

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

In the Matter of The Empire District Electric )  
Company d/b/a Liberty (Empire) for )  
Authority to Implement Rate Adjustments ) **File No. ER-2024-0118**  
Related to the Company's Fuel and ) Tariff No. JE-2024-0043  
Purchase Power Adjustment (FAC) )  
Required in 20 CSR 4240-20.090(8) )

**STAFF'S RECOMMENDATION FOR APPROVAL**

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff"), by and through the undersigned counsel, and for its Staff Recommendation for *Approval of Tariff Sheet* respectfully states:

1. On September 29, 2023, The Empire District Electric Company d/b/a Liberty ("Empire"), submitted Monica K. Gloodt's direct testimony, work papers, and one tariff sheet to revise the Fuel Adjustment Rates (FAR) of its Fuel Adjustment Clause (FAC). The effective date of the proposed tariff is December 1, 2023.

2. Additionally on September 29, 2023, Empire submitted a true-up filing (File No. EO-2024-0119) to identify the net fuel costs it over- or under-collected from customers during the 28th Recovery Period as prescribed by its FAC.<sup>1</sup>

3. The Commission ordered Staff to examine and analyze Empire's filings in this case, and to file its recommendation no later than October 30, 2023, as required by Rule 20 CSR 4240-20.090(8).<sup>2</sup>

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<sup>1</sup> Includes the billing months of December 1, 2022 through May 31, 2023.

<sup>2</sup> Staff shall review the information filed by the electric utility to determine if the proposed adjustment to the FARs complies with the Commission Rule 20 CSR 4240-20.090(8)(F), section 386.266, RSMo, and the FAC mechanism established in the utility's most recent general rate proceeding.

4. On September 29, 2023, Empire filed a tariff sheet (JE-2024-0043) with a proposed effective date of December 1, 2023. On September, 29<sup>th</sup>, and later on October, 4, 2023, Empire filed substitute tariff sheets to clarify the prior period adjustment, a factor included in their Fuel and Purchased Power Adjustment calculation, and later corrected their tariff header.

5. Staff reviewed Empire's revised tariff sheet and determined that the following complied with the Commission's *Order* and recommends approval:

**P.S.C. Mo. No. 6 Section 4**

7th Revised Sheet No. 17q Cancelling 6th Revised Sheet No. 17q.

The proposed change to the FAR will reduce an Empire residential customer's monthly bill by \$2.17, based on a usage of 1,000 kWh. The revised FAR would be \$7.27, down from \$9.44.

6. Staff determined that the rate adjustment is in compliance with Commission Rule 20 CSR 4240-20.090<sup>3</sup> and Section 386.266 RSMo. Staff's recommendation for approval of the Current Period FARs in this case is based solely on the accuracy of Empire's calculations, and is not indicative of the prudence of fuel costs.

7. Staff verified that Empire has filed its 2022 annual report. Empire is not delinquent on any assessment. Empire is current on its submission of its surveillance

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<sup>3</sup> The Commission is required to either issue an interim rate adjustment order that approves the tariff sheet(s) and the adjustments to the FARs within 60 days, or allow the tariff sheet(s) and the adjustments to take effect without requiring a Commission order.

If the Commission determines that the FAR adjustment does not comply with the regulations and FAC mechanism specified in 20 CSR 4240-20.090, section 386.266, RSMo, and the electric utility's recent rate proceeding, the Commission shall reject the proposed rate sheets, pause the filing timeline, set a prehearing date, and order the parties to propose a procedural schedule. The Commission may order the electric utility to submit tariff sheets reflecting any uncontested part of the proposed adjustment.

monitoring reports as required in 20 CSR 4240-20.090(6) and its monthly reports as required by 20 CSR 4240-20.090(5).

**WHEREFORE**, Staff recommends the Commission issue an order approving the tariff sheet (JE-2024-0043) filed on September 29, 2023, and as substituted on September 29, 2023, and later on October 4, 2023, P.S.C. Mo. No. 6 Section 4 7th Revised Sheet No. 17q as substituted on September 29, 2023, and October 4, 2023, Cancelling 6th Revised Sheet No. 17q.

Respectfully submitted,

**/s/ Eric Vandergriff**

Eric Vandergriff

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Attorney for the Staff of the  
Missouri Public Service Commission

### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or electronically mailed to all parties and/or counsel of record on this 30<sup>th</sup> day of October, 2023.

