13 response to OPC's request seeking an explanation of costs and revenues EDE is proposing
14 to flow through the FAC, EDE explains:

15 Several of the costs defined in Empire's tariff as includible may not
16 have been incurred by Empire historically due to the differences
17 between it and Ameren with respect to: (a) generating fleets; (b) the
18 type of fuels used to run the generators; (c) purchase power
19 arrangements; (d) [Regional Transmission Organizations] terms and
20 conditions, i.e. [Midcontinent Independent System Operator, Inc.]
21 versus [Southwest Power Pool]; and (e) the specific contractual
22 arrangements that have been made by each company that govern
23 each of these areas. To the extent that Empire has not incurred a
24 listed charge historically does not detract from the need for the
25 definition of the issue or cost in the tariff so that in the future if
26 Empire incurs these costs it is clear that they are eligible for
27 recovery.
28

1 Apparently these costs were included in EDE's tariff for no reason other than Ameren
2 Missouri was allowed to recover these types of costs through its FAC. But a cost another
3 utility has in its FAC is no justification for including that cost in EDE's FAC. The
4 Commission should make its FAC determination based on the circumstances of the utility
5 and its customers before it, not on the circumstances of some other case applicable to
6 another set of stakeholders. OPC recommends that any cost or revenue type not incurred or
7 received by EDE be excluded from its tariff sheets and from its FAC. In the rate case after
8 EDE incurs a cost or revenue type that it believes should flow through its FAC, EDE can
9 request the cost or revenue be included in its FAC at that time along with information
10 regarding the magnitude, volatility, uncertainty and EDE's ability to manage the cost, and
11 the Commission can determine if the cost or revenue type should be included in EDE's
12 FAC. Padding the FAC tariff sheets with costs that EDE "may incur" simply because some
13 other utility has incurred the costs while providing no information to the Commission
14 regarding the magnitude, volatility, and uncertainty of the costs or revenues, should not be
15 allowed.

16 **Q. WHY SHOULD ALLL COST AND REVENUE ACCOUNTS, CURRENT OR**
17 **PROPOSED, IN WHICH COSTS LESS THAN \$60,000 WERE INCURRED FOR**
18 **THE TRUE-UP YEAR BE EXCLUDED FROM EDE'S FAC?**

19 **A.** One of the minimum filing requirements for an electric utility requesting an FAC is the
20 provision of a *complete* explanation of how the proposed FAC provides the electric utility a
21 sufficient opportunity to earn a fair return on equity.⁴ Therefore, I chose a one (1) basis
22 point (one basis point is one one-hundreth of one percent) change in return on equity as an

1 appropriate measure of the size of cost which should be included in the FAC. According to
2 the capital structure testimony provided by EDE witness Robert W. Sager, and the rate base
3 testimony provided by EDE witness W. Scott Keith, one basis point on EDE's return on
4 common equity is approximately \$60,000. Since the FAC only tracks the difference
5 between the costs included in permanent rates and actual costs there is small likelihood that
6 the change in any cost less than \$60,000 would impact EDE's return on equity.

7 In addition, one of the FAC minimum filing requirements is to describe how the
8 FAC is compatible with the requirement for a prudence review⁵. Including a great variety
9 of expense and revenue accounts complicates the review process, especially where EDE
10 has not provided sufficient detail regarding each account. Moreover, removing these
11 expenses and revenues will have little impact on total costs and will help simplify the
12 prudence review process. Again, it is not OPC's recommendation that EDE should not
13 recover prudently incurred costs of less than \$60,000 in the true-up period; it is OPC's
14 recommendation that certain costs and revenues just not flow through the FAC.

15 **Q. WHAT REVENUE ACCOUNTS FOR OTHER JURISDICTIONS HAVE BEEN**
16 **INCLUDED IN EDE'S FAC?**

17 **A.** Off-system sales, energy imbalance revenues, Southwest Power Pool ("SPP") Integrated
18 Market revenues, and Renewable Energy Credit ("REC") revenues are accounted for in
19 EDE's accounts by jurisdictions. In the current FAC, the sums of all the revenue for all
20 jurisdictions are totaled and then an allocation factor is applied.

21 **Q. WHY SHOULD THIS BE CHANGED?**

⁴ 4 CSR 240-3.161(3)(E).

