

Exhibit No.: 1017
Issues: Commissioner Questions - Revenue
Requirement, Stipulation, and Rate Design;
Asbury AAO
Witness: Sheri Richard
Type of Exhibit: Supplemental Testimony
Sponsoring Party: The Empire District
Electric Company
Case No. ER-2019-0374
Date Testimony Prepared: May 2020

**Before the Public Service Commission
of the State of Missouri**

Supplemental Testimony to Address Commissioner Questions

of

Sheri Richard

on behalf of

**The Empire District Electric Company
a Liberty Utilities Company**

May 6, 2020



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OF
SHERI RICHARD
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2019-0374

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**SUPPLEMENTAL TESTIMONY OF SHERI RICHARD
THE EMPIRE DISTRICT ELECTRIC COMPANY
COMMISSION CASE NO. ER-2019-0374**

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Sheri Richard. My business address is 602 South Joplin Avenue, Joplin,
4 Missouri.

5 **Q. Are you the same Sheri Richard that previously filed Corrected Direct, Rebuttal,**
6 **Surrebuttal, and True-Up Direct Testimonies in this matter on behalf of The**
7 **Empire District Electric Company (“Empire” or the “Company”)?**

8 A. Yes.

9 **Q. What is the purpose of your supplemental testimony in this proceeding?**

10 A. My supplemental testimony addresses certain questions directed to Empire by the
11 Missouri Public Service Commission (“Commission”). In particular, for each listed
12 topic, I respond to the following questions that were contained within the
13 “Commissioner Questions” issued April 28, 2020.

Topic	Empire or Joint Question #
Rate Design, Other Tariff and Data Issues	1
Jurisdictional Allocation Factors	1, 2, 5
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1 **II. RATE DESIGN, OTHER TARIFF AND DATA ISSUES** (Issue 2)

2 **Q. When does Empire anticipate reaching the 90% level for AMI installation?**

3 A. The Company anticipates reaching the 90% level for AMI installation in the second
4 quarter of 2021.

5 **III. JURISDICTIONAL ALLOCATION FACTORS** (Issue 3)

6 **Q. Do the jurisdictional allocation factors proposed by Empire include an**
7 **adjustment for the 6% load reduction occurring after the end of the true-up**
8 **period as described in Richard Corrected Direct Testimony on pages 26-28. If**
9 **yes, please quantify the adjustment?**

10 A. No, the jurisdictional allocation factors proposed by the Company do not include an
11 adjustment for the 6% load reduction related to three long-term customers who will
12 no longer receive their load requirements from Empire.

13 **Q. How would the true-up jurisdictional allocations calculated in Empire Exhibit**
14 **57 be incorporated into the revenue requirement?**

15 A. Empire applied the jurisdictional allocation factors calculated in Exhibit 57 to the vast
16 majority of the Company's rate base and O&M costs in order to arrive at the
17 jurisdictional rate base and O&M costs applicable to Missouri's retail customers. A
18 rate of return is then applied to the jurisdictional rate base. This return plus the
19 jurisdictional O&M are included in the revenue requirement used to set rates for
20 Missouri's retail customers.

21 **Q. What would the change to the revenue requirement be based upon the**
22 **jurisdictional allocation factors alone?**

1 A. If the Company were to make an adjustment for the 6% load reduction, it is
2 anticipated the allocation factors that were previously calculated in Exhibit 57 would
3 be changed to the factors listed on Supplemental Schedule SR-1. As a result of
4 applying the revised jurisdictional allocation factors to the original true-up revenue
5 requirement of \$21.9M, the revenue requirement would see an additional increase of
6 \$8.5M for the Missouri retail jurisdiction.

7 **Q. Please identify what accounts were not trued-up through the end of January**
8 **2020 when Empire performed its calculations, but instead the amounts were**
9 **based on the September 2019 update period. (If easier, please identify the**
10 **account's that were revised up through the true-up period.)**

11 A. Refer to the Supplemental Schedule SR-2 for all account categories that reflect
12 balances as of the true-up period of January 31, 2020. It should be noted there are
13 several accounts that were updated to reflect balances different from the test year end
14 but not necessarily the general ledger balance at January 31, 2020. For example,
15 Material, Supplies, Prepayments, Customer Deposits and Customer Advances were
16 all updated to a 13-month average at January 31, 2020. Additionally, the Company
17 proposed several pro-forma adjustments to expense accounts to reflect an annualized
18 and/or normalized balance as of the end of the True-up period of January 31, 2020.

19 **IV. WNR AND SRLE ADJUSTMENT MECHANISM (Issue 4)**

20 **Q. What revenue impacts has Empire experienced due to weather and/or**
21 **conservation?**

22 A. The Company made an adjustment to its test year revenues decreasing revenues by
23 \$18.4 million in its calculation to normalize revenues for its Missouri jurisdictional
24 revenue requirement. This adjustment was made because, in the Company's service

1 territory, it experienced abnormal temperatures during the test year which resulted in
2 higher than normal sales and revenues. For 2020, the opposite has occurred. The
3 Company estimates weather has negatively impacted revenues by \$10.3 million
4 through March. A weather normalization mechanism is meant to decouple "...the
5 weather portion of the relationship between the amount of electricity delivered by a
6 utility and the revenues it receives from such delivery. Thus, changes in the
7 Company's kWh sales due to weather do not lead to an under- or over-collection of
8 costs."¹ This helps customers by smoothing out volatility to bills from weather
9 extremes.

10 **Q. In Nathaniel Hackney's direct testimony, he stated that "Empire's current**
11 **intention is to file a MEEIA portfolio and request for a DSIM before the**
12 **completion of this pending rate case." What is the projected timing of this**
13 **filing?**

14 A. The Company is in the process of evaluating the exact timing of its MEEIA
15 application but currently plans on filing its application in the third quarter of 2020.

16 **Q. Referring to the Stipulation, Appendix C (1) mentions Actual Blocked Usage**
17 **(ABU) yet the rate formula uses annual adjustment period (AP), what if any**
18 **importance is monthly ABU? If monthly ABU is to be used, provide the**
19 **normalized energy usage to be used in the calculation by month.**

20 A. The importance of a monthly ABU is limited to the period for which the ABU is
21 projected for the purpose of the rate calculation. During this period, an adjustment

¹ Ex. *, Lyons Direct Testimony, p. 54, lns. 15-18.

1 will be included in the ensuing annual determination to true-up the projected ABU to
2 the actual ABU for the months which were projected.

3 **Q. Since the tariff may be modified in any future EDE rate case, any other kWh**
4 **based rider that will be added or subtracted from the calculation should be**
5 **identified. Does Empire currently have any other kWh based riders? Please**
6 **identify.**

7 A. Other than the Fuel Adjustment Clause, Empire has no other kWh based riders at this
8 time. However, Empire notes that the existing Federal Tax Rate Reduction
9 addendum to base rates applies as a line item credit to all metered kWh of energy on
10 customer bills and would be removed from the calculation of the SRLE rate.

11 **Q. Referring to the Stipulation, Appendix C, Filing (2) - 4 months of estimates**
12 **seems to be too much. Why not 1 or 2 months? What is the difficulty in using**
13 **more actual information?**

14 A. Each year, the new rate will become effective at the time that the summer season
15 begins on June 15. Empire must collect meter data and determine the rider rate prior
16 to the filing deadline of 60 days prior to the effective date of June 15th. Due to the
17 meter reading cycles the actual data is not fully available until one month following
18 the end of the period. In this case the actual data through February 15th will be
19 available in its entirety on March 15th. Allowing Empire only thirty days to prepare
20 and file the SRLE annual rate determination by the filing deadline of April 15th
21 which is 60 days prior to the effective date of June 15, results in four months of
22 estimated meter data.

23 **Q. Referring to the Stipulation, Appendix C, Rate Adjustment Calculation (4) -**
24 **what is the purpose of this language?**

1 A. The purpose of the referenced language is to ensure that the revenue associated with
2 the incremental fixed cost of service to a new customer is not counted as an increase
3 in revenue due to weather and credited back to customers under the SRLE
4 mechanism. In other words, this language is intended to protect the SRLE
5 mechanism from the impact of customer growth.²

6 **Q. What if a customer of newly constructed premise was already a customer in a**
7 **rental property or apartment? How would this customer's usage be considered**
8 **under the SRLE? How will customer growth be determined and considered in**
9 **the SRLE?**

10 A. If the customer of a newly constructed premise was already a customer in a rental
11 property or apartment, the exclusion of the customer's usage associated with the new
12 premise from the SRLE is appropriate since the goal is to protect the revenue
13 associated with incremental fixed cost of establishing new service. The referenced
14 language is specifically designed to protect revenues associated with incremental cost
15 of customer growth. The Company will track new premises added following the time
16 the normalized consumption amounts are established and remove the consumption for
17 those new premises from the actual block usage used in the rate calculation.

