

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-2022-
Date Testimony Prepared: September 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

September 30, 2021



FAC TRUE-UP DIRECT TESTIMONY OF CHARLOTTE T. EMERY
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION
FILE NO. EO-2022-

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 the Director of Rates
6 and Regulatory Affairs for Liberty's Central Region, which includes The Empire
7 District Electric Company ("Empire" or "Company").

8 **Q. Please describe your educational and professional background.**

9 A. I graduated from College of the Ozarks, Point Lookout, Missouri, in 2000 with a
10 Bachelor of Science degree with a major in Accounting. I have been a Certified
11 Public Accountant ("CPA") in the State of Missouri since 2006. I was hired by
12 Empire in July 2016 as a Rates Analyst and promoted to my current position as a
13 Director in the Rates and Regulatory Affairs Department in September 2021. Prior
14 to joining the Company, I worked for six years in the regulated insurance industry in
15 Springfield, Missouri as a Director of Accounting. In addition, I have nine years of
16 public accounting experience working for both a national and "Big Four" accounting
17 firm. My primary roles at these organizations included serving as a supervisor for
18 financial statement audits and a tax consultant.

19 **Q. Have you previously testified before this or any other state utility commission?**

20 A. Yes. I have testified on behalf of Empire before the Missouri Public Service

1 Commission (“Commission”), the Kansas Corporation Commission, the Arkansas
2 Public Service Commission and the Oklahoma Corporation Commission. The case
3 references are attached to this testimony as Schedule CTE-1.

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

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

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

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

1 Accumulation Period. Empire’s FAC tariff calls for two annual filings: a filing
2 covering the six-month Accumulation Period running from September through
3 February and a second filing covering the Accumulation Period running from March
4 through August. Any increases or decreases in rates approved by the Commission,
5 or that take effect by operation of law, are then collected from or refunded to
6 customers over two six-month Recovery Periods: June through November and
7 December through May. In this instance, Empire is seeking an increase in its FAC
8 rates to reflect 95% of the difference between the base energy costs built into its base
9 Missouri rates and Empire’s actual Missouri energy costs for the Accumulation
10 Period, including the deferral of “extraordinary costs” incurred as a result of the
11 February 2021 winter weather event, plus a true-up of the costs recovered during the
12 Recovery Period ending May 31, 2021. This true-up adjustment is a component of
13 the FAC rates which will be reflected on the Missouri customers’ bills over the six-
14 month Recovery Period from December 2021 through May 2022. For more details
15 on the deferral of the “extraordinary costs” mentioned above, please refer to my
16 Direct Testimony which is being filed in support of the adjustment to the FAR rate
17 that is being filed concurrently in a separate docket.

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

19 A. The Accumulation Period for the true-up portion of the FAC rate was from March 1,
20 2020 through August 31, 2020. The Recovery Period for that Accumulation Period
21 was December 1, 2020 through May 31, 2021.

22 **Q. Why is there a difference between what was accumulated (plus over – or under-**
23 **recovery) and the amount billed during the recovery period?**

1 A. The FAR is calculated based on projected kWh sales for the recovery period. Since
2 the projected sales can vary from actual, because of things such as weather, once the
3 actual sales are recorded, a difference exists between the estimate and the actual kWh
4 billed. This difference is “trued-up” in the subsequent FAC filing.

5 **Q. What was the over – or under recovery for the recovery period at issue in this**
6 **filing?**

7 A. The FAC was over-collected by \$523,943. As indicated above, the true-up amount
8 during the Recovery Period is due to the difference between actual and estimated
9 kWh sales. The forecasted kWh sales, for the over collection recovery period of
10 December 1, 2020 through May 31, 2021, were 2,729,173,000. The actual kWh sales
11 for the same period were 2,539,411,000. As a result, the actual kWh sales were
12 189,762,000 lower than forecast causing a remaining over-collection balance. The
13 true-up amount is the net difference between the FPA revenues billed and the FPA
14 revenues authorized for collection during the true-up recovery period. Schedule
15 CTE-2, which is attached to this testimony, contains details of the calculations that
16 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 FPA.
20 The adjustment to the FAR rate is being filed concurrently in a separate docket.

21 **Q. Does this conclude your FAC True-Up Direct Testimony?**

22 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
MO	Testimony	ER-2021-0332; EO-2021-0333	Fuel Adjustment Clause- April 1, 2021 Semi-Annual Update
MO	Testimony	ER-2021-0312	In the Matter of the Request of The Empire District Company d/b/a Liberty for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in its Missouri Service Area

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

Period 24

Accumulation Period

	(Over)/Under
Mar-20	(2,042,406.49)
Apr-20	(1,253,637.06)
May-20	(485,333.02)
Jun-20	(668,976.56)
Jul-20	(23,831.34)
Aug-20	1,881,246.62

True Up Period #22	(1,423,471.04)	
	(4,016,408.89)	Acct 182362 or 254162

Recovery Period

Dec-20	186,091.31
Jan-21	781,424.80
Feb-21	866,780.92
Mar-21	605,117.65
Apr-21	542,560.98
May-21	510,490.08
	3,492,465.74

Balance	\$ (523,943.15)	Acct 182363 or 254163
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