

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

In the Matter of The Empire District Electric	)	
Company's 2020 Annual Update Pursuant to	)	File No. EO-2020-0284
Commission Rule 20 CSR 4240-22.080(3)	)	

**RESPONSE REGARDING OPC'S COMMENTS**

COMES NOW The Empire District Electric Company ("Liberty-Empire" or "Company"), and provides this Response regarding the Company's 2020 Annual Update Report and Workshop and the comments submitted by the Office of the Public Counsel ("OPC"). In this regard, Liberty-Empire respectfully states as follows to the Missouri Public Service Commission ("Commission"):

1. On March 20, 2020, Liberty-Empire submitted its 2020 IRP Annual Update Report pursuant to Commission Rule 20 CSR 4240-22.080(3)(B). An amended filing was submitted on March 23, 2020.

2. On April 9, 2020, Liberty-Empire conducted a workshop regarding its 2020 IRP Annual Update Report, and, on April 17, 2020, Liberty-Empire submitted its Summary Report. In its Summary Report, Liberty-Empire noted that although there were questions from the various stakeholders at the workshop, all questions were resolved directly with stakeholders, and there were no resulting action items.

3. On May 18, 2020, OPC submitted "comments regarding Liberty-Empire's 2020 annual update and summary report." OPC states that the memo attached to the comments "outlines eight separate issues OPC has either identified in the update [or] have since occurred that will result in material changes in the operating environment that need to be accounted for in future filings." OPC continues by stating that "Empire's preferred plan update is the result of assumptions that are no longer valid" and that OPC has "provided recommendations to each of the identified

issues for the Company to account for in its upcoming triennial IRP filing.” The Company’s next triennial IRP filing is scheduled to be submitted in 2022.

4. In its comments, OPC references 20 CSR 4240-22.080(3)(D), which provides that stakeholders may file comments with the Commission regarding a utility’s annual update report and summary report within thirty days of the utility’s filing of the summary report. OPC’s comments, however, do not focus on the Company’s 2020 Annual Update Report or Summary Report. Instead, each comment focuses on a final Commission decision, the Company’s 2019 triennial IRP filing (File No. EO-2019-0049), or something that occurred after the 2020 annual update was prepared.

5. OPC had an opportunity to provide comments regarding the Company’s 2019 triennial IRP (File No. EO-2019-0049), but OPC elected not to do so. In that docket, comments on the Company’s 2019 triennial IRP were filed pursuant to the Commission’s rule by the Staff of the Commission, the Missouri Division of Energy (“DE”), and the Natural Resources Defense Council (“NRDC”) – but not by OPC. If OPC would like certain special contemporary issues to be addressed by Liberty-Empire in future IRP dockets, OPC should submit the proper filings in those future dockets. At this time, there is no action that should be taken by the Company or the Commission in response to OPC’s comments.

6. The first issue addressed in OPC’s comments filed in this annual update docket is the Customer Savings Plan. OPC’s comments accurately note that Empire’s 2020 annual update report does not contain “modifications or updates regarding Empire’s Customer Savings Plan.” The 2020 IRP update provided an updated status of the preferred plan (based on the scope of an IRP update), including updates on the progress of the new wind projects. The Company’s decision to proceed with the wind projects has already been evaluated, with Certificates of

Convenience and Necessity having been granted by the Commission in File No. EA-2019-0010. OPC recommends that the Company “update its future IRP filings to account for changes in the assumed cost, valuation and operational dates for its wind projects.” Pursuant to the Commission’s order in File No. EA-2019-0010, however, construction is well underway on these projects, and these projects are expected to be complete and operational prior to the Company’s next IRP filing.

7. The second issue addressed in OPC’s comments is the State Line Combined Cycle (“SLCC”) upgrade. OPC’s comments on this issue seem to suggest that the SLCC project is about increasing capacity, when the primary reason for the project is about increasing efficiency and lowering production costs at the SLCC plant. The Company’s decision to improve the heat rates of its existing gas unit is not at odds with other planned capital investments. The SLCC unit has consistently been called on by the SPP market to operate, and it produces favorable market margin to help lower customer costs. This project was evaluated in the context of the 2019 triennial IRP, on which OPC elected not to comment and which was recently accepted by the Commission.