**/s/ Eric Vandergriff**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
File No. ER-2024-0118, Tariff Tracking No. JE-2024-0043  
The Empire District Electric Company, d/b/a Liberty (Empire)

FROM: Teresa Denney, Senior Utility Regulatory Auditor

DATE: /s/ Teresa Denney 10/30/2023  
Energy Resources Department / Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates  
Related to The Empire District Electric Company, d/b/a Liberty (Empire)  
Fuel Adjustment Clause

DATE: October 30, 2023

### Summary and Staff Recommendation

On September 29, 2023, The Empire District Electric Company, d/b/a Liberty (Empire) (hereafter “Empire”) filed one (1) proposed tariff sheet, 7th Revised Sheet No. 17q, Canceling 6th Revised Sheet No. 17q, bearing a proposed effective date of December 1, 2023, to revise the Current Period Fuel Adjustment Rates<sup>1</sup> (“FARs”) of its Fuel Adjustment Clause (“FAC”) used to determine the Fuel Adjustment Charge<sup>2</sup> on customers’ bills. Empire also filed direct testimony of its witness Monica K. Gloodt on September 29, 2023 and submitted to Commission Staff (“Staff”) work papers in support of the proposed tariff sheet. On September 29, 2023, Empire filed a substitute tariff sheet<sup>3</sup> to properly clarify the prior period adjustment which is a factor that is included in the Fuel and Purchased Power Adjustment calculation. Subsequently, on October 4, 2023, Empire filed another substitute tariff sheet<sup>4</sup> to correct the tariff header. These above-mentioned tariff corrections, however, do not have an impact on the overall rate. The Commission assigned the tariff sheet to Tariff Tracking No. JE-2024-0043.

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<sup>1</sup> The Current Period FARs for service at primary voltage and above and for service at secondary voltage are located on lines 15 and 16, respectively, of proposed 7th Revised Sheet No. 17q.

<sup>2</sup> The actual line item on the customer’s bill is: Fuel Charge.

<sup>3</sup> The Fuel and Purchased Power Adjustment (FPA), on line 12, is calculated by taking the sum of lines 7, 9 and 11 for each month of the accumulation period. Because there was a prior period adjustment included in the accumulation period for April 2023, the sum of lines 7, 9 and 11 will not equal line 12. This correction does not have an impact on the overall rate.

<sup>4</sup> The substitute tariff was filed to correct the tariff header and does not impact the overall rate. Except as otherwise stated, all reference herein to the tariff sheet in Tariff Tracking No. JE-2024-0043 shall be to the substitute proposed tariff sheet that Empire filed on October 4, 2023.

### **Empire's AP30 FARs**

The testimony and work papers include information that supports Empire's calculation of the dollar amount<sup>5</sup> used to calculate the FARs for Accumulation Period 30 ("AP30"). That dollar amount is \$15,892,251 and results from:

1. The amount of \$12,173,588, found on Line 7 of 7th Revised Sheet No. 17q, which is equal to 95% of the difference between: a) Empire's Missouri jurisdiction<sup>6</sup> actual fuel costs plus purchased power costs plus net emissions allowance costs less off-system sales revenue<sup>7</sup> and less renewable energy credits ("REC") revenue and b) Empire's Missouri jurisdiction net base energy cost<sup>8</sup> during AP30; plus
2. The true-up amount of \$3,013,909<sup>9</sup> which is the under-recovery amount of the FARs for Recovery Period 28 ("RP28"), found on Line 9 of 7th Revised Sheet No. 17q; plus
3. The interest for AP30, including over/under cumulative recovery balances from AP28 and AP29, all equal to \$751,953, found on Line 11 of 7th Revised Sheet No. 17q; plus
4. The prior period adjustment in April 2023 for the amount of \$(47,199), not found on the tariff sheet specifically as stated in footnote 3 above, but is included in the overall FPA calculation.

The Current Period FAR of \$.00684 per kWh (Line 14 of 7th Revised Sheet No. 17q) is equal to the FPA Amount of \$15,892,251 divided by the forecasted Missouri net system input ("NSI") for RP30 of 2,322,770,266 kWh, found on Line 13 of 7th Revised Sheet No. 17q.

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<sup>5</sup> The dollar amount used to calculate the Current Period FAR is called the Fuel and Purchased Power Adjustment ("FPA") which is located on line 12 of proposed 7th Revised Sheet No. 17q.

