

**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)	Case No. ER-2019-0374
Rates for Electric Service Provided)	
To Customers in its Missouri)	
Service Area)	

JOINT LIST OF ISSUES

COMES NOW the Staff of the Missouri Public Service Commission (Staff), on behalf of The Empire District Electric Company (Empire), the Office of the Public Counsel (OPC), Empire District Retired Members and Spouses Association (EDRA), Midwest Energy Consumers Group (MECG), IBEW Local Union 1464, National Housing Trust (NHT), Natural Resources Defense Council (NRDC), Sierra Club, Renew Missouri and Empire District Electric Company SERP Retirees (EDES), and states that in preparing this list of issues the parties have come together and attempted to list all the issues and have attempted to obtain consensus on the descriptions of the issues. To the extent errors in issues or listed witnesses are discovered, the Commission will be advised as soon as possible. All parties do not agree that all of the issues listed herein are actually issues in this case. In order to prevent the need for filing multiple lists of issues, the parties have agreed to include all issues whether agreed to by opposing parties.

LIST OF ISSUES

- 1. Rate of Return—Return on Equity, Capital Structure, and Cost of Debt**
 - a. *Return on Common Equity – what return on common equity should be used for determining rate of return?*
 - b. *Capital structure – what capital structure should be used for determining rate of return?*

- c. *Cost of debt – what cost of debt should be used for determining rate of return?*

2. Rate Design, Other Tariff and Data Issues

- a. *Should the GP and TEB rate schedules be fully consolidated?*
- b. *Should the CB and SH rate schedules be partially consolidated?*
- c. *Should “grandfathered” multifamily customers taking service through a single meter be given the option of being served on the CB/SH rate schedule?*
- d. *How should Empire’s revenue requirement be allocated amongst Empire’s customer rate classes (Class revenues responsibilities)?*
- e. *How should the rates for each customer class be designed?*
- f. *What should be the amount of the residential customer charge?*
- g. *Should Empire continue its Low-Income Pilot Program as is, or modify it?*

- h. *Should Empire be ordered to consolidate the PFM rate schedules into the GP/TEB rate schedule in a future proceeding?*
- i. *Should Empire be ordered to incorporate shoulder months into the Special Contract / Praxair rate structures in the next rate proceeding?*
- j. *Should Empire be ordered to work to incorporate shoulder months into the rate structures of all non-lighting rate schedules?*
- k. *Should Empire be ordered to retain each of the following: Primary costs by voltage; Secondary costs by voltage; Primary service drops; Line extension by rate schedule and voltage; Meter costs by voltage and rate schedule*
- l. *Should Empire be ordered to use of AMIs for near 100% sample load research as soon as is practical, but no more than 12 months after 90% of AMI are installed*
- m. *Should Empire be ordered to retain individual hourly data for future bill comparisons*
- n. *Should Empire be ordered to retain coincident peak determinants for use in future rate proceedings*
- o. *How should the amount collected from customers related to the SBEDR charge be billed, and should there be a separate line item on customers’ bills?*
- p. *By when should Empire move customers served on CB/SH that exceed the demand limits of those schedules to the appropriate rate schedule.*
- q. *What, if any, revenue neutral interclass shifts are supported by the class cost of service study?*
- r. *How should any revenue requirement increase or decrease be allocated to each rate class?*
- s. *How should any residential revenue requirement increase or decrease be apportioned to the energy (kWh) rates?*
- t. *What, if any, changes to the CB, SH, GP and TEB customer charge are supported by the class cost of service study?*

- u. *What, if any, changes to the CB, SH, GP and TEB customer charge should be made in designing rates resulting from this rate case?*
- v. *How should any CB and SH revenue requirement increase or decrease be apportioned to the energy (kWh) rates?*
- w. *How should any GP and TEB revenue requirement increase or decrease be apportioned to the demand (kW) and energy (kWh) rates?*
- x. *How should any LP revenue requirement increase or decrease be apportioned to the demand (kW) and energy (kWh) rates?*
- y. *What, if any, changes to the current SC-P energy (kWh) rates should be made to align with Market Prices?*
- z. *How should production-related costs be allocated to each rate class?*
- aa. *How should plant accounts 364, 366 and 368 be classified?*
- bb. *How should primary and secondary distribution plant facility costs be allocated to each rate class?*
- cc. *How should General plant facility costs be allocated to each rate class?*

