

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of The Empire District Electric)	
Company for Authority to Implement Rate)	
Adjustments Related to the Company's Fuel)	<u>File No. ER-2020-0311</u>
And Purchase Power Adjustment (FAC))	Tariff No. JE-2020-0171
Required in 20 CSR 4240-20.090)	

**STAFF RESPONSE TO COMMISSION
ORDER DIRECTING RESPONSES**

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its response states:

Introduction

1. On April 1, 2020, The Empire District Electric Company ("Empire") filed one (1) proposed tariff sheet, 8th Revised Sheet No. 17ac Canceling 7th Revised Sheet No. 17ac, bearing a proposed effective date of June 1, 2020, to revise its Current Period Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") used to determine the Fuel Adjustment Charge on customers' bills. Empire also filed direct testimony of its witness Charlotte T. Emery on April 1, 2020, and submitted to Commission Staff ("Staff") work papers in support of the proposed tariff sheet. The Commission assigned the tariff sheet to Tariff Tracking No. JE-2020-0171.

2. Concurrently on April 1, 2020, Empire submitted a FAC true-up filing in File No. EO-2020-0312 to identify the true-up under-recovery amount of \$1,074,609 for the 21st Recovery Period ("RP21") of its FAC. This amount is included in the calculation of the Fuel and Purchased Power ("FPA") amount included in Empire's Accumulation Period 23 ("AP23").

3. Empire filed a substitute tariff on April 6, 2020, to correct a transposition error on Line 1, Total Energy Cost. No other tariff amounts were affected and Empire did not file substitute testimony.

4. On May 1, 2020, Staff filed its *Staff Recommendation to Approve*, and for the reasons stated therein, recommended that the Commission issue an order approving Empire's substitute tariff sheet filed on April 6, 2020, to become effective on June 1, 2020, subject to true-up and prudence reviews.

5. Following Staff's filing of its recommendation, OPC filed its response on May 11, 2020, stating it opposed Staff's recommendation for approval of the proposed substitute tariff sheet because it would permit recovery for coal inventory adjustments related to the retirement ¹ of the Asbury generating facility ("Asbury").

6. On May 12, 2020, the Commission directed Staff and Liberty-Empire to file responses addressing OPC's opposition to approval of the revised tariff by 9am on May 18, 2020. Staff Responds with the following:

Response to OPC's Opposition

7. OPC's contention that fuel inventory adjustments are inappropriately included in Empire's substitute FAC tariff relies on the premise that a decision regarding the treatment of costs related to the retirement of Asbury has been rendered. However, OPC, in quoting Staff's recommendation in this matter, acknowledges that no such decision has been rendered:

¹ In OPC's Response to Staff Recommendation, paragraphs 4 and 6, OPC refers to the "retirement" of the Asbury generating facility. In OPC's Memorandum with Verifications, P. 1, OPC characterizes Asbury as permanently "shut down". In this instant filing, Staff is using the term "retirement" to address OPC's opposition, but Staff acknowledges that "retirement" and "shut down" have different definitions in Engineering and energy market contexts.

The retirement date of Asbury is an issue in the current general rate case, File No. ER-2019-0374. The outcome of that issue in the rate case will determine the date that costs and revenues from Asbury should no longer be included in the FAC.² (Emphasis Added).

8. As such, Staff believes it would be premature for these particular costs related to the retirement of Asbury to be removed in this instant matter. Staff's recommendation in this matter is approval of Empire's substitute FAC tariff sheet, **subject to future true-up and prudence reviews.** Staff noted in its *Staff Recommendation to Approve* that once a decision is rendered regarding the date that costs and revenues from Asbury should no longer be included in Empire's FAC, Staff will recommend any necessary adjustments to reflect such decision in the appropriate future filing.

WHEREFORE, Staff submits its *Staff Response to Commission Order Directing Responses* for the Commission's information and consideration.

Respectfully submitted,

/s/ Jamie S. Myers

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² See OPC Memorandum with Verifications, P. 3, *quoting* Staff's Recommendation to Approve, Appendix A.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing was served via e-mail on counsel for the parties of record to this case on this 18th day of May, 2020.

/s/ Jamie S. Myers