18 **Q. Referring to the Stipulation, Appendix C, rate case information - does every**
19 **customer's usage exceed the kWhs included in the base charge? If not, how is**
20 **that considered in this rider?**

21 A. No, every customer's usage does not exceed the base level. The rider is determined
22 based on the class aggregate consumption in each block for the season. For the

² Lyons Rebuttal p. 11 ln. 20 through p. 12 ln. 15

1 residential class, only kWh consumed above the 400 kWh threshold in each month is
 2 included in the determination of the SRLE rider rate. If an individual customer
 3 consumes less than 400 kWh in a given month, then none of that specific customer's
 4 increased consumption would be included in the determination of the SRLE credit or
 5 surcharge. The Company retains the risk associated with any lost or increased sales
 6 falling in the base block of up to 400 kWh.

7 **Q. Does this information need to be provided by month?**

8 A. Billing information is collected monthly and the amount included in each usage block
 9 is recorded and aggregated for the purpose of the SRLE calculations. Seasonal
 10 normal usage is sufficient to perform the SRLE calculations. Seasonal data is
 11 required to address the changes in price between winter and summer rates.

12 **Q. How were the normalized annual energy usage amounts determined? Are these
 13 negotiated amounts? If so, please explain how these amounts were determined.**

14 A. The normalized annual and seasonal energy usage amounts were determined based on
 15 Staff's proposed normalized billing determinants. Staff and Empire agreed to use
 16 Staff's normalized consumption used in Appendix C of the Global Stipulation for
 17 settlement purposes. Staff's normalized consumption for the Residential,
 18 Commercial, and Space Heating Classes are shown in Chart 1 below and are also
 19 presented in Staff's Direct report pgs. 36-37 with an update provided in Staff's True-
 20 up workpaper Sales and Revenues Empire ER-2019-0374 True Up 3-20-20.xlsx.

Chart 1-Staff Billing Determinants

Class	Normalized Usage
Residential	1,678,237,243
Commercial	321,440,438
Commercial Space Heating	83,368,801

1 **Q. Provide the normalized annual energy usage amounts generated by each party**
2 **in the case and cite to the testimony where this information is found.**

3 A. Empire’s normalized and annualized consumption for the Residential, Commercial,
4 and Space Heating Classes are shown in Chart 2 below. The weather normalization
5 was presented in the testimonies of Eric Fox, Schedule EF-2 and Rebuttal Testimony
6 of Eric Fox, Rebuttal Schedule EF-1. Additionally, Sheri Richard sponsored the
7 annualization of consumption to include customer growth. See Corrected Direct
8 Testimony of Sheri Richard, p. 19, lines 7-10. I sponsor the final billing determinants
9 shown below and they have been included in workpaper WP IS ADJ 14 - Customer
10 Annualization- Update Period.xlsx. No other party provided normalized annual
11 energy usage amounts. Compared to Staff’s estimates the Company’s billing
12 determinants are not significantly different at 0.4% lower for Residential, 1.3% lower
13 for Commercial, and 1.2% higher for the Commercial Space Heating class.

14 Chart 2 - Empire Billing Determinants

Class	Normalized Usage
Residential	1,671,637,513
Commercial	317,063,492
Commercial Space Heating	84,369,317

15

16 **V. FAC (Issue 5)**

17 **Q. OPC’s witness Lena Mantle states in her surrebuttal testimony that the**
18 **Commission should reject Staff’s rate decoupling mechanism in part because,**
19 **“Having a large percentage of estimated bills causes errors in Staff’s**
20 **weatherization models and impacts the overall expectation that the billing**

1 **determinants resulting from this case accurately reflect a reasonable level of**
2 **normalized and annualized usage for Empire’s customers.” With approximately**
3 **15% of Empire customers receiving an estimated bill in 2018, how is it**
4 **reasonable for the Commission to approve a decoupling mechanism in this case?**

5 A. While estimated data used in monthly billing is undesirable, the presence of estimated
6 data does not cause the approval of the proposed mechanism to be unreasonable. The
7 SRLE mechanism is designed to adjust the revenue recovered from a specific
8 customer class to either refund excess margins in the event that the combined weather
9 and efficiency impacts on sales create an excess earning situation or to provide a
10 surcharge in the event that the combined weather and efficiency impacts on sales
11 cause an under-earning situation. The determination of excess (or insufficient) sales
12 relative to normal is based on the difference between actual sales and normal sales
13 over an entire year.

14 Estimated usage in a given month results in a variation between actual usage
15 and reported usage for that month. However, due to the nature of Empire’s
16 estimation algorithms, the difference between the estimated data and actual data has a
17 limited effect on the determination of annual normalized consumption data used in
18 the SRLE. There are two primary reasons why the presence of estimated data does
19 not affect the reasonableness of utilizing the annual billing determinants for use in the
20 proposed mechanism.

21 First, the algorithm used to calculate the estimated consumption reflects the
22 weather impact on billed consumption which is then used in the weather
23 normalization process. Estimated usage is calculated based on normal consumption
24 patterns and adjusted for weather differences in the period being estimated. In other

1 words, the calculation of estimated bills takes weather impact into account. Since
2 weather impacts are recognized in the consumption estimates, the normalization
3 process can be expected to produce reasonable results.

4 Second, when an estimated read is calculated, the ensuing actual reading
5 ensures that the sum of the estimated and actual consumption over the period in
6 question is equal to the sum of the billed usage over the same period. For example, if
7 a customer receives an estimated bill for 800 kWh and the actual reading for the next
8 month results in a two month (period since the last actual read) consumption of 1,500
9 kWh the bill for the second month will be 700 kWh thus ensuring that the total billed
10 consumption equals the actual metered consumption over the entire period. As such,
11 estimated data being included for monthly consumption does not lead to inaccurate
12 annual consumption data.

13 Additionally, the full extent of estimated bills over the test period should be
14 taken in context. The 15% of customers receiving an estimated bill referenced in Ms.
15 Mantle's testimony refers to Staff witness Robin Kliethermes reference to a
16 maximum percent in a single month in 2018 and not the percent of bills that are
17 estimated during the year.³ Using the data provided in the Company's response to
18 DR 0246, the number of residential customer bills that were estimated over Staff's
19 test period of August 2018 through July 2019, was 39,622 out of 1,566,231 bills or
20 about 2.5%. This number of estimated bills, while concerning from the customer
21 experience perspective, is far less alarming than the 15% presented in Ms. Mantle's
22 testimony.

³ Robin Kliethermes Rebuttal Testimony, p. 2, lines 4-7.

1 In summary, Empire believes that, while the level of estimated data does
2 warrant attention, it does not materially impact the final weather normalized annual
3 billing determinants with respect to the ability to decouple the impact of changes in
4 weather and conservation from authorized revenue for the target classes. As
5 discussed, the algorithm used to estimate data, the natural trueing up of estimated data
6 over time, and the extent of estimated data all support that the proposed solution is
7 reasonable even in light of the existence of estimated data.

8 **VI. CREDIT CARD FEES** (Issue 6)

9 **Q. Why is the credit card transaction fee higher for commercial customers, \$13,**
10 **instead of \$2.25 for residential customers?**

11 A. Prior to 2012, the Company included all customer classes in one fee and that fee was
12 \$5.55. In an effort to keep fees as low as possible for our residential customers, the
13 customer classes were separated. Now, the fees are determined by the amount being
14 paid by class. After separating, residential customers had only a \$2.25 fee. These
15 fees are charged by a third party processing company and are paid directly by the
16 customer.

17 **VII. RATE CASE EXPENSE** (Issue 7)

18 **Q. When does Empire anticipate filing its next rate case?**

19 A. The Company anticipates filing its next case in the third quarter of 2020.

20 **VIII. CASH WORKING CAPITAL** (Issue 10)

21 **Q. Has Empire's parent or its tax paying affiliate made a quarterly payment to the**
22 **IRS during the test year or true-up period in this case? If yes, how much was**
23 **paid?**

1 A. Yes, Liberty Utilities (America) Co & Subs, which is the tax paying affiliate, made
2 quarterly payments to the IRS during the test year. The amount paid was \$8.9
3 million.

4 **Q. Referring to Lyon's TSL-11, page 1 of 1, provide the source document for the**
5 **federal and state income taxes revenue requirement amount, \$10,996,093. How**
6 **much is federal and how much is state income tax?**

7 A. Upon further review of Lyon's TSL-11, the amount reported for federal and state
8 income taxes is incorrect. The amount should be \$9,378,451. This amount comes
9 from Schedule SDR-4 in my Corrected Direct Testimony. The \$9,378,451 is
10 comprised of \$2,965,533 in federal taxes and \$6,412,918 in state taxes. It should be
11 noted that the federal income tax amount of \$2,965,533 reflects the federal taxes after
12 a reduction of \$10,804,220 associated with amortization for Excess ADIT as a result
13 of the Tax Cuts and Jobs Act. The cash working capital amount was later updated
14 through Tim Lyon's True-up Testimony.