⁵ 4 CSR 240-3.161(3)(G)

1 A. The amount of revenue in the Missouri jurisdictional revenue accounts is greater than the
2 amount of revenue from these accounts that is included in the FAC.

3 **Q. DO YOU HAVE AN ESTIMATE OF THE DIFFERENCE?**

4 A. For the last two years, approximately \$2.6 million in additional of revenue would have
5 been returned to the customers if the amounts in the Missouri jurisdictional accounts would
6 have been used instead of applying the accumulation period jurisdictional allocation
7 factors.

8 **Recommendation Regarding Changing Costs and Revenues Between Rate Cases**

9 **Q. WHAT IS OPC'S RECOMMENDATION REGARDING CHANGES TO THE FAC**
10 **COSTS AND REVENUES BETWEEN RATE CASES?**

11 A. OPC recommends that the Commission not allow new costs or revenues to be added to
12 EDE's FAC between rate cases.

13 **Q. WHY?**

14 A. The Commission has been tasked by statute with determining when an FAC should be
15 granted and the Commission's own rules state that the Commission determines what costs
16 and revenues should be included in an FAC. When an electric utility includes costs that
17 have not been approved by the Commission to flow through the FAC in between rate cases,
18 then it is assuming the Commission's role.

19 **Q. HAS EDE INCLUDED COSTS OR REVENUES IN ITS FAC BETWEEN RATE**
20 **CASES THAT WERE NOT ALLOWED BY THE COMMISSION?**

1 A. Not to my knowledge. However, EDE's response to OPC data request 8008 - previously
2 discussed in this testimony - and language in EDE's proposed FAC tariff sheets, show that
3 EDE would like the ability to add costs between rate cases at its discretion.
4

5 **Recommendation Regarding the FAC Sharing Mechanism**

6 **Q. WHAT IS OPC'S RECOMMENDATION REGARDING THE FAC SHARING**
7 **MECHANISM?**

8 A. OPC is recommending that the Commission change the sharing mechanism from 95%
9 recovery of the difference between actual and net costs being recovered/returned to the
10 ratepayers (95%/5%) to 90% being recovered/returned to the ratepayers (90%/10%).

11 **Q. WHY IS OPC PROPOSING THAT THE SHARING MECHANISM BE**
12 **CHANGED?**

13 A. The current 95%/5% leaves very little incentive for EDE to manage its fuel costs or
14 increase the revenues that it is flowing through the FAC to the benefit of its customers. My
15 analysis, using the costs information from past and current FAC tariff sheets shows that
16 since EDE's first FAC was established in September, 2008, EDE has recovered 99.9% of
17 its total fuel costs. In the last four accumulation periods covering March, 2012 through
18 February, 2014, it has recovered 100% of its fuel costs.

19 **Q. DO YOU HAVE AN ESTIMATE OF WHAT DIFFERENCE IT WOULD HAVE**
20 **MADE HAD THE SHARING MECHANISM BEEN 90%/10%?**

21 A. If everything else stayed the same, EDE still would have recovered 99.8% of its total fuel
22 costs since the inception of its FAC.

1 | **Q. WHAT ARE THE IMPLICATIONS OF CHANGING THE SHARING**
2 | **MECHANISM TO 90%/10% IF FUEL COST RISE?**

3 | A. An FAC moves the risk of increasing fuel costs, which the electric utility incurs, from the
4 | electric utility to its ratepayers. Raising the share of increased costs that EDE would absorb
5 | when fuel costs are increasing to 10% increases EDE's risk and provides a greater incentive
6 | to minimize any increase to FAC costs. As 90%/10% sharing mechanism better balances
7 | EDE's interest with the increased risk that ratepayers assume if the Commission would
8 | grant EDE an FAC.

9 | **RECOMMENDATION REGARDING CHANGES TO EDE'S FAC TARIFF SHEETS**

10 | **Q. WHAT RECOMMENDATIONS ARE OPC MAKING WITH RESPECT TO EDE'S**
11 | **FAC TARIFF SHEETS?**

12 | A. The FAC tariff sheets should be changed to increase the transparency of EDE's FAC. The
13 | tariff sheets should reflect the costs and revenues as EDE has defined them in its testimony
14 | and workpapers and as explicitly approved by the Commission. If EDE does not incur the
15 | cost or receive the revenue, it should not be in the tariff sheets. The tariff sheets should
16 | contain the exact account, including the minor account designation for each cost or revenue
17 | type, not general statements such as "The following costs reflected in FERC Accounts 547
18 | and 548." If SPP costs are included, then the corresponding SPP schedule should be noted.