<sup>6</sup> For AP30, J is equal to 88.03% as reflected on line 4 of 7th Revised Sheet No. 17q, as substituted tariff sheet filed on September 29, 2023. The 88.03% J factor is derived from dividing total Missouri Retail kWh Sales for this accumulation period by the Total System kWh Sales for this accumulation period. As explained in footnote 2 of the current tariff, Empire calculates (TEC-B)\*J on a monthly basis, and Line 5 is the sum of each month's calculation. For this reason, the calculation of the total energy cost minus the net base energy cost (line 3) multiplied by the Missouri Energy Factor (line 4) does not equal the amount entered on line 5. Line 3 multiplied by line 4 equals \$12,828,544.

<sup>7</sup> For AP30, this amount is \$37,311,556 as reflected on line 1 of 7th Revised Sheet No. 17q.

<sup>8</sup> For AP30, this amount is \$22,738,633 as reflected on line 2 of 7th Revised Sheet No. 17q.

<sup>9</sup> Empire's RP28 true-up filing is contained in File No. EO-2024-0119.

Because of a difference in line losses, there are different FARs for service taken at primary and secondary voltage level. When accounting for line losses for the different voltage levels, the proposed FARs are \$.00714 per kWh for customers receiving service at primary voltage level, and \$.00727 per kWh for customers receiving service at secondary voltage level. Empire’s present FARs are \$.00926 per kWh for customers receiving service at primary voltage level, and \$.00944 per kWh for customers receiving service at secondary voltage level.<sup>10</sup>

Fuel Adjustment Rates (\$ Per kWh)			
Service Voltage Level	Present	Proposed	Difference
Primary	\$.00926	\$.00714	\$0.00212 Decrease
Secondary	\$.00944	\$.00727	\$0.00217 Decrease

Based on a monthly usage of 1,000 kWh, the proposed change to the FAR will decrease the Fuel Adjustment Charge of an Empire residential customer’s bill from \$9.44 to \$7.27, a decrease in the customer’s bill of \$2.17 per month. The accumulation periods, recovery periods, and other specifications of Empire’s existing FAC are set out in its currently effective tariff sheets.

On page 7, Lines 4 -8 of her filed testimony, Company witness Monica K. Gloodt describes the reasons for the decrease in the FAR’s rates:

The actual average energy cost eligible for the FAC was \$14.28/MWh. This was roughly 1.6 times or 64.1% greater than the average FAC base factor of \$8.70/MWh. However, the actual total FAC eligible energy cost per MWh was relatively close to the Company’s 2023 budget for the period. The actual cost eligible for the FAC was about 0.9% lower than the \$14.40/MWh budgeted level.

**New SPP Charge Types**

On March 1, 2023, Empire filed notice of new charge types in Case No. ER-2021-0312. The notice was filed with the Commission 60 days prior to the Company including a new schedule,

<sup>10</sup> Lines 15 and 16 of 7th Revised Sheet No. 17q.

charge type cost or revenue in its next FAR filing<sup>11</sup>. The new charge types were implemented by SPP and went into effect on July 6, 2023. These new charge types are referenced as “Day-Ahead Uncertainty Reserve Amount”, “Day-Ahead Uncertainty Reserve Distribution Amount”, “Real-Time Uncertainty Reserve Amount”, “Real-Time Uncertainty Reserve Distribution Amount”, “Real-Time Uncertainty Non-Performance Amount”, and “Real-Time Uncertainty Non-Performance Distribution Amount”.

As explained in Company witness Monica K. Gloodt’s direct testimony<sup>12</sup>, SPP added six new uncertainty products to the Market Protocols in the sections covering regulation and ancillary services. Given their characteristics and that they are similar in their inclusion in the Regulation and Ancillary Services sections of the Market Protocols<sup>13</sup>, the Company believes it is appropriate for the new uncertainty products to be included in the FAC. These services are included in accounts 555800-555880 for Day Ahead and 555900-555980 for Real Time.

Based on the information that Staff has read in the notice filed by Empire in ER-2021-0312, and the testimony provided in this case, the intent of these new SPP charge types is to supplement the existing regulation and ancillary service products. Subsequently, the Commission stated in its “Notice Concerning New Charge Types and Closing File” filed on July 12, 2023:

On March 23, 2023, the Office of the Public Counsel (Public Counsel) filed a response to The Empire District Electric Company d/b/a Liberty’s notice of new charge types. Public Counsel noted that Liberty should have included more detail in its notice of new charge types under Commission Rule 20 CSR 4240-20.090(8)(D(1)(B)(II). Liberty did provide Public Counsel with sufficient explanation to not oppose the inclusion of new charge types at this time. The Commission agreed with and appreciates Public Counsel’s comments. The Commission does not need to take any further action at this time and this file shall be closed.