15 **IX. SOFTWARE MAINTENANCE EXPENSE** (Issue 20)

16 **Q. Has Empire adjusted all cost of service costs to 1-31-20, the true-up date? If not,**
17 **please identify what costs have not been adjusted?**

18 A. No. The Company updated all major categories of costs included in the Company's
19 revenue requirement. However, the Company did not revise each FERC account
20 balance based on January 31, 2020 balances. Please refer to Supplemental Schedule
21 SR-3 for a listing of the accounts which have not been trued-up to January 31, 2020.

22 **Q. Is it appropriate to adjust all cost of service items to the true-up date? Please**
23 **explain your response.**

1 A. While the Company believes it is appropriate to adjust all cost of service categories to
2 the true-up date to reflect the most current cost of service, it does not believe
3 adjusting each FERC account is necessary as some account changes would not
4 materially affect the cost of service calculation.

5 **X. CUSTOMER SERVICE** (Issue 22)

6 **Q. Witness Brent Baker states in his surrebuttal testimony that the customer**
7 **service staff had a turnover rate of 50% in 2017 and 2018. Was all this turnover**
8 **due to internal promotions or were their other factors contributing to this high**
9 **rate of turnover?**

10 A. The majority of the turnover was due to internal promotions resulting from the high
11 number of retirements and position changes after the acquisition. It takes some time
12 for the cycle of turnover to make its way through the organization, which is why it
13 impacted the contact center team for two years. Within that turnover, there was also a
14 small percentage of employees who were terminated or who decided on their own
15 that the job was not a right fit for them.

16 **Q. What policies and procedures have been put in place to ensure there is not**
17 **another significant shortage of customer service representatives in the future?**

18 A. The Company has put in place a policy that employees placed in customer service
19 positions are not eligible to transfer to another position within the Company for one
20 year. In addition, the Company has increased the number of staff by six.

21 **XI. ESTIMATED BILLS** (Issue 23)

22 **Q. What number and percentage of customers only received estimated bills in a 12**
23 **month period?**

1 A. The Company did not have any customers that only received estimated bills in a 12
2 month period for the years 2017, 2018 or 2019.

3 **Q. What number and percentage of customers received estimated bills for 3**
4 **consecutive months or more?**

5 A. For the years January 2017 through January 2020, the Company had 1,082 or 0.98%
6 of customers with consecutive meter reads for 3 months or more.

7 **Q. In the testimony presented by Empire and Staff there has been a general**
8 **discussion of AMI deployment in Empire's system. What is the specific timing**
9 **of the start of AMI installation and the plan and timing of the entire process?**

10 A. The installation of components related to the mesh network which is the
11 communication backbone for the AMI project has already begun. The Company is in
12 the process of initiating several customer communications which will occur in phases
13 prior to deployment of the installation of the new meters in June of 2020. Finally, the
14 meter deployment will occur in sectors. The meter deployment for the Missouri
15 jurisdiction, the associated plant and software support are estimated to be complete by
16 the second quarter of 2021. However, a significant portion of the assets will be fully
17 operational and providing benefits during the pendency of the Company's next
18 expected general rate case.

19 **Q. AMI technology significantly improves the efficiency of the meter reading**
20 **process and reduces, if not eliminates, estimated bills. However, one of the**
21 **potential implementation challenges is increased estimated bills due to several**
22 **potential issues, including the overlap of meter reading periods with the meter**
23 **installation and startup. Given Empire's high number of estimated bills over the**
24 **last two years, how does Empire plan to address this challenge?**

1 A. Within Empire's AMI rollout plan, the Company plans to manually read meters in
2 parallel to the AMI meter reads for approximately 2 months. This redundancy in
3 meter reads provides a platform to identify any differences in meter readings, identify
4 any related issues and address them prior to customers being impacted. When
5 deployment begins, the meters will continue to be read manually until the sector has
6 passed quality control tests and is accepted. Once it is accepted and validation is
7 complete, cutover from manual meter reads to AMI reads will begin and the customer
8 will be billed using the reads from the AMI system. It is anticipated the duration of
9 this process will be 3 to 4 months depending on the size of the sector.

10 **Q. What if any affect will the deployment of AMI meters have on the number of**
11 **estimated bills?**

12 A. Empire anticipates the deployment of AMI meters will greatly reduce the number of
13 estimates. The Company believes it will nearly eliminate estimated bills due to
14 missed readings and access issues.

15 **Q. Witness Brent Baker states in his surrebuttal testimony that Empire notified its**
16 **union staff in 2017 that it was going to be switching to AMI meters and then goes**
17 **on to state that it struggled to maintain adequate meter reading staffing in 2018.**
18 **What connection if any did the announcement of switching to AMI meters have**
19 **with the decline in meter reading staff?**

20 A. Once meter reading staff was notified of the AMI project and that most of the meter
21 reading positions would eventually be eliminated, several staff took other jobs in the
22 Company. After these positions were open, the Company ensured anyone who filled
23 the meter reader open positions knew the position was temporary. If the position

1 could not be filled in the normal hiring process, the Company then moved to hiring
2 contractors. This process takes approximately 6-7 weeks between posting a position
3 and then moving to hire contractors.

4 **Q. Witness Brent Baker also states in his surrebuttal testimony that in 2019 Empire**
5 **hired a contractor to help with meter reading staffing issues. What contractual**
6 **obligations has the meter reading contractor made to assure that estimated**
7 **readings decline?**

8 A. While there are no contractual obligations that speak specifically to estimated meter
9 reads, there are performance obligations that the contractor must meet. In addition,
10 the Company maintains regular communications with the contractor about
11 performance and communicates any concerns or needed corrective actions.

12 **Q. Witness Brent Baker also states in his surrebuttal testimony that estimated**
13 **meter readings have gone down in the first two months of 2020, but are not yet**
14 **as low as 2017 levels. Has Empire set a goal for when it should be back at a 2017**
15 **level of estimated bills?**

16 A. The Company's goal is to continue to reduce estimated meter reads. Furthermore,
17 upon completion of the AMI rollout, which is scheduled to occur in the second
18 quarter of 2021, it would anticipate estimated meter reads to be below the 2017 level
19 of estimated bills.

20 **Q. What policies and procedures have been put in place to ensure that goal is met?**

21 A. The Company is working day to day to reduce the number of estimates. It has
22 temporarily moved two employees from other departments that were former meter
23 readers over to assist in the reading of meters in order to decrease the number of
24 estimated reads. In addition, the Manager of Billing has regular communications with

1 the meter reader contractor and the meter reading personnel about eliminating
2 estimated reads. Finally, the Company is monitoring the read routes and reassigning
3 meter readers as appropriate to help reduce the number of estimates.

4 **XII. TAX CUT AND JOB ACTS REVENUE** (Issues 12 and 35)

5 **Q. What is Empire’s response to this question from the Commission: “How difficult**
6 **would it be to have a line item credit to Empire customers to eliminate the entire**
7 **\$11.7 million stub period revenues over a six month period?”**

8 A. While it is not difficult to add a line item to customers’ bills, an order in this case
9 directing Empire to refund the stub period revenue would be detrimental to the
10 Company. Being mindful of the financial challenges facing Empire’s customers due
11 to the COVID-19 pandemic, as well as the Company’s obligation to provide safe and
12 reliable service at just and reasonable rates, Empire worked with the parties to put
13 together a settlement construct that balances all interests. It is a unique settlement
14 construct that is investment driven and not expense driven. Although the settlement
15 includes a “phase-in” mechanism related to new plant-in-service investments and
16 provides for no stub period revenues to be refunded to customers at this time, the
17 settlement also provides for no increase in the customer charges and no changes to the
18 Company’s retail base rates until the effective date of rates in the Company’s next
19 rate case and the continuation of the tax addendum, currently credited as a separate
20 line item on each rate schedule as “tax rate reduction.” An order in this case directing
21 the Company to refund all or even part of the \$11.7 million of stub period revenue
22 would significantly impact the Company’s cash flow, which is already compromised
23 as a result of the COVID-19 pandemic and the Company’s revised policies regarding

1 no disconnects, the deferral of late fees, and the extension of the customer charge
2 credit for the low-income pilot program.

3 **Q. The Commission also asked: “What is the shortest time period to refund the stub
4 period revenues to customers that would not create cash flow problems,
5 considering that Empire has had interest free use of these revenues since 2018?”
6 How do you respond?**

7 A. If an order is issued in this case for the Company to begin refunding the collected stub
8 period revenue, no matter the time period for the return, cash flow problems will be
9 created for the Company. Since the Company will be filing its next rate case shortly
10 after the conclusion of this case, the Company encourages the Commission to delay
11 its determination regarding the refund of any stub revenues until that time. Empire is
12 expecting significant deferred payments of customers and significant increases of bad
13 debt over the coming year. In addition, the Company is experiencing a substantial
14 reduction in revenue due to businesses being closed as a result of the COVID-19
15 pandemic and from loss of load related to abnormal weather.

