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 Tariffs Increasing Rates for Electric Service Provided to Customers in its Missouri Service Area	)))))	Case No. ER-2019-0374

MECG RESPONSE TO STAFF'S ADDITIONAL
MOTION FOR CLARIFICATION

COMES NOW the Midwest Energy Consumers Group ("MECG"), pursuant to the Commission's *Order Setting Time for Responses to Staff's Additional Motion for Clarification*, and for its Response to Staff's Additional Motion for Clarification, respectfully states as follows:

1. On July 29, 2020, Staff filed its Additional Motion for Clarification. In that Motion, Staff seeks clarification as to how the Commission intends to implement two provisions in its Amended Report and Order. Specifically, Staff seeks clarification regarding the interplay, in light of the current per-kWh credit implementing the 2018 reduction in the federal corporate tax rate, of the provision ordering the continuation of the current revenue requirement allocation with the provision ordering that any class revenue reduction be implemented through a reduction in class energy charges. In its Motion, Staff suggests five potential options for the possible interpretation of the Commission's Amended Report and Order.

2. Initially, MECG suggests that the Commission reject option 3. Unlike the other four options, option C would continue the flow-back of the 2018 federal tax reduction as a separate line item per-kWh credit. At this point, there is no legitimate reason to continue this line item credit. Rather, like any other cost change, the reduction

of the tax reduction should be rolled into base rates. All other major Missouri utilities have rolled this cost reduction into base rates and discontinued the line item tax credit. In a similar fashion, Empire should discontinue the line item credit and, instead, roll this cost reduction into base rates. As such, the Commission should reject option C.

3. MECG would also suggest that the Commission reject both options B and E as well. As described by Staff, while these options would discontinue the current tax credit, both options would roll that tax credit into rates by "proportionally adjusting" class energy charges. Since the first and second energy blocks of the commercial / industrial rate classes are higher than the class' energy tailblock, the effect of "proportionally adjusting" class energy charges is to a shift a significant amount of the tax credit from the tailblock and into the first and second energy blocks. MECG believes that this contradicts the Commission's decision in which the Commission adopted MECG's proposal to reduce all energy blocks in an equal manner. As such, MECG suggests that the Commission also reject options B and E.

4. After eliminating options B, C and E, MECG suggests that either option A or D complies with the intent of the Commission's Report and Order. First, options A and D would both discontinue the per-kWh tax credit in favor of rolling that cost reduction into base rates. Second, options A and D would equally reduce all commercial / industrial energy blocks in an equal manner to account for the roll-in of the tax credit ("[r]emove the amount of each ER-2018-0366 credit from each energy charge rate ordered in ER-2016-0023."). It appears that the only difference between options A and D is whether the Commission then intends to fine tune the energy charges to reach the necessary class revenue requirement before or after the reduction of the energy charges to

account for roll in of the per-kWh tax credit. Again, MECG believes that either option A or D is appropriate.

WHEREFORE, MECG respectfully requests that the Commission reject options B, C and E and, instead, order Empire to design rates that implement either option A or D.

Respectfully submitted,

___/s/ David L. Woodsmall_______
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ATTORNEY FOR THE MIDWEST ENERGY CONSUMERS GROUP

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by email, facsimile or First Class United States Mail to all parties by their attorneys of record as provided by the Secretary of the Commission.

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David L. Woodsmall

Dated: August 3, 2020