

Exhibit No.:  
Issue: Fuel Adjustment – True-Up  
Witness: Bryan S. Owens  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Empire District Electric  
File No.  
Date Testimony Prepared: September 2016

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

**Direct Testimony**

**Of**

**Bryan S. Owens**

**September 2016**



DIRECT TESTIMONY  
OF  
BRYAN S. OWENS  
THE EMPIRE DISTRICT ELECTRIC COMPANY  
BEFORE THE  
PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI  
FILE NO.

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

2 A. My name is Bryan S. Owens and my business address is 602 S. Joplin Avenue,  
3 Joplin, Missouri.

4 **Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR JOB TITLE?**

5 A. I am employed by The Empire District Electric Company (“Empire” or the  
6 “Company”) as Assistant Director of Planning and Regulatory.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**  
8 **BACKGROUND FOR THE COMMISSION.**

9 A. I graduated from the University of Missouri, Kansas City with a Bachelor of  
10 Liberal Arts degree in 1996. In 1998, I earned a Bachelor of Science degree in  
11 Accounting from the University of Missouri, Kansas City.

12 I began my professional career in 1998, when I joined the accounting firm of  
13 KPMG, LLP. I was employed at KPMG from August 1998 to July 2001, as a  
14 senior auditor and senior tax specialist performing financial statement audits and  
15 preparing federal and state tax returns for individuals and corporations.

16 In July 2001, I joined Overland Consulting, Inc., in Overland Park, Kansas. I was  
17 employed at Overland Consulting, Inc. from July 2001 to June 2004, as a senior  
18 consultant performing audits of utility Federal Energy Regulatory Commission

1 (“FERC”) financial statements as part of general rate case reviews supporting the  
2 California Public Utilities Commission.

3 In May 2003, I earned my Certified Public Accountant certificate in Missouri.

4 In June 2004, I joined Aquila, Inc., in Kansas City, Missouri. I was employed with  
5 Aquila, Inc. from June 2004 to July 2008, as a senior regulatory analyst preparing  
6 rate case filings and managing compliance filings for several state jurisdictions  
7 including Missouri, Kansas, and Colorado.

8 In July 2008, Aquila, Inc. was acquired by Black Hills Corporation and Great  
9 Plains Energy, Inc. I was briefly employed with Kansas City Power & Light  
10 Company (a wholly owned subsidiary of Great Plains Energy, Inc.) before joining  
11 Black Hills Corporation in December 2008, as Manager, Colorado Electric  
12 Regulatory Affairs. In this role, I was responsible for providing various financial  
13 analyses in support of utility operations and managing regulatory filings for the  
14 electric utility operations of Black Hills/Colorado Electric Utility Company, L.P.

15 In July 2010, I obtained my Colorado Certified Public Accounting license.

16 In November 2014, I joined Empire as Assistant Director of Planning and  
17 Regulatory.

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

20 A. Yes. I have testified as a witness before the Colorado Public Utilities Commission  
21 in Docket Nos. 14AL-0393, 13A-0446E, and 12AL-1052E, and I submitted written  
22 testimony before the Arkansas Public Service Commission, the Colorado Public  
23 Utilities Commission, the Kansas Corporation Commission, the Missouri Public

1 Service Commission (“Commission”), and the Oklahoma Corporation  
2 Commission.

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

4 A. The purpose of my testimony is to identify and explain the true-up amount that is  
5 included in the Company’s most pending Fuel & Purchased Power Adjustment  
6 Clause (“FAC”) filing. Empire is filing to adjust the Fuel Adjustment Rate  
7 (“FAR”) in a separate filing, and the true-up amount (with interest) is a component  
8 of the FAR. The true-up is the over or under recovery of the FAC balance from the  
9 prior Recovery Period. In other words, the true-up adjustment of the fuel &  
10 purchased power adjustment (“FPA”), as defined by tariff, is the difference  
11 between the FPA revenues billed and the FPA revenues authorized for collection  
12 during the true-up Recovery Period, i.e. the true-up adjustment.

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

14 A. The Commission’s rule governing fuel and purchased power cost recovery  
15 mechanisms for electric utilities – specifically 4 CSR 240-20.090(5) – requires  
16 Empire to make periodic FAC filings that are designed to enable Commission  
17 review of the actual fuel costs, purchased power costs, cost of consumables  
18 associated with the power plants’ air quality control system (“AQCS”), net cost of  
19 emission allowances, revenue from the sale of renewable energy credits (“REC”),  
20 off-system sales revenues, and a portion of the transmission costs following File  
21 No. ER-2014-0351 (collectively referred to as total energy costs) that the Company  
22 has incurred during an Accumulation Period. In addition, these periodic filings are  
23 designed to adjust the FAC rates up or down, to reflect the actual energy costs

1 incurred during the Accumulation Period. Empire's FAC tariff calls for two annual  
2 filings: a filing covering the six-month Accumulation Period running from  
3 September through February and a second filing covering the Accumulation Period  
4 running from March through August. Any increases or decreases in rates that are  
5 approved by the Commission, or that take effect by operation of law, are then  
6 collected from or refunded to customers over two six-month Recovery Periods:  
7 June through November and December through May. In this instance, Empire is  
8 seeking a decrease in its FAC rates to reflect 95% of the difference between the  
9 base energy costs built into its base Missouri rates and Empire's actual Missouri  
10 energy costs for the Accumulation Period, plus a true-up of the costs recovered  
11 during the Recovery Period ending May 31, 2016. This refund via FAC rates will  
12 be reflected on the Missouri customers' bills over the six-month Recovery Period  
13 running from December 2016 through May 2017.

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

16 A. The Accumulation Period was from March 1, 2015 through August 31, 2015. The  
17 Recovery Period for that Accumulation Period was December 1, 2015 through May  
18 31, 2016.

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

22 A. The FAR is calculated based on projected kWh sales for the Recovery Period.  
23 Since the projected sales can vary from actual, such as due to weather, once the

1 actual sales are recorded, a difference exists between the estimate and the actual  
2 kWh billed. This difference is “trued-up” in the subsequent FAC filing.

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

5 A. The FAC was over-collected by \$516,561. As indicated above, the true-up amount  
6 during the Recovery Period is due to the difference between actual and estimated  
7 kWh sales. The true-up amount is the net difference between the FPA revenues  
8 billed and the FPA revenues authorized for collection during the true-up Recovery  
9 Period. Schedule BSO-1, which is attached to this testimony, contains details of the  
10 calculations that produce the amount to be recovered from customers.

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

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

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

17 A. Yes, it does.

Schedule BSO-1

Period 14

Accumulation Period

	<u>(Over)/Under</u>
Mar-15	(2,159,610.31)
Apr-15	(557,372.65)
May-15	(61,021.94)
Jun-15	(1,832,009.12)
Jul-15	394,057.60
Aug-15	<u>841,336.68</u>

True Up Period #12 (183,133.58)  
(3,557,753.32) Acct 182362  
or 254162

Recovery Period

Dec-15	275,772.15
Jan-16	624,286.36
Feb-16	631,137.20
Mar-16	542,438.57
Apr-16	502,443.90
May-16	<u>465,114.11</u>
	<u>3,041,192.29</u>

Balance (516,561.03) Acct 182363  
or 254163