16 **XIII. ASBURY (Issue 13)**

17 **Q. On page 6 lines 15-22 of Aaron Doll’s Rebuttal testimony, he outlined that
18 Empire is considering a combination of several options for what to do with
19 Asbury. This includes (i) decommissioning pieces that will be scrapped for
20 salvage; (ii) decommissioning equipment that will be sold; (iii) repurposing; and
21 (iv) reused. Please explain how the AAO reporting requirements contemplate all
22 of these options occurring and the relative timing of each of them to each
23 other and the Asbury shut down date.**

1 A. In addition to Staff's response, the Company is providing information on the
2 reporting requirements contemplated in regard to the AAO. If the Stipulation terms
3 are approved, the Company will establish a regulatory asset/liability and book, in the
4 appropriate FERC accounts, the changes in the base amounts reflected in Appendix D
5 to the Stipulation. More specifically, in addition to the return on and of the rate base
6 associated with Asbury, the Company will book cost changes for the various
7 categories listed in Paragraph 25 subparts a through i of the Stipulation. The base
8 plant amounts reflected in Appendix D reflect the net plant that remains after the
9 removal of currently identified re-purposed plant which will continue to be used by
10 Empire. If further plant is identified to be repurposed, the Company will adjust the
11 base amounts accordingly after discussion with the signatories to the Stipulation. In
12 addition, any plant proceeds received for salvage will be applied to the regulatory
13 asset/liability accounts described above.

14 **Q. Why does the Company support the issuance of an AAO to address the impact**
15 **of the closure of Asbury?**

16 A. Because Asbury was planned to be retired outside of the true-up period of this rate
17 case and all of the impacts of the retirement would not be known and measurable
18 during the true-up period, the Company proposed an AAO in my Direct Testimony
19 supporting the rate application. In addition, Empire worked with all parties to put
20 together a settlement construct that balances all interests and all have agreed, with the
21 exception of the OPC, to utilize an AAO to account for the changes resulting from the
22 retirement of the Asbury plant and to address these changes in the Company's next
23 base rate case which is planned to be filed in the third quarter of 2020. This
24 approach was also contemplated in Case No. EA-2019-0010 in which the Non-

1 Unanimous Stipulations contained a provision regarding the establishment of an AAO
2 associated with the retirement of the Asbury plant.

3 **Q. Is the issuance of an AAO the appropriate way to address the impact of the**
4 **closure of Asbury?**

5 A. Yes. Empire believes the issuance of an AAO for the retirement of the Asbury plant is
6 appropriate to address the impact of the closure of the plant as it is an extraordinary
7 event which falls outside of the true-up period in this case. Instruction number seven
8 of the FERC uniform system of accounts describes an extraordinary event as an event
9 that is significant and different from the ordinary and typical activities of a company.
10 The Company's decision to retire its Asbury plant was not usual in nature or a
11 frequent occurrence and is consistent with the FERC definition which allows for
12 special treatment of certain items. In addition to the Company's belief that it is an
13 appropriate treatment, the signatories to the Stipulation also agree that it is an
14 appropriate treatment when included as a comprehensive settlement of the issues in this
15 case and which will result in just and reasonable rates while allowing Empire to continue
16 providing safe and reliable service. Finally, the Company believes the Commission has
17 authority to defer this extraordinary cost for consideration to a later period as
18 described in a 1991 decision involving a request for an AAO. In that decision, the
19 Commission held that an AAO was appropriate where "events occur during a period
20 which are extraordinary, unusual and unique, and not recurring."⁴

⁴ The Office of the Public Counsel and Midwest Energy Consumers Group vs. KCP&L Greater Missouri
Operations, File No. EC-2019-0200, Report and Order; and *In the Matter of the Application of*

1 **XIV. QUESTIONS REGARDING THE GLOBAL STIPULATION AND**
2 **AGREEMENT**

3 **Q. In paragraph 23, what are the planned 2020 capital expenditures (specific**
4 **projects and estimated costs) to be considered when considering customer**
5 **impact?**

6 A. The COVID-19 section of the Stipulation was added at the request of OPC, and the
7 Company is not aware of its relationship to any particular projects. Please refer to
8 Supplemental Schedule SR-4 for a listing of the 2020 budgeted capital expenditures
9 by operational category. It should be noted, however, that only capital projects
10 completed and placed into service as of January 31, 2020 (true-up date) are included
11 in the Stipulation which defers any base rate increase until new rates are set in the
12 next rate case. In addition, the Stipulation terms reflect no changes to O&M and
13 keeps the Company's O&M expense recovery at pre-acquisition levels. Therefore, if
14 the settlement is approved in its entirety, the O&M expenses being recovered from
15 customers would contain zero O&M costs associated with affiliate transactions from
16 APUC as these costs will remain at the authorized levels prior to the acquisition.

17 **Q. In paragraph 29, what is the currently approved weighted average cost of capital**
18 **referenced at (2)?**

19 A. While the weighted average cost of capital is not stated in the Commission order from
20 the last base rate case, the return on equity was addressed. As stated in the
21 Commission Order issued on August 10, 2016 from the previous base rate case File

1 No. ER-2016-0023, the revenue requirement was based on a return on equity range of
2 9.5 to 9.9 percent. In addition, the only party I found that testified to the capital
3 structure was the Commission Staff which accepted the Company's actual capital
4 structure.⁵ Utilizing the Company's actual capital structure and the bottom and top of
5 the above ROE range from the prior case results in a rate of return between 7.36%
6 and 7.56%. For AFUDC purposes (Allowance for Funds used During Construction),
7 the Company utilizes the midpoint of the ROE range, or 9.7 percent.

8 **Q. Where does this cost of capital appear in the Stipulation or in the record?**
9 **Approved by whom?**

10 A. The cost of capital referred to in Paragraph 29 is not stated in the Stipulation. The
11 intention of this reference is intended to be the currently approved rate of return for
12 use in assessing the SERP ratemaking alternatives in future discussions.

13 **Q. If the Commission does not approve the Global Stipulation and Agreement, do**
14 **OPC and the signatories still support approval of the terms of the agreement**
15 **that OPC indicated in its objection to parts of the Global Stipulation and**
16 **Agreement that it does not oppose? If not, please identify the terms of**
17 **agreement that all parties do not oppose?**

18 A. The terms of the Stipulation should be approved as a complete resolution of this case.
19 However, Empire is willing to support the following terms of the Stipulation even if
20 the Stipulation terms are not approved in total:

21 FAC changes: Paragraph 6, subparts c, d, f and g and Paragraph 7

22 Adjustments Related to Meter Reading and Billing: Paragraph 9 and Paragraph 10

⁵ Kimberly Bolin Direct Testimony pg. 10 and Staff Direct Revenue Requirement Report pg. 22

1 Rate Design: Paragraph 11 and Paragraph 19

2 Energy Efficiency and Low Income Programs: Paragraph 20 and 22

3 Retired Employees Provisions: Paragraphs 27 and 28

4 SERP Retirees Provision: Paragraph 29

5 **Q. Paragraph 9 of the Stipulation and Agreement lays out a detailed list of metrics**
6 **Empire will need to report to Staff and OPC regarding estimated meter reading**
7 **and billing. If Empire fails to meet these metrics what corrective actions should**
8 **be taken?**

9 A. If the Stipulation is approved or Empire is otherwise ordered to comply with any
10 metrics that are not metrics already enforceable by the Commission and Empire fails
11 to meet those new metrics, the Company would expect Staff to request a Commission
12 order to open an investigatory docket or the filing of a Staff complaint if Empire in
13 the future fails to meet the metrics included in the Stipulation.

14 **Q. Does this conclude your supplemental testimony?**

15 A. Yes.

VERIFICATION OF SHERI RICHARD

Sheri Richard, under penalty of perjury, declares that the foregoing supplemental testimony is true and correct to the best of her knowledge, information, and belief.

