

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Request of The Empire)
District Electric Company d/b/a Liberty for)
Authority to File Tariffs Increasing Rates for) File No. ER-2021-0312
Electric Service Provided to Customers in)
its Missouri Service Area)

RESPONSE TO COMMISSION ORDER REGARDING REMOVAL OF ISSUES

COMES NOW The Empire District Electric Company d/b/a Liberty (“Empire” or “Company”), and in response to the *Order Directing Liberty Response* (the “Order”) issued today by the Missouri Public Service Commission (“Commission”), respectfully states as follows:

With the *Order*, the Commission asks five questions related to the Asbury generating plant and Winter Storm Uri, each of which is addressed below.

Asbury

(a) The *Amended Report and Order* in Case No. ER-2019-0374 included a list of items to be tracked in the Asbury AAO. Are all of those items included to the adjustments made to remove the Asbury issue from this rate case? Yes.

(b) Are any potential Asbury revenues or overearnings still to be considered for potential recovery in this general rate case? No.

On January 20, 2022, the Company filed the statutorily required Notice of Intent related to the Asbury generation plant securitization (Commission Case No. EO-2022-0193). Due to the Company’s decision to exercise its rights under Section 393.1700.2(1), RSMo., and as reflected in Charlotte Emery’s Surrebuttal Testimony in this proceeding, the Company’s rate request was revised to reflect the Company’s election to securitize all components of the revenue requirement related to the Asbury generating unit in lieu of pursuing traditional rate recovery in this proceeding.

Additionally, pursuant to the unopposed Non-Unanimous Partial Stipulation and

Agreement filed herein on January 28, 2022, the parties agree to the continuation of the Asbury AAO authorized in Empire’s last rate case and acknowledge that new rates stemming from this proceeding will no longer include any recovery associated with the retired plant. Paragraph four of that stipulation provides as follows:

The Asbury AAO authorized in Case No ER-2019-0374 will continue, but upon the effective date of new rates in this case, the baseline balances will be reset to zero, as Asbury will not be reflected in those rates.

(c) If not, how are any of those potential revenues or overearnings to be addressed? They will be addressed in Commission Case No. EO-2022-0193 (the Asbury securitization docket). Section 393.1700, RSMo., states, in part, that an electrical corporation may petition the Commission for a financing order to finance “energy transition costs” through an issuance of securitized utility tariff bonds. The statute defines “energy transition costs” as including, but not being limited to, “the undepreciated investment in the retired or abandoned or to be retired or abandoned electric generating facility and any facilities ancillary thereto or used in conjunction therewith, costs of decommissioning and restoring the site of the electric generating facility, other applicable capital and operating costs, accrued carrying charges, and deferred expenses . . .”

Additionally, and as noted, pursuant to the unopposed Non-Unanimous Partial Stipulation and Agreement filed herein on January 28, 2022, the Asbury AAO authorized in Case No ER-2019-0374 will continue, but upon the effective date of new rates in this case, the baseline balances will be reset to zero, as Asbury will not be reflected in those rates.

Therefore, all components of a revenue requirement related to Asbury, including what the *Order* refers to as potential revenues or overearnings, will be considered in Commission Case No. EO-2022-0193 (the Asbury securitization docket), in conjunction with, among other things, the Commission’s determination that recovery of the amount to be securitized is “just and reasonable

and in the public interest” and that “the imposition and collection of a securitized utility tariff charge are just and reasonable and in the public interest and are expected to provide quantifiable net present value benefits to customers.”

Storm Uri

(d) Are there any revenues associated with Winter Storm Uri? (e) If so, how are those revenues being addressed? The Company has removed from its general rate request all aspects of a revenue requirement increase related to Winter Storm Uri.

When Empire initiated this general rate case on May 28, 2021, the “traditional portion” of the request involved a revenue requirement increase of approximately \$50.0 million. The Company noted that it was taking steps to lessen the impact of Winter Storm Uri on its Missouri customers and planned to seek securitization of the storm costs if securitization legislation was signed into law, but that with the inclusion of the impact of Winter Storm Uri in the rate case proceeding, there would be an additional revenue requirement increase of approximately \$29.9 million.

In line with the intentions stated in the Company’s direct testimony filed in this case, on January 19, 2022, Empire filed its Verified Petition for Financing Order for authorization of the issuance of securitized utility tariff bonds regarding the extraordinary costs incurred by Empire on behalf of its customers during Winter Storm Uri (Commission Case No. EO-2022-0040). At that time, and as reflected in the Surrebuttal Testimony of Ms. Emery, the Company’s rate request was revised to reflect the Company’s election to securitize the Winter Storm Uri costs in lieu of pursuing traditional rate recovery in this proceeding.

The costs to be addressed in Case No. EO-2022-0040 will consist of Empire’s extraordinary Winter Storm Uri fuel and purchased power costs currently being deferred as a result

of the FAC fuel adjustment rate approved in Case No. ER-2021-0332 and the amounts subject to Empire's request for an AAO related to the remaining Winter Storm Uri costs, which request is pending before the Commission in a separate docket.

WHEREFORE, Empire respectfully submits this Response to Commission Order and requests that the Commission issue an order granting Empire's Motion for Expedited Treatment and, thereafter, issue an order granting the Motion for Acknowledgement of Removal of Issues or, in the alternative, Motion for Leave to Withdraw Issues.

Respectfully submitted,

/s/ Diana C. Carter

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**ATTORNEYS FOR THE EMPIRE DISTRICT
ELECTRIC COMPANY**

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail to all counsel of record on this 1st day of February, 2022.

/s/ Diana C. Carter _____