

Exhibit No.: \_\_\_\_\_  
Issue: Fuel Adjustment – True-Up  
Witness: Charlotte T. Emery  
Type of Exhibit: Direct Testimony  
Sponsoring Party: The Empire District  
Electric Company  
File No. EO-2021-xxxx  
Date Testimony Prepared: April 2021

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

**FAC True-Up Direct Testimony**

**of**

**Charlotte T. Emery**

**on behalf of**

**The Empire District Electric Company**

**April 1, 2021**



FAC TRUE-UP DIRECT TESTIMONY OF CHARLOTTE T. EMERY  
THE EMPIRE DISTRICT ELECTRIC COMPANY  
BEFORE THE PUBLIC SERVICE COMMISSION  
FILE NO. EO-2021-xxxx

1 **Q. Please state your name and business address.**

2 A. My name is Charlotte T. Emery, and my business address is 602 South Joplin  
3 Avenue, in Joplin, Missouri.

4 **Q. By whom are you employed and in what capacity?**

5 A. My employer is Liberty Utilities Services Corp., and I serve as a Senior Manager in  
6 the Rates and Regulatory Affairs Department for Liberty's Central Region, which  
7 includes The Empire District Electric Company ("Empire" or "Company").

8 **Q. Please describe your educational and professional background for the**  
9 **Commission.**

10 A. I graduated from College of the Ozarks, Point Lookout, Missouri, in 2000 with a  
11 Bachelor of Science degree with a major in Accounting. I have been a Certified  
12 Public Accountant ("CPA") in the State of Missouri since 2006. I was hired by  
13 Empire in July 2016 as a Rates Analyst and promoted to my current position as a  
14 Senior Manager in the Rates and Regulatory Affairs Department in May 2020.  
15 Prior to joining the Company, I worked for six years in the regulated insurance  
16 industry in Springfield, Missouri as a Director of Accounting. In addition, I have  
17 nine years of public accounting experience working for both a national and "Big  
18 Four" accounting firm. My primary roles at these organizations included serving as  
19 a supervisor for financial statement audits and a tax consultant.

20 **Q. Have you previously testified before this or any other state utility**

1           **Commission?**

2    A.     Yes. I have testified on behalf of Empire before the Missouri Public Service  
3           Commission (“Commission”), the Kansas Corporation Commission, the Arkansas  
4           Public Service Commission and the Oklahoma Corporation Commission. The case  
5           references are attached to this testimony as Schedule CTE-1.

6    **Q.     What is the purpose of your FAC True-Up Direct Testimony?**

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

16   **Q.     Please briefly explain the FAC true-up process.**

17   A.     The Commission’s rule governing fuel and purchased power cost recovery  
18          mechanisms for electric utilities, 20 CSR 4240-20.090, requires Empire to make  
19          periodic FAC filings designed to enable Commission review of the actual fuel  
20          costs, purchased power costs, cost of consumables associated with the power  
21          plants’ air quality control system (“AQCS”), net cost of emission allowances,  
22          revenue from the sale of renewable energy credits (“REC”), and off-system sales  
23          revenues (collectively referred to as total energy costs) the Company has incurred

1 during an Accumulation Period. In addition, these periodic filings are designed to  
2 adjust the FAC rates up or down, to reflect the actual energy costs incurred during  
3 the Accumulation Period. Empire’s FAC tariff calls for two annual filings: a filing  
4 covering the six-month Accumulation Period running from September through  
5 February and a second filing covering the Accumulation Period running from  
6 March through August. Any increases or decreases in rates approved by the  
7 Commission, or that take effect by operation of law, are then collected from or  
8 refunded to customers over two six-month Recovery Periods: June through  
9 November and December through May. In this instance, Empire is seeking an  
10 increase in its FAC rates to reflect 95% of the difference between the base energy  
11 costs built into its base Missouri rates and Empire’s actual Missouri energy costs  
12 for the Accumulation Period, including the deferral of “extraordinary costs”  
13 incurred during the February 2021 weather event, plus a true-up of the costs  
14 recovered during the Recovery Period ending November 30, 2020. This true-up  
15 adjustment is a component of the FAC rates which will be reflected on the Missouri  
16 customers’ bills over the six-month Recovery Period from June 2021 through  
17 November 2021. For more details on the deferral of the “extraordinary costs”  
18 mentioned above, please refer to my Direct Testimony which is being filed in  
19 support of the adjustment to the FAR rate that is being filed concurrently in a  
20 separate docket.