/s/Sheri Richard _____

Sheri Richard

Director, Rates and Regulatory Affairs

The Empire District Electric Company
ER-2019-0374

Missouri Jurisdictional Allocations - Revised to reflect 6% load loss

Section	Description	MO Allocations 3/31/2019	MO Allocations 1/31/2020	Reference
A.	Rate Base			
	Plant in Service:			
	Production	88.54%	88.53%	Based on percentage allocation of jurisdictional portion of total company 12 Month Average Coincident Peak Demand for Production.
	Transmission Plant	83.93%	83.94%	Based on percentage allocation of jurisdictional portion of total company 12 Month Average Coincident Peak Demand for Transmission.
	Intangible/General Plant	87.70%	87.50%	Based on percentage allocation of jurisdictional portion of total company Production, Transmission, and Distribution Plant.
	Distribution Plant (1)	Direct Assigned	Direct Assigned	Direct Assigned to appropriate jurisdiction
	Accumulated Depreciation: (1)			
	Production Plant	88.54%	88.53%	Based on percentage allocation of jurisdictional portion of total company 12 Month Average Coincident Peak Demand for Production.
	Transmission Plant	83.93%	83.94%	Based on percentage allocation of jurisdictional portion of total company 12 Month Average Coincident Peak Demand for Transmission.
	Intangible/General Plant	87.70%	87.50%	Based on percentage allocation of jurisdictional portion of total company Production, Transmission, and Distribution Plant.
	Distribution Plant	88.03%	87.56%	Based on percentage allocation of jurisdictional portion of total company depreciable Distribution Plant.
	Prepayments:	87.70%	87.50%	Based on percentage allocation of jurisdictional portion of total company Electric Plant.
	Fuel Inventory:	82.47%	82.26%	Based on percentage allocation of jurisdictional portion of total company 12 Month Total KWH Sales.
	Materials and Supplies:			
	Transmission/Distribution	88.03%	87.57%	Based on percentage allocation of jurisdictional portion of total company Distribution Plant.
	Other Production	88.53%	88.53%	Based on percentage allocation of jurisdictional portion of total company Production Plant.
	Clearing Accounts	87.70%	87.50%	Based on percentage allocation of jurisdictional portion of total company Electric Plant.
	Customer Deposits: (1)	Direct Assigned	Direct Assigned	Direct Assigned to appropriate jurisdiction
	Customer Advances: (1)	Direct Assigned	Direct Assigned	Direct Assigned to appropriate jurisdiction
	Regulatory Assets: (1)			
	Pension/OPEB Accounts	85.58%	84.31%	Based on total percentage allocation of jurisdictional portion of total company Electric Expenses.
	Regulatory Liabilities: (1)	Direct Assigned	Direct Assigned	Direct Assigned to appropriate jurisdiction
	ADIT: (1)	87.70%	87.50%	Based on percentage allocation of jurisdictional portion of total company Electric Plant.

Section	Description	MO Allocations 3/31/2019	MO Allocations 1/31/2020	Reference
B.	Income Statement			
	Revenues:			
	Retail (1)	Direct Assigned	Direct Assigned	Direct Assigned to appropriate jurisdiction
	Other Revenue	83.93%	83.94%	Based on percentage allocation of jurisdictional portion of total company 12 Month Average Coincident Peak Demand.
	Other Retail Revenue	88.74%	88.72%	Based on percentage allocation of jurisdictional portion of total retail 12 Month Average Coincident Peak Demand.
	SPP Revenue	84.57%	82.88%	Based on total percentage allocation of jurisdictional portion of total company On-System Production Expense.
	Expenses: (1)			
	Variable Production Expense	82.47%	82.26%	Based on percentage allocation of jurisdictional portion of total company 12 Month Total KWH Sales.
	MO/KS Fuel Expense	94.79%	94.76%	Based on percentage allocation of jurisdictional portion of Missouri and Kansas Retail 12 Month Total KWH Sales.
	Fixed Production	88.54%	88.53%	Based on percentage allocation of jurisdictional portion of total company 12 Month Average Coincident Peak Demand for Production.
	Transmission Expense	83.93%	83.94%	Based on percentage allocation of jurisdictional portion of total company 12 Month Average Coincident Peak Demand for Transmission.
	SPP Fixed Charge	88.74%	88.72%	Based on percentage allocation of jurisdictional portion of retail company 12 Month Average Coincident Peak Demand.
	Distribution Expense	88.03%	87.57%	Based on percentage allocation of jurisdictional portion of total company Distribution Plant.
	Customer Account/Customer Assistance	89.02%	89.06%	Based on percentage allocation of jurisdictional portion of total company Average Number of System Customers.
	Customer Assistance	89.03%	89.06%	Based on percentage allocation of jurisdictional portion of Average Number of System Customers for retail.
	Sales Expense	90.30%	89.69%	Based on percentage allocation of jurisdictional portion of total retail On- System Electric Revenues.
	A&G Expense (1)	87.41%	86.94%	Based on percentage allocation of jurisdictional portion of total company labor distribution.
	Depreciation Expense: (2)	Various	Various	Based on percentage allocation of jurisdictional portion of total company Intangible, Production, Transmission, Distribution, and General Plant.
	Amortization Expense: (1)	87.70%	87.50%	Based on percentage allocation of jurisdictional portion of total company Production, Transmission, & Distribution Plant.
	Taxes Other Than Income Taxes:			
	Payroll Taxes	87.41%	86.94%	Based on percentage allocation of jurisdictional portion of total company labor distribution.
	Property Taxes	87.70%	87.50%	Based on percentage allocation of jurisdictional portion of total company Electric Plant.
	Franchise Taxes (1)	Direct Assigned	Direct Assigned	Direct Assigned to appropriate jurisdiction
	Income Taxes: (1)			
	Federal/State Tax	86.32%	88.96%	Based on percentage allocation of jurisdictional portion of total company Net Electric Operating Income Before Income Tax.
	Deferred Federal Tax	86.71%	90.28%	Based on percentage allocation of jurisdictional portion of total company Net Electric On-System Operating Income Before Income Taxes Adjusted.

Footnote:

(1) - Some or all of the accounts within this category are direct assigned to the appropriate jurisdiction.

(2) - Depreciation uses each month's plant in service allocations for the 12 month period being calculated.



The Empire District Electric Company

Missouri Jurisdiction

Docket No. ER-2019-0374

Rate Base:

- Plant In Service
- Accumulated Depreciation
- Several Regulatory Assets/Liabilities
- Accumulated Deferred Income Taxes

Operating Income:

Revenues:

- Residential
- Commercial
- Industrial
- Public Street & Highway Lighting
- Other Public Authorities
- Interdepartmental

Expenses:

- Dental Plan
- Vision Plan
- HealthCare -Electric/Gas



The Empire District Electric Company
Missouri Jurisdiction
Docket No. ER-2019-0374

Line No.	FERC (a)	GL Account (b)	Description (c)	Reference (d)	Total Company Test Year Balance (e)	Missouri Allocation Factor (f)	Missouri Test Year Balance (g) = (e) x (f)
<u>OTHER REVENUES</u>							
1	450	450030	Forfeited Discounts - Mo		(1,975,731)	100.00%	(1,975,731)
2	451	451033	Reconnect Charges-Missouri		(113,215)	100.00%	(113,215)
3	451	451230	Other Misc Revenues - Missouri		(2,208)	100.00%	(2,208)
			Total Other Revenues:		<u>(2,091,154)</u>		<u>(2,091,154)</u>
<u>VARIABLE PRODUCTION EXPENSES</u>							
4			latan/Plum Pt Deferred Operating Expenses:				
5	421	421022	MO lat I Amrt O&M ER-2010-0130	TB 03-19	\$ 37,687	100.00%	\$ 37,687
6	421	421027	MO lat II Amrt OM ER-2011-0004	↓	82,691	100.00%	82,691
7	421	421029	MO PlmPt Amrt O&M ER-2011-0004		1,314	100.00%	1,314
8			Total latan/Plum Pt Deferred Operating Expenses:		<u>121,692</u>		<u>121,692</u>
9			Fuel Expenses (Steam Generation):				
10	501	501001	Kansas Fuel Adj	TB 03-19	(591,980)	0.00%	-
11	501	501004	Fuel Constr Acctg latan2 Def	↓	(171,196)	100.00%	(171,196)
12	501	501005	Okla Fuel Cost Adj		(71,663)	0.00%	-
13	501	501910	Amrt SWPA Oz Beach-AR		(14,654)	0.00%	-
14	501	501920	Amrt SWPA Oz Beach-KS		(125,260)	0.00%	-
15	501	501940	Amrt SWPA Oz Beach-OK	↓	(69,036)	0.00%	-
16			Total Fuel Expenses (Steam Generation):		<u>(1,043,788)</u>		<u>(171,196)</u>
17			Steam Expenses:				
18	502	502093	Exp Of Feedwater System	TB 03-19	47,900	82.47%	39,501
19	502	502096	Exp To H2O Supply System	↓	207,472	82.47%	171,093
20	502	502103	Expense of CEMS Equipment		43,373	82.47%	35,768
21			Total Steam Expenses:		<u>298,746</u>		<u>246,362</u>
22			Maintenance of Boiler Plant Expenses:				
23	512	512141	Mtce Of Coal Sampler & Lab	TB 03-19	-	82.47%	-
24	512	512144	Mtce Of C.E.M. Equipment	↓	-	82.47%	-
25			Total Maintenance of Boiler Plant Expenses:		<u>-</u>		<u>-</u>
26			Maintenance of Electric Plant Expenses:				
27	513	513175	Mtce Of Cooling Lake	TB 03-19	213,109	82.47%	175,742
28			Total Maintenance of Electric Plant Expenses:		<u>213,109</u>		<u>175,742</u>
29			Fuel Expenses (Other Generation):				
30	547	547603	Fuel Adm Riverton Gas	TB 03-19	-	82.47%	-
31			Total Fuel Expenses (Other Generation):		<u>-</u>		<u>-</u>
32			Less: Off-System Fuel & Purchase Power (Energy):		<u>-</u>		<u>-</u>
33			Total Variable Production Expenses:		<u>(410,242)</u>		<u>372,600</u>
<u>FIXED PRODUCTION EXPENSE (STEAM)</u>							
34			Operation Supervision and Engineering Expenses:	TB 03-19			
35	500	500035	Professional Assc Dues-Prod	↓	-	83.93%	-
36	500	500038	Op Supv-Solid Wste Monit&Compl		-	83.93%	-
37	500	500046	Micro Software-Production		5,870	83.93%	4,927
38	500	500180	Regulatory & Environm Report	↓	-	83.93%	-
39			Total Operation Supervision and Engineering Expenses:		<u>5,870</u>		<u>4,927</u>
40			Electric Expenses:				
41	505	505118	Expense of Generator	TB 03-19	25,670	83.93%	21,544
42	505	505422	Electric Expense - latan	↓	371,469	83.93%	311,765



