

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

In the Matter of a Determination of Special)
Contemporary Resource Planning Issues to be)
Addressed by The Empire District Electric) Case No. EO-2024-0045
Company d/b/a Liberty in its Next Triennial)
Compliance Filing or Next Annual Update Report)

**LIBERTY’S RESPONSE TO OPC’S
SUGGESTED SPECIAL CONTEMPORARY ISSUES**

COMES NOW The Empire District Electric Company d/b/a Liberty (“Liberty” or the “Company”), and for its Response to the Suggested Special Contemporary Issues of the Office of Public Counsel (“OPC”), Liberty respectfully states as follows:

1. On August 25, 2023, the Commission ordered a file to be opened regarding special contemporary resource planning issues and offering an opportunity for stakeholders to file suggestions for Liberty’s next integrated resource planning (“IRP”) submission.

2. On September 15, 2023, OPC filed their suggested special contemporary issues (“SCIs”) herein. There were no other SCI submissions for Liberty.

3. Liberty’s next IRP submission will be an annual update – and not a triennial filing. In general, Liberty objects to all the OPC SCI suggestions on this basis. As the Commission has held, the distinction “is important because in its annual update report, the electric utility is only expected to address ‘changing conditions since the last filed triennial compliance filing or annual update filing.’ For that reason, the requirement to examine special contemporary issues should not expand the limited annual update report into something more closely resembling a triennial compliance report.” *In the Matter of a Determination of Special Contemp. Res. Plan. Issues*, MoPSC Case No. EO-2012-0040, 2011 WL 5115103, at *2 (Oct. 19, 2011).

4. Pursuant to Commission Rules, a utility's triennial compliance filing shall demonstrate compliance with the provisions of Chapter 22 and shall include at least the following items:

(A) Letter of transmittal expressing commitment to the approved preferred resource plan and resource acquisition strategy and signed by an officer of the utility having the authority to bind and commit the utility to the resource acquisition strategy;

(B) If the preferred resource plan is inconsistent with the utility's business plan, an explanation of the differences and why the differences exist;

(C) Technical volume(s) that fully describe and document the utility's analysis and decisions in selecting its preferred resource plan and resource acquisition strategy.

1. The technical volume(s) shall include all documentation and information specified in 4 CSR 240-22.030–4 CSR 240-22.070 and any other information considered by the utility to analyze and select its resource acquisition strategy.

2. The technical volume(s) shall be organized by chapters corresponding to 4 CSR 240-22.030–4 CSR 240-22.070.

3. A separate chapter shall be designated in the technical volume(s) to address special contemporary issues pursuant to 4 CSR 240-22.080(4) and input from the stakeholder group pursuant to 4 CSR 240-22.080(5). The chapter shall identify the issues raised, how the utility addressed them, and where in the technical volume(s) the reports, analyses, and all resulting actions are presented.

(D) The forecast of capacity balance spreadsheet completed in the specified form, included herein, for the preferred resource plan and each candidate resource plan considered by the utility.

(E) An executive summary, separately bound and suitable for distribution to the public in paper and electronic formats. The executive summary shall be an informative non-technical description of the preferred resource plan and resource acquisition strategy. This document shall summarize the contents of the technical volume(s) and shall be organized by chapters corresponding to 4 CSR 240-22.030–4 CSR 240-22.070. The executive summary shall include:

1. A brief introduction describing the utility, its existing facilities, existing purchase power arrangements, existing demand-side programs, existing demand-side rates, and the purpose of the resource acquisition strategy;

2. For each major class and for the total of all major classes, the base load forecasts for peak demand and for energy for the planning horizon, with and without utility demand-side resources, and a listing of the economic and demographic assumptions associated with each base load forecast;

3. A summary of the preferred resource plan to meet expected energy service needs for the planning horizon, clearly showing the demand-side resources and supply-side resources (both renewable and non-renewable resources), including additions and retirements for each resource type;

4. Identification of critical uncertain factors affecting the preferred resource plan;

5. For existing legal mandates and approved cost recovery mechanisms, the following performance measures of the preferred resource plan for each year of the planning horizon:

A. Estimated annual revenue requirement;

B. Estimated level of average retail rates and percentage of change from the prior year; and

C. Estimated company financial ratios;

6. If the estimated company financial ratios in subparagraph (2)(E)5.C. of this rule are below investment grade in any year of the planning horizon, a description of any changes in legal mandates and cost recovery mechanisms necessary for the utility to maintain an investment grade credit rating in each year of the planning horizon and the resulting performance measures of the preferred resource plan;

7. Actions and initiatives to implement the resource acquisition strategy prior to the next triennial compliance filing; and

8. A description of the major research projects and programs the utility will continue or commence during the implementation period; and

(F) Such other information or format as the commission may determine.

Commission Rule 22 CSR 4240-22.080(2).