Therefore, Staff agrees these new charge types are appropriate to include in the FAC.

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<sup>11</sup> In its Notice of New Charge Types filing in the ER-2021-0312 case, the Company states: “The Company’s Rider FAC and, specifically, Tariff Sheet Nos. 17 to 17q (part of Mo. P.S.C. Schedule No. 6 on file with the Commission), provides a process by which the Company is to notify the Commission of new charge types that may be instituted by a regional transmission operator (“RTO”) that operates a centrally administered market. Charge types represent specific credits and charges authorized by the RTO’s tariff and are utilized in the settlements of the utility’s RTO market activity. The charge types in place at the time the Company’s current Rider FAC was approved are on file in this case docket, as references on Sheet No. 17b.”

<sup>12</sup> Page 9, line 11 through page 10 line 2.

<sup>13</sup> The impact to customers could be additional costs or revenues received.

### **Staff Review**

Staff reviewed Empire's proposed 7th Revised Sheet No. 17q, Canceling 6th Revised Sheet No. 17q, the direct testimony of Empire witness Monica K. Gloodt filed on September 29, 2023, as substituted on September 29, 2023 and October 4, 2023, and Empire's monthly filings and work papers for AP30. Staff verified that the actual fuel costs plus purchased power costs plus net emissions allowance costs less off-system sales revenues and less REC revenues, match the fuel costs plus purchased power costs plus net emissions allowance costs less off-system sales revenues and less REC revenues in Empire's proposed 7<sup>th</sup> Revised Sheet No. 17q, Canceling 6th Revised Sheet No. 17q. Staff also reviewed Empire's monthly interest rates that are applied to the monthly over- and under-recovery amounts for AP30, including cumulative amounts for AP29 and AP28, and the calculation of the monthly interest amounts. The information filed with the tariff sheet and work papers includes sufficient data to calculate the FARs for AP30<sup>14</sup>.

Attachment A includes three charts that provide a summary of Empire's thirty (30) FAC rate adjustment filings. Chart 1 illustrates a) Empire's FARs for primary and secondary voltage service levels for each of the thirty (30) accumulation periods, and b) that there have been eighteen (18) positive FARs, eleven (11) negative FARs, and one (1) zero FAR. Chart 2 illustrates Empire's FAC cumulative under-collected amount at the end of each of the thirty (30) accumulation periods with the cumulative under-collected amount through AP30 of approximately \$186 million. Chart 3 illustrates Empire's FAC cumulative under-collected percentage of cumulative total energy costs at the end of each of the thirty (30) accumulation periods with the cumulative under-collected percentage through AP30 of approximately 8.6%.

### **Staff Recommendation**

Empire filed the 7th Revised Sheet No. 17q, Canceling 6th Revised Sheet No. 17q, and based on Staff's review, Staff has determined that the adjustment is in compliance with Commission Rule 20 CSR 4240-20.090, Section 386.266 RSMo, and Empire's FAC embodied in its tariff.

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<sup>14</sup> Staff notes that the current Accumulation Period of March 2023 through August 2023 does not include any insurance proceeds because no insurance proceeds were received by the Company during this specific time frame. To date, \$11,148,737 of insurance proceeds related to the Neosho Wind Outage have been included in the FAC, and there may be additional proceeds in the future.



Commission Rule 20 CSR 4240-20.090(8)(H) provides in part:

(H) Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either—

1. Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs;
2. Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order; or
3. If it determines the adjustment to the FARs is not in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established in the electric utility's most recent general rate proceeding, reject the proposed rate sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule. The commission may order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question.

Empire has requested that the 7th Revised Sheet No. 17q, canceling 6th Revised Sheet No. 17q, filed on September 29, 2023, as substituted on September 29, 2023 and October 4, 2023, become effective on December 1, 2023. Thus, the tariff sheet was filed with sixty (60) days' notice.