The Empire District Electric Company
Missouri Jurisdiction
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Line No.	FERC (a)	GL Account (b)	Description (c)	Reference (d)	Total Company Test Year Balance (e)	Missouri Allocation Factor (f)	Missouri Test Year Balance (g) = (e) x (f)
43			Total Electric Expenses:	-	397,139		333,310
44			Miscellaneous Steam Power Expenses:				
45	506	506173	Exp of Scrubber	TB 03-19	-	83.93%	-
46	506	506175	Exp of Baghouse	↓	390	83.93%	327
47			Total Miscellaneous Steam Power Expenses:		390		327
48			Rents:				
49	507	507129	Rents - Energy Supply	TB 03-19	35,099	83.93%	29,458
50			Total Rents:		35,099		29,458
			FIXED PRODUCTION EXPENSES (OTHER)				
51			Operation Supervision and Engineering Expenses:				
52	546	546011	Conv & Seminars	TB 03-19	2,503	83.93%	2,101
53			Total Operation Supervision and Engineering Expenses:		2,503		2,101
54			Generation Expenses:				
55	548	548216	Gener Exp - Water Injection Sys	TB 03-19	7,257	83.93%	6,091
56			Total Generation Expenses:		7,257		6,091
57			Misc. Other Power Generation Expenses:				
58	549	549046	Micro Software - Comb Turbine	TB 03-19	-	83.93%	-
59			Total Misc. Other Power Generation Expenses:		-		-



The Empire District Electric Company
Missouri Jurisdiction
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Line No.	FERC (a)	GL Account (b)	Description (c)	Reference (d)	Total Company Test Year Balance (e)	Missouri Allocation Factor (f)	Missouri Test Year Balance (g) = (e) x (f)
60			Maintenance of Structures Expenses:				
61	552	552122	Exp of Structures Fuel	TB 03-19	-	83.93%	-
62			Total Maintenance of Structures Expenses:		-		-
63			System Control and Load Dispatching Expenses:				
64	556	556201	Janitorial Exp-System Ops	TB 03-19	14,408	83.93%	12,092
65	556	556205	Utilities - System Operations		2,179	83.93%	1,829
66	556	556411	Computer Operations		207	83.93%	174
67	556	556415	REC Fees & Commissions		28,973	83.93%	24,316
68	556	556523	Other Fiber Utility		1,379,352	83.93%	1,157,657
69			Total System Control and Load Dispatching Expenses:		1,425,118		1,196,067
70			Other Expenses:				
71	557	557410	Pool Operation	TB 03-19	282,853	83.93%	237,392
72	557	557448	Other Pwr Supply Expense		148,404	83.93%	124,552
73			Total Other Expenses:		431,257		361,943
74			Less: Off-System Purchase Power (Demand):		-		-
75			Total Fixed Production Expenses:		2,304,633		1,934,223
76			Total Production Expenses:		1,894,392		2,306,823
			TRANSMISSION EXPENSES				
77	560	560025	Safety Expenses-Line Eng	TB 03-19	577	83.93%	485
78	560	560046	Computer Software-Engineer		10,346	83.93%	8,683
79	560	560449	Transm Operation Super & Engr		-	83.93%	-
80	561	561012	Load Dispatching Training		-	83.93%	-
81	561	561450	Transm Oper-Load Dispatching		1,312	83.93%	1,101
82	566	566458	Misc Transmission Expenses		491	83.93%	412
83	566	566462	NERC Compliance/EOP (693)		380	83.93%	319
84	567	567007	Rents - Transmission		175	83.93%	147
85	569	569203	General Maint-System Ops		6,142	83.93%	5,155
86	571	571043	Oh Trans Line Maint-345 Kv		-	83.93%	-
87	571	571045	Oh Trans Line Maint-Other		54,052	83.93%	45,365
88	571	571046	Oh Trans Line Tree Trim-345 Kv		5,478	83.93%	4,597
89	571	571047	Oh Trans Line Tree Trim-161Kv		6,313	83.93%	5,298
90	571	571048	Oh Trans Line Tree Trim-69 Kv		295,705	83.93%	248,178
91	571	571050	Oh Trans Ln Tree Trim-34.5 Kv		-	83.93%	-
92	571	571146	Chemical Tree Trim 345Kv		18,159	83.93%	15,240
93	571	571147	Chemical Tree Trim 161Kv		613,105	83.93%	514,564
94	571	571148	Chemical Tree Trim 69Kv		662,092	83.93%	555,678
95	571	571150	Chemical Tree Trim 34.5Kv		21,394	83.93%	17,955
96	571	571248	Side Trimming 69Kv		44,584	83.93%	37,418
97	571	571347	Transm Tree Trimming 161Kv		1,721	83.93%	1,445
98	571	571348	Trans Tree Trimming 69Kv		51	83.93%	43
99	571	571447	Hydro-Ax Tree Trim 161Kv		120,927	83.93%	101,491
100	571	571448	Hydro-Ax Tree Trim 69Kv		179,826	83.93%	150,923
101	571	571450	Hydro-Ax Tree Trim 34.5Kv		10,363	83.93%	8,697
102	571	571547	Tree Grinder-Tree Trim 161kv		10,625	83.93%	8,918
103	571	571548	Tree Grinder-Tree Trim69kv		115,242	83.93%	96,720
104	571	571646	Dozer-Tree Trim 345kv		-	83.93%	-
105	571	571647	Dozer-Tree Trim 161kv		887	83.93%	744
106	571	571648	Dozer-Tree Trim 69kv		20,850	83.93%	17,499
107	571	571652	Trans 69Kv Pole Inspctn&Trmnt		119,816	83.93%	100,558
108	571	571656	Trans 345Kv Pole Inspntn&Trmnt		-	83.93%	-
109	571	571658	Trans 34.5Kv Pole Inspntn&Trmnt		11,447	83.93%	9,607



The Empire District Electric Company

Missouri Jurisdiction

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Line No.	FERC (a)	GL Account (b)	Description (c)	Reference (d)	Total Company Test Year Balance (e)	Missouri Allocation Factor (f)	Missouri Test Year Balance (g) = (e) x (f)
110	571	571740	TGR Tree Trimming-Transmission	↓	38,468	83.93%	32,285
111	571	571912	Transm Maint 345KV Reliability		5,456	83.93%	4,579
112	571	571913	Trans Maint 34.5KV Reliability		2,769	83.93%	2,324
113	571	571920	Transm 69KV Pole Inspec Reliab		151,553	83.93%	127,195
114	571	571921	Transm 161KV Pole Inspec Reliab		-	83.93%	-
115	571	571998	Trans Reliab Reg Adj Amort		61,980	100.00%	61,980
116			Total Transmission Expenses:		2,592,286		2,185,605
<u>DISTRIBUTION EXPENSES</u>							
117	580	580016	Engineering Recruiting Exp	TB 03-19	1,779	88.03%	1,566
118	580	580046	Software - Transf Supervisor		1,000	88.03%	880
119	580	580690	AVL Mobile Operations		11,531	88.03%	10,151
120	583	583025	Safety Exp-Oh Distrib Lines		51,687	88.03%	45,502
121	586	586025	Safety Expenses-Meters		9,257	88.03%	8,150
122	588	588025	Safety Equipment		322,903	88.03%	284,265
123	588	588101	Janitorial Exp - Meter Shop		-	88.03%	-
124	588	588105	Utilities - Meter Shop		736	88.03%	648
125	588	588401	Janitorial Exp - Garage		988	88.03%	870
126	588	588405	Utilities - Garage		859	88.03%	756
127	589	589034	Rents - Distribution		2,302	88.03%	2,027
128	591	591403	General Maint. - Garage		1,488	88.03%	1,310
129	593	593011	Conv & Seminar - Tree Trimming		15,665	88.03%	13,790
130	593	593025	Safety Expense - Tree Trimming		510	88.03%	449
131	593	593158	Chemical Tree Trim 12Kv		2,029,616	88.03%	1,786,750
132	593	593258	Side Trimming 12Kv	109,099	88.03%	96,044	
133	593	593458	Hydro-Ax Tree Trimming 12 Kv	670,878	88.03%	590,600	
134	593	593558	Tree Grinder-Tree Trim 12kv	142,401	88.03%	125,362	
135	593	593597	May 2011 Tornado O&M Amort	84,402	100.00%	84,402	
136	593	593599	Amortization-ice storm expense	132,681	0.00%	-	
137	593	593658	Dozer-Tree Trim 12kv	7,471	88.03%	6,577	
138	593	593740	TGR Tree Trimming-Distribution	568,072	88.03%	500,096	
139	593	593920	OH Dist Pole Inspec Reliability	706,783	88.03%	622,208	
140	593	593930	General Office Exp Reliability	11	88.03%	10	



