

Exhibit No.:
Issue: Fuel Adjustment – True-Up
Witness: Leslie L Forest
Type of Exhibit: Direct Testimony
Sponsoring Party: Empire District Electric
File No. EO-2018-
Date Testimony Prepared: September 2018

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

Direct Testimony

Of

Leslie L Forest

October 1, 2018



DIRECT TESTIMONY
OF
LESLIE L. FOREST
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI
FILE NO. EO-2018-

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 Services Corp. as a Regulatory Analyst for
6 Liberty Utilities Central Region, which includes The Empire District Electric
7 Company, Liberty Utilities (Midstates Natural Gas) Corp., and Liberty Utilities
8 (Missouri Water) LLC.

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

10 A. I am testifying on behalf of The Empire District Electric Company (“Empire” or
11 “Company”).

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

14 A. In 2000, I completed my Bachelor of Science in Accounting from Missouri
15 Southern State University in Joplin, Missouri. In 2016, I completed a Masters of
16 Accountancy from Missouri Southern State University in Joplin, Missouri. Before
17 working for Liberty Utilities, I was employed by Missouri Southern State University

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

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

8 A. No.

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

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

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

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

1 actual fuel costs, purchased power costs, cost of consumables associated with the
2 power plants' air quality control system ("AQCS"), net cost of emission
3 allowances, revenue from the sale of renewable energy credits ("REC") and off-
4 system sales revenues (collectively referred to as total energy costs) the Company
5 has incurred during an Accumulation Period. In addition, these periodic filings are
6 designed to adjust the FAC rates up or down, to reflect the actual energy costs
7 incurred during the Accumulation Period. Empire's FAC tariff calls for two annual
8 filings: a filing covering the six-month Accumulation Period running from
9 September through February and a second filing covering the Accumulation
10 Period running from March through August. Any increases or decreases in rates
11 approved by the Commission, or that take effect by operation of law, are then
12 collected from or refunded to customers over two six-month Recovery Periods:
13 June through November and December through May. In this instance, Empire is
14 seeking a decrease in its FAC rates to reflect 95% of the difference between the
15 base energy costs built into its base Missouri rates and Empire's actual Missouri
16 energy costs for the Accumulation Period, plus a true-up of the costs recovered
17 during the Recovery Period ending May 31, 2018. This recovery via FAC rates will
18 be reflected on the Missouri customers' bills over the six-month Recovery Period
19 from December 2018 through May 2019.

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

22 A. The Accumulation Period was from March 1, 2017 through August 31, 2017. The

1 Recovery Period for that Accumulation Period was December 1, 2017 through
2 May 31, 2018.

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

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

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

12 A. The FAC was over-collected by \$1,224. As indicated above, the true-up amount
13 during the Recovery Period is due to the difference between actual and estimated
14 kWh sales. The true-up amount is the net difference between the FPA revenues
15 billed and the FPA revenues authorized for collection during the true-up recovery
16 period. Schedule LLF-1, which is attached to this testimony, contains details of the
17 calculations that produce the amount to be returned to customers.

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

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

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

2 A. Yes, it does.

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

Period 18

Accumulation Period

	(Over)/Under
Mar-17	343,692.00
Apr-17	2,034,860.52
May-17	265,165.09
Jun-17	322,332.09
Jul-17	589,387.09
Aug-17	1,327,508.99

True Up Period #16	(1,045,681.91)	
	3,837,263.87	Acct 182362
		or 254162

Recovery Period

Dec-17	(565,510.36)
Jan-18	(825,860.46)
Feb-18	(715,896.80)
Mar-18	(602,074.80)
Apr-18	(580,978.10)
May-18	(548,167.38)
	(3,838,487.90)

Balance	(1,224.03)	Acct 182363
		or 254163