19 | **Q. WHY ARE THESE CHANGES NECESSARY?**

20 | A. These changes are necessary to make the FAC more transparent. The Commission Staff
21 | worked diligently in the last rate case to use *FAC terminology* consistent with the FAC
22 | tariff sheets for its other electric utilities with FACs. However, each electric utility is

1 unique and has unique costs and revenues. Therefore, while the tariff sheets can be similar
2 in form and use the same FAC terminology, the costs and revenues detailed in each FAC
3 tariff sheets needs to be unique.

4 **Q. WOULD YOU SUMMARIZE THIS TESTIMONY?**

5 A. The Commission has been given the authority to grant, or not grant, an FAC for each
6 electric utility. An FAC is a significant deviation from the Commission's prohibition
7 against single issue ratemaking. It is not a "right" for the electric utilities – it is
8 discretionary. The exercise of discretion, however, requires comprehensive scrutiny by the
9 Commission because granting an FAC moves the risk of changes in fuel and purchased
10 power prices from the electric utility to the customers. Regardless of how long the electric
11 utility has had an FAC, it should provide the detail necessary for the Commission to make
12 an informed decision regarding how much of the risk is moved to the ratepayers.

13 EDE's filing did not meet the Commission's minimum filing requirements for
14 FACs and did not provide the detail necessary for the Commission to make an informed
15 decision regarding whether EDE should be allowed an FAC and, if so, what costs and
16 revenues should be included.

17 If the Commission allows EDE an FAC, it should limit the costs and revenues that
18 flow through the FAC, all costs and revenues that flow through the FAC should be well
19 defined along with the account and subaccount of the cost or revenue and no new costs or
20 revenues that the Commission has not approved should be allowed to flow through the
21 FAC. To provide for greater transparency in the FAC, EDE's FAC tariff sheets should be
22 revised.

1 In addition, if the Commission does allow EDE an FAC, changing the sharing
2 mechanism from recovery/ returning 95% of changes in FAC costs and revenues to 90%
3 provides greater incentive for EDE to manage the costs and revenues included in its FAC.

4 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

5 **A. Yes, it does.**

Education and Work Experience Background for

Lena M. Mantle, P.E.

I received a Bachelor of Science Degree in Industrial Engineering from the University of Missouri, at Columbia, in May, 1983. I joined the Research and Planning Department of the Missouri Public Service Commission in August, 1983 and worked under the direct supervision of Dr. Michael Proctor. I became the Supervisor of the Engineering Analysis Section of the Energy Department in August, 2001. In July, 2005, I was named the Manager of the Energy Department. The Energy Department was renamed the Energy Unit in August, 2011. I am a registered Professional Engineer in the State of Missouri.

In my work at the Commission from May 1983 through August 2001, I worked in many areas of electric utility regulation. Initially I worked on electric utility class cost-of-service analysis and fuel modeling. As a member of the Research and Planning Department, I participated in the development of a leading-edge methodology for weather normalizing hourly class energy for rate design cases. I took the lead in developing personal computer programming of this methodology and applying this methodology to weather-normalize electric usage in numerous electric rate cases. I was also instrumental in the development of the Missouri Public Service Commission electronic filing and information system.

My responsibilities as the Supervisor of the Engineering Analysis section considerably broadened my work scope. I remained the lead Staff member on weather normalization in electric cases but also supervised the engineers in a wide variety of engineering analysis including electric utility fuel and purchased power expense estimation for rate cases, generation plant construction audits, review of territorial agreements, and resolution of customer complaints. As the Manager of the Energy Unit, I oversaw the activities of the Engineering Analysis section, the electric and natural gas utility tariff filings, the Commission's natural gas safety staff, fuel adjustment clause filings, resource planning compliance review and the class cost-of-service and rate design for natural gas and electric utilities.

I retired from the Commission Staff on December 31, 2012.

I began working at the Office of the Public Counsel as a Senior Analyst in August 2014. I provide assistance to the Public Counsel on electric cases.

