

Exhibit No.:  
Issue: Rate Case Overview  
Witness: Brad P. Beecher  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Empire District Electric  
Case No.: ER-2016-0023  
Date Testimony Prepared: October 2015

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

**Direct Testimony**

**of**

**Brad P. Beecher**

**October 2015**



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OF  
BRAD P. BEECHER  
THE EMPIRE DISTRICT ELECTRIC COMPANY  
BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION  
CASE NO. ER-2016-0023

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DIRECT TESTIMONY  
OF  
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MISSOURI PUBLIC SERVICE COMMISSION  
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1 **INTRODUCTION**

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

3 A. My name is Brad P. Beecher, and my business address is 602 S. Joplin Avenue,  
4 Joplin, Missouri, 64801.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. The Empire District Electric Company ("Empire" or "Company") is my employer. I  
7 hold the position of President and Chief Executive Officer.

8 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**  
9 **BACKGROUND.**

10 A. I graduated from Kansas State University in 1988 and hold a Bachelor of Science  
11 Degree in Chemical Engineering. I was first employed by Empire in May of 1988  
12 through August 1999. During that time, I held roles as a Staff Engineer at Empire's  
13 Riverton power plant, and in budgeting and fuel procurement in Empire's Energy  
14 Supply Department. In 1995, I became Director of Strategic Planning. I held that  
15 position until I left Empire in August of 1999. Between August of 1999 and February  
16 of 2001, I was employed at Black & Veatch in various roles including, Service Area  
17 Leader for the Strategic Planning Group and as Associate Director of Marketing and  
18 Strategic Planning. I rejoined Empire as General Manager-Energy Supply in February  
19 of 2001. I was elected Vice President-Energy Supply in April of 2001. In this

1 position, I was responsible for Empire’s energy supply function including power plant  
2 construction, operation and maintenance and fuel procurement. In April 2006, I  
3 became the Electric Chief Operating Officer, and, in February 2010, I was named  
4 Executive Vice President. I assumed my current position in June, 2011

5 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE THE**  
6 **MISSOURI PUBLIC SERVICE COMMISSION (“COMMISSION”)?**

7 A. Yes.

8 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

9 A. The purpose of my testimony is to give a brief description of the Company and the  
10 amount of the rate increase we are requesting and to describe Empire’s efforts to meet  
11 current environmental challenges posed by the enactment of more stringent rules by  
12 the Environmental Protection Agency (“EPA”) and regulatory mandates in such areas  
13 as renewable energy and energy efficiency.

14 **DESCRIPTION OF COMPANY**

15 **Q. PLEASE DESCRIBE EMPIRE.**

16 A. Empire is a Kansas corporation with its principal office and place of business at 602  
17 South Joplin Avenue, Joplin, Missouri, 64801. Empire is engaged in the business of  
18 providing electrical utility services in Missouri, Kansas, Arkansas, and Oklahoma;  
19 water utility services in Missouri; and, through a wholly-owned subsidiary, has a  
20 certificate of service authority issued by the Commission to provide certain  
21 telecommunications services. In addition, through a wholly owned subsidiary, The  
22 Empire District Gas Company, Empire operates a natural gas distribution business in  
23 northwest, north central, and west central Missouri, providing gas service in 48  
24 communities.

1     **Q. PLEASE DESCRIBE THE AREA SERVED BY EMPIRE**

2     A. Empire provides electric service in an area of approximately 10,000 square  
3     miles in southwest Missouri and the adjacent corners of the states of Kansas,  
4     Oklahoma, and Arkansas. Empire's operations are regulated by the utility regulatory  
5     commissions of these four states, as well as by the Federal Energy Regulatory  
6     Commission ("FERC"). Empire's service area embraces 119 incorporated  
7     communities in 21 counties in the four-state area. Most of the communities in  
8     Empire's service area are small, with only 32 containing a population in excess of  
9     1,500. Only 10 communities have a population in excess of 5,000, and the largest  
10    city, Joplin, Missouri, has a population of approximately 50,000. The economy in our  
11    service area is diversified. The service territory features small to medium  
12    manufacturing operations, medical, agricultural, entertainment, tourism, and retail  
13    interests.

14    **Q. HOW MANY ELECTRIC CUSTOMERS DOES EMPIRE CURRENTLY**  
15    **SERVE?**

16    A. At June 30, 2015, Company-wide, Empire served approximately 142,205 residential  
17    customers, 24,350 commercial customers, 351 industrial customers, 2,088 public  
18    authority and street and highway customers, and four wholesale customers. As of  
19    June 30, 2015, in Missouri, Empire served approximately 126,598 residential  
20    customers, 21,640 commercial customers, 281 industrial customers, 1,708 public  
21    authority and street and highway customers, and three wholesale customers. Empire  
22    also provides regulated water service to approximately 4,450 customers in the  
23    Missouri communities of Aurora, Marionville, and Verona, and through its wholly-

1 owned subsidiary, The Empire District Gas Company, provides natural gas service to  
2 approximately 42,230 gas customers.

3 **RATE REQUEST**

4 **Q. WHAT IS THE AMOUNT OF THE RATE INCREASE**  
5 **EMPIRE IS REQUESTING?**

6 A. Empire is requesting an overall increase in its Missouri retail electric rates of \$33.4  
7 million, exclusive of applicable fees or taxes – approximately a 7.28 percent increase.

