

Exhibit No.:
Issue: Fuel Adjustment – True-Up
Witness: Charlotte T. Emery
Type of Exhibit: Direct Testimony
Sponsoring Party: Empire District Electric
File No. EO-2021-xxxx
Date Testimony Prepared: October 2020

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

Direct Testimony

Of

Charlotte T. Emery

On Behalf Of

**The Empire District Electric Company
a Liberty Utilities Company**

October 1, 2020



DIRECT TESTIMONY
OF
CHARLOTTE T. EMERY
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI
FILE NO. EO-2021-_____

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 Utilities Central Region,
7 which includes The Empire District Electric Company (“Liberty-Empire” or
8 “Company”).

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

11 A. I graduated from College of the Ozarks, Point Lookout, Missouri, in 2000 with a
12 Bachelor of Science degree with a major in Accounting. I have been a Certified
13 Public Accountant ("CPA") in the State of Missouri since 2006. I was hired by
14 Liberty-Empire in July 2016 as a Rates Analyst and promoted to my current
15 position as a Senior Manager in the Rates and Regulatory Affairs Department in
16 May 2020. Prior to joining Liberty-Empire, I worked for six years in the regulated
17 insurance industry in Springfield, Missouri as a Director of Accounting. In
18 addition, I have nine years of public accounting experience working for both a

1 national and “Big Four” accounting firm. My primary roles at these organizations
2 included serving as a supervisor for financial statement audits and a tax consultant.

3 **Q. Have you previously testified before this or any other state utility**
4 **Commission?**

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

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 included
11 in the Company’s Fuel & Purchased Power Adjustment Clause (“FAC”) filing.
12 Liberty-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 true-
14 up is the over or under recovered FAC balance from the prior Recovery Period. In
15 other words, the true-up adjustment of the fuel & purchased power adjustment
16 (“FPA”), as defined by tariff, is the difference between the FPA revenues billed and
17 the FPA revenues authorized for collection during the true-up Recovery Period, i.e.
18 the true-up adjustment.

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

20 A. The Commission’s rule governing fuel and purchased power cost recovery
21 mechanisms for electric utilities, 20 CSR 4240-20.090, requires Liberty-Empire to
22 make periodic FAC filings designed to enable Commission review of the actual
23 fuel costs, purchased power costs, cost of consumables associated with the power

1 plants' air quality control system ("AQCS"), net cost of emission allowances,
2 revenue from the sale of renewable energy credits ("REC"), and off-system sales
3 revenues (collectively referred to as total energy costs) the Company has incurred
4 during an Accumulation Period. In addition, these periodic filings are designed to
5 adjust the FAC rates up or down, to reflect the actual energy costs incurred during
6 the Accumulation Period. Liberty-Empire's FAC tariff calls for two annual filings:
7 a filing covering the six-month Accumulation Period running from September
8 through February and a second filing covering the Accumulation Period running
9 from March through August. Any increases or decreases in rates approved by the
10 Commission, or that take effect by operation of law, are then collected from or
11 refunded to customers over two six-month Recovery Periods: June through
12 November and December through May. In this instance, Liberty-Empire is seeking
13 a decrease in its FAC rates to reflect 95% of the difference between the base energy
14 costs built into its base Missouri rates and Liberty-Empire's actual Missouri energy
15 costs for the Accumulation Period, plus a true-up of the costs recovered during the
16 Recovery Period ending May 31, 2020. This true-up adjustment is a component of
17 the FAC rates which will be reflected on the Missouri customers' bills over the six-
18 month Recovery Period from December 2020 through May 2021.

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

21 A. The Accumulation Period for the true-up portion of the FAC rate was from March
22 1, 2020 through August 31, 2020. The Recovery Period for that Accumulation
23 Period was December 1, 2019 through May 31, 2020.

1 **Q. Why would there be a difference between what was accumulated (plus over –**
2 **or under-recovery) and the amount billed during the recovery period?**

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

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

9 A. The FAC was over-collected by \$1,423,471. As indicated above, the true-up
10 amount during the Recovery Period is due to the difference between actual and
11 estimated kWh sales. The true-up amount is the net difference between the FPA
12 revenues billed and the FPA revenues authorized for collection during the true-up
13 recovery period. Schedule CTE-2, which is attached to this testimony, contains
14 details of the calculations that produce the amount to be returned to customers.

15 **Q. How will that amount be reflected in customer rates?**

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

20 **Q. Does this conclude your testimony?**

21 A. Yes, it does.

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
AR	Testimony	18-006-U	In the Matter of the Application of the Empire District Electric Company for Approval of Its Customer Savings Plan
AR	Testimony	16-053-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

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

Period 22

Accumulation Period

	(Over)/Under
Mar-19	687,037.12
Apr-19	323,428.14
May-19	854,833.70
Jun-19	(930,778.30)
Jul-19	(821,234.04)
Aug-19	(1,134,380.42)

True Up Period #20	(2,140,520.44)	
	(3,161,614.24)	Acct 182362 or 254162

Recovery Period

Dec-19	(669,519.53)
Jan-20	653,287.33
Feb-20	449,470.92
Mar-20	494,561.42
Apr-20	409,087.35
May-20	401,255.71
	1,738,143.20

Balance	\$ (1,423,471.04)	Acct 182363 or 254163
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