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November 19, 2018

Mr. Nathan Williams
Missouri Office of the Public Counsel

RE: The Empire District Electric Company
IRP Variance Requests – Case No. EO-2019-0049

Dear Nathan:

This letter is in follow up to our telephone conversations regarding Empire's variance requests pertaining to its 2019 triennial IRP filing. In response to OPC's concerns regarding whether it would cause Empire hardship to switch from using its designated revenue classes to using cost-of-service classes for its 2019 filing, Empire employees and consultants prepared the following regarding the implications for developing a new forecast at the class cost-of-service level for the 2019 Empire IRP:

1. Timing. For the 2019 IRP, Empire (and Itron) began the forecast process in August 2018 with a projected finish date of December 2018. To date, the forecast is not finished, but sufficiently complete to support the November 28th stakeholder meeting with projected reports completed by the end of December. If Empire were required to regenerate the forecast on a class cost-of-service basis, instead of the current revenue class basis, the forecast process would restart and potentially delay a completed forecast by 3 to 4 months. Assuming a start date of December 1, the forecast would be completed between March 31 to April 30, 2019.

2. New Analysis. Changing the forecast classes is a major foundational component to the model building task. As such, much of the framework used in 2013, 2016, and this (2019) IRP must be rebuilt to accommodate the different classes. Associated with rebuilding the framework, is preforming new analysis on historical data, class drivers, weather response, and the end-use impact. Additionally, each forecast model must be rebuilt. Finally, validation of the final forecast is complicated, since Empire cannot make direct comparisons with prior IRP filings or other internal metrics.

3. Cost. The cost to generate a long-term forecast for the IRP is approximately $100,000. Restarting the forecast would require contract changes to expand the forecasting budget to accommodate the request.

4. Impact. 4 CSR 240-22.030 Load Analysis and Load Forecasting is just one of the key areas in the overall IRP process. It is one of the first IRP steps initiated. Starting over with a new load forecast methodology would not only delay the IRP load forecast, but it would also negatively impact the entire IRP timeline since other analyses are dependent on the load forecast data.

Hopefully this information alleviates OPC's concerns regarding the variance request. If you have any additional questions or concerns, please do not hesitate to contact me.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By: Diana

Diana C. Carter