8. For its third issue, OPC alleges that the Company’s 2019 triennial IRP filing was not compliant with the demand-side analysis of the Commission’s IRP rule. OPC’s concern is not about the Company’s 2020 annual update, and, instead, is an out of time comment regarding the triennial IRP filing in File No. EO-2019-0049.

9. For its fourth issue, OPC references the Company’s plans to deploy advanced metering infrastructure (“AMI”) and claims that the 2020 annual update “does not account for the potential impacts to load as a result of properly pricing its cost of service.” Again, this appears to be about the 2019 triennial IRP docket where demand-side rates were studied. In this 2020

annual update docket, the Company provided an update to the load forecast for six years, consistent with the scope of an IRP annual update, internal budget process, and past annual updates. Demand-side rates would not be studied in an IRP annual update.

10. OPC's fifth issue is under the heading "COVID-19 Impact on Modeling." OPC notes that Liberty-Empire's 2020 annual update does not account for "near or long-term load changes, or consider alternative planned capital investment strategies as a result of a prolonged economic downturn due to COVID-19." At the time the 2020 IRP annual update was filed, developments related to COVID-19 were quickly evolving, and there would have been no way for the Company to take COVID-19 into account at the time the report was being developed and prepared. The Company's 2020 IRP annual update was primarily developed during the third and fourth quarters of 2019 – before there was any discussion of COVID-19, and the annual update report was prepared during the fourth quarter of 2019 and the first quarter of 2020. The report was filed in this docket on March 20, 2020 – approximately one week after the national emergency was declared.

11. "Executive Order on Securing the United States Bulk-Power System" is the sixth issue addressed in OPC's comments. As noted, the annual update report was filed in this docket on March 20, 2020, while OPC's comment is regarding an executive order issued on May 1, 2020. This issue clearly does not relate to an alleged deficiency or concern with the Company's 2020 annual update report.

12. For its seventh issue, OPC notes that Liberty-Empire is a member of SPP, and OPC asserts that "solar and wind generation will likely experience a reduction in nameplate capacity in the near future as wind and solar penetration produces diminishing returns (absent large-scale battery cost-reductions, capacity increases and deployment)" and that, in future IRP filings, the

Company “should adjust its supply-side modeling to include scenarios in which the expected accredited nameplate capacity for future wind and solar projects is lower than what SPP currently authorizes and more in line with proposed SPP ELCC outcomes.”

13. The Company is very much aware of SPP discussions about potential changes to the way that renewable resources’ capacity may be accredited in the future. The Company has a voting member on the SPP Supply Adequacy Working Group (SAWG) and the Market and Operations Policy Committee (MOPC). The possible changes that OPC references have not yet been implemented, but the Company will be prepared to adjust to this method of accreditation (whatever its eventual form might be) when and if it occurs. Nonetheless, this seventh issue clearly does not relate to an alleged deficiency or concern with the Company’s 2020 annual update report.

14. For its eighth and final issue, OPC references a recommendation made by the Sierra Club for a different utility, in an IRP proceeding that did not involve Liberty-Empire. OPC’s eighth issue, quite obviously, is not related to the Company’s 2020 IRP annual update. If OPC believes certain methods and procedures should be followed by all companies on a going forward basis, OPC should request a rulemaking.

15. The purpose of the annual update process is to ensure that stakeholders have the opportunity to provide input and to stay informed about the changing conditions since the last IRP was filed. Pursuant to the Commission’s rule, Liberty-Empire prepared and provided an IRP annual update report, addressed contemporary issues properly before the Company at the time, hosted an IRP annual update workshop, and prepared and filed a summary report regarding that workshop. The Company successfully satisfied all of the requirements of the Commission’s IRP annual update process, and this docket should now be closed.

WHEREFORE, Liberty-Empire respectfully submits this Response regarding the Company's 2020 Annual Update Report and Workshop and the comments of the OPC, and the Company requests such relief as is just and proper under the circumstances.

Respectfully submitted,

/s/ Diana C. Carter

Diana C. Carter MBE #50527

The Empire District Electric Company

428 E. Capitol Ave., Suite 303

Jefferson City, Missouri 65101

Joplin Office Phone: (417) 626-5976

Cell Phone: (573) 289-1961

E-Mail: Diana.Carter@LibertyUtilities.com

#### **CERTIFICATE OF SERVICE**

I hereby certify that the above document was filed in EFIS on this 27<sup>th</sup> day of May, 2020, with notification of the same being sent to all counsel of record.

/s/ Diana C. Carter