Lists of the Missouri Public Service Commission rules in which I participated in the development of or revision to, Missouri Public Service Commission Staff reports that I contributed to and Cases that I provided testimony in follow.

Missouri Public Service Commission Rules

4 CSR 240-3.130	Filing Requirements and Schedule of Fees for Applications for Approval of Electric Service Territorial Agreements and Petitions for Designation of Electric Service Areas
4 CSR 240-3.135	Filing Requirements and Schedule of Fees Applicable to Applications for Post-Annexation Assignment of Exclusive Service Territories and Determination of Compensation
4 CSR 240-3.161	Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements
4 CSR 240-3.162	Electric Utility Environmental Cost Recovery Mechanisms Filing and Submission Requirements
4 CSR 240-3.190	Reporting Requirements for Electric Utilities and Rural Electric Cooperatives
4 CSR 240-14	Utility Promotional Practices
4 CSR 240-18	Safety Standards
4 CSR 240-20.015	Affiliate Transactions
4 CSR 240-20.017	HVAC Services Affiliate Transactions
4 CSR 240-20.090	Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms
4 CSR 240-20.091	Electric Utility Environmental Cost Recovery Mechanisms
4 CSR 240-22	Electric Utility Resource Planning
4 CSR 240-80.015	Affiliate Transactions
4 CSR 240-80.017	HVAC Services Affiliate Transactions

Staff Direct Testimony Reports

ER-2012-0166	Fuel Adjustment Clause
ER-2011-0028	Fuel Adjustment Clause
ER-2010-0356	Resource Planning Issues
ER-2010-0036	Environmental Cost Recovery Mechanism
HR-2009-0092	Fuel Adjustment Rider
ER-2009-0090	Fuel Adjustment Clause, Capacity Requirements
ER-2008-0318	Fuel Adjustment Clause
ER-2008-0093	Fuel Adjustment Clause, Experimental Low-Income Program
ER-2007-0291	DSM Cost Recovery

Missouri Public Service Commission Staff Case Listing

Case No.	Filing Type	Issue
ER-2012-0166	Rebuttal, Surrebuttal	Fuel Adjustment Clause
EO-2012-0074	Direct/Rebuttal	Fuel Adjustment Clause Prudence
EO-2011-0390	Rebuttal	Resource Planning Fuel Adjustment Clause
ER-2011-0028	Rebuttal, Surrebuttal	Fuel Adjustment Clause
EU-2012-0027	Rebuttal, Surrebuttal	Fuel Adjustment Clause
ER-2010-0036	Supplemental Direct, Surrebuttal	Fuel Adjustment Clause
ER-2009-0090	Surrebuttal	Capacity Requirements
ER-2008-0318	Surrebuttal	Fuel Adjustment Clause
ER-2008-0093	Rebuttal	Fuel Adjustment Clause Low-Income Program
ER-2007-0004	Direct	Resource Planning
GR-2007-0003	Direct	Energy Efficiency Program Cost Recovery
ER-2007-0002	Direct	Demand-Side Program Cost Recovery
ER-2006-0315	Rebuttal	Demand-Side Programs Low-Income Programs
ER-2006-0315	Supplemental Direct	Energy Forecast
EA-2006-0314	Rebuttal	Jurisdictional Allocation Factor
EA-2006-0309	Rebuttal, Surrebuttal	Resource Planning
ER-2005-0436	Rebuttal, Surrebuttal	Low-Income Programs Energy Efficiency Programs
ER-2005-0436	Direct, Surrebuttal	Resource Planning
EO-2005-0329	Spontaneous	Demand-Side Programs Resource Planning
EO-2005-2063	Spontaneous	Demand-Side Programs Resource Planning
ER-2004-0570	Rebuttal, Surrebuttal	Energy Efficiency Programs Wind Research Program
ER-2004-0570	Direct	Reliability Indices
EF-2003-465	Rebuttal	Resource Planning
ER-2002-424	Direct	Derivation of Normal Weather
EC-2002-1	Direct, Rebuttal	Weather Normalization of Class Sales Weather Normalization of Net System
ER-2001-672	Direct, Rebuttal	Weather Normalization of Class Sales Weather Normalization of Net System
ER-2001-299	Direct	Weather Normalization of Class Sales Weather Normalization of Net System
EM-2000-369	Direct	Load Research
EM-2000-292	Direct	Load Research
EM-97-575	Direct	Normalization of Net System
ER-97-394, et. al.	Direct, Rebuttal, Surrebuttal	Weather Normalization of Class Sales Weather Normalization of Net System Energy Audit Tariff
EO-94-144	Direct	Weather Normalization of Class Sales Weather Normalization of Net System

Missouri Public Service Commission Staff Case Listing (cont.)

