

Exhibit No.:
Issue: Fuel Adjustment – True-Up
Witness: Todd W. Tarter
Type of Exhibit: Direct Testimony
Sponsoring Party: Empire District Electric
Case No. EO-2016-
Date Testimony Prepared: October 2015

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

Direct Testimony

Of

Todd W. Tarter

October 2015

DIRECT TESTIMONY
OF
TODD W. TARTER
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI
CASE NO. EO-2016-

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Todd W. Tarter and my business address is 602 S. Joplin Avenue,
3 Joplin, Missouri.

4 **Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR JOB TITLE?**

5 A. I am presently employed by The Empire District Electric Co. (“Empire” or “the
6 Company”) as the Manager of Strategic Planning.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
8 **BACKGROUND FOR THE COMMISSION.**

9 A. I graduated from Pittsburg State University in 1986 with a Bachelor of Science
10 Degree in Computer Science. After graduation I received a mathematics education
11 certification. I began my employment with Empire in May 1989. During my tenure
12 with Empire I have worked in the Corporate Planning, Strategic Planning,
13 Information Technology, and Planning and Regulatory departments. My primary
14 responsibilities during this time have included work with the Company’s
15 construction budget, load forecasts, sales and revenue budgets, financial forecasts
16 and fuel and purchased power projections, among others. In September 2004, I was
17 promoted to my current position where I primarily work with fuel and purchased
18 power projections, energy efficiency and integrated resource planning.

1 **Q. HAVE YOU EVER TESTIFIED BEFORE THIS OR ANY OTHER STATE**
2 **UTILITY COMMISSION?**

3 A. Yes. I have testified on behalf of Empire before the Missouri Public Service
4 Commission, the Kansas Corporation Commission, the Corporation Commission of
5 Oklahoma and the Arkansas Public Service Commission. The case references are
6 attached to this testimony as Schedule TWT-1.

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. The purpose of my testimony is to identify and explain the true-up amount that is
9 included in the Company's most pending Fuel & Purchased Power Adjustment
10 Clause ("FAC") filing. Empire is filing to adjust the Fuel Adjustment Rate
11 ("FAR") in a separate filing, and the true-up amount (with interest) is a component
12 of the FAR. The true-up is the over or under recovery of FAC balance from the
13 prior recovery period. In other words, the true-up adjustment of the fuel &
14 purchased power adjustment ("FPA"), as defined by tariff, is the difference between
15 the FPA revenues billed and the FPA revenues authorized for collection during the
16 true-up recovery period, i.e. the true-up adjustment.

17 **Q. PLEASE BRIEFLY EXPLAIN THE FAC PROCESS.**

18 A. The Commission's rule governing fuel and purchased power cost recovery
19 mechanisms for electric utilities – specifically 4 CSR 240-20.090(5) – requires
20 Empire to make periodic FAC filings that are designed to enable Commission
21 review of the actual fuel costs, purchased power costs, cost of consumables
22 associated with the power plants' air quality control system ("AQCS"), net cost of
23 emission allowances, revenue from the sale of renewable energy credits ("REC"),

1 off-system sales revenues, and transmission costs following Case No. ER-2014-
2 0351 (collectively referred to as total energy costs) that the Company has incurred
3 during an Accumulation Period. In addition, these periodic filings are designed to
4 adjust the FAC rates up or down, to reflect the actual energy costs incurred during
5 the Accumulation Period. Empire's FAC tariff calls for two annual filings: a filing
6 covering the six-month Accumulation Period running from September through
7 February and a second filing covering the Accumulation Period running from
8 March through August. Any increases or decreases in rates that are approved by the
9 Commission, or that take effect by operation of law, are then collected from or
10 refunded to customers over two six-month Recovery Periods: June through
11 November and December through May. In this instance, Empire is seeking a
12 decrease in its FAC rates to reflect 95% of the difference between the base energy
13 costs built into its base Missouri rates and Empire's actual Missouri energy costs
14 for the Accumulation Period, plus a true-up of the costs recovered during the
15 Recovery Period ending May 31, 2015. This refund via FAC rates will be reflected
16 on the Missouri customers' bills over the six-month Recovery Period running from
17 December 2015 through May 2016.

