

Exhibit No.:
Issue: Fuel Adjustment – True-Up
Witness: Bethany Q. King
Type of Exhibit: Direct Testimony
Sponsoring Party: Empire District Electric
File No. EO-2018-
Date Testimony Prepared: September 2017

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

Direct Testimony

Of

Bethany Q. King

September 2017



Empire District™
A Liberty Utilities Company

DIRECT TESTIMONY
OF
BETHANY Q. KING
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI
FILE NO. EO-2018-

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

2 A. My name is Bethany Q. King. I am the Manager of Strategic Planning for The
3 Empire District Electric Co. (“Empire” or “the Company”) and my business address
4 is 602 S. Joplin Avenue, Joplin, Missouri.

5 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
6 **BACKGROUND FOR THE COMMISSION.**

7 A. I hold a Bachelor of Science degree in computational mathematics with majors in
8 mathematics and computer science from Missouri Southern State University.
9 Additionally I hold an Associates of Science degree in Computer Programming
10 from Missouri Southern State University. I was employed by St John’s Regional
11 Medical Center from 1998 to 2006 and served in various roles in the Information
12 Technology Department including Network Engineer. In 2006, I began my
13 employment with Empire as an Internal Auditor specializing in Information
14 Technology and performed various audits related to SOX compliance, customer bill
15 recalculations, inventory audits, and information technology process audits. I joined
16 the Supply Management Department in 2009 as an Energy Trader and was
17 promoted to Planning Analyst in January 2014. My responsibilities were assisting
18 with the Southwest Power Pool (SPP) Integrated Marketplace implementation

1 project, natural gas hedge activity reporting, representing Empire as a voting
2 member of the SPP Change Working Group and the Economic Studies Working
3 Group, and various special studies related to the SPP marketplace and annual fuel
4 and purchase power budgets. In June 2016, I accepted the position of Planning and
5 Energy Efficiency Analyst in the Planning and Regulatory Department where I was
6 responsible for the development of five year demand, energy, sales, and revenue
7 budgets for electric, gas and water segments as well as monthly variance reporting
8 and quarterly weather normalization studies. I was promoted to Manager of
9 Strategic Planning in October 2016. My responsible include oversight of the
10 development of annual demand, energy, sales, and revenue budgets, integrated
11 resource planning and energy efficiency related program administration and
12 analysis.

13 **Q. HAVE YOU EVER TESTIFIED BEFORE THIS OR ANY OTHER STATE**
14 **UTILITY COMMISSION?**

15 A. Yes. I have testified on behalf of Empire before the Missouri Public Service
16 Commission, the Kansas Corporation Commission, the Oklahoma Corporation
17 Commission, and the Arkansas Public Service Commission. The case references
18 are attached to this testimony as Exhibit BQK-1.

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

20 A. The purpose of my testimony is to identify and explain the true-up amount included
21 in the Company's most pending Fuel & Purchased Power Adjustment Clause
22 ("FAC") filing. Empire is filing to adjust the Fuel Adjustment Rate ("FAR") in a
23 separate filing, and the true-up amount (with interest) is a component of the FAR.

1 The true-up is the over or under recovery of FAC balance from the prior recovery
2 period. In other words, the true-up adjustment of the fuel & purchased power
3 adjustment (“FPA”), as defined by tariff, is the difference between the FPA
4 revenues billed and the FPA revenues authorized for collection during the true-up
5 recovery period, i.e. the true-up adjustment.

6 **Q. PLEASE BRIEFLY EXPLAIN THE FAC PROCESS.**

7 A. The Commission’s rule governing fuel and purchased power cost recovery
8 mechanisms for electric utilities – specifically 4 CSR 240-20.090(5) – requires
9 Empire to make periodic FAC filings designed to enable Commission review of the
10 actual fuel costs, purchased power costs, cost of consumables associated with the
11 power plants’ air quality control system (“AQCS”), net cost of emission
12 allowances, revenue from the sale of renewable energy credits (“REC”) and off-
13 system sales revenues (collectively referred to as total energy costs) the Company
14 has incurred during an Accumulation Period. In addition, these periodic filings are
15 designed to adjust the FAC rates up or down, to reflect the actual energy costs
16 incurred during the Accumulation Period. Empire’s FAC tariff calls for two annual
17 filings: a filing covering the six-month Accumulation Period running from
18 September through February and a second filing covering the Accumulation Period
19 running from March through August. Any increases or decreases in rates approved
20 by the Commission, or that take effect by operation of law, are then collected from
21 or refunded to customers over two six-month Recovery Periods: June through
22 November and December through May. In this instance, Empire is seeking an
23 increase in its FAC rates to reflect 95% of the difference between the base energy

1 costs built into its base Missouri rates and Empire's actual Missouri energy costs
2 for the Accumulation Period, plus a true-up of the costs recovered during the
3 Recovery Period ending May 31, 2017. This recovery via FAC rates will be
4 reflected on the Missouri customers' bills over the six-month Recovery Period
5 running from December 2017 through May 2018.

