

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

In the Matter of Staff’s Review of Commission)
Rules 4 CSR 240-20.060, 4 CSR 240-3.155, and) File No. EW-2018-0078
4 CSR 240-20.065)

In the Matter of a Working Case to Explore) File No. EW-2017-0245
Emerging Issues in Utility Regulation)

EMPIRE’S RESPONSE TO COMMISSION ORDER

COMES NOW The Empire District Electric Company, a Liberty Utilities Company (“Empire”), by and through counsel, and submits this Response to Staff’s Motion for Responses Regarding Standard Offer Contracts filed in these matters on July 24, 2018, and the *Order Directing Utilities to Evaluate Impacts of Standard Offer Contracts* issued on July 25, 2018, by the Missouri Public Service Commission (“Commission”):

1. As directed by the Commission, Empire reviewed the possibility of a Standard Offer Contract for 1 MW, 2.5 MW, and 5 MW distributed generation systems. Empire conducted its review attempting to establish standard interconnecting equipment such that anyone interconnecting generation to the distribution system would know what the interconnection cost would be for a location meeting some of the standard criteria.

2. Empire selected an existing circuit which provided enough variety that it would encompass many typical situations found across the Empire service territory. The scenario that Empire focused on was the fault protection system. Empire, like most electric utilities, has a distribution system that was constructed over time as the load developed. Therefore, Empire’s distribution system has a wide variety of characteristics, making it impossible to create a simple standard that will apply across all circumstances. The distribution system was constructed utilizing systems that were the least cost at the time and also designed to provide safe and

reliable service to Empire's customers. This least cost method generally only provided for radial connected distribution load – instead of distributed generation.

3. If the Standard Offer Contract size is increased, Empire's system as described above may not be able to support the introduction of a substantial amount of distributed generation, since the system was not necessarily designed to accommodate such additional distributed generation expectations. As Empire conducted its review, deficiencies were revealed even when adding the smallest level of additional distributed generation (1 MW). As expected, when adding a higher level of distributed generation, the deficiencies were exasperated.

4. Upon Empire's review of the fault protection system, it becomes apparent that the addition of even the least amount of additional generation requested, in most cases, would require improvements to the existing fault detecting devices. In order to provide for reliability and flexibility, as well as routine maintenance of the existing distribution system, multiple protective devices would need to be upgraded.

5. Empire encourages the Commission that future distribution design should continue to focus on the flexibility and reliability of the distribution system, while considering the addition of distributed generation to improve the functionality of the distribution system.

6. It is imperative that the safety of the public and the reliability of the system continue to be important considerations as utilities design the distribution system of the future. Therefore, all scenarios and distributed generation installations of the sizes requested by the Commission must be analyzed and accommodated uniquely until the distribution system, through upgrades, becomes robust enough to safely and reliably support distribution generation additions at any location.

7. Additionally, Empire believes consideration should be given to the possible influx of larger customers profiting from the rebate program, as the utilities are obligated to pay out rebates based on a percentage of their peak demand, which is determined annually. This may cause a disadvantage to smaller customers, as these smaller customers may not benefit from the rebate dollars that are allocated early within a year. If a rebate cap could be established, this may curb the allocation of rebate dollars and allow a more diverse customer base to participate in the rebate program.

WHEREFORE, Empire respectfully submits this Response to Commission Order and requests such 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 24th day of August, 2018, with notification of the same being sent to all parties of record.

 /s/ Diana C. Carter