FILED
October 24, 2025
Missouri Public
Service Commission

Exhibit No. 140

Staff – Exhibit 140
Testimony of Randall T. Jennings
Rebuttal
File No. ER-2024-0261

Exhibit:
Issue(s): *Revenue, Other Revenue Issues*
Witness: *Randall T. Jennings*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *ER-2024-0261*
Date Testimony Prepared: *August 18, 2025*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

REBUTTAL TESTIMONY

OF

RANDALL T. JENNINGS

THE EMPIRE DISTRICT ELECTRIC COMPANY, d/b/a Liberty

CASE NO. ER-2024-0261

Jefferson City, Missouri
August 2025

** Denotes Confidential Information **

REBUTTAL TESTIMONY

OF

RANDALL T. JENNINGS

THE EMPIRE DISTRICT ELECTRIC COMPANY,
d/b/a Liberty

CASE NO. ER-2024-0261

Q. Please state your name and business address.

A. My name is Randall T. Jennings, 200 Madison Street, Jefferson City, Missouri 65101.

Q. Are you the same Randall T. Jennings who previously filed testimony in this case?

A. Yes, I am.

TRANSMISSION SERVICE ("TS") INTERRUPTIBLE CREDIT

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to address the direct testimony of Midwest Energy Consumers Group ("MECG") witness Kavita Maini and her recommended increase to the interruptible credit for Schedule TS or Transmission Service rate.

Q. How much total interruptible load does Empire currently have with its customers?

A. Empire currently has agreements with "interruptible" customers allowing for a total of ** [redacted] ** of service.[1] This amount of interruptible service is also included in

[1] Company response to MECG Data Request 0001.14.

Empire's load and capability forecast for 2025-2026,[2] which allows Empire to reduce its Southwest Power Pool ("SPP") capacity responsibility.

Q. How much of the total interruptible load is attributable to the TS customer, and how much is the TS customer currently being compensated for the possibility of having its service interrupted or curtailed?

A. The TS customer accounts for ** [redacted] ** of Empire's contractual interruptible load.[3] In accordance with the TS Schedule, the customer is currently receiving an Interruptible Credit each month regardless of whether or not the service is interrupted/curtailed and regardless of how many times during that month the service is interrupted/curtailed.[4] Billing information from Empire indicates the TS customer's "Interruptible Credit" is being calculated by multiplying ** [redacted] ** kW by a rate of ** [redacted] ** per kW, resulting in an Interruptible Credit of ** [redacted] ** each month.[5]

Q. Are there limits to the amounts of interruption or curtailment for customers in the TS rate class?

A. Yes. Section 2, 1st Revised Sheet No. 9 states that "The cumulative hours of curtailment per Customer shall not exceed one hundred (100) hours during any contract year." It also states that there shall be no more than 13 curtailment events per year, that each event shall be no less than two hours and no more than eight consecutive hours per event, and that there shall be no more than one occurrence per day unless needed to address a system reliability event. Assuming a year consists of 2,016 working hours (8 hours per day for an average of 252

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[2] Company response to MECG Data Request 0002.3.
[3] Company response to MECG Data Request 0001.14.
[4] P.S.C. Mo. No. 6, Sec. 2, Tariff Sheets 9 through 9b.
[5] Company response to Metering Adjustments 10-2022 – 03-2024.

working days per year), the tariff stipulates that the TS customer's service can be interrupted less than 5.00% of its working hours.

Q. How many interruptions/curtailments of service has the TS customer incurred?

A. From January 2024 through May of 2025, the TS customer was requested to have its service interrupted/curtailed ** [redacted] ** times:[6]

**

[redacted]

**

Q. If Empire had been forced to purchase power from SPP for those dates instead of having the TS customer interrupt/curtail its service, how much would Empire have paid?

A. Assuming the customer was interrupted/curtailed the maximum number of consecutive hours (eight) each date, and those consecutive hours were during the highest pricing period for each date, based on day ahead pricing data obtained by Staff, Empire would have had to pay ** [redacted] **.[7]

Q. How much interruptible credit did Empire give the TS customer during the same time frame?

A. For the 17 month period listed, Empire gave the TS customer ** [redacted] ** in interruptible credits.

Q. Paying ** [redacted] ** in credits to avoid ** [redacted] ** in energy cost seems like a bad deal for Empire. What does Empire gain through this arrangement?

[6] Company response to MECG Data Request 0001.14.
[7] See "Jennings Interruptible Credit Work Paper – Confidential.xlsx"

A. By entering into a contract with interruptible customers, Empire is able to reduce its SPP resource adequacy requirement ("PRM"), thereby, reducing the amount of firm capacity it needs.

Q. What is the value of firm capacity in SPP?

A. According to SPP, the Cost of New Entry ("CONE") is currently $85.61 per kW-year, or $7.13 per kW-month. CONE represents the estimated annual cost of building a new natural gas generation facility.[8]

Q. Is the payment of interruptible credits more cost efficient for Empire?

A. For the limited time frame examined, it is not cost efficient on the basis of energy reductions during that time period.[9] However, since the interruptible credit rate is less than CONE, these credits do provide Empire value, in that they help Empire avoid building new or purchasing additional capacity.