6 **Q. WHAT WAS THE TIMING OF THE ACCUMULATION AND RECOVERY**
7 **RELATING TO THIS TRUE-UP?**

8 A. The Accumulation Period was from March 1, 2017 through August 31, 2016. The
9 Recovery Period for that Accumulation Period was December 1, 2016 through May
10 31, 2017.

11 **Q. WHY WOULD THERE BE A DIFFERENCE BETWEEN WHAT WAS**
12 **ACCUMULATED (PLUS OVER- OR UNDER-RECOVERY) AND THE**
13 **AMOUNT BILLED DURING THE RECOVERY PERIOD?**

14 A. The FAR is calculated based on projected kWh sales for the recovery period. Since
15 the projected sales can vary from actual, such as due to weather, once the actual
16 sales are recorded, a difference exists between the estimate and the actual kWh
17 billed. This difference is "trued-up" in the subsequent FAC filing.

18 **Q. WHAT WAS THE OVER- OR UNDER-RECOVERY FOR THE**
19 **RECOVERY PERIOD AT ISSUE IN THIS FILING?**

20 A. The FAC was over-collected by \$1,045,682. As indicated above, the true-up
21 amount during the Recovery Period is due to the difference between actual and
22 estimated kWh sales. The true-up amount is the net difference between the FPA
23 revenues billed and the FPA revenues authorized for collection during the true-up

1 recovery period. Schedule BQK-2, which is attached to this testimony, contains
2 details of the calculations that produce the amount to be recovered from customers.

3 **Q. HOW WILL THAT AMOUNT BE REFLECTED IN CUSTOMER RATES?**

4 A. As mentioned earlier, the true-up amount plus interest is a component of the FAR.
5 As defined in the FAC tariff, the true-up amount plus interest is added into the
6 FPA. The adjustment to the FAR rate is being filed concurrently in a separate
7 docket.

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

9 A. Yes, it does.

Cases with Filed Written Testimony of Bethany Q. King

Before the Oklahoma Corporation Commission

Rate Cause: PUD 201600468

Rate Cause: PUD 201700256

Before the Kansas Corporation Commission

Energy Cost Adjustment ACA Docket: 17-EPDE-226-ACA

Before the Missouri Corporation Commission

Fuel Adjustment Clause Docket: ER-2017-0254; EO-2017-0255

Before the Arkansas Corporation Commission

Energy Efficiency Cost Recovery Docket: 07-076-TF

SCHEDULE BQK-2

Period 16

Accumulation Period	(Over)/Under	
Mar-16	(1,461,505.85)	
Apr-16	(1,616,333.71)	
May-16	(890,747.08)	
Jun-16	(2,439,919.77)	
Jul-16	(1,212,546.35)	
Aug-16	<u>(1,318,935.92)</u>	
True Up Period #14	(516,561.03)	
	(9,456,549.71)	Acct 182362 or 254162


Recovery Period

Dec-16	1,041,066.84	
Jan-17	1,829,429.68	
Feb-17	1,545,788.09	
Mar-17	1,393,569.81	
Apr-17	1,326,805.00	
May-17	<u>1,274,208.38</u>	
	8,410,867.80	
Balance	<u><u>(1,045,681.91)</u></u>	Acct 182363 or 254163

AFFIDAVIT OF BETHANY Q. KING

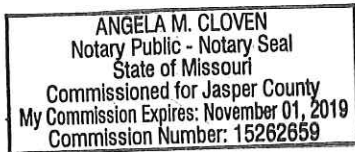
STATE OF MISSOURI)
) ss
COUNTY OF JASPER)


On the 27th day of September, 2017, before me appeared Bethany Q. King, to me personally known, who, being by me first duly sworn, states that she is Manager of Strategic Planning of The Empire District Electric Company and acknowledges that she has read the above and foregoing document and believes that the statements therein are true and correct to the best of her information, knowledge and belief.



Bethany Q. King

Subscribed and sworn to before me this 27th day of September, 2017.





Notary Public

My commission expires: 11/01/2019.