5. Regarding the annual update report, however, the Commission Rule provides that “(t)he depth and detail of the annual update report shall generally be commensurate with the magnitude and significance of the changing conditions since the last filed triennial compliance filing or annual update filing. If the current resource acquisition strategy has changed from that contained in the most-recently-filed triennial compliance filing or annual update filing, the annual update report shall describe the changes and provide updated capacity balance spreadsheets required pursuant to 4 CSR 240-22.080(2)(D). If the current resource acquisition strategy has not changed, the annual update report shall explicitly verify that the current resource acquisition

strategy is the same as that contained in the most-recently filed triennial compliance filing or annual update filing.” Commission Rule 22 CSR 4240-22.080(3)(B).

6. OPC’s eight SCI suggestions for Liberty, which are a request for significant modelling, are far out of scope for Liberty’s upcoming IRP annual update and are an attempt to expand the limited annual update report into something more closely akin to a full triennial compliance report.

7. As noted above, Liberty, in general, objects to all the OPC SCI suggestions on the basis that Liberty’s next IRP submission will be an annual update – and not a triennial filing. Liberty’s additional responses to OPC’s suggested SCIs are set forth below.

OPC Issue 1: Rate Design - Pricing as a Resource Candidate

OPC recommends that the Commission order Liberty (Empire) to do the following:

- Model and explicitly present future resource adequacy scenarios based on the following assumptions:
 - With demand-side rates and traditional demand-side management investments (e.g., MEEIA);
 - Only demand-side rates without MEEIA investment;
 - Neither demand-side rates nor MEEIA (but maintain naturally occurring energy efficiency adoption); and
 - Indicate whether or not naturally occurring savings and/or federally-sponsored DSM savings are included in the modeling. If yes, these savings should be identified and separated as well.
- Include an explicit section within the demand-side management volume and the executive summary where low, medium and high TOU differentials are modeled and presented with expected demand savings articulated separate and aside from other demand side management practices.

Liberty’s Response: As OPC points out, presently, rate design is already contemplated in two sections of the Commissions’ IRP rule (for a triennial IRP). The Company agrees that rate design is important and relevant with advanced metering infrastructure (“AMI”) in place and operational. However, OPC is making a request for modeling and to include an explicit section within the demand-side management volume and the executive summary. Since the Company will be developing an IRP annual update and not a triennial filing, the Company does not plan to model scenarios as suggested by OPC, and it will not be preparing a demand-side management volume and an executive summary as it would for a triennial filing.

OPC Issue 2: Solar Adoption as a Result of IRA Subsidies

OPC recommends that the Commission order Liberty (Empire) to begin developing modeling scenarios assuming residential solar adoption levels that considers both naturally occurring (e.g., utility as a passive observer—homeowner-owned rooftop solar) and utility-sponsored (e.g., utility as an active participant—ratepayer-subscribed community solar or virtual solar options) solar additions as a result of federal subsidies.

Liberty's Response: With this issue, OPC is making another request for modeling. This OPC suggestion would be more applicable to the Load Analysis and Load Forecasting and the Demand-Side Resource Analysis sections of the triennial IRP process. Since the Company will be developing an IRP annual update report and not performing a triennial IRP study, a new load forecast and new demand-side analysis will not be conducted.

OPC Issue 3: Battery Storage Operation and Lifecycle Assumptions

OPC recommends that Commission order, Liberty (Empire) to provide detailed assumptions surrounding battery cycle life on any planned future investment in storage. This should include, at a minimum, expected frequency and duration of operational usage of the battery resource. In short, the analysis should be able to reasonably demonstrate that the utility-scale storage investment will be operational for X period based on articulated assumed usage patterns.

Liberty's Response: The Company agrees that battery storage should be considered as a resource candidate in the IRP process. Storage was considered in the Company's most recent triennial IRP filed in Missouri in April 2022 (EO-2021-0331). Essentially, OPC is recommending that Liberty update and report on assumptions for battery storage resources during the upcoming IRP annual update. While this request is workable, it would not be used for any analysis, given the scope of an IRP annual update process. As such, this request seems premature since the data would become stale and the Company would need to develop these assumptions again during the next triennial IRP process.

OPC Issue 4: Estimated Generation Interconnection Costs

OPC recommends that the Commission order Liberty (Empire) to include a model of low, medium, and high interconnection cost estimates that are supported by historic total interconnection costs by fuel type for MISO in its resource adequacy planning scenarios.

Liberty's Response: In its most recent triennial IRP, Liberty did consider the impacts of generation interconnection costs. Interconnection cost estimates for the Liberty region were derived from a survey of the then most recent available SPP Definitive Interconnection System Impact Study ("DISIS") database for the surrounding areas of Missouri, Arkansas, Oklahoma, and Kansas.

