

Exhibit No.:

*Issue: Production Cost Model
and Unit Commitment
Analyses*

Witness: Charles T. Poston, PE

Sponsoring Party: MoPSC Staff

*Type of Exhibit: Surrebuttal/True-Up
Direct Testimony*

Case No.: ER-2019-0374

Date Testimony Prepared: March 27, 2020

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENGINEERING ANALYSIS DEPARTMENT

SURREBUTTAL / TRUE-UP DIRECT TESTIMONY

OF

CHARLES T. POSTON, PE

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2019-0374

Jefferson City, Missouri

March 2020

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**TABLE OF CONTENTS OF
SURREBUTTAL / TRUE-UP DIRECT TESTIMONY OF
CHARLES T. POSTON, PE
THE EMPIRE DISTRICT ELECTRIC COMPANY
CASE NO. ER-2019-0374**

MARKET PRICES2

RECORDS RETENTION RECOMMENDATION3

TRUE-UP DIRECT3

1 **SURREBUTTAL / TRUE-UP DIRECT TESTIMONY**

2 **OF**

3 **CHARLES T. POSTON, PE**

4 **THE EMPIRE DISTRICT ELECTRIC COMPANY**

5 **CASE NO. ER-2019-0374**

6 Q. Please state your name and business address.

7 A. My name is Charles T. Poston and my business address is Missouri Public
8 Service Commission, 200 Madison Street, P.O. Box 360, Jefferson City, MO 65102.

9 Q. By whom are you employed and in what capacity?

10 A. I am employed by the Missouri Public Service Commission as a Utility
11 Regulatory Engineer I.

12 Q. Are you the same Charles T. Poston, PE who, on March 3, 2020, filed rebuttal
13 testimony in Case No. ER-2019-0374?

14 A. Yes, I am.

15 Q. What is the purpose of your surrebuttal testimony?

16 A. My surrebuttal testimony discusses the use of market prices within production
17 cost models and includes a recommendation for records retention concerning unit
18 commitment analyses.

19 Q. What is the purpose of your true-up direct testimony?

20 A. My true-up direct testimony contains an update to the variable fuel and
21 purchased power expense from Staff's production cost model.

1 **MARKET PRICES**

2 Q. In his rebuttal testimony, Empire witness Mr. Todd Tarter discusses possible
3 concerns that he has about the development of the market prices that were used in Staff's
4 production cost model.¹ What is Staff's response to his concerns?

5 A. The production cost models created by Staff and Empire are similar in many
6 respects and are designed to calculate very similar things. However, Staff recognizes that the
7 models have been created with different software and contain different sets of inputs and
8 assumptions. Because of the different modeling decisions made in each production cost
9 model, Staff does not expect all inputs to be identical. In this case, the market prices used by
10 each party have been calculated using different methods and have therefore resulted in different
11 sets of input data. Each model then uses that input as a part of the calculation to determine
12 variable fuel and purchased power expense.

13 Q. Do you believe that the market prices used in Empire's production cost model
14 are invalid?

15 A. No. However, any method used to generate market prices for use within a
16 production cost model will have its own unique strengths and weaknesses. Staff maintains that
17 the market prices used in its production cost model are reasonable.

18 Q. Has Staff raised concerns similar to those brought up by Empire regarding
19 market prices?

20 A. Yes. In its rebuttal testimony, Staff addressed two concerns that it had with
21 possible weaknesses in the market prices used by Empire.²

¹ Case No. ER-2019-0374, Rebuttal Testimony of Todd W. Tarter, page 11, line 14 through page 13, line 12.

² Case No. ER-2019-0374, Rebuttal Testimony of Charles T. Poston, PE, page 1 line 18 through page 3, line 7.

1 **RECORDS RETENTION RECOMMENDATION**

2 Q. OPC witness Ms. Lena Mantle recommends in her rebuttal testimony that the
3 Commission require Empire to retain the analysis underlying its unit commitment decisions and
4 to supply its documentation of the analysis with its monthly FAC reporting submission to the
5 Commission.³ What is Staff's recommendation for this issue?

6 A. Staff recommends that the Commission require Empire to retain the analyses
7 underlying its unit commitment decisions for at least two years. This is consistent with the
8 recommendation Staff made for Ameren in Case No. ER-2019-0335.⁴ As of this filing date,
9 the Commission has not yet made a ruling on this issue.

10 Q. Does this conclude your surrebuttal testimony?

11 A. Yes.

12 **TRUE-UP DIRECT**

13 Q. Has Staff's production cost model been revised for true-up?

14 A. Yes. The time period considered for certain model assumptions has been
15 changed to reflect the true-up date of January 31, 2020. The inputs into Staff's model that have
16 been updated are: hourly load, planned and forced outages at power plants, fuel prices,
17 generation at renewable energy facilities, and hourly market prices.

18 Q. What is the true-up value of Staff's variable fuel and purchased power expense?

19 A. Staff estimates the variable fuel and purchased power expense for Empire to
20 be \$124,842,404.

³ Case No. ER-2019-0374, Rebuttal Testimony of Lena M. Mantle, page 14, line 13 through page 15, line 6.

⁴ Case No. ER-2019-0335, Rebuttal Testimony of Shawn E. Lange, page 2, lines 1-5.

Surrebuttal / True-Up Direct Testimony of
Charles T. Poston, PE

1 Q. Does this conclude your true-up direct Testimony?

2 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric)
Company's Request for Authority to File) Case No. ER-2019-0374
Tariffs Increasing Rates for Electric Service)
Provided to Customers in its Missouri)
Service Area)

AFFIDAVIT OF CHARLES T. POSTON, PE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW CHARLES T. POSTON, PE and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing Surrebuttal/True-Up Direct Testimony; and that the same is true and correct according to their best knowledge and belief.

Further the Affiant sayeth not.

/s/ Charles T. Poston, PE
CHARLES T. POSTON, PE