

Exhibit No.
Issue: Annual ECA-ACA Filing
Witness: Cindy S. Wilson
Type of Exhibit: Direct Testimony
Sponsoring Party: Empire District Electric
Docket No. 25-EPDE-245-ACA
Date Testimony Prepared: January 17, 2025

Before the State Corporation Commission of the State of Kansas

Direct Testimony

Of

Cindy S. Wilson

**In Support of the
Annual Energy Cost Adjustment ACA Filing**

January 17, 2025



Liberty™

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OF
CINDY S. WILSON
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
KANSAS CORPORATION COMMISSION
DOCKET NO. 25-EPDE-245-ACA

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CORPORATION COMMISSION OF THE
STATE OF KANSAS
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1 **I. INTRODUCTION**

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

3 A. My name is Cindy S. Wilson, and my business address is 602 South Joplin Avenue, Joplin,
4 Missouri.

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

6 A. I am employed by Liberty Utilities Service Corp. (“LUSC”) as Director of Rates and
7 Regulatory Affairs for the Liberty Central Region, which includes The Empire District
8 Electric Company (“Liberty-Empire” or the “Company”).

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
10 **BACKGROUND.**

11 A. I graduated from Washburn University, Topeka, Kansas, in 1995 with an accounting
12 degree. I have obtained my Certified Public Accountant, Certified Internal Auditor, and
13 Certified Risk Management Assurance certifications. I also obtained my master’s in
14 business administration (MBA) in 2007 from Washburn University. I worked almost
15 22 years for Westar/Evergy serving in multiple roles including: Executive Director
16 Internal Audit, Director Compliance, Director Regulatory, Director IT Process,
17 Director HR as well as individual contributor roles in internal audit and supply chain.
18 Prior to Evergy, I worked as an accountant at Koch Industries for two years and also

1 served as Vice President, Controller at American Home Life Insurance for three
2 years. In February 2023, I assumed my current role as Director of Rates and
3 Regulatory Affairs at Liberty. In my role I am responsible for all regulatory matters
4 involving electric in Arkansas, Missouri, Kansas, and Oklahoma.

5 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE THE**
6 **KANSAS CORPORATION COMMISSION (“COMMISSION”) OR ANY**
7 **OTHER STATE REGULATORY COMMISSION?**

8 A. Yes. I have testified on behalf of Liberty-Empire before the Kansas Corporation
9 Commission, Arkansas Public Service Commission and Missouri Public Service
10 Commission.

11 **II. PURPOSE**

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

13 A. My testimony will support Liberty-Empire’s request to the Commission for an order
14 approving the Annual Cost Adjustment (“ACA”) factor submitted to the Commission
15 as part of Liberty-Empire’s approved Energy Cost Adjustment (“ECA”) tariff.

16 **Q. WHAT IS THE ACA PERIOD THAT IS ADDRESSED IN YOUR**
17 **TESTIMONY?**

18 A. The historical ACA period discussed in my testimony is the twelve-month period
19 November 1, 2023 through October 31, 2024 (“ACA period”). I also discuss the ECA
20 projection for calendar year 2025.

21 **III. BACKGROUND**

22

1 **Q. PLEASE PROVIDE A GENERAL BACKGROUND OF THE FILING AND**
2 **WHY IT IS BEING MADE AT THIS TIME.**

3 A. On October 4, 2005, Liberty-Empire and the Staff of the Commission ("Staff") reached
4 a settlement agreement in Docket No. 05-EPDE-980-RTS ("980 Docket"). One of the
5 specific terms of the agreement reached with Staff involved the implementation of an
6 ECA for Liberty-Empire's Kansas retail customers. Part of the terms of the ECA tariff
7 approved by the Commission requires Liberty-Empire to file an annual "true-up" of its
8 Kansas energy costs. Liberty-Empire and Staff reached an agreement to make this
9 annual ECA true-up as a formal application for approval with the Commission.

10 **Q. PLEASE DESCRIBE LIBERTY-EMPIRE'S ELECTRIC OPERATIONS.**

11 A. The Company operates an integrated electric system that covers portions of four states,
12 Kansas, Missouri, Oklahoma, and Arkansas. Liberty-Empire provides electric service
13 in an area of approximately 10,000 square miles in the southeast corner of Kansas and
14 the adjacent corners of Missouri, Oklahoma, and Arkansas. The Company's operations
15 are regulated by the utility regulatory commissions of these four states as well as the
16 Federal Energy Regulatory Commission ("FERC").