3. Jurisdictional Allocation Factors

- a. *What is the appropriate jurisdictional allocation factors to be used in the cost of service?*

4. WNR and SRLE Adjustment Mechanisms

- a. *Should the Commission approve, reject, or approve with modifications Empire's proposed Weather Normalization Rider?*
- b. *Is it lawful for the Commission authorize Empire to implement a Sales Reconciliation to Levelized Expectations ("SRLE") mechanism, such as those Staff and Empire are proposing in this case?*
- c. *Should the Commission adopt Staff's Sales Reconciliation to Levelized Expectations Proposal ("SRLE") or approve the SRLE with modifications as suggested by the Company?*

5. FAC

- a. *What is the appropriate incentive mechanism in Empire's FAC for sharing between Empire and its retail customers the difference between its actual and base net fuel costs?*
- b. *What FAC-related reporting requirements should the Commission impose?*
- c. *What is the appropriate base factor?*
- d. *What costs and revenues should flow through Empire's FAC, including, but not necessarily limited to, the following?*
 - i. *What is the appropriate percentage of transmission costs for the FAC?*
 - ii. *What, if any, portion of the MJMEUC contract should be included or excluded from the FAC? Should the Company provide any additional reporting requirements within its FAC monthly reporting in regards to MJMEUC?*

- iii. *Should any wind project costs or revenues flow through the FAC before the wind projects revenue requirements are included in base rates?*
- iv. *Should any short-term capacity costs flow through the FAC from the effective date of this rate case?*
- e. *When should Empire be required to provide its quarterly FAC surveillance reports?*

6. Credit Card Fees

- a. *Should Empire's credit card fees be included in Empire's revenue requirement?*
- b. *If so, what level of fees should be included?*

7. Rate case Expense

- a. *How much of Empire's rate case expenses should be included in Empire's revenue requirement?*
- b. *Should Empire's prudent rate case expenses be normalized or amortized, and over what period of time?*
- c. *Should Empire's prudent rate case expenses be shared between Empire's shareholder and Empire's retail customers? If so, how?*

8. Management expense

- a. *Should any of Empire's management expenses not be included in Empire's revenue requirement?*

9. Allowance for Funds Used During Construction

- a. *What metric should be used for Empire's carrying cost rate for funds it uses during construction that are capitalized?*

10. Cash Working Capital

- a. *What is the appropriate expense lag days for measuring Empire's income tax lag for purposes of cash working capital?*
- b. *What is the appropriate expense lag days for cash vouchers?*
- c. *Should bad debt expense be a component of cash working capital? If so, what is the appropriate lag days?*
- d. *What is the appropriate expense lag days for employee vacation?*

11. Accumulated Deferred Income Tax

- a. *Should Empire's booked accumulated federal income tax include a reduction for net operating loss?*
- b. *Should FAS 123 deferred tax asset for stock-based compensation be included in ADIT balances for rate base?*

12. Tax Cut and Jobs Act of 2017 federal income tax rate reduction from 35% to 21% impact for the period January 1 to August 30, 2018

- a. *How should the Commission treat the 2017 TCJA regulatory liability the Commission established in Case No. ER-2018-0366 when setting rates for Empire in this case?*

13. Asbury

- a. *Is it lawful to require Empire's customers to pay for Asbury costs through new rates?*
- b. *Is it reasonable to require Empire's customers to pay for Asbury costs through new rates?*
- c. *If it is unlawful and/or unreasonable to include the costs of the retired Asbury plant in rates, what amount should be removed from Empire's cost of service?*

14. Fuel Inventories

- a. *What is the appropriate number of burn days to use for Asbury fuel inventory?*

15. Energy Efficiency

- a. *Should Empire's cost of service include an amount for promoting energy efficiency and demand-side management?*
- b. *If an amount remains in Empire's cost of service for energy efficiency, should EM&V be performed as was agreed to in Empire's last general rate case?*

