

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

In the Matter of The Empire District )  
Electric Company's Revised Cogeneration ) **Case No. ET-2017-0219**  
and Net Metering Tariff Sheets )

**STAFF'S RESPONSE TO EMPIRE'S MOTION FOR EXPEDITED TREATMENT  
AND STAFF'S RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff") and, as the Commission directed in its February 14, 2017, *Order Establishing Time to Respond to Motion for Expedited Approval of Tariff* for Staff to respond by February 16, 2017, responds to The Empire District Electric Company's motion for expedited treatment and makes Staff's recommendation as follows:

1. Section 393.140(11), RSMo, as cited by Empire in its motion, in part, provides:

Unless the commission otherwise orders, no change shall be made in any rate or charge, or in any form of contract or agreement, or any rule or regulation relating to any rate, charge or service, or in any general privilege or facility, which shall have been filed and published by a gas corporation, electrical corporation, water corporation, or sewer corporation in compliance with an order or decision of the commission, except after thirty days' notice to the commission and publication for thirty days as required by order of the commission, which shall plainly state the changes proposed to be made in the schedule then in force and the time when the change will go into effect. The commission for good cause shown may allow changes without requiring the thirty days' notice under such conditions as it may prescribe.

2. As Staff states in its attached memorandum where it recommends that the Commission approve the tariff sheets, and as Empire relates in its motion, Empire filed on January 13<sup>th</sup>, a Cogeneration Purchase Rate Schedule

CP tariff sheet, P.S.C. Mo. No. 5, Sec. 4, 20<sup>th</sup> Revised Sheet No. 6, that had erroneous summer and winter rates of \$0.0283/kWh and \$0.0251/kWh, respectively. Contemporaneously, it filed a Net Metering Rider NM tariff sheet, P.S.C. Mo. No. 5, Sec. 4, 11<sup>th</sup> Revised Sheet No. 13 tariff sheet that had correct summer and winter rates of \$0.0289/kWh and \$0.0256/kWh. The Commission's Net Metering Rule, 4 CSR 240-20.065(1)(A) defines "avoided fuel costs" to be "avoided costs described in 4 CSR 240-20.060 used to calculate the electric utility's cogeneration rate filed in compliance with 4 CSR 240-3.155," which results in a utility's net metering rates to be the same as its cogeneration rates. After Staff brought the erroneous rates to Empire's attention and advised Empire that since it was correcting rates it could not make the correction by substituting the tariff sheet. Empire, before they became effective, withdrew both sheets on Friday, February 10<sup>th</sup>.

3. Empire then filed its corrected Cogeneration Purchase Rate Schedule CP and Net Metering Rider NM tariff sheets together with its motion for expedited treatment that opened this case. The rates in the Net Metering Rider NM tariff sheet are the same as those in the Net Metering Rider NM tariff sheet Empire withdrew on February 10<sup>th</sup>. The summer and winter rates in the newly filed Cogeneration Purchase Rate Schedule CP—\$0.0289/kWh and \$0.0256/kWh, respectively—are both higher than those in the tariff sheet Empire withdrew—\$0.0283/kWh and \$0.0251/kWh, respectively—and are lower than the rates currently in effect—\$0.0449/kWh and \$0.0355/kWh, respectively. These are the rates at which Empire not only compensates qualifying

cogeneration customers, but also the same rates at which Empire compensates qualifying net metering customers.

4. In Staff's view the thirty days' publication requirement of § 393.140(11), RSMo, is to provide notice so that errors or other issues regarding a tariff filing may be discovered before the tariff sheets become effective. That is what occurred here. The Net Metering Rider NM tariff sheet filed February 14, 2017, is substantively the same as the one filed January 13<sup>th</sup> and withdrawn on February 10<sup>th</sup>, and the Cogeneration Purchase Rate Schedule CP tariff sheet Empire filed February 14, 2017, corrects the erroneous rates it filed on January 13<sup>th</sup> by increasing them.

5. While Empire withdrew the Cogeneration Purchase Rate Schedule CP tariff sheet with the erroneous rates, it did so to correct the rates, and the corrected rates increase the compensation Empire will pay to qualifying cogeneration customers from those in the tariff sheet it withdrew. Staff believes the purpose of the 30 days' notice required by § 393.140(11), RSMo, has been served and that the circumstances here constitute good cause for the Commission to allow the tariff sheets Empire filed in this case on February 14, 2017, to go into effect on an expedited basis.

6. Staff relates in its memorandum that it has verified that Empire has filed its most recent annual report and that it is not aware of any other matter before the Commission that affects or is affected by this filing.

7. Staff also notes in its memorandum that Empire has not yet revised its Net Metering Tariff to comply with the standard interconnection application

form as revised effective November 15, 2015, by amendments made to Rules 4 CSR 240-20.065 and 4 CSR 240-20.100, but that Empire has represented to Staff that it intends to do so by February 22, 2017.

**WHEREFORE**, Staff recommends that the Commission approve the following tariff sheets filed February 14, 2017, to go into effect on an expedited basis in advance of the March 16, 2017, stated therein:

P.S.C. Mo. No. 5, Section 4

20<sup>th</sup> Revised Sheet No. 6 Canceling 19<sup>th</sup> Revised Sheet No. 6

P.S.C. Mo. No. 5, Section 4

11<sup>th</sup> Revised Sheet No. 13 Canceling 10<sup>th</sup> Revised Sheet No. 13

Respectfully submitted,

**/s/ Nathan Williams**

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Attorney for the Staff of the  
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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 15<sup>th</sup> day of February, 2017.

