

**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)	<u>File No. ER-2015-0247</u>
To the Company's Fuel and Purchased Power)	Tracking No. JE-2015-0293
Adjustment Clause (FAC) Required in 4 CSR)	
240-20.090(4))	

STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Recommendation to Approve Tariff Sheet* states as follows:

1. On April 1, 2015, The Empire District Electric Company ("Empire") filed one tariff sheet bearing a proposed effective date of June 1, 2015, to revise the Current Period Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC"). The Commission assigned it Tariff Tracking No. JE-2015-0293. Empire filed 6th Revised Sheet No. 17e Canceling 5th Revised Sheet No. 17e, which complies with the Commission's *Order Approving Stipulation and Agreement* in File No. ER-2012-0345, Commission rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Empire's FAC embodied in its tariff.

2. Concurrently on April 1, 2015, Empire made a FAC true-up filing in File No. EO-2015-0248 to identify the true-up amount of \$459,475 it under-recovered from its customers during the 11th Recovery Period of its FAC. This amount is included with the over-recovery amount equal to 95% of the difference between (a) Empire's Missouri jurisdiction actual fuel and purchased power costs plus net emissions allowance costs less off-system sales revenue and renewable energy credits revenue and (b) Empire's

Missouri jurisdiction net base energy cost during Accumulation Period 13 (“AP13”), which is equal to (\$906,471), plus interest equal to \$3,135, when calculating new FARs in this case. This results in a dollar amount¹ of (\$443,861) used to calculate the FARs for AP13.

3. Commission Rule 4 CSR 240-20.090(4) provides that Staff “shall submit a recommendation regarding its examination and analysis to the commission not later than thirty (30) days after the electric utility files its tariff schedules to adjust its FAC rates.” Staff must determine if Empire’s proposed adjustment to its FAC rate is in accordance with 4 CSR 240-20.090, §386.266 RSMo, and the “FAC mechanism established in the most recent general rate proceeding.” 4 CSR 240-20.090(4).

4. If the proposed adjustment is in accordance with the rule, statute and FAC mechanism referenced above, Commission Rule 4 CSR 240-20.090(4) also provides in part:

[T]he commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility’s filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.

5. In the accompanying Staff Recommendation Memorandum, Staff recommends that the Commission issue an order approving Empire’s Tariff Sheet, P.S.C. MO. No. 5, Section 4, 6th Revised Sheet No. 17e Canceling 5th Revised Sheet No. 17e, as filed on April 1, 2015, to become effective June 1, 2015, as requested by Empire, subject to true-up and prudence reviews. Because of a difference in line losses, there are different FARs for service taken at secondary voltage level and at primary and

¹ The dollar amount used to calculate the FARs is called the Fuel and Purchased Power Adjustment (“FPA”).

above voltages levels; the resulting rates are in the column marked “Proposed” in the following table:

Fuel Adjustment Rates (\$ Per kWh)			
Voltage Level	Present	Proposed	Difference
Primary	\$0.00106	(\$0.00021)	\$0.00127 Decrease
Secondary	\$0.00108	(\$0.00021)	\$0.00129 Decrease

6. 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 \$1.08 to (\$0.21), a decrease in the customer’s bill of \$1.29 per month.

7. Except for Empire’s proposed true-up amount in its FAC true-up filing in File No. EO-2015-0248, Staff is not aware of any other matter pending before the Commission that affects or is affected by this filing.

8. The Staff’s review shows Empire’s filing is in compliance with the Commission’s *Order Approving Stipulation and Agreement* in File No. ER-2012-0345, Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Empire’s FAC embodied in its tariff.

9. The Staff has verified that Empire is not delinquent on any assessment and Empire has filed its 2014 annual report. Empire is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5).

WHEREFORE, Staff recommends that the Commission issue an interim rate adjustment order approving Empire's Tariff Sheet, P.S.C. MO. No. 5, Section 4, 6th Revised Sheet No. 17e Canceling 5th Revised Sheet No. 17e, as filed on April 1, 2015, to become effective June 1, 2015, subject to true-up and prudence reviews.

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil

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Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 1st day of May, 2015.

/s/ Jeffrey A. Keevil

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2015-0247, Tariff Tracking No. JE-2015-0293
The Empire District Electric Company

FROM: Matthew J. Barnes, Utility Regulatory Auditor IV
David Roos, Regulatory Economist III
Curtis Gateley, Utility Policy Analyst II

DATE: /s/John Rogers 05/01/2015 /s/Jeffrey A. Keevil 05/01/2015
Energy Resource Analysis Unit / Date Staff Counsel Office / Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates Related to The Empire District Electric Company's Fuel Adjustment Clause Pursuant to the Commission's *Order Approving Stipulation and Agreement* in File No. ER-2012-0345.

DATE: May 1, 2015

On April 1, 2015, The Empire District Electric Company ("Empire") filed one (1) tariff sheet, 6th Revised Sheet No. 17e Canceling 5th Revised Sheet No. 17e bearing a proposed effective date of June 1, 2015, to revise its Current Period Fuel Adjustment Rates¹ ("FARs") of its Fuel Adjustment Clause ("FAC") used to determine the Fuel Adjustment Rate² charge on customers' bills. Empire also filed direct testimony of its witness Todd W. Tarter on April 1, 2015, and submitted to Staff work papers in support of the testimony and filed tariff sheet. The Commission assigned the tariff sheet to Tariff Tracking No. JE-2015-0293.