The Empire District Electric Company
Missouri Jurisdiction
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Line No.	FERC (a)	GL Account (b)	Description (c)	Reference (d)	Total Company Test Year Balance (e)	Missouri Allocation Factor (f)	Missouri Test Year Balance (g) = (e) x (f)
141	593	593932	Utilities Exp - Reliability		5,281	88.03%	4,649
142	593	593998	Dist OH Reliab Reg Adj Amort		357,478	100.00%	357,478
143	594	594998	Dist UG Reliab Reg Adj Amort		17,023	100.00%	17,023
144			Total Distribution Expenses:		<u>5,251,902</u>		<u>4,561,563</u>
<u>CUSTOMER ACCOUNT EXPENSES</u>							
145	901	901002	Cust Ser Mgmt & Admin - Exp	TB 03-19	14,156	89.02%	12,602
146	901	901011	Conv & Seminar-Cust Accts Dist		7,869	89.02%	7,005
147	901	901025	Safety Exp-Customer Service		822	89.02%	732
148	901	901042	Outside Printing-Customer Serv		8,379	89.02%	7,459
149	903	903016	Collection Activities - Elec		135,810	89.02%	120,903
150	903	903023	Remittance Processing		160,289	89.02%	142,695
151	903	903046	Micro Software-Rev Acct		(83)	89.02%	(74)
152	903	903146	Collectors' Fees		117,314	89.02%	104,437
153	903	903147	Banking Fees - JP Morgan		46,334	89.02%	41,249
154	903	903148	Banking Fees - Mercantile		4,621	89.02%	4,114
155	903	903150	Rating Agency Fees		146,216	89.02%	130,167
156	903	903151	Banking Fees - UMB		84,021	89.02%	74,798
157	905	905031	General Office Exp-Cust Acct		7,689	89.02%	6,845
158	905	905032	Phone Directory Expense		18,004	89.02%	16,028
159			Total Customer Account Expenses:		<u>751,440</u>		<u>668,957</u>
<u>CUSTOMER ASSISTANCE EXPENSES</u>							
160	908	908046	Micro Software-Mjr Accts	TB 03-19	-	89.02%	-
161	908	908104	Wholesale Customer Assistance		96,207	0.00%	-
162	908	908108	Low Income Weatherization Prgm		368	89.03%	328
163	908	908116	MO Low Inc Weather ER2014-0351		437,500	100.00%	437,500
164	908	908117	Solar Rebate Amrt ER-2016-0023		620,055	100.00%	620,055
165	908	908120	Energy Efficiency Cost Recover		98,875	0.00%	-
166	908	908124	Dem Side Mgmt Rider OK		-	0.00%	-
167	908	908000	SBEDR		-	100.00%	-
168	909	909116	E.D. Advertising		3,739	89.02%	3,329
169	909	909231	Info & Instruct Ad - Radio		30,743	89.02%	27,368
170	909	909232	Info & Instruct Ad - Tv		50,650	89.02%	45,090
171	909	909243	Info & Instr Ad - Gas Newsppr		-	89.02%	-
172	910	910740	Communications M&A		-	89.02%	-
173			Total Customer Assistance Expenses:		<u>1,338,136</u>		<u>1,133,670</u>
<u>SALES EXPENSE</u>							
174	912	912011	Conferences	TB 03-19	10,317	90.30%	9,316
175	912	912113	Ed Admin-Labor Veh & Other		4,273	90.30%	3,858
176	916	916046	Micro Software-Sales		485	90.30%	438
177			Total Sales Expenses:		<u>15,075</u>		<u>13,612</u>
<u>RESEARCH AND DEVELOPMENT</u>							
178	930	930232	Total Research and Development:	TB 03-19	<u>-</u>		<u>-</u>
<u>OTHER ADMINISTRATIVE AND GENERAL EXPENSES</u>							
179	426	426581	Elect/Gas Pension NnServiceCst	TB 03-19	5,692,299	Direct Assigned	4,760,483
180	426	426582	SERP Pension NonServiceCost		1,160,111	Direct Assigned	970,892
181	426	426585	Elec/Gas OPEB NonServiceCost		69,317	Direct Assigned	57,040
182	920	920102	Mgmt Incentive - LTIP		478,330	85.41%	408,547
183	920	920130	M&A Transf Work Gas-GL001 Only		-	85.41%	-
184	920	920449	Mgmt & Admini - Salaries-Info		-	85.41%	-
185	920	920450	Personnel - Salary - Info Serv		5,723	85.41%	4,888
186	920	920501	Mgmt & Admini - Salaries-Hr		3,059	85.41%	2,612
187	920	920503	Payroll Activi-Labor Only-Hr		-	85.41%	-
188	920	920505	Train Program Dev - Labor-Hr		-	85.41%	-



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189	920	920612	LABS US BS Labor Allocs		-	85.41%	-
190	920	920715	LABS US CS Labor Allocs		-	85.41%	-
191	920	920721	Load Research		-	85.41%	-
192	920	920883	KS Renewable Energy Std Labor		5,617	0.00%	-
193	921	921045	Safety Expenses - EDG		-	85.41%	-
194	921	921102	Mgmt & Admin-Exp-Executives		58,546	85.41%	50,005
195	921	921103	SPP Administrative Expenses		5,648	85.41%	4,824
196	921	921104	United Way Expenses		11,787	85.41%	10,067
197	921	921105	Employee Engagement Program		641	85.41%	547
198	921	921111	M&A Expenses - Util Planning		44,562	85.41%	38,061
199	921	921112	LUC Other Allocs		70,442	85.41%	60,165
200	921	921211	Conv & Seminar-Acct		15,716	85.41%	13,424
201	921	921225	Safety Expenses-Accounting		1,049	85.41%	896
202	921	921246	Micro Software-Acct		56,859	85.41%	48,564
203	921	921300	Pcb Oil & Used Oil		294	85.41%	251
204	921	921301	Mgmt & Admin - Exp - Field Saf		82,596	85.41%	70,546
205	921	921305	Required Certification Expense		460	85.41%	393
206	921	921306	Professional Membership & Dues		1,345	85.41%	1,148
207	921	921311	Conv & Seminars - Envir&Safety		5,019	85.41%	4,286
208	921	921312	LUSC BS Other Allocs		1,405	85.41%	1,200
209	921	921325	Misc Environmental Expenses		15,787	85.41%	13,484
210	921	921402	Return Postage		165	85.41%	141
211	921	921403	Offsite Expenses		3,718	85.41%	3,175
212	921	921411	Conv & Seminar-Computer Serv		18,726	85.41%	15,994
213	921	921412	LABS CAN BS Other Allocs		368,634	85.41%	314,855
214	921	921413	LABS BS Other Allocs-Electric		5,507	85.41%	4,703
215	921	921446	Micro Software-Info Serv		31,303	100.00%	31,303
216	921	921449	Mgmt & Admin Exp - Info Serv		1,050	85.41%	897
217	921	921450	Personnel Exp - Info Services		-	85.41%	-
218	921	921469	Hardware Purchases		5,280	85.41%	4,510
219	921	921470	Hardware Maintenance		72,578	85.41%	61,990