With this suggested issue, OPC is requesting the Company to include a model of low, medium, and high interconnection cost estimates that are supported by historic total interconnection costs by fuel type for its resource adequacy planning scenarios. While this request could be conducted for an IRP annual update, it would not be used for any analysis, given the scope of an IRP annual

update process. Therefore, in order to be useful, the data would need to be updated prior to each triennial IRP. Further, the IRP, for the most part, considers generic resources with unknown locations. The actual costs resulting from a generation interconnection study would be project and site specific, and the type of information that the OPC is requesting may not be representative of the actual generation interconnection costs by fuel type.

OPC Issue 5: Power Purchase Agreements as Resource Candidates

The OPC recommends that the Commission should order Liberty (Empire) to issue a competitive request for proposal for PPA generation options that match their traditional planned investment over the next ten years.

- Liberty (Empire) should provide a breakdown of the cost results, size, location and type of resources that were bid into the RFP.
- Said results should be considered against traditionally owned utility investments.

Liberty's Response: OPC recommends that the Commission should order Liberty to issue a competitive request for proposal for PPA generation options that match their traditional planned investment over the next ten years. The Company strongly objects to this request on multiple levels. First, this would not apply to an IRP annual update. Second, the IRP rule does not require a competitive request for proposal for any types of resources, so this request would be attempting to expand the already comprehensive IRP process. Finally, the IRP is a plan. Aspects of the plan may mature to become a viable project, at which point a competitive process may be utilized which can then consider different options to acquire resources.

OPC Issue 6: Mothball Energy Generation

The Commission should order Liberty (Empire) to analyze and produce estimated costs for mothballing any dispatchable generation resource that is subject to a planned retirement in the 20 year planning period. Estimates should include all costs including the minimum continued O&M of the mothballed units.

Liberty's Response: If this issue is selected as a special contemporary issue, any response from the Company should be aligned with the scope of the IRP annual update process.

OPC Issue 7: Resource Adequacy

OPC recommends the Commission order the following analysis in the next annual resource plan update. OPC is not asking that Liberty (Empire) change its preferred plan in the annual filing but instead report on the ability of its current resource plan to meet forecasted load and use this information in determining its preferred resource plan in its next triennial filing.

1. Analyze and report on the ability of the planned resource additions in Liberty's (Empire) current preferred plan to continue to meet energy needs in all hours of each year. OPC is not asking that Liberty (Empire) change its plan in the annual filing, but instead report on the ability of its current resource plan to meet forecasted load and consider this information in determining its preferred resource plan in its next annual update filing.

2. Analyze and report on the ability of the planned resource additions in Liberty's (Empire) current preferred plan to provide essential reliability services including the capability of the planned resource to support voltage, frequency, and dispatchability.

3. Analyze the risk to Liberty's (Empire) customers of Liberty (Empire) relying on just-in-time fuel for electric generation and the interdependent natural gas and electric infrastructure. Liberty's (Empire) future IRP filings should include the results of the analysis and the measures the utility is taking to mitigate this risk.

Liberty's Response: The Company agrees that resource adequacy is an important issue facing the industry. The Company will provide an update on resource adequacy issues within the framework of the standard IRP annual update process. If this is also selected as a special contemporary issue, it is important to stress again, the Company should address these issues within the scope of the IRP annual update process and not in the manner suggested by OPC.

OPC Issue 8: Modeling for Low, Medium, High Participation of Aggregator of Retail Customer ("ARCS")

Recognizing that the Commission ordered this topic last year, OPC is renewing this request in light of the uncertainty surrounding the status of the continued ARC prohibition. As such, OPC recommends that the Commission order Liberty (Empire) to model for a low, medium, and high participation scenario of commercial and industrial customers electing to participate in demand response activities based on the introduction of a third-party(s) ARC within its footprint and provide an analysis on what the impact said ARC would have on Liberty's (Empire) IRP.

Liberty's Response: The IRP load forecasts already include a range of outcomes to take into consideration the uncertainty in future peak load. Since Liberty will be developing an IRP annual update - and not a triennial filing, the Company does not plan to model scenarios as suggested by OPC. As OPC mentioned, the Commission ordered this topic last year. If it is selected again this year, Liberty should be allowed to address this issue within the scope of its IRP annual update process and update the response from last year's IRP submission.

8. The list of SCIs ordered by the Commission for consideration and analysis by Liberty in its upcoming IRP annual update should be specific to Liberty and its particular planning process and appropriately limited in number and scope, so that the issues may be adequately analyzed and the Company's resources used wisely. The amount of modeling required from the eight OPC suggested SCIs would be time consuming and costly for any IRP study – and well beyond the requirements of the IRP annual update. If the Commission determines that some of the issues referenced in OPC's suggested SCIs should be addressed by Liberty in its upcoming annual

update report, Liberty should be directed to address those issues within the scope of an IRP annual update and not in the manner suggested by OPC.

WHEREFORE, Liberty submits this Response to OPC's suggested special contemporary issues. Liberty requests such relief as is just and proper under the circumstances.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 29th day of September, 2023, and sent by electronic transmission to all counsel of record.

/s/ Diana C. Carter