**/s/ Nathan Williams**

**MEMORANDUM**

TO: Missouri Public Service Commission Official Case File,  
File No. ET-2017-0219, Empire District Electric Company

FROM: Claire M. Eubanks, PE - Engineering Analysis

/s/ Daniel I. Beck 02/14/2017  
Engineering Analysis Manager/ Date

/s/ Nathan Williams 02/14/2017  
Staff Counsel's Office / Date

SUBJECT: Staff Recommendation to Empire District Electric Company's Revised Cogeneration and Net Metering Tariff Sheets

DATE: February 14, 2017

On January 13, 2017, The Empire District Electric Company (Empire) filed rate tariff sheets with the effective date of February 12, 2017 (JE-2017-0141 and JE-2017-0142) in accordance with the Commission's Cogeneration Rule, 4 CSR 240-3.155. Due to an error in the "Cogeneration Purchase Rate, Schedule CP", Empire withdrew the tariffs filed on January 13, 2017 and filed the revisions in ET-2017-0219.

The Commission's Cogeneration Rule, 4 CSR 240-3.155, provides, in part, that "tariffs providing standardized rates for facilities at or under one hundred (100) kilowatts on (*sic*) design capacity (subpart(2)) ... shall be submitted no later than January 15, 2005, and updated and revised on or before January 15 of every odd-numbered year after that, unless otherwise ordered by the Commission (subpart (3))."

The Commission's Net Metering Rule, 4 CSR 240-20.065, implements §386.890, RSMo., the "Net Metering and Easy Connect Act." The Act makes it easier to obtain net metering service from electric utility service providers in Missouri, including Empire. As a part of its Net Metering Rule, the Commission requires regulated utilities' net metering rate to be the same as its cogeneration rate. Specifically, the Commission's Net Metering Rule, 4 CSR 240-20.065(1)(A) defines "avoided fuel costs" to be "avoided costs described in 4 CSR 240-20.060 used to calculate the electric utility's cogeneration rate filed in compliance with 4 CSR 240-3.155."

This filing reflects a change in the rates Empire will pay its customers under its rate schedules titled, "Cogeneration Purchase Rate, Schedule CP" and "Net Metering Rider, Schedule NM."

The proposed rates are a decrease of \$0.016/kWh in the summer and decrease of \$0.0099/kWh in the winter from the current rates, as shown below:

	2017-2018	2015-2016	2013-2014
Summer	\$0.0289/kWh	\$0.0449/kWh	\$0.0330/kWh
Winter	\$0.0256/kWh	\$0.0355/kWh	\$0.0276/kWh

The Missouri Public Service Commission Engineering Analysis Staff (Staff) has reviewed this filing and the avoided cost data Empire provided. Empire developed the estimates of avoided costs of energy through the use of a production cost modeling program. Staff would describe the resulting cost as the avoided fuel and purchased power cost that includes transmission losses. Based upon the information submitted according to the Commission's Cogeneration rule, it is Staff's opinion that the proposed rates are reasonable. However,

Staff characterizes this avoided cost calculation as a calculation of short-term avoided costs since it only estimates the costs for 2017 and 2018. Staff would note that this is significantly different than the avoided cost calculation for long-term avoided costs, which is typically based on the combination of avoided energy costs and avoided capacity costs over a longer time period.

Staff recommends that the Commission approve the following tariff sheet, as filed on February 14, 2017, to go into effect for service in advance of March 16, 2017:

P.S.C. Mo. No. 5, Section 4  
20<sup>th</sup> Revised Sheet No. 6 Canceling 19<sup>th</sup> Revised Sheet No. 6

P.S.C. Mo. No. 5, Section 4  
11<sup>th</sup> Revised Sheet No. 13 Canceling 10<sup>th</sup> Revised Sheet No. 13

Staff notes that since the last biannual filing made in January 2015, the amendments to Rules 4 CSR 240-20.065 and 4 CSR 240-20.100, regarding net metering and Renewable Energy Standard requirements became effective (as of November 15, 2015). At this time Empire has not revised the Net Metering Tariff to comply with the rule revision, specifically, the standard interconnection application form. Empire has represented to Staff that they intend to file the revised net metering tariff incorporating the rule revisions by February 22, 2017.

Staff has verified that Empire has filed its most recent annual report. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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

In the Matter of the Empire District Electric            )  
Company's Revised Cogeneration and                    )  
Net Metering Tariff Sheets                                )     Case No. ET-2017-0219

**AFFIDAVIT OF CLAIRE M. EUBANKS, P.E.**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

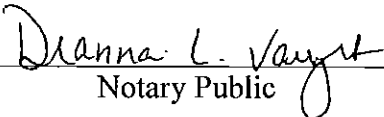
**COMES NOW** Claire M. Eubanks, P.E., and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing Staff Recommendation in memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
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Claire M. Eubanks, P.E.

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 15<sup>th</sup> day of February, 2017.

  
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Notary Public

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377
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