Based on its examination and analysis of the information Empire filed and submitted in this case, Staff recommends the Commission issue an order approving the following proposed tariff sheet, to become effective on December 1, 2023, as requested by Empire, subject to both true-up and prudence reviews:

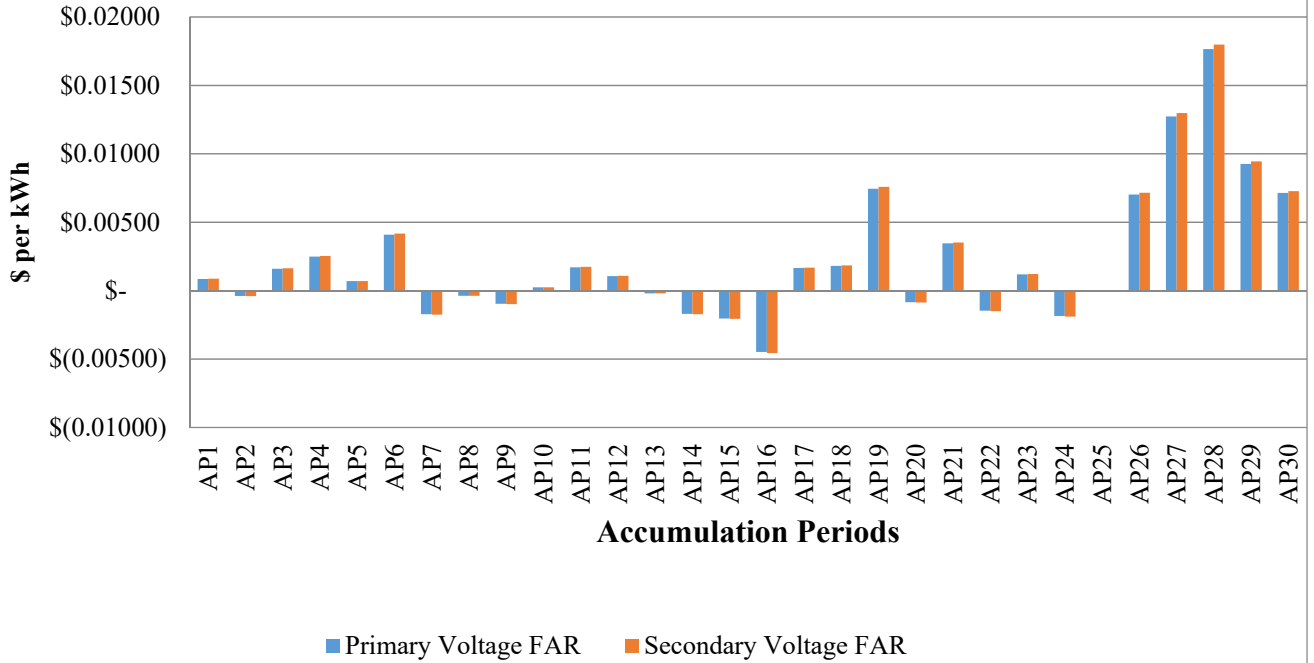
P.S.C. Mo. No. 6 Section 4

7th Revised Sheet No. 17q, as substituted on September 29, 2023 and October 4, 2023, Cancelling 6th Revised Sheet No. 17q.

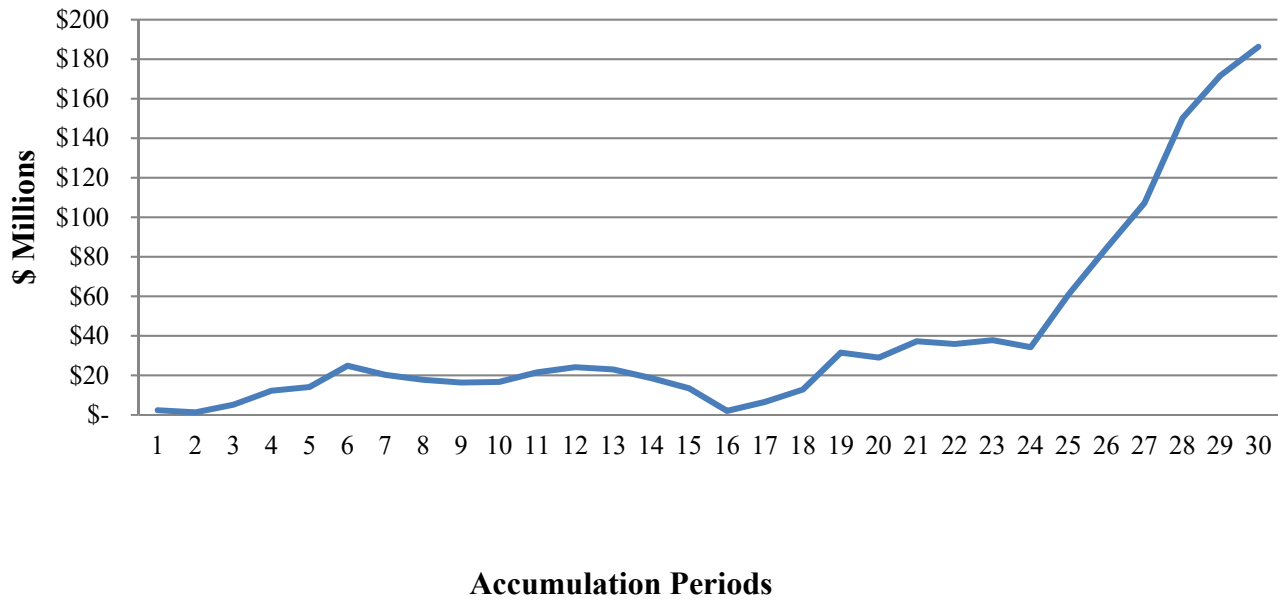
Staff's recommendation for approval of the Current Period FARs in this case is solely based on the accuracy of Empire's calculations, and is not indicative of the prudence of the fuel costs during AP30.

