

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric)
Company's Request for Authority to File)
Tariffs Increasing Rates for Electric Service)
Provided to Customers in its Missouri)
Service Area)

File No. ER-2019-0374

ORDER DIRECTING THE EMPIRE DISTRICT ELECTRIC COMPANY TO RESPOND REGARDING ITS COMPLIANCE TARIFF

Issue Date: September 3, 2020

Effective Date: September 3, 2020

On August 17, The Empire District Electric Company (Empire) filed a tariff to comply with the Commission's Amended Report and Order as clarified August 5. The Commission's clarification of its Amended Report and Order explained the sequence of adjustments to be made to the rate classes. The Commission stated:

Option A:

(1) Reflect the approximate reduction of \$18.1 million in the class revenue requirements associated with the ER-2018-0366 credits generated by the trued up billing determinants.

(2) Proportionately adjust Class Revenue Requirements to achieve the revenue requirement ordered in this case, net of the ER-2018-0366 credit values.

(3) Remove the amount of each ER-2018-0366 credit from each energy charge rate ordered in ER-2016-0023, then proportionately adjust each remaining energy charge rate to recover the class revenue requirement. **No Class Cost of Service report in this rate proceeding was sufficiently reliable for the purpose of allocating the revenue requirement among the rate classes. The last time a reliable Class Cost of Service**

report was available was in File No. ER-2016-0023, class cost allocations should be as ordered in accordance with that File with no regard for ER-2018-0366.

(4) Eliminate the ER-2018-0366 tariff references and credits.

On September 1, Staff filed a pleading regarding the compliance tariff, which stated that Empire's technical witnesses understood the bolded language above and similar language on the third page of the order to be instructions concerning future rate cases and class cost of service studies. Staff stated that if the bolded language is applied then the clarified option is more similar to option (E) in Staff's clarification motion.

Staff's accounting schedules in this rate case adjusted retail revenues to include the impact of the Tax Cut and Jobs Act (TCJA). This reduced the revenues that would have otherwise been collected by Empire under the tariffs approved in ER-2016-0023. The Commission will order Empire to answer the following questions:

1. Does Empire's compliance tariff follow option (A) as proposed in Staff's clarification motion, or option (A) as clarified by the Commission with the Commission's additional language?
2. What is the total revenue requirement (dollars to be collected from customers on an annual basis) based upon the Commission's Order in this case?
3. What is the total revenue requirement increase or decrease in this case?
4. Did Empire calculate its compliance tariff rates by applying the revenue requirement increase/decrease to its ER-2016-0023 rates or to the ER-2016-0023 rates net of the ER-2018-0366 TCJA credits?

5. When allocating the revenue requirement increase/decrease in this case between rate classes, did Empire apply the class cost of service allocations authorized by the Commission in ER-2016-0023?

The Commission will order Staff to respond to Empire's answers.

THE COMMISSION ORDERS THAT:

1. No later than September 4, 2020, at 10:00 a.m. Empire shall file a pleading answering the questions contained in the body of this order.
2. Staff shall respond to Empire's answers no later than 4:00 p.m. on September 8, 2020.
3. This order is effective when issued.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

John T. Clark, Regulatory Law Judge,
by delegation of authority pursuant to
Section 386.240, RSMo 2016.

Dated at Jefferson City, Missouri,
on this 3rd day of September, 2020.