8 **Q. WHY DOES EMPIRE NEED A MISSOURI RETAIL RATE INCREASE AT**  
9 **THIS TIME?**

10 A. The dominant factor driving the need for a Missouri rate increase at this time is  
11 Empire's investment in the conversion of its Riverton 12 generating unit to a  
12 combined cycle, which is the final component of Empire's compliance plan to meet  
13 EPA rules on air quality regarding SO<sub>x</sub>, NO<sub>x</sub>, and mercury (Hg). In addition to the  
14 conversion of Riverton 12, the final components of Empire's plan included the  
15 retirement of two of Empire's oldest coal fired units located at Riverton. Empire  
16 witness Bryan Owens also will discuss Empire's major rate case drivers in his direct  
17 testimony, and Empire witness Tim Wilson will discuss the conversion of Riverton  
18 12 to combined cycle, in greater detail in his direct testimony.

19 **ENVIRONMENTAL COMPLIANCE**

20 **Q. PLEASE DESCRIBE EMPIRE'S MAJOR CONSTRUCTION PROJECTS**  
21 **DUE TO THE RECENT ENACTMENT OF MORE STRINGENT**  
22 **ENVIRONMENTAL RULES.**

23 A. In recent years, the EPA has tightened air quality standards for SO<sub>x</sub>, NO<sub>x</sub>, and Hg.  
24 These new standards affected the operations of several of Empire's power plants.

1 Empire's Asbury and Riverton power plants were most affected by these revised  
2 standards. Environmental retrofits were already completed on Iatan 1, and the Plum  
3 Point and Iatan 2 facilities were constructed to meet the new standards. In response to  
4 the EPA's revised standards, Empire implemented a compliance plan. Empire's  
5 compliance plan called for the installation of a scrubber, fabric filter, and powder  
6 activated carbon injection system at the Asbury plant (collectively referred to as the  
7 "Asbury air-quality control system" or "AQCS") by early 2015. The addition of this  
8 air quality control equipment also required the retirement of Asbury Unit 2, a small  
9 steam turbine that was used for peaking purposes. The retirement of this unit took  
10 place in December of 2013, and the environmental project at Asbury was in service  
11 on December 31, 2014. Empire's most recent Missouri rate case, completed in July  
12 2015, included the bulk of the investment in the environmental retrofit at Asbury.

13 Empire's compliance plan also originally called for the eventual retirement of  
14 Riverton Units 7, 8, and 9 in 2016, though retirement of the units actually occurred  
15 slightly ahead of schedule as reported to the Commission as required in the  
16 Company's 2013 Triennial Compliance Filing, File No. EO-2013-0547. Unit 9 was a  
17 small combustion turbine that requires steam from Unit 7 for start-up. Units 7 and 8  
18 began operation in 1950 and 1954, respectively.

19 **RENEWABLE MANDATES**

20 **Q. HOW HAVE THE RENEWABLE MANDATES AFFECTED**  
21 **EMPIRE'S OPERATIONS?**

22 A. As I mentioned earlier, Empire operates in four different states. Missouri, has  
23 mandated that Empire acquire specified levels of renewable resources as part of its  
24 supply resource mix. The Missouri requirements are based upon specific levels of

1 energy, which also includes a solar mandate. Empire is currently able to meet the  
2 bulk of Missouri's renewable mandate with its current diversified generation mix,  
3 which includes renewable resources (wind and hydro energy). Only recently has  
4 Empire been ordered to meet the solar requirements in Missouri. Since the summer  
5 of 2015, Empire has been actively paying solar rebates to its Missouri customers who  
6 have installed solar systems. Empire witness Bryan Owens will discuss this solar  
7 related activity in greater detail in his direct testimony, as well as Empire's request to  
8 recover the costs Empire has incurred in connection with Missouri's solar mandate.

9 **COMMUNICATION ACTIVITIES**

10 **Q. HAS EMPIRE COMMUNICATED WITH ITS CUSTOMERS CONCERNING**  
11 **THE ENVIRONMENTAL COMPLIANCE EFFORTS AND THE**  
12 **POTENTIAL IMPACT ON ELECTRIC RATES?**

13 A. Yes. Empire representatives have attended various community forums and discussed  
14 our environmental compliance plan and how that plan may ultimately result in  
15 increased electrical rates for our customers. In addition to these public presentations  
16 at various community forums, we have held meetings with community leaders and  
17 with our larger customers to discuss our environmental compliance activities and the  
18 estimated impact these activities will have on our electric rates. We have also  
19 contacted the communications media in our service territory to discuss our  
20 environmental compliance plan and its estimated impact on electric rates.

21 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY AT THIS TIME?**

22 A. Yes, it does.



**AFFIDAVIT OF BRAD P. BEECHER**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF JASPER )

On the 14th day of October, 2015, before me appeared Brad P. Beecher, to me personally known, who, being by me first duly sworn, states that he is the President and CEO of The Empire District Electric Company and acknowledged that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.

Brad P. Beecher  
Brad P. Beecher

Subscribed and sworn to before me this 14th day of October, 2015

Sherrin J. Blalock  
Notary Public

My commission expires: Nov. 16, 2018