ER-97-81	Direct	Weather Normalization of Class Sales Weather Normalization of Net System TES Tariff
ER-95-279	Direct	Normalization of Net System
ET-95-209	Rebuttal, Surrebuttal	New Construction Pilot Program
EO-94-199	Direct	Normalization of Net System
ER-94-163	Direct	Normalization of Net System
ER-93-37	Direct	Weather Normalization of Class Sales Weather Normalization of Net System
EO-91-74, et. al.	Direct	Weather Normalization of Class Sales Weather Normalization of Net System
EO-90-251	Rebuttal	Promotional Practices Variance
ER-90-138	Direct	Weather Normalization of Net System
ER-90-101	Direct, Rebuttal, Surrebuttal	Weather Normalization of Class Sales Weather Normalization of Net System
ER-85-128, et. al.	Direct	Demand-Side Update
ER-84-105	Direct	Demand-Side Update

Office of Public Counsel Case Listing

Case	Filing Type	Issue
EC-2014-0224	Surrebuttal	Policy, Rate Design
ER-2014-0258	Direct, Rebuttal	Fuel Adjustment Clause

OFFICE OF THE PUBLIC COUNSEL
DATA REQUEST

THE EMPIRE DISTRICT ELECTRIC COMPANY
CASE NO. ER-2014-0351

Requested from: Aaron Doll

Requested by: Lena Mantle

Due Date: January 09, 2014

Information Requested: For the attached spreadsheet *DR 8008.xlsx*, provide the accounts, major and minor, in which the yellow highlighted cost/revenue would be recorded in. If no account exists for the highlighted cost/revenue, please explain why there is no account for the cost/revenue and why the cost/revenue is included in Empire's proposed FAC. If Empire is not currently incurring the cost or receiving the revenue, please provide when Empire expects to start incurring the cost or receiving the revenue and the expected magnitude of the cost or revenue and what account the cost or revenue would be recorded in.

Response: See attachment for individual account information. The various terms used to define fuel and purchased power cost in Empire's current FAC tariff were proposed by the technical Staff of the Missouri Public Service Commission in Empire's last general rate case, ER-2012-0345. It is Empire's recollection that the Staff included these particular definitions in the FAC tariff so that Empire's tariff definitions would be as close as possible to those used in the Ameren-Missouri approved FAC tariff. Several of the costs defined in Empire's tariff as includible may not have been incurred by Empire historically due to the differences between it and Ameren with respect to: (a) generating fleets; (b) the type of fuels used to run the generators; (c) purchase power arrangements; (d) RTO terms and conditions, i.e. MISO versus SPP; and (e) the specific contractual arrangements that have been made by each company that govern each of these areas. To the extent that Empire has not incurred a listed charge historically does not detract from the need for the definition of the issue or cost in the tariff so that in the future if Empire incurs these costs it is clear that they are eligible for recovery.

The information provided to the Office of the Public Counsel in response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Office of the Public Counsel if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information.

FC		501 & 506
#	Description	Accounts
1	Coal Commodity and railroad transportation	501042, 501400, 501401, 501601, 501604, 501605
2	switching and demurrage charges	501042
3	applicable taxes	501042
4	natural gas costs	501054
5	alternative fuels	501300
6	fuel additives	501042
7	Btu adjustments assessed by coal suppliers	501042
8	Quality adjustments assessed by coal suppliers	501042
9	Fuel hedging costs	501211, 501212, 501216
10	fuel adjustments included in commodity and transportation costs	501042
11	broker commissions and fees associated with price hedges	501607
12	oil costs	501045
13	propane costs	
14	combustion product disposal revenues and expenses	501183
15	consumables related to AQCS (ammonia, lime, limestone, powder activated carbon, urea, sodium bicarbonate, & trona)	506127, 506128, 506129, 506201, 506202, 506203, 506204, 506210
16	settlement proceeds	
17	insurance recoveries	
18	subrogation recoveries for increased fuel expenses in Account(s) 501	

