

Exhibit No.: 1014
Issues: Commissioner Questions – Affiliate
Transactions and CAM
Witness: Jill Schwartz
Type of Exhibit: Supplemental Testimony
Sponsoring Party: The Empire District
Electric Company
Case No.: ER-2019-0374
Date Testimony Prepared: May 2020

**Before the Public Service Commission
of the State of Missouri**

Supplemental Testimony to Address Commissioner Questions

of

Jill Schwartz

on behalf of

**The Empire District Electric Company
a Liberty Utilities Company**

May 6, 2020



TABLE OF CONTENTS
SUPPLEMENTAL TESTIMONY TO ADDRESS COMMISSIONER QUESTIONS
OF
JILL SCHWARTZ
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2019-0374

| SUBJECT | PAGE |
|--|-------------|
| I. INTRODUCTION | 1 |
| II. AFFILIATE TRANSACTIONS RULE VARIANCE REQUESTS | 1 |
| III. COST ALLOCATION MANUAL | 2 |

SUPPLEMENTAL TESTIMONY TO ADDRESS COMMISSIONER QUESTIONS
OF
JILL SCHWARTZ
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2019-0374

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Jill Schwartz. My business address is 602 South Joplin Avenue, Joplin,
4 Missouri, 64802.

5 **Q. Are you the same Jill Schwartz who filed Direct Testimony and Rebuttal**
6 **Testimony in this matter on behalf of The Empire District Electric Company**
7 **(“Empire” or “Company”)?**

8 A. Yes.

9 **Q. What is the purpose of your Supplemental Testimony in this proceeding?**

10 A. My supplemental testimony addresses certain questions directed to Empire by the
11 Missouri Public Service Commission (“Commission”). In particular, I address the
12 Affiliate Transactions (issue 18) questions one and two regarding affiliate
13 transactions rule variance requests and the Cost Allocation Manual (“CAM”) that
14 were contained within the “Commissioner Questions” issued April 28, 2020.

15 **II. AFFILIATE TRANSACTIONS RULE VARIANCE REQUESTS**

16 **Q. What variance requests to the Commission’s Affiliate Transactions Rule has**
17 **Empire requested? When were these requests made and in what context?**

18 A. Empire has requested variances from the Commission’s Affiliate Transactions Rules
19 in the following cases:

1 **CAM (AO-2017-0360)** – In conjunction with the continued request for approval
2 of the CAM, a variance was requested from the asymmetrical pricing
3 requirements to allow the applicants (regulated and affiliated utilities in Missouri)
4 to engage in transactions with each other.

5
6 **Wind Projects (EO-2018-0092)** – A variance was requested and obtained from
7 the affiliate rules to allow the implementation of the Customer Savings Plan.

8
9 **Money Pool (AO-2018-0179)** – A variance was requested and obtained from the
10 competitive bid requirements to allow the applicants (regulated and affiliated
11 utilities in Missouri) to participate in the Money Pool Agreement.

12 **III. COST ALLOCATION MANUAL**

13 **Q. The Commissioners asked: “Would Empire submit the APUC CAM in effect**
14 **during the test year and true-up period and annual report of its 2019 affiliate**
15 **transactions as an exhibit in this case?” How do you respond?**

16 A. These two items were marked as Exhibits 221 and 229C by the Office of the Public
17 Counsel (“OPC”), and OPC has asked for these documents to be accepted into
18 evidence. Empire has no objection to the admission of these documents. It should be
19 noted, however, that OPC’s Exhibit 221 contains three parts. It takes parts one and
20 three of Exhibit 221 to constitute the APUC CAM as it applies to Empire. As
21 explained in my Rebuttal Testimony, Empire operates under only one CAM, the
22 APUC CAM. The “Missouri CAM,” as it is referred to by OPC, is an appendix to the
23 APUC CAM and contains additional terms and conditions applicable to Empire, The
24 Empire District Gas Company, Liberty Utilities (Midstates Natural Gas) Corp., and
25 Liberty Utilities (Missouri Water) LLC. It is not a separate and distinct CAM. When
26 the Company uses the term “CAM,” the APUC CAM, including the Missouri-specific
27 Appendix, is being referenced.

28 **Q. Does this conclude your supplemental testimony?**

29 A. Yes.

VERIFICATION OF JILL SCHWARTZ

Jill Schwartz, under penalty of perjury, declares that the foregoing supplemental testimony is true and correct to the best of her knowledge, information, and belief.

/s/Jill Schwartz _____

Jill Schwartz

Senior Manager, Rates and Regulatory Affairs