

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

In the Matter of The Empire District Electric	)	
Company's Filings to Implement Rate	)	Case Nos. ER-2019-0374 and
Adjustments Related to the Company's Fuel and	)	ER-2021-0097
Purchased Power Adjustment ("FAC")	)	

**RESPONSE TO COMMISSION ORDER**

COMES NOW The Empire District Electric Company, a Liberty Utilities company ("Liberty-Empire"), and for its Response to Commission Order, respectfully states as follows to the Missouri Public Service Commission ("Commission"):

1. By its *Order Directing Responses* issued at approximately 4:50 p.m. on November 4, 2020, the Commission directed as follows: "No later than November 6, 2020, Empire shall file a response detailing any financial changes to the current FAR filing, and whether allowing the full 60 days to elapse would cause any financial impacts to the current FAR filing, relating to the consolidation of the charge types."

2. With its Response to Staff Recommendation filed at approximately 1:40 p.m. on November 4, 2020, Liberty-Empire provided a description of "any financial changes to the current FAR filing . . . relating to the consolidation of the charge types." The dollar amounts contained within the Company's October FAR filing would be identical under the charge types available for the Liberty-Empire units on July 31, 2020 (pre-consolidation), and under the "new" charge types available for the Liberty-Empire units as of August 1, 2020. The new settlement logic conforms to the new Combined Interest Resource ("CIR") designation that was created to address operational issues created by the existing Jointly Owned Unit ("JOU") logic and results in the same net settlement as before its implementation.

3. Additionally, with its November 4<sup>th</sup> Response to Staff Recommendation, Liberty-Empire, to the extent it was able, addressed the issue of “whether allowing the full 60 days to elapse would cause any financial impacts to the current FAR filing, relating to the consolidation of the charge types.” Liberty-Empire is unsure of what it means to allow the full 60 days to elapse. On October 1, 2020 (the due date for Liberty-Empire’s next FAR filing following the changes made by SPP in August of 2020), Liberty-Empire filed its Motion for Variance and Notice of New FAC Charge Types and also its revised FAC tariff sheet with a proposed effective date of December 1, 2020.

4. If allowing the full 60 days to elapse means denying the requested variances, and, instead, requiring the Company to use only the charge codes that were available for the Liberty-Empire units both before and after August 1, 2020, and not the two “new” charge types for the October 2020 FAR filing, there will be a financial impact of approximately \$1.7 million. As explained in paragraph three of Liberty-Empire’s November 4<sup>th</sup> Response to Staff Recommendation, this is because there would be a mismatching of revenues and costs for the period in question.

5. The new settlement process for CIR units results in the majority asset owner of a JOU receiving 100% of the revenue for market participation by means of the pre-consolidation charge types. Separately, the percentage of that revenue that is not applicable to the interest shares is then carved out by means of the two “new” charge types. This process is accomplished by collecting the 37 pre-consolidation charge types representing 100% of the unit’s total revenue and multiplying that by the minority interest shares and then pulling that out of the settlement statement. For example, if a JOU has two entities with an interest (majority interests at 60% and the minority interests at 40%) and the unit receives \$100 for market activities, the majority interest

entity will receive \$100 by means of the pre-consolidation charge types, and then, separately, \$40 will be removed from the settlement statement by means of the “new” consolidated charge types. Prior to the implementation of this new CIR settlement logic on August 1, 2020, the majority and minority interest entities would receive only the *net* revenues by the old charge types. With the new CIR settlement logic effective August 1, 2020, the majority interest entity receives the *gross* revenue and the offsetting entry to get to a net value by means of the consolidated charge code, and the minority interest entity only receives the net value by means of the consolidated charge types.

6. Finding that a 60-day notice was required, denying the requested variances, and, instead, requiring the Company to use only the charge codes that were available for the Liberty-Empire units both before and after August 1, 2020, and not the two “new” charge types for the October 2020 FAR filing, would result in a mismatch of approximately \$1.7 million related to Liberty-Empire’s JOUs.

WHEREFORE, to the extent required, Liberty-Empire requests a variance from the 60-day advanced notice requirement of Rule 20 CSR 4240-20.090(8)(D)1A and the Company’s tariff. Liberty-Empire requests such other and further relief as is just and proper under the circumstances.

Respectfully submitted,

/s/ Diana C. Carter

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**CERTIFICATE OF SERVICE**

I hereby certify that the above document was filed in EFIS on this 5<sup>th</sup> day of November, 2020, with notice of the same sent to all counsel of record.

/s/ Diana C. Carter