

**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 STAFF RECOMMENDATION

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

1. As explained in Liberty-Empire's direct testimony filed in Case No. ER-2021-0097, in August of 2020, the Southwest Power Pool ("SPP") went live with Combined Interest Resource ("CIR") modeling which allows Jointly Owned Units ("JOUs") to model units as a single resource with combined interests, rather than as individual units.

2. Although the FERC-approved changes may appear to have created two new charge types that will be reported on the SPP Settlement Statements (Day-Ahead Combined Interest Resource Adjustment Amount and Real-Time Combined Interest Resource Adjustment Amount), these two charge types are simply a consolidation of 37 charge types that Liberty-Empire had been receiving for units which are designated as JOUs and have selected the CIR modeling option and represent the interest percent share for each asset owner's registered individual share.

3. 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. This new settlement logic conforms to the new CIR designation that was created to address operational issues created by the existing JOU logic and results in the same net settlement as before its implementation.

4. “If an RTO implements a **new** market settlement type or schedule covering a cost or revenue that the electric utility or another party believes possesses the characteristics of, and is of the nature of, an RTO revenue or cost approved by the commission for inclusion in the electric utility’s FAC in the previous general rate proceeding, the costs or revenues covered by the new market settlement type or schedule will be included in the utility’s FAC if” certain requirements are met, including “**giving notice of the new market settlement type or schedule no later than sixty (60) days prior to the due date for the electric utility’s next FAR filing made to adjust the electric utility’s FAR.**” 20 CSR 4240-20.090(8)(D)1A (emphasis added). A similar notice requirement is found in Liberty-Empire’s tariff, PSC MO No. 6, Section 4, Sheet Nos. 17c and 17d.

5. As noted in previous filings herein, on October 1, 2020, Liberty-Empire filed its Motion for Variance and Notice of New FAC Charge Types, and, in accordance with Commission Rule 20 CSR 4240-20.090(8)-(9), initiated Case Nos. ER-2021-0097 and EO-2021-0098 and provided a revised FAC tariff sheet and supporting direct testimony. October 1, 2020 was the due date for Liberty-Empire's next FAR filing following the changes made by SPP in August of 2020.

6. Liberty-Empire did not submit a notice of new charge types 60 days prior to October 1, 2020, for two reasons. First, the Company does not believe notice was required pursuant to Rule 20 CSR 4240-20.090(8)(D)1A or its tariff, as there are no truly new charge types for new market products or services – just the consolidation of previously-approved 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.** Second, the consolidation of the 37 charge types into the 2 charge types was not effective until 61 days prior to the due date of Liberty-Empire's next FAR filing. As such, it would have been impractical for the Company to provide at least sixty days' advanced notice. Also, Liberty-Empire first received a settlement statement with these "new" charge types on August 7, 2020 – less than 60 days prior to Liberty-Empire's next FAR filing due date.

7. As noted, there are no costs or revenues covered by truly new charge types included in the Company's October FAR filing, and, as such, the dollar amounts would be identical using the charge types available for the Liberty-Empire units on July 31, 2020, as compared with using the charge types available for the Liberty-Empire units on August 1, 2020.

8. On the other hand, if the Commission deems a 60-day notice was required, does not grant the requested variances, and, instead, requires the Company to use only the charge codes

that were available for the Liberty-Empire units both before and after August 1, 2020 (but does not allow use of the two “new” charge types for the October 2020 FAR filing), there will be a financial impact of approximately \$1.7 million. As explained above in paragraph three, this is because there would be a mismatching of revenues and costs for the period in question.

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,

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CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 4th day of November, 2020, with notice of the same sent to all counsel of record.

/s/ Diana C. Carter