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220	921	921471	Software Purchases		2,770	85.41%	2,366
221	921	921473	Data Processing Supplies		13,970	85.41%	11,932
222	921	921474	Software Maintenance		1,193,839	85.41%	1,019,672
223	921	921475	Telecommunications		23,651	85.41%	20,201
224	921	921484	Manuals		(5)	85.41%	(4)
225	921	921489	Supplies-Other		5,034	85.41%	4,299
226	921	921506	Train Program Devel-No Lab-Hr		-	85.41%	-
227	921	921511	Conv & Seminar-No Labor		-	85.41%	-
228	921	921512	LABS CAN CS Other Allocs		351,973	85.41%	300,624
229	921	921516	Recruiting - No Labor-Hr		17	85.41%	14
230	921	921603	General Office MatrIs & Sup		3,199	85.41%	2,732
231	921	921611	Conv & Seminar-Gen Office		242	85.41%	207
232	921	921612	LABS US BS Other Allocs		-	85.41%	-
233	921	921620	Record Retention - Other		4,374	85.41%	3,736
234	921	921625	Safety Exp-Bldg Serv		660	85.41%	564
235	921	921639	Janitorial Service - Expenses		84,388	85.41%	72,077
236	921	921648	Utilities		13,163	85.41%	11,243
237	921	921654	Printing Expenses		19,793	85.41%	16,906
238	921	921705	Regulatory Applications - Exp		55	85.41%	47
239	921	921711	Conv & Seminar-Fras		89	85.41%	76
240	921	921712	Education Expense		3,178	85.41%	2,715
241	921	921717	Employee Clothing		3,136	85.41%	2,678
242	921	921720	Fuel & PP Forecasting Exp		-	85.41%	-
243	921	921721	Load Research Expenses		53,295	85.41%	45,520
244	921	921723	Forecasting - Other Expenses		5,917	85.41%	5,054
245	921	921750	Mgmt & Admin - Exp Land Rights		22,197	85.41%	18,959
246	921	921775	General Services Supplies		10,132	85.41%	8,654
247	921	921776	Microcomputer Supplies		147	85.41%	125
248	921	921812	CENTRAL Other Allocs		38,760	85.41%	33,106
249	921	921813	Central OC Other Alloc-Electr		1,409	85.41%	1,204
250	921	921881	Renewable Energy Std Veh Exp		33,678	85.41%	28,765
251	921	921885	A&G Expenses latan		947,967	85.41%	809,670
252	921	921886	Home Off Support Travel & Misc		3	85.41%	3
253	922	922101	Transfer charges- Subsidiaries		(1,174,073)	85.41%	(1,002,790)
254	922	922185	Transfer Charges - WGI		(188,099)	85.41%	(160,657)
255	922	922198	LUC Direct Other Capitalzd-B		(17,027)	85.41%	(14,543)
256	922	922398	LUSC Direct Other Capitalzd-B		(421)	85.41%	(360)
257	922	922498	LABS Direct Other Capitalzd-B		(75,472)	85.41%	(64,462)
258	922	922502	Services for LUC		-	85.41%	-
259	922	922505	Services for E-Labs (US) 8885		965	85.41%	824
260	922	922506	Services for Labs (Labs US) GP		-	85.41%	-
261	922	922507	Services for Liberty Corp US		1,656	85.41%	1,415
262	922	922508	Services for APCO		6,300	85.41%	5,381
263	922	922510	Services for Sanger Power 5519		-	85.41%	-
264	922	922511	Services for Deerfield		-	85.41%	-
265	922	922514	Services for Shady Oaks		-	85.41%	-
266	922	922515	Services for St. Leon		-	85.41%	-
267	922	922516	Services for Minonk		-	85.41%	-
268	922	922598	LABS Direct Other Capitalzd-C		(93,493)	85.41%	(79,853)
269	922	922603	Services for Energy North 8840		-	85.41%	-
270	922	922604	Services for GA/Peach St 8862		(1,500)	85.41%	(1,281)
271	922	922605	Services for N Eng/Mass 8866		-	85.41%	-
272	922	922701	Services for Empire Consol		-	85.41%	-
273	922	922702	Services for Empire Elec 8905		6,295	85.41%	5,376
274	922	922703	Services for Empire Gas 8910		4,444	85.41%	3,796
275	922	922704	Services for Empire Fiber 8915		-	85.41%	-
276	922	922798	LABS US Direct Othr Capitalz-C		(319)	85.41%	(272)
277	922	922799	LABS US CS Capitalized		(716)	85.41%	(611)



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278	922	922801	Services for Liberty Wtr 8020		-	85.41%	-
279	922	922950	NERC Compliance Svcs Indirect		961	85.41%	821
280	922	922998	Lib Corp Direct Othr Capitalzd		(4,339)	85.41%	(3,706)
281	923	923046	Outside Services - EDG Only		2,484	85.41%	2,122
282	923	923051	O&M Fee - NAES		49,443	85.41%	42,230
283	923	923110	LUC BS Indirect Allocs		2,277,726	85.41%	1,945,433
284	923	923145	Outside Serv - Liab Claims		208,864	85.41%	178,393
285	923	923182	Liab Claims - Denker Asbestos		-	85.41%	-
286	923	923210	APUC CS Indirect Allocs		3,275,145	85.41%	2,797,341
287	923	923005	Forecasting Model Services		35,206	85.41%	30,070
288	923	923509	Outside Services - Training		7,717	85.41%	6,591
289	923	923514	Outside Services - 401K Plan		60,357	85.41%	51,552
290	923	923710	LABS US CS Indirect Allocs		-	85.41%	-
291	924	924001	Aviation Insurance		64	85.41%	55
292	926	926000	Benefits Contra Account		(165,539)	85.41%	(141,389)
293	926	926146	FAS 87 SLCC Reimbursement		11	85.41%	10
294	926	926149	FAS87 Pens - Reg Asset (5yr)		899,809	100.00%	899,809
295	926	926214	Employee Refreshments		88,557	85.41%	75,638
296	926	926215	Comp Exp Employee Stk Purch		49,883	85.41%	42,606
297	926	926217	Flowers		1,473	85.41%	1,258
298	926	926218	Coffeeroom Supplies		12,979	85.41%	11,085
299	926	926219	Other Employee Benefits		51,176	85.41%	43,710
300	926	926225	Executive Physicals		4	85.41%	4
301	926	926227	Acc Death & Dismemb - Benefit		15,900	85.41%	13,580
302	926	926230	Flex Benefit Plan Expense		33	85.41%	28
303	926	926231	Tuition Reimbursement		36,157	85.41%	30,882
304	926	926232	Taxable Educational Assistance		-	85.41%	-
305	926	926326	FAS106 OPEB - Reg Amortization		(46,619)	100.00%	(46,619)
306	929	929000	Duplicate Charges Credit		(287,296)	85.41%	(245,383)
307	931	930141	Institutional Ad - Radio		-	85.41%	-
308	930	930144	Institutional Ad - Other		1,155	85.41%	987
309	932	930210	Industry Association Dues		223,283	85.41%	190,708
310	930	930219	E.D. Association Dues		8,055	85.41%	6,880
311	930	930220	Dir-Stkhldr & Oth Investor Exp		377,783	85.41%	322,669
312	930	930248	Chamber Of Commerce Dues		19,404	85.41%	16,573
313	931	931026	Equipment Rental-Bld Serv		1,614	85.41%	1,378
314	935	935026	Building Maintenance		295,465	85.41%	252,360
315	935	935027	Bldg Maint EDE owned rent prop		-	85.41%	-
316	935	935098	Computer Maintenance		16,495	85.41%	14,089
317	935	935289	Supplies-Info Serv		-	85.41%	-
318	935	935346	Furniture Maintenance		0	85.41%	0
319	935	935347	Telephone System Maintenance		-	85.41%	-
320	935	935389	Office Equipment Maintenance		524	85.41%	447
321	935	935520	Telephone Expenses-Telecomm		53	85.41%	46
322			Total Other Administrative & General:		<u>17,113,130</u>		<u>14,617,254</u>
323			Total Electric Expenses:		<u>\$ 28,956,361</u>		<u>\$ 25,487,484</u>
AMORTIZATION EXPENSE							
324	403	403003	MO lat I Amrt O&M ER-2010-0130	TB 03-19	\$ 45,661	100.00%	\$ 45,661
325	403	403009	MO lat II Amrt OM ER-2011-0004		49,430	100.00%	49,430
326	403	403011	MO PlmPt Amrt O&M ER-2011-0004		669	100.00%	669
					<u>\$ 95,760</u>		<u>\$ 95,760</u>

The Empire District Electric Company		
2020 Forecast		
Funding Project	Description	Total Estimated 2020 Costs
	TOTAL COMMERCIAL OPERATIONS	181,121,530
	TOTAL COMPUTER SERVICES	6,234,685
	TOTAL GENERAL ADDITIONS/FACILITIES	22,266,708
	TOTAL SYSTEM OPERATIONS	2,016,533
	TOTAL TELECOMMUNICATIONS	177,744
EV0001	Electric Vehicle Service Equip	480,000
	TOTAL AMI	37,899,080
	TOTAL NEW GENERATION	33,056,889
	TOTAL ENVIRONMENTAL	42,313
	TOTAL GENERAL	14,534
	TOTAL GENERATION	46,545,459
	TOTAL GENERAL ACCOUNTING	(22,517)
	CUSTOMER EXPERIENCE	-
	GIS PROJECTS	-
	GRAND TOTAL	329,832,958