16. Operation and Maintenance Normalization

- a. *What is the appropriate level of operation and maintenance expense to be included in the cost of service?*
- b. *Should inflation factors be used to calculate operation and maintenance expense?*
- c. *What is the appropriate normalized average of years to be used for the Riverton, State Line Combined Cycle Unit, the Common Unit and State Line 1 Unit?*

17. Pension and OPEB (FAS 87 and FAS 106)

- a. *Should "regulatory accounting" or "acquisition accounting" be used in setting rates for pensions and OPEBs?*
- b. *Should FERC account 426 be included in test year pensions and OPEBs expense? What is the appropriate amount of Prepaid Pension that should be included in Empire's cost of service?*
- c. *Should the "payment basis" or the "expense basis" be used to calculate SERP? In addition, what allocation percentage is appropriate.*
- d. *What should the appropriate rate base and tracker amortization balances be for accounts 182353 and 254101?*
- e. *What is the appropriate balance of prepaid pension?*

18. Affiliate Transactions

- a. *Are Empire's transactions with its affiliates imprudent?*
- b. *Do Empire's transactions with its affiliates comply with Commission Rule 20 CSR 4240-20.015 (Affiliate Transactions)?*
- c. *What amount should be included in Empire's revenue requirement for its transactions with its affiliates?*

19. Riverton 12 O&M Tracker

- a. *Should the Riverton 12 O&M Tracker continue?*
- b. *What is the updated balance of the Riverton 12 O&M tracker regulatory asset and the related amortization that should be included in Empire's cost of service?*
- c. *What level of O&M expense should be included in the cost of service for Riverton 12?*

20. Software Maintenance Expense

- a. *What is the appropriate normalized level for software maintenance expense?*

21. Advertising Expense

- a. *What is the appropriate amount of advertising expense to include?*

22. Customer Service

- a. *Is Empire providing satisfactory customer service?*
 - i. *If not, what should the Commission order to ensure better customer service?*
- b. *Is Empire providing reliable service?*
 - i. *If not, what should the Commission do?*

23. Estimated Bills

- a. *Should Empire be ordered to incorporate data into its monthly reports to Commission Staff regarding the number of estimated meter readings, the number of estimated meter readings exceeding three consecutive estimates, the number of bills with a billing period outside of 26 to 35 days, and the Company and contract meter reader staffing levels?*
- b. *Should Empire be ordered to evaluate the authorized meter reader staffing level and take action to maintain adequate meter reader staffing levels in order to minimize the number of estimated bills?*
- c. *Should Empire be ordered to initiate action to more clearly communicate on customer's bills when they are based on estimated usage?*
- d. *Should Empire be ordered to ensure that all customers who receive estimated bills for three consecutive months receive the required communication regarding estimated bills and their option to report usage?*

- e. *Should Empire be ordered to ensure that all customers who receive an adjusted bill due to underestimated usage are offered the required amount of time to pay the amount due on past actual usage?*
- f. *Should Empire be ordered to evaluate meter reading practices and take action to ensure that billing periods stay within the required 26 to 35 days, unless permitted by exceptions listed in the Commission's rule 20 CSR 4240-13.015.1(C)?*
- g. *Should Empire be ordered to file notice within this case by September 1, 2020, containing an explanation of the actions it has taken to implement the above recommendations?*

24. Material and Supplies

- a. *What is the appropriate balance for material and supplies to be included in the cost of service?*
- b. *What is the appropriate balance to remove from inventory as it relates to Non-Electric items?*

25. Asset Retirement Obligations

- a. *Should Asset Retirement Obligations be included in rate base as a regulatory asset and amortized?*

26. LED Replacement Tracker

- a. *Should a tracker be established for the costs associated with replacement of mercury vapor light fixtures with LED light fixtures for private lighting customers?*
- b. *Should a tracker be established for the costs associated with replacement of mercury vapor light fixtures with LED light fixtures for Municipal customers?*

27. May 2011 Tornado Unamortized AAO Balance

- a. *Should the unamortized AAO Balance for the May 2011 Joplin Tornado be included in rate base?*

28. Depreciation and Amortization Expense

- a. *What is the appropriate level of depreciation and amortization expense of plant to include in the cost of service?*
- b. *Should depreciation expense for transportation equipment that was charged through a clearing account be removed from depreciation expense?*
 - i. *What are the authorized depreciation rates for accounts 371 & 373 to be used in the cost of service?*