Staff has verified that Empire has filed its 2022 annual report, but is not delinquent on any assessment. Empire is current on its submission of its surveillance monitoring reports as required in 20 CSR 4240-20.090(6) and its monthly reports as required by 20 CSR 4240-20.090(5).

**Chart 1: Empire Fuel Adjustment Rates**

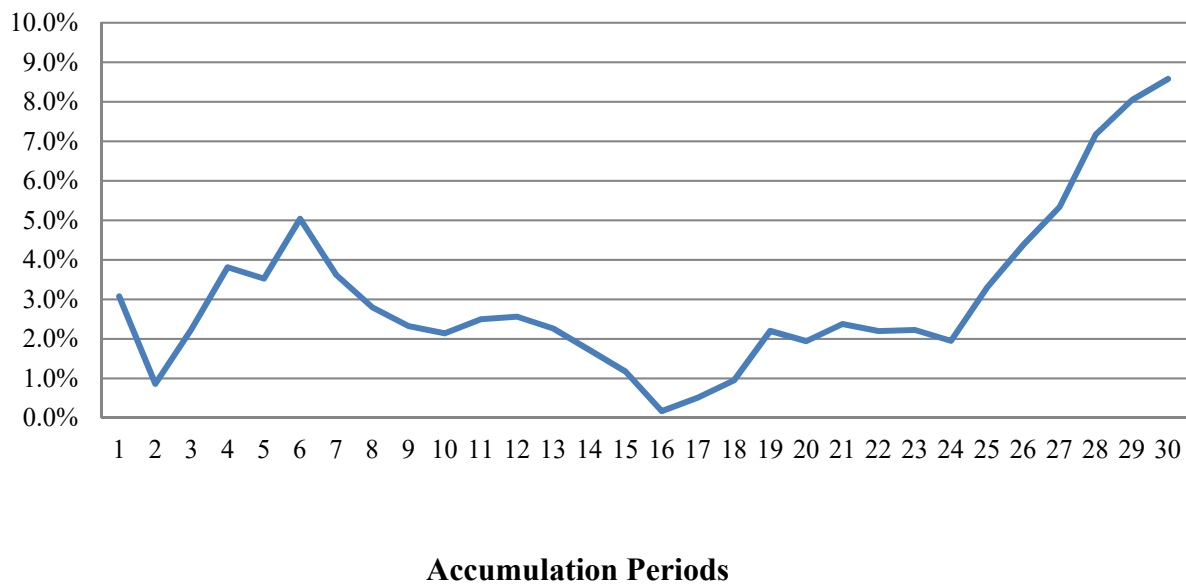


**Chart 2: Empire FAC Cumulative Under-Collection Amounts**



**Chart 3: Empire FAC Cumulative Under-Collection Percentage**

Percentage of Cumulative Total Energy Costs



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of The Empire District Electric )  
Company d/b/a Liberty (Empire) for Authority to ) File No. ER-2024-0118  
Implement Rate Adjustments Related to the )  
Company's Fuel and Purchase Power Adjustment )  
(FAC) Required in 20 CSR 4240-20.090(8) )

**AFFIDAVIT OF TERESA DENNEY**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

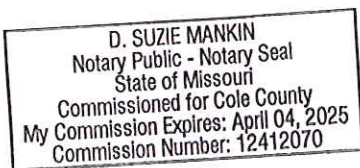
**COMES NOW TERESA DENNEY** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
TERESA DENNEY

**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 27<sup>th</sup> day of October 2023.



  
Notary Public