The testimony and work papers include information that supports Empire's calculation of the dollar amount³ used to calculate the FARs for Accumulation Period 13 ("AP13"). That dollar amount is (\$443,861) resulting from:

1. The over-recovery amount equal to 95% of the difference between: a) Empire's Missouri jurisdiction actual fuel and purchased power costs plus net emissions allowance costs less off-system sales revenue and renewable energy credits ("REC") revenue and b) Empire's Missouri jurisdiction net base energy cost during AP13 which is equal to (\$906,471), found on

¹ The Current Period FARs for service at primary voltage and above and for service at secondary voltage are located on lines 14 and 15, respectively, of proposed 6th Revised Sheet No. 17e.

² The actual line item on the customer's bill is: Fuel Adjust Charge.

³ The dollar amount used to calculate the Current Period FAR is called the Fuel and Purchased Power Adjustment ("FPA") which is located on line 11 of proposed 6th Revised Sheet No. 17e.

Line 7 of 6th Revised Sheet No. 17e, plus;

2. The true-up amount of \$459,475⁴ which is the under-recovery amount as a result of the FARs for Recovery Period 11 (“RP11”), found on Line 8 of 6th Revised Sheet No. 17e plus;

3. The interest for AP13, a portion of RP11⁵, and a portion of RP12⁶ which is equal to \$3,135, found on Line 10 of 6th Revised Sheet No. 17e.

The Current Period FAR of (\$0.00020) per kWh (Line 13 of 6th Revised Sheet No. 17e) is equal to the FPA Amount of (\$443,861) divided by the forecasted Missouri net system input (“NSI”) for RP13 of 2,218,459,384 kWh (Line 12 of 6th Revised Sheet No. 17e).

Because of a difference in line losses, there are different FARs for service taken at secondary voltage level and at primary and above voltage levels. When accounting for line losses for the different voltage levels, the proposed FARs are (\$0.00021) per kWh for customers receiving service at primary voltage level and above, and (\$0.00021) per kWh for customers receiving service at secondary voltage level. Empire’s present FARs are \$0.00106 per kWh for customers receiving service at primary voltage level and above, and \$0.00108 per kWh for customers receiving service at secondary voltage level.

Fuel Adjustment Rates (\$ Per kWh)			
Voltage Level Adjustment	Present	Proposed	Difference
Primary	\$0.00106	(\$0.00021)	\$0.00127 Decrease
Secondary	\$0.00108	(\$0.00021)	\$0.00129 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 \$1.08 to (\$0.21), a decrease in the customer’s bill of \$1.29 per month. The accumulation periods, recovery periods, and other specifications of Empire’s existing FAC are set out in its currently effective tariff sheets designated Sheet Nos. 17 through 17k.

Staff reviewed Empire’s proposed 6th Revised Sheet No. 17e Canceling 5th Revised Sheet No. 17e, the direct testimony of Empire witness Todd W. Tarter filed on April 1, 2015, in

⁴ Empire’s RP11 true-up filing is contained in File No. EO-2015-0248.

⁵ Recovery Period 11 is June 2014 through November 2014.

⁶ Recovery Period 12 is December 2014 through May 2015.

addition to Empire's monthly filings and work papers for AP13. Staff verified that the actual fuel and purchased power costs plus net emissions allowance costs less off-system sales revenue and REC revenue, match the fuel and purchased power costs plus net emissions allowance costs less off-system sales revenue and REC revenue in Empire's proposed 6th Revised Sheet No. 17e Canceling 5th Revised Sheet No. 17e. The Staff also reviewed Empire's monthly interest rates that are applied to the monthly over- and under-recovery amounts for AP13, a portion of RP12, and a portion of RP11 and the calculation of the monthly interest amounts. The information filed with the tariff sheet and work papers, as supplemented by Empire, include sufficient data to calculate the FARs for AP13.

Staff Recommendation

Empire filed 6th Revised Sheet No. 17e Canceling 5th Revised Sheet No. 17e, which complies with the Commission's *Order Approving Stipulation and Agreement* in File No. ER-2012-0345, Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Empire's FAC embodied in its tariff.

Commission Rule 4 CSR 240-20.090(4) provides in part:

[T]he commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility's filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.

Empire has requested that 6th Revised Sheet No. 17e Canceling 5th Revised Sheet No. 17e filed on April 1, 2015, become effective on June 1, 2015, the first cycle of Empire's June billing month. 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, the Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed, to become effective on June 1, 2015, as requested by Empire, subject to both true-up and prudence reviews:

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

6th Revised Sheet No. 17e Canceling 5th Revised Sheet No. 17e

The Staff has verified that Empire is not delinquent on any assessment and Empire has filed its 2014 annual report. Empire is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5). Except for Empire's RP11 true-up filing in File No. EO-2015-0248, also filed on April 1, 2015, Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing. 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 a portion of RP11, a portion of RP12, and AP13.

**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) File No. ER-2015-0247
to the Company's Fuel and Purchased Power)
Adjustment Clause (FAC) Required in)
4 CSR 240-20-090(4))

AFFIDAVIT OF DAVID ROOS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

David Roos, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

David C. Roos

David Roos

Subscribed and sworn to before me this 15th day of May, 2015.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086

Susan L. Sundermeyer

Notary Public