

**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)

Case No. ER-2019-0374

**STAFF'S RESPONSE TO OPC'S MOTION FOR THE COMMISSION TO
RECONSIDER ITS ORDER DENYING OPC'S MOTION TO
MODIFY TEST YEAR**

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Response* in this matter hereby states:

1. The Office of the Public Counsel (OPC) filed a *Motion for the Commission to Reconsider its Order Denying Public Counsel's Motion to Modify Test Year* on January 30, 2020. The Commission has ordered responses to this *Reply* be filed February 5, 2020.

2. In its January 30, 2020 *Order*, the Commission referenced OPC's argument in its *Motion for the Commission to Reconsider its Order Denying Public Counsel's Motion to Modify Test Year* that it would violate "the fundamental goal of ratemaking to exclude Asbury's retirement from this rate proceeding." Staff's response to this point is that **total** exclusion of all Asbury retirement impacts from Empire's revenue requirement in this case would not necessarily represent optimal ratemaking practice. The Commission has previously stated that when significant events occur affecting a utility's cost of service that will be known and measurable within a reasonable timeframe after the test year/update period/true-

up cut-off date in a general rate proceeding, it will be willing to consider whether the rate impact of the events should be included in the utility's revenue requirement as an "isolated adjustment." The retirement of Asbury would clearly qualify as an isolated adjustment under that standard. Failure to take into account known and measurable information concerning the status of the Asbury generating station in this case would result in rates that would not reasonably reflect Empire's cost of service during the time the rates would be in effect.

3. Based upon the above reasoning, Staff continues to support the position in its direct filing that the most appropriate approach to capture the material impacts on revenue requirement of Empire retiring Asbury is to include isolated adjustments in the present case for those rate impacts which will be known and measurable by no later than the March 27, 2020 surrebuttal/true-up testimony filing date ordered in this proceeding. For any elements of the Asbury retirement which will not be known and measurable by March 27, 2020, Staff will list those in its recommendation for items to be potentially included in an AAO, as previously ordered by the Commission.

4. Again Staff iterates that modifying the ordered test year by pushing back the true-up cutoff date as discussed by OPC would not be the most appropriate approach to address Asbury retirement issues in this case. OPC's request to move the test year would require all parties to this case to also consider **all relevant factors** for the extended period of the test year, which would require a more extensive discovery process and additional strain on the review already

underway. The Commission has ruled on OPC's request already and, in Staff's interpretation, has granted the parties a reasonable avenue to address the impact of the Asbury retirement in this present rate case, through use of isolated adjustments and an AAO. Staff recommends the Commission not make any determination regarding the possible inclusion of all, some or none of the impacts of the Asbury retirement in Empire's revenue requirement in this case until all parties have had an opportunity to submit evidence of their independent investigations regarding those impacts.

WHEREFORE, Staff prays that the Commission will accept *Staff's Response*; will again deny OPC's request to extend the true-up cutoff date or modify the ordered procedural schedule in the present rate case (ER-2019-0374); will permit the parties to recommend isolated adjustments for all known and measurable material impacts resulting from the retirement of Asbury, as identified in pre-filed testimony; will permit the parties to identify all material impacts not known and measurable by the true-up cutoff date for potential inclusion in an AAO; and will grant such other and further relief as the Commission considers just in the circumstances.

/s/ Whitney Payne

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 5th day of February, 2020, to all counsel of record.

/s/ Whitney Payne