FC		547 & 548
#	Description	Accounts
1	Natural gas generation costs related to commodity	547205, 547206, 547207, 547208, 547210, 547605, 547606
2	oil	547213
3	transportation	547210
4	storage	547210
5	capacity reservation	547210
6	fuel losses	547210
7	hedging costs for natural gas	547211, 547212, 547301
8	oil	547213
9	natural gas used to cross-hedge purchased power	
10	fuel additives/consumables	548202, 548216
11	settlement proceeds	
12	insurance recoveries	
13	subrogation recoveries for increase fuel expenses	
14	broker commissions	547607
15	fees and revenues and expenses resulting from fuel and transportation portfolio optimization activities	

PP		555, 565, 457	
#	Description	Accounts	
1	Purchased Power costs	555430	
2	PPA demand (capacity) cost (< 1 Year PPA)	Have not incurred any costs of this kind since the inception of the IM and future costs are variable and thus unable to be estimated	
3	settlements	Have not incurred any costs of this kind since the inception of the IM and future costs are variable and thus unable to be estimated	
4	insurance recoveries	Have not incurred any costs of this kind since the inception of the IM and future costs are variable and thus unable to be estimated	
5			
6	subrogation recoveries for purchased power expenses	Have not incurred any costs of this kind since the inception of the IM and future costs are variable and thus unable to be estimated	
7	virtual energy charges	555820, 555920	
8	generating unit price adjustments	Have not incurred any costs of this kind since the inception of the IM and future costs are variable and thus unable to be estimated	
9	load/export charges	555910, 555810	
10	energy position charges	555800, 555900	
11	ancillary services including penalty & distribution charges	555840, 555850, 555860, 555870, 555940, 555950, 555960, 555970	
12	broker commissions	Have not incurred any costs of this kind since the inception of the IM and future costs are variable and thus unable to be estimated	
13	fees and margins	Have not incurred any costs of this kind since the inception of the IM and future costs are variable and thus unable to be estimated	
14	SPP energy marketing charges including but not limited to:		
14a	Energy	555800, 555810, 555820, 555900, 555910, 555920	
14b	Ancillary Services	555840, 555850, 555860, 555870, 555940, 555950, 555960, 555970	
14c	Revenue Sufficiency	555880	
14d	Losses	Losses are now handled through the market and are a component of the LMP which will be reflected in the Energy (555800-555820 & 555900-555920)	
14e	Revenue Neutrality	555880	
14f	Congestion Management	555990, 555995	
14g	Demand Reduction	555880	
14h	Grandfathered Agreements	555880	
14i	Virtual Transaction Fee	555880	
14j	Pseudo Tie	555980	
14k	Miscellaneous	555980	
15	Non-Spp costs/revenues (MISO, PJM, etc)	555430	
16	Costs not received from centrally administrated market including:		
16a	Costs for purchases of energy	Have not incurred any costs of this kind since the inception of the IM and future costs are variable and thus unable to be estimated	
16b	Costs for purchases of generation capacity (< 1 year)	Have not incurred any costs of this kind since the inception of the IM and future costs are variable and thus unable to be estimated	
16c			
17	SPP NITS service Charges (Schd 11)	565414, 457141, 457142	
18	SPP Point-to-point revenue		
18a	Schedule 7 - Firm PTP	457137	
18b	Schedule 8 Non-firm PTP	457138	
18c	Schedule 1 Sc	457160	
19	Schedule 1a - SPP Tariff Administration	565414	
20	SPP Schedule 12 - FERC Assessment	565415	
21	Non SPP costs/revenues associated with:		
21a	Network transmission service		
21b	Point-to-point transmission	565416	
21c	System control & dispatch	565416	
21d	Reactive supply & voltage control	565416	

E		509,411	
#		411	Accounts
1	Net Emission Allowances		411800

OSSR		447	
#		411	Accounts
1	Revenue from off-system sales		447113, 447124, 447133, 447143, 447810, 447820, 447830, 447840

REC		456	
#		411	Accounts
1	Renewable Energy Credit Revenue		456071, 456072, 456073, 456074