

Exhibit No.:  
Issue: Fuel Adjustment – True-Up  
Witness: Charlotte T. Emery  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Empire District Electric  
File No. EO-2020-  
Date Testimony Prepared: October 2019

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

**Direct Testimony**

**Of**

**Charlotte T. Emery,  
Manager Rates and Regulatory Affairs**

**On Behalf Of  
The Empire District Electric Company  
A Liberty Utilities Company**

**October 1, 2019**



DIRECT TESTIMONY  
OF  
CHARLOTTE T. EMERY  
THE EMPIRE DISTRICT ELECTRIC COMPANY  
A LIBERTY UTILITIES COMPANY  
BEFORE THE  
PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI  
FILE NO. EO-2020-

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

2 A. My name is Charlotte T. Emery, and my business address is 602 South Joplin  
3 Avenue, in Joplin, Missouri.

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

5 A. My employer is Liberty Utilities Services Corp., and I serve as a Manager in the  
6 Rates and Regulatory Affairs Department for Liberty Utilities Central Region,  
7 which includes The Empire District Electric Company.

8 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

9 A. I am testifying on behalf of The Empire District Electric Company – a Liberty  
10 Utilities Company (“Liberty-Empire” or “Company”).

11 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL  
12 BACKGROUND FOR THE COMMISSION.**

13 A. I graduated from College of the Ozarks, Point Lookout, Missouri, in 2000 with a  
14 Bachelor of Science degree with a major in Accounting. I have been a Certified  
15 Public Accountant ("CPA") in the State of Missouri since 2006. I was hired by  
16 Liberty-Empire in July 2016 as a Rates Analyst and promoted to my current  
17 position as a Manager in the Rates and Regulatory Affairs Department in March

1 2019. Prior to joining Liberty-Empire, I worked for six years in the regulated  
2 insurance industry in Springfield, Missouri as a Director of Accounting. In  
3 addition, I have nine years of public accounting experience working for both a  
4 national and Big Four accounting firm. My primary roles at these organizations  
5 included serving as a supervisor for financial statement audits and a tax consultant.

6 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS OR ANY OTHER**  
7 **STATE UTILITY COMMISSION?**

8 A. Yes. I provided testimony before the Missouri Public Service Commission  
9 (“Commission”) in Case Nos. GR-2018-0013 and ER-2018-0366. I also submitted  
10 an affidavit in Case No. EO-2018-0092 on behalf of Liberty-Empire. In addition, I  
11 testified before the Kansas Corporation Commission in Docket Nos. 18-GIMX-  
12 248-GIV and 19-EPDE-223-RTS, and I testified before the Arkansas Public  
13 Service Commission in Docket Nos. 18-006-U, 16-053-U, 81-071-F, 18-055-TF,  
14 and 18-054-TF. Finally, I have provided written testimony before the Oklahoma  
15 Corporation Commission in Docket PUD 201800087.

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

17 A. The purpose of my testimony is to identify and explain the true-up amount included  
18 in the Company’s Fuel & Purchased Power Adjustment Clause (“FAC”) filing.  
19 Liberty-Empire is filing to adjust the Fuel Adjustment Rate (“FAR”) in a separate  
20 filing, and the true-up amount (with interest) is a component of the FAR. The true-  
21 up is the over or under recovered FAC balance from the prior recovery period. In  
22 other words, the true-up adjustment of the fuel & purchased power adjustment  
23 (“FPA”), as defined by tariff, is the difference between the FPA revenues billed and

1 the FPA revenues authorized for collection during the true-up recovery period, i.e.  
2 the true-up adjustment.

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

4 A. The Commission's rule governing fuel and purchased power cost recovery  
5 mechanisms for electric utilities, 20 CSR 4240-20.090, requires Liberty-Empire to  
6 make periodic FAC filings designed to enable Commission review of the actual  
7 fuel costs, purchased power costs, cost of consumables associated with the power  
8 plants' air quality control system ("AQCS"), net cost of emission allowances,  
9 revenue from the sale of renewable energy credits ("REC"), and off-system sales  
10 revenues (collectively referred to as total energy costs) the Company has incurred  
11 during an Accumulation Period. In addition, these periodic filings are designed to  
12 adjust the FAC rates up or down, to reflect the actual energy costs incurred during  
13 the Accumulation Period. Liberty-Empire's FAC tariff calls for two annual filings:  
14 a filing covering the six-month Accumulation Period running from September  
15 through February and a second filing covering the Accumulation Period running  
16 from March through August. Any increases or decreases in rates approved by the  
17 Commission, or that take effect by operation of law, are then collected from or  
18 refunded to customers over two six-month Recovery Periods: June through  
19 November and December through May. In this instance, Liberty-Empire is seeking  
20 a decrease in its FAC rates to reflect 95% of the difference between the base energy  
21 costs built into its base Missouri rates and Liberty-Empire's actual Missouri energy  
22 costs for the Accumulation Period, plus a true-up of the costs recovered during the  
23 Recovery Period ending May 31, 2019. This true-up adjustment is a component of

1 the FAC rates which will be reflected on the Missouri customers' bills over the six-  
2 month Recovery Period from December 2019 through May 2020.

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

5 A. The Accumulation Period for the true-up portion of the FAC rate was from March  
6 1, 2018 through August 31, 2018. The Recovery Period for that Accumulation  
7 Period was December 1, 2018 through May 31, 2019.

8 **Q. WHY WOULD THERE BE A DIFFERENCE BETWEEN WHAT WAS**  
9 **ACCUMULATED (PLUS OVER- OR UNDER-RECOVERY) AND THE**  
10 **AMOUNT BILLED DURING THE RECOVERY PERIOD?**

11 A. The FAR is calculated based on projected kWh sales for the recovery period. Since  
12 the projected sales can vary from actual, because of things such as weather, once  
13 the actual sales are recorded, a difference exists between the estimate and the actual  
14 kWh billed. This difference is "trued-up" in the subsequent FAC filing.

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

17 A. The FAC was over-collected by \$2,140,520.44. As indicated above, the true-up  
18 amount during the Recovery Period is due to the difference between actual and  
19 estimated kWh sales. The true-up amount is the net difference between the FPA  
20 revenues billed and the FPA revenues authorized for collection during the true-up  
21 recovery period. Schedule CTE-1, which is attached to this testimony, contains  
22 details of the calculations that produce the amount to be returned to customers.

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

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

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

6 A. Yes, it does.

**The Empire District Electric Company**  
**A Liberty Utilities Company**  
 Fuel & Purchased Power Adjustment Clause  
 True-Up Amount  
 Schedule CTE-1

**Period 20**

Accumulation Period

	(Over)/Under
Mar-18	(834,500.88)
Apr-18	9,712.73
May-18	(234,267.96)
Jun-18	(1,019,325.07)
Jul-18	(405,193.27)
Aug-18	684,192.81

True Up Period #20	(1,224.03)	
	(1,800,605.67)	Acct 182362 or 254162

Recovery Period

Dec-18	(1,825,344.55)
Jan-19	314,375.79
Feb-19	339,975.88
Mar-19	326,956.41
Apr-19	262,207.95
May-19	241,913.75
	(339,914.77)

Balance	\$ (2,140,520.44)	Acct 182363 or 254163
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