17 **Q. PLEASE BRIEFLY DESCRIBE THE SOUTHWEST POWER POOL**
18 **INTEGRATED MARKETPLACE ("SPP IM").**

19 A. The SPP IM is a full-scale energy market consisting of a day-ahead market, real-time
20 balancing market and transmission congestion market. The SPP IM was active during
21 the entire ACA period. Within the SPP IM, SPP not only commits and dispatches
22 generation to serve load, but also acts as a consolidated balancing authority in order to

1 effectively operate a market-based reserve market. The expected result of the SPP IM
2 is a more efficient commitment and dispatch of regional generation and operating
3 reserves across the SPP footprint, resulting in anticipated shared savings among pool
4 members. Please refer to the testimony of Company Witness Todd Tarter filed in this
5 proceeding which discusses the operations of the SPP in greater detail.

6 **IV. ACA APPLICATION**

7

8 **Q. WERE THE ATTACHMENTS TO THE ACA APPLICATION PREPARED BY**
9 **YOU OR PREPARED UNDER YOUR DIRECT SUPERVISION?**

10 A. Yes.

11 **Q. PLEASE DESCRIBE THE ATTACHMENTS?**

12 A. The attachments to the ACA application support the ACA and display the actual energy
13 costs incurred by Liberty-Empire during the ACA period ending October 31, 2024, as
14 well as the actual ECA revenue billed to our Kansas retail customers during the ACA
15 true-up period to arrive at the (over)/under ACA recovery period. In addition, the
16 attached schedules display a monthly energy cost forecast for calendar year 2025 as
17 required by Liberty-Empire's ECA tariff. The monthly forecast of 2025 energy costs
18 were developed using a production cost model that is discussed in Company witness
19 Mr. Tarter's Direct testimony. As required by the settlement approved by the
20 Commission in Docket No. 07-EPDE-712-ACA ("712 Docket"), this forecast excludes
21 the effect of the financial instruments Liberty-Empire had in place to hedge the price
22 of natural gas for calendar year 2025. The forecast also excludes the three wind
23 generation facilities acquired by Liberty-Empire in the first half of 2021. However, the

1 Company has and will continue to have discussions with Stakeholders regarding the
2 inclusion of these financial instruments and the three wind farms.

3 **Q. HOW DID THE COMPANY CONSIDER THE SPP IM IN ARRIVING AT ITS**
4 **2025 ECA FORECAST?**

5 A. Liberty-Empire utilized a production cost model to simulate a market approach for this
6 Kansas ECA forecast. The production cost model yields a forecast of the monthly
7 resource generation and fuel requirements at each of the Company's power plants. It
8 also provides a forecast of the monthly resource generation and costs associated with
9 purchased power agreements. This generation from Liberty-Empire resources is sold
10 into the SPP IM. Monthly revenue from those sales and native load costs from market
11 purchases are also products of the production cost model in order to arrive at a monthly
12 net fuel and purchase power figure.

13 **Q. PLEASE EXPLAIN HOW THE SPP IM HAS CHANGED THE OFF-SYSTEM**
14 **PROFIT FACTOR IN THE CALCULATION OF THE KANSAS ECA?**

15 A. As discussed by Company witness Todd Tarter, the Company's entrance into the SPP
16 IM has changed the way Liberty-Empire does business. Within the SPP IM the
17 Company purchases 100 percent of its native load requirement from the market and
18 sells energy from its generating resources into the market, and as such, the off-system
19 gross profit factor has become obsolete going forward.

20 With the SPP IM, any bilateral deals or import/export deals with counterparties will
21 flow through the ACA calculation rather than the off-system profit factor. Thus, there
22 is no balance for off-system sales profit that needs to be incorporated into the ACA

1 factor for calendar year 2025. This is reflected on Attachment A, Schedule 2. As
2 indicated, the energy cost over-recovery of \$740,465.34 has been used to arrive at an
3 ACA factor of (\$0.00340) per kWh for calendar year 2025. This ACA factor is
4 designed to remain constant for each month of calendar year 2025.

5 **Q. WHAT WAS THE (OVER)/UNDER RECOVERY BALANCE AT THE END OF**
6 **OCTOBER 2023 AS FILED?**

7 A. As reflected on Attachment A, Schedule 2, there was an over-recovery at October 31,
8 2024 of \$740,465.34. The overall ACA balance has been adjusted to reflect the
9 exclusion of the gains/losses associated with the financial instruments used to hedge
10 natural gas purchases during the ACA period and the gains/losses associated with any
11 sale of excess natural gas.