18 **Q. WHAT WAS THE TIMING OF THE ACCUMULATION AND RECOVERY**
19 **RELATING TO THIS TRUE-UP?**

20 A. The Accumulation Period was from March 1, 2014 through August 31, 2014. The
21 Recovery Period for that Accumulation Period was December 1, 2014 through May
22 31, 2015.

23 **Q. WHY WOULD THERE BE A DIFFERENCE BETWEEN WHAT WAS**

1 **ACCUMULATED (PLUS OVER- OR UNDER-RECOVERY) AND THE**
2 **AMOUNT BILLED DURING THE RECOVERY PERIOD?**

3 A. The FAR is calculated based on projected kWh sales for the recovery period. Since
4 the projected sales can vary from actual, such as due to weather, once the actual
5 sales are recorded, a difference exists between the estimate and the actual kWh
6 billed. This difference is “trued-up” in the subsequent FAC filing.

7 **Q. WHAT WAS THE OVER- OR UNDER-RECOVERY FOR THE**
8 **RECOVERY PERIOD AT ISSUE IN THIS FILING?**

9 A. The FAC was over-collected by \$183,134. As indicated above, the true-up amount
10 during the Recovery Period is due to the difference between actual and estimated
11 kWh sales. The true-up amount is the net difference between the FPA revenues
12 billed and the FPA revenues authorized for collection during the true-up recovery
13 period. Schedule TWT-2, which is attached to this testimony, contains details of the
14 calculations that produce the amount to be recovered from customers.

15 **Q. HOW WILL THAT AMOUNT BE REFLECTED IN CUSTOMER RATES?**

16 A. As mentioned earlier, the true-up amount plus interest is a component of the FAR.
17 As defined in the FAC tariff, the true-up amount plus interest is added into the
18 FPA. The adjustment to the FAR rate is being filed concurrently in a separate
19 docket.

20 **Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

21 A. Yes, it does.

Cases with Filed Written Testimony of Todd W. Tarter

Before the Missouri Public Service Commission

- Rate Cases

ER-2006-0315, ER-2008-0093, ER-2010-0130, ER-2011-0004, ER-2012-0345, ER-2014-0351

- Fuel Adjustment Cases

ER-2011-0320, ER-2012-0098, ER-2012-0326, ER-2013-0122, ER-2013-0442, ER-2014-0087, ER-2014-0264, ER-2015-0085, ER-2015-0247

- Fuel Adjustment True-Up

EO-2014-0088, EO-2014-0265, EO-2015-0086, EO-2015-0248

Before the Kansas Corporation Commission

- Rate Docket

05-EPDE-980-RTS

- Energy Cost Adjustment ACA Docket

KS-12-EPDE-392-ACA, KS-13-EPDE-385-ACA, KS-14-EPDE-270-ACA

Before the Oklahoma Corporation Commission

- Rate Cause

PUD 201100082

- Fuel Prudence Review Causes

PUD 201100131, PUD 201200170, PUD 201300131, PUD201400226, PUD201500265

- Energy Efficiency Cause

PUD 201300142, PUD 201300203

Before the Arkansas Public Service Commission

- Energy Efficiency Docket

07-076-TF

- Net Metering Docket

12-060-R

- Rate Docket

13-11-U

Schedule TWT-2

Period 12

Accumulation Period

(Over)/Under

Mar-14	(117,986.51)
Apr-14	367,007.54
May-14	68,517.74
Jun-14	374,599.46
Jul-14	1,006,391.35
Aug-14	<u>301,552.85</u>

True Up Period #10

220,997.01

2,221,079.44 Acct 182362
or 254162

Recovery Period

Dec-14	(518,549.20)
Jan-15	(446,650.23)
Feb-15	(399,120.60)
Mar-15	(428,617.78)
Apr-15	(324,476.05)
May-15	<u>(286,799.16)</u>
	(2,404,213.02)

Balance

(183,133.58) Acct 182363
or 254163