29. Iatan/Plum Point Carrying Costs

- a. *What is the appropriate level of unamortized Iatan/Plum Point Carrying Costs to include in rate base?*

- b. *What is the appropriate level of Iatan/Plum Point Carrying amortization to include in amortization expense?*

30. Incentive Compensation

- a. *What is the appropriate level of incentive compensation to be included in the cost of service?*

31. Customer Demand Program (DSM)

- a. *What is the appropriate rate base amount for the customer demand program?*
- b. *What is the appropriate amortization amount for the customer demand program?*

32. Bad Debt Expense

- a. *What is the appropriate level of bad debt expense to be included in the cost of service?*

33. Retail Revenue

- a. *What is the appropriate amount to remove from retail revenue for unbilled revenue, franchise tax revenue, and FAC revenue?*
- b. *What is the level of billing determinants per rate schedule that should be used to calculate retail rate revenue in this case?*
- c. *Should the billing adjustment and the retail revenues be trued up to January 31, 2020 in the cost of service?*

34. Other Revenue

- a. *What is the appropriate normalized level of revenue for rent revenue, other electric revenue, and fly ash revenues?*

35. Tax Cut and Job Acts Revenue

- a. *What is the appropriate amount of tax cut and job act revenue to remove from test year revenues?*
- b. *Should revenues associated with the tax cut and job act stub period be removed from revenue?*

36. Property Insurance

- a. *What is the appropriate test year amounts before comparing to the current premium amounts?*

37. Injuries and Damages

- a. *What is appropriate amount of injuries and damages expense to include in the cost of service?*

38. Payroll and Overtime

- a. *What is the appropriate test year amount of payroll expense?*
- b. *What is the appropriate test year amount for overtime expense?*

39. Retention Bonuses

- a. *Should proposed retention bonuses for lineman be included in the cost of service?*

40. Employee Benefits

- a. *What is the appropriate level of employee benefits to include in the cost of service?*

41. Property Taxes

- a. *What is the appropriate amount of property taxes to include in the cost of service?*
- b. *What is the proper method to be used for calculating the property tax amount to be included in the cost of service?*

42. Dues and Donations

- a. *What is the appropriate amount of dues and donations that should be included in the cost of service?*
- b. *Should Edison Electric Institute dues be included in the cost of service?*

43. Outside Services

- a. *What is the appropriate amount of outside services to include in the cost of service?*

44. Common Property Removed from Plant and Accumulated Depreciation

- a. *What is the appropriate method and amount for removal of common property from plant in service and accumulated depreciation?*

45. Retirement

- a. *Should Empire be required to externally fund, through a Rabbi Trust, its SERP benefits obligation?*
- b. *Should Empire be required to provide, to a designated EDRA contact, the following documents of The Empire District Electric Company in the years 2020-2026:*
 - i. *IRS filings (specifically Form 5500 for each plan),*
 - ii. *Actuarial valuation reports,*
 - iii. *Financial disclosures,*
 - iv. *Annual funding notice to pension plan participants,*
 - v. *Annual health care premium and coverage letter to retirees,*
 - vi. *FERC Form 1 and summary and full annual reports.*

- c. *In addition, should the company be required to designate a contact person for EDRA to contact regarding these matters?*

46. Case No. EM-2016-0213 Commission-ordered conditions

- a. *Has Empire complied with Condition A.4 the Commission imposed in Case No. EM-2016-0213?*
i. *If not, what relief should the Commission grant?*
- b. *Has Empire complied with Condition A.5 the Commission imposed in Case No. EM-2016-0213?*
i. *If not, what relief should the Commission grant?*
- c. *Has Empire complied with Condition A.6 the Commission imposed in Case No. EM-2016-0213?*
i. *If not, what relief should the Commission grant?*
- d. *Has Empire complied with Condition G.3 the Commission imposed in Case No. EM-2016-0213?*
i. *If not, what relief should the Commission grant?*

Respectfully submitted,

/s/ Whitney Payne

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 8th day of April, 2020, to all counsel of record.

/s/Whitney Payne _____