

Exhibit No.:  
Issue: Fuel Adjustment – True-Up  
Witness: Leslie L Forest  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Empire District Electric  
File No. EO-2019-  
Date Testimony Prepared: April 2019

**Before the Public Service Commission  
Of the State of Missouri**

**Direct Testimony  
And Exhibits**

**Of**

**Leslie L. Forest  
Analyst Rates and Regulatory Affairs**

**On Behalf Of  
The Empire District Electric Company  
A Liberty Utilities Company**

**April 1, 2019**



DIRECT TESTIMONY  
OF  
LESLIE L. FOREST  
THE EMPIRE DISTRICT ELECTRIC COMPANY  
A LIBERTY UTILITIES COMPANY  
BEFORE THE  
PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI  
FILE NO. EO-2019-

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Leslie L. Forest and my business address is 602 S. Joplin Avenue,  
3 Joplin, Missouri.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Liberty Utilities Service Corp. as a Regulatory Analyst for  
6 Liberty Utilities Central Region, which includes The Empire District Electric  
7 Company.

8 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

9 A. I am testifying on behalf of The Empire District Electric Company – a Liberty  
10 Utilities Company (“Liberty-Empire” or “Company”).

11 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL  
12 BACKGROUND FOR THE COMMISSION.**

13 A. In 2000, I completed my Bachelor of Science in Accounting from Missouri  
14 Southern State University in Joplin, Missouri. In 2016, I completed a Masters of  
15 Accountancy from Missouri Southern State University in Joplin, Missouri. Before  
16 working for Liberty Utilities Service Corp., I was employed by Missouri Southern  
17 State University for approximately four years as a Student Accounting Specialist in

1 the Bursar's Office. Prior to my employment at Missouri Southern State University,  
2 I was employed by the Missouri Department of Revenue Field Compliance Bureau  
3 as a Senior Tax Auditor for twelve years. I performed sales, use and withholding  
4 tax audits on various businesses registered with the State of Missouri.

5 **Q. HAVE YOU EVER TESTIFIED BEFORE THIS OR ANY OTHER STATE**  
6 **UTILITY COMMISSION?**

7 A. Yes. I have provided written testimony on behalf of Liberty-Empire before the  
8 Missouri Public Service Commission ("Commission") in dockets ER-2019-0095  
9 and EO-2019-0096.

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A. The purpose of my testimony is to identify and explain the true-up amount included  
12 in the Company's Fuel & Purchased Power Adjustment Clause ("FAC") filing.  
13 Liberty-Empire is filing to adjust the Fuel Adjustment Rate ("FAR") in a separate  
14 filing, and the true-up amount (with interest) is a component of the FAR. The true-  
15 up is the over or under recovered FAC balance from the prior recovery period. In  
16 other words, the true-up adjustment of the fuel & purchased power adjustment  
17 ("FPA"), as defined by tariff, is the difference between the FPA revenues billed and  
18 the FPA revenues authorized for collection during the true-up recovery period, i.e.  
19 the true-up adjustment.

20 **Q. PLEASE BRIEFLY EXPLAIN THE FAC PROCESS.**

21 A. The Commission's rule governing fuel and purchased power cost recovery  
22 mechanisms for electric utilities – specifically 4 CSR 240-20.090(5) – requires  
23 Liberty-Empire to make periodic FAC filings designed to enable Commission

1 review of the actual fuel costs, purchased power costs, cost of consumables  
2 associated with the power plants' air quality control system ("AQCS"), net cost of  
3 emission allowances, revenue from the sale of renewable energy credits ("REC")  
4 and off-system sales revenues (collectively referred to as total energy costs) the  
5 Company has incurred during an Accumulation Period. In addition, these periodic  
6 filings are designed to adjust the FAC rates up or down, to reflect the actual energy  
7 costs incurred during the Accumulation Period. Liberty-Empire's FAC tariff calls  
8 for two annual filings: a filing covering the six-month Accumulation Period  
9 running from September through February and a second filing covering the  
10 Accumulation Period running from March through August. Any increases or  
11 decreases in rates approved by the Commission, or that take effect by operation of  
12 law, are then collected from or refunded to customers over two six-month Recovery  
13 Periods: June through November and December through May. In this instance,  
14 Empire is seeking an increase in its FAC rates to reflect 95% of the difference  
15 between the base energy costs built into its base Missouri rates and Liberty-  
16 Empire's actual Missouri energy costs for the Accumulation Period, plus a true-up  
17 of the costs recovered during the Recovery Period ending November 30, 2018.  
18 This recovery via FAC rates will be reflected on the Missouri customers' bills over  
19 the six-month Recovery Period from June 2019 through November 2019.

20 **Q. WHAT WAS THE TIMING OF THE ACCUMULATION AND RECOVERY**  
21 **RELATING TO THIS TRUE-UP?**

22 A. The Accumulation Period was from September 1, 2017 through February 28, 2018.  
23 The Recovery Period for that Accumulation Period is June 1, 2018 through

1 November 30, 2018.

2 **Q. WHY WOULD THERE BE A DIFFERENCE BETWEEN WHAT WAS**  
3 **ACCUMULATED (PLUS OVER- OR UNDER-RECOVERY) AND THE**  
4 **AMOUNT BILLED DURING THE RECOVERY PERIOD?**

5 A. The FAR is calculated based on projected kWh sales for the recovery period. Since  
6 the projected sales can vary from actual, due to such items like weather, once the  
7 actual sales are recorded, a difference exists between the estimate and the actual  
8 kWh billed. This difference is “trued-up” in the subsequent FAC filing.

9 **Q. WHAT WAS THE OVER- OR UNDER-RECOVERY FOR THE**  
10 **RECOVERY PERIOD AT ISSUE IN THIS FILING?**

11 A. The FAC was under-collected by \$844,600. As indicated above, the true-up  
12 amount during the Recovery Period is due to the difference between actual and  
13 estimated kWh sales. The true-up amount is the net difference between the FPA  
14 revenues billed and the FPA revenues authorized for collection during the true-up  
15 recovery period. Schedule LLF-1, which is attached to this testimony, contains  
16 details of the calculations that produce the amount to be returned to customers.

17 **Q. HOW WILL THAT AMOUNT BE REFLECTED IN CUSTOMER RATES?**

18 A. As mentioned earlier, the true-up amount plus interest is a component of the FAR.  
19 As defined in the FAC tariff, the true-up amount plus interest is added into the  
20 FPA. The adjustment to the FAR rate is being filed concurrently in a separate  
21 docket.

22 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

23 A. Yes, it does.

The Empire District Electric Company  
 Fuel & Purchased Power Adjustment Clause  
 True-Up Amount  
 Schedule LLF-1

Period 19

Accumulation Period

	(Over)/Under
Sep-17	1,218,772.94
Oct-17	2,561,398.28
Nov-17	556,110.99
Dec-17	3,701,999.46
Jan-18	5,444,517.61
Feb-18	1,359,327.09

True Up Period #17

	1,076,499.65	
	15,918,626.02	Acct 182362 or 254162

Recovery Period

Jun-18	(1,799,607.94)
Jul-18	(3,143,454.63)
Aug-18	(2,968,715.84)
Sep-18	(2,766,360.68)
Oct-18	(1,942,946.99)
Nov-18	(2,452,938.97)
	(15,074,025.05)

Balance

	\$ 844,600.97	Acct 182363 or 254163
--	---------------	--------------------------