Q. On Page 32, Lines 11 through 13, of Ms. Maini's direct testimony, she states that TS customers, by being provided interruptible service, are given interruptible credits and emphasizes that it is not a discount, but rather a credit as compensation for forgoing firm service and being available for curtailment. Do you agree?

A. No. Empire stated that in the past 17 months, the TS customer has had its service interrupted or curtailed ** [redacted] ** times.[10] The fact that the one customer in the TS rate class has had its service interrupted ** [redacted] ** of the business days over a 17 month

[8] Resource Adequacy - Southwest Power Pool, Attachment AA. (https://www.spp.org/engineering/resource-adequacy/)
[9] Staff recognizes that there may be physical reasons beyond reductions in energy purchases to have an interruptible rate.
[10] Company response to MECG Data Request 0001.14.

span, indicates that while it is possible the customer could have its service interrupted, the odds are not likely it will happen, and any credits received is more akin to a discount.

Q. Witness Maini states, "Customers opt for an inferior service and agree to curtailments in order to manage their power costs. It is a business decision that considers the trade-off between shutting down certain processes and forgoing revenue against the compensation received for providing the interruptible service. Therefore, if the compensation is not adequate, it undermines the success of the interruptible schedule." Do you agree?

A. No. The TS customer receives an "Interruption Credit" each month regardless of how many times during that month the customer incurs an interruption or curtailment, or the level of curtailment actually realized (see table above). Currently, the TS customer is receiving ** [redacted] ** per month. As I previously noted, the TS customer has only encountered interruptions in service on ** [redacted] ** of the business days from January 1, 2024, through May 31, 2025. In Staff's opinion, the current rate more than adequately compensates interruptible customers for inconvenience of curtailment.

Q. Would Empire suffer any harm if it failed to meet its PRM?

A. If it failed to meet its required level of capacity, Empire would incur a penalty and be required to make a subsequent payment to SPP. The Deficiency Payment is calculated by multiplying the Deficient Capacity by the product of CONE and the CONE Factor. The CONE Factor is currently a range of values between 125% and 200%, based upon the SPP Balancing Authority Planning Reserve Margin.[11] Essentially, as the Planning Reserve Margins

[11] Resource Adequacy - Southwest Power Pool, Attachment AA, Section 14.2(1)(a). (https://www.spp.org/documents/58597/attachment%20aa%20tariff.pdf)

get tighter, the CONE Factor increases. Revenues from Deficiency Payments are then allocated to those LREs that have excess capacity.[12]

Q. Do you agree with Ms. Maini's statement that given Empire's situation, it makes sense to increase the interruptible credit for the TS customer?

A. No. First, Empire has not requested an increase in the interruptible credit for the TS customer.

Second, Ms. Maini asked Empire if SPP's CONE value of $85.61 per KW-year or $7.13 per KW-month represents a reasonable proxy for the value of interruptible load and Empire indicated that it does.[13] As Ms. Maini stated, the one TS customer is currently receiving ** [redacted] ** per KW-year or ** [redacted] ** per KW-month; approximately ** [redacted] ** of the CONE amount.[14] Empire filed an Integrated Resource Plan on April 1, 2025.[15] Volume 4 attached to the plan consists of a "Supply-Side Resource Analysis." This analysis lists the cost and analysis of potential supply-side resources and indicates that the costs of operating a Combined Cycle Gas generator would be ** [redacted] ** per KW-year or ** [redacted] ** per KW-month; ** [redacted] ** more than the interruptible credit currently being paid.

Third, Ms. Maini recommends increasing the interruptible credit to $72.00 per KW-year or $6.00 per KW-month; a ** [redacted] ** increase.[16] If Ms. Maini's recommendation were approved, the new interruptible credit would be 84.15% of the CONE. Ms. Maini also supports allocating the additional ** [redacted] ** monthly, or a ** [redacted] ** annual increase in interruptible credit for this one TS customer to all customers across the other rate classes.

[12] Resource Adequacy - Southwest Power Pool, Attachment AA, Section 14.4. (https://www.spp.org/documents/58597/attachment%20aa%20tariff.pdf)
[13] Maini direct testimony, Page 34, Lines 14-24.
[14] Maini direct testimony, Page 30, Line 11.
[15] Case EO-2024-0280.
[16] Maini direct testimony, Page 35, Lines 7-11.

Staff does not agree with increasing the interruptible credit to benefit the one at the cost of the many. This would be the equivalent of paying interruptible customers nearly the value of a new natural gas generator each year, which does not provide value to Empire nor its other ratepayers. The current rate balances the interests of the interruptible customers, Empire, and Empire's ratepayers better than Ms. Maini's proposal. For these reasons, Staff recommends rejection of Ms. Maini's proposal.

Q. Does this conclude your testimony?

A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Request of The Empire District Electric Company d/b/a Liberty for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in Its Missouri Service Area	)))))	Case No. ER-2024-0261

AFFIDAVIT OF RANDALL T. JENNINGS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW RANDALL T. JENNINGS and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Randall T. Jennings*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Randall T. Jennings

RANDALL T. JENNINGS

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 11th day of August 2025.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2029
Commission Number: 12412070

D Suzie Mankin

Notary Public