12 **Q. HOW DID THE INITIAL 2024 FORECAST OF KANSAS ECA ENERGY**
13 **COSTS COMPARE TO THE ACTUAL KANSAS ECA ENERGY COSTS FOR**
14 **THE CURRENT ACA PERIOD?**

15 A. The actual Kansas ECA average energy costs, including the natural gas transportation,
16 for the twelve-months ending October 31, 2024 were lower than those originally
17 forecast in the last ACA filing prepared roughly a year ago. The average energy cost
18 was originally forecast as \$31.72 per Mega-Watthour (“MWh”). The actual energy
19 costs came in at \$27.75 per MWh, or about 12.5% lower than the original forecast. In
20 terms of overall eligible energy costs for Empire’s Kansas jurisdiction, the ACA period
21 energy costs were approximately \$6 million versus a budget of \$8 million.

1 **Q. PLEASE DESCRIBE THE FORECAST OF ECA FACTORS FOR THE**
2 **UPCOMING CALENDAR YEAR OF 2025.**

3 A. Attachment A, Schedule 1 of the ACA filing, reflects the forecast of the ECA factor
4 for each month for calendar year 2025. This forecast combines the results for the
5 (over)/under recovery of eligible energy costs and the Kansas ECA forecast of 2025
6 fuel and energy costs to arrive at a monthly forecast of 2025 Kansas ECA factors. As
7 indicated, these factors range from a high of \$0.02864 in February of 2025 to a low of
8 \$0.01544 in October of 2025. The forecast of energy costs for 2025 also incorporates
9 Liberty-Empire's current estimate of fuel prices excluding the impact of the financial
10 instruments used to hedge Empire's natural gas requirements for calendar year 2025.

11 **V. CONCLUSION**

12 **Q. DO THE ENERGY COSTS REFLECTED IN THE LIBERTY-EMPIRE ACA**
13 **CONSTITUTE A FAIR, REASONABLE AND EFFECTIVE METHOD OF**
14 **PROCURING THE FUEL AND ENERGY REQUIREMENTS FOR THE**
15 **COMPANY AND LIBERTY-EMPIRE'S KANSAS ELECTRIC CUSTOMERS?**

16 A. Yes. The calculation of the ACA has been made in accordance with the Liberty-Empire
17 ACA tariff authorized by the Commission. It also reflects the actual results of a
18 reasonable and effective management policy related to the operation of the Company's
19 generating units and a structured approach to the acquisition of fuel for the generating
20 units that has been in place for several years. The fuel acquired for the units was
21 acquired in the competitive marketplace under competitive conditions. I believe
22 approval of the ACA factor proposed by Liberty-Empire for calendar 2025 in its

1 entirety is reasonable, prudent and in the public interest and recommend approval by
2 the Commission.

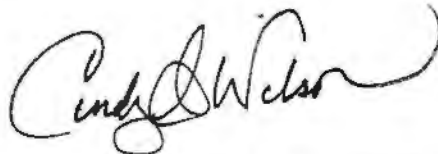
3 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

4 **A. Yes, it does.**

AFFIDAVIT OF CINDY S. WILSON

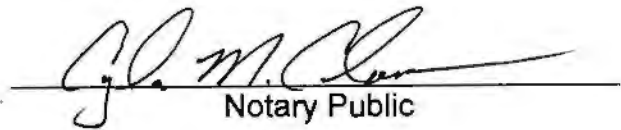
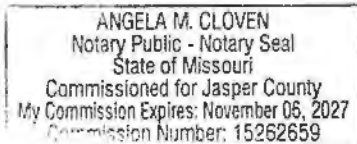
STATE OF MISSOURI)
) ss
COUNTY OF JASPER)

On the 17th day of January, 2025, before me appeared Cindy S. Wilson, to me personally known, who, being by me first duly sworn, states that she is Director of Rates and Regulatory Affairs, of The Empire District Electric Company – Liberty Utilities Central and acknowledges that she has read the above and foregoing document and believes that the statements therein are true and correct to the best of her information, knowledge and belief.



Cindy S. Wilson

Subscribed and sworn to before me this 17th day of January, 2025.



Notary Public

My commission expires: 11/06/2027.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent via electronic mail, this 17th day of January, 2025, addressed to:

JOSEPH R. ASTRAB
Joseph.Astrab@ks.gov

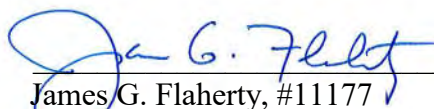
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