21 **Q. What was the timing of the accumulation and recovery relating to this true-**  
22 **up?**

23 **A.** The Accumulation Period for the true-up portion of the FAC rate was from

1 September 1, 2019 through February 29, 2020. The Recovery Period for that  
2 Accumulation Period was June 1, 2020 through November 30, 2020.

3 **Q. Why is there a difference between what was accumulated (plus over – or**  
4 **under-recovery) and the 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, because of things such as weather, once  
7 the 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 recovery period at issue in this**  
10 **filing?**

11 A. The FAC was under-collected by \$1,293,237. 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 CTE-2, 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 FAC True-Up Direct Testimony?**

23 A. Yes.

**VERIFICATION OF CHARLOTTE T. EMERY**

Charlotte T. Emery, under penalty of perjury, declares that the foregoing document is true and correct to the best of her knowledge, information, and belief.

*/s/Charlotte T. Emery* \_\_\_\_\_  
Charlotte T. Emery

Jurisdiction	Type	Docket No.	Docket Description
MO	Testimony	GR-2018-0013	In the Matter of Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities' Tariff Revisions Designed to Implement a General Rate Increase for Natural Gas Service in the Missouri Service Areas of the Company
MO	Affidavit	EO-2018-0092	Affidavit in Support of Non-Unanimous Stipulation and Agreement In the Matter of the Application of the Empire District Electric Company for Approval of Its Customer Savings Plan
AR	Testimony	18-006-U	In the matter of an Investigation of The Effect on Revenue Requirements Resulting From Changes to Corporate Income Tax Rates Under the Tax Cuts and Jobs Act of 2017
AR	Testimony	16-053-U	In the matter of The Empire District Electric Company's Request for approval of its proposed Riverton Rider
KS	Testimony	18-GIMX-248-GIV	In the Matter of a General Investigation Regarding the Effect of Federal Income Tax Reform on the Revenue Requirements of Kansas Public Utilities and Request to Issue an Accounting Authority Order Requiring Certain Regulated Public Utilities to Defer Effects of Tax Reform to a Deferred Revenue Account
AR	Testimony	81-071-F	In the Matter of the determination of the rules regulating the rate and service of cogenerators and small power producers
AR	Testimony	18-055-TF	In the Matter of The Empire District Electric Company Request for Approval of a Tax Adjustment Rider to Provide Tax Benefits to its Retail Customers
AR	Testimony	18-054-TF	In the Matter of Liberty Utilities (Pine Bluff Water) Inc. Request for Approval of a Tax Adjustment Rider to Provide Tax Benefits to its Retail Customers
MO	Testimony	ER-2018-0366	In the Matter of a Proceeding Under Section 393.137 (SB 564) to Adjust the Electric Rates of The Empire District Electric Company
OK	Testimony	PUD 201800087	Application of Brandy L. Wreath, Director of the Public Utility Division, Oklahoma Corporation Commission, For a Public Hearing To Review and Monitor Application of the Fuel Adjustment Clause of Empire District Electric Company, a Kansas Corporation, for the Calendar Year 2017 and, For a Prudence Review of the Fuel Procurement Processes and Costs of Empire District Electric Company, A Kansas Corporation, for the Calendar Year 2017
KS	Testimony	19-EPDE-223-RTS	In the Matter of the Application of The Empire District Electric Company for Approval of the Commission to Make Changes in Charges for Electric Service
MO	Testimony	ER-2020-0093; EO-2020-0094	Fuel Adjustment Clause- October 1, 2019 Semi-Annual Update
MO	Testimony	ER-2020-0311; EO-2020-0312	Fuel Adjustment Clause- April 1, 2020 Semi-Annual Update
MO	Testimony	ER-2021-0097; EO-2021-0098	Fuel Adjustment Clause- October 1, 2020 Semi-Annual Update

**The Empire District Electric Company**  
**A Liberty Utilities Company**  
 Fuel & Purchased Power Adjustment Clause  
 True-Up Amount  
 Schedule CTE-2

**Period 23**

Accumulation Period

	(Over)/Under
Sep-19	541,519.62
Oct-19	(414,872.54)
Nov-19	1,493,231.50
Dec-20	(1,624,993.65)
Jan-20	119,993.35
Feb-20	(248,079.10)

True Up Period #21	1,074,608.65	
	941,407.83	Acct 182362 or 254162

Recovery Period

Jun-20	431,203.50
Jul-20	449,938.84
Aug-20	(95,559.80)
Sep-20	(198,613.32)
Oct-20	(88,317.72)
Dec-20	(146,821.99)
	351,829.51

Balance	\$ 1,293,237.34	Acct 182363 or 254163
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