

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Application of The Empire       )  
District Electric Company for Approval of its       )  
Annual Energy Cost Adjustment ("ACA") Filing       )  
Docket No. 16-EPDE-260-ACA

**APPLICATION**

COMES NOW The Empire District Electric Company ("Empire") and for its application to the Kansas Corporation Commission ("Commission"), for approval of its Annual Energy Cost Adjustment ("ACA") filing, states:

1. Empire is a corporation duly organized and existing under the laws of the State of Kansas and is engaged in doing business in said state, and is duly qualified to do and is doing business in the states of Missouri, Arkansas and Oklahoma. Empire is a holder of a Certificate from the Commission to conduct the business of an electric utility in Kansas. The Commission approved Empire's ECA/ACA tariff in Docket No. 05-EPDE-980-RTS. This Application is being made to obtain approval of Empire's ACA factor for the upcoming year.

2. Attached to this Application and incorporated herein by reference as Attachment A is the annual calculation of the (over)/under recovery of energy costs for the Energy Cost Adjustment ("ECA") year ending October 31, 2015, the annual calculation of over/(under) refund of the prior year's off system sales margins (Kansas jurisdictional) that flow through the ECA. In addition, the annual forecast of energy costs for the upcoming calendar year 2016 has been attached to this Application as Attachment B.

3. The annual calculation of the ACA resulted in an over recovered balance of approximately \$229,254 for the ACA period ending October 31, 2015. This balance reflects the elimination of the gains/losses associated with the financial instruments used to hedge the cost of

natural gas and also reflects the elimination of the gains/losses associated with the sale of excess natural gas during the ACA period. These eliminations were agreed to by the Staff of the Commission and Empire in Docket No. 07-EPDE-712-ACA.

4. The overall ECA rate for the upcoming ECA year, including the ACA, is forecast to decrease by approximately 6.20 percent from that forecast at the beginning of the preceding ECA year.

5. Attachment B to this Application also includes summaries of the monthly energy costs forecast for the upcoming calendar year 2016. In addition to these monthly summaries, Empire has forwarded a spreadsheet to the Commission staff ("Staff") that displays the details behind the 2016 energy cost forecast compiled for purposes of the Kansas ECA. The information included in the energy cost forecast is Confidential and Empire requests that it be treated as Confidential by the Commission staff pursuant to K.S.A. 66-1220a and K.A.R. 82-1-221a. Empire also requests that the Commission issue a Protective Order in this docket. The information is confidential because it is information that has not been disclosed to the public and if disclosed, could place Empire at a competitive disadvantage in negotiating future fuel contracts.

6. Included in the information on the spreadsheet forwarded to the Staff will be information such as the following for each supply resource:

- Hours of operation
- Fuel cost in total and by fuel type
- Capacity factor
- Heat rate
- Starts

- MWH of output
- Fuel cost per MWH and MMBtu
- Unit Outage Schedules
- Natural gas price assumptions used in the Kansas ECA for 2016

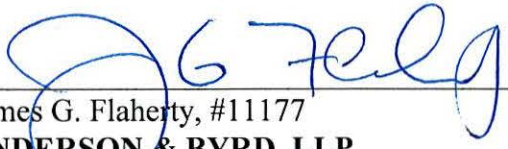
In general terms, the fuel model used for the 2016 Kansas ECA produced an expected natural gas requirement of about \* \* million MMBtu. Empire has already secured about \* \* million MMBtu of physical natural gas at fixed prices for use in calendar year 2016. Empire has eliminated the impact of the financial instruments that fix the price of natural gas for calendar year 2016 from the Kansas ECA calculation in accordance with the agreement reached in Docket No. 07-EPDE-712-ACA. Using only the physical contracts, Empire has already locked in the price associated with approximately \* \* percent of its expected natural gas requirements for calendar year 2016 for purposes of the Kansas ECA. The ultimate quantities of natural gas purchased are subject to modification if conditions, such as weather, wind generation or plant outages, cause a significant change in the expected natural gas consumption.

7. Empire will file as part of this Application in January 2016, verified testimony, which shall discuss in detail why Empire believes that the fuel and energy costs that were passed through the Kansas ECA during the 2015 ECA period (which ended October 31, 2015) were reasonable based upon the standards established by the Commission in its Orders issued in Docket No. 106,850-U (75-GIMC-009-GIG) dated March 19, 2002, and September 25, 2002.

8. As indicated by the Commission in Docket No. 13-EPDE-385-ACA, "a Suspension Order is unnecessary as annual ACA filings are not requests for a rate change; and as such do not

trigger the rate change procedure of K.S.A. 66-117."<sup>1</sup> Therefore, Empire intends to put the ACA in place effective January 1, 2016, subject to the Commission's review and approval.

WHEREFORE, Empire requests that its ACA be approved by the Commission.

  
James G. Flaherty, #11177  
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Attorneys for The Empire District Electric Company

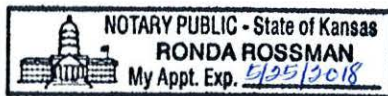
STATE OF KANSAS, COUNTY OF FRANKLIN, ss:

James G. Flaherty, of lawful age, being first duly sworn on oath, states:

That he is the attorney for The Empire District Electric Company, named in the foregoing Application, and is duly authorized to make this affidavit; that he has read the foregoing Application, and knows the contents thereof; and that the facts set forth therein are true and correct to the best of his knowledge, information and belief.

  
James G. Flaherty

SUBSCRIBED AND SWORN to before me this 1<sup>st</sup> day of December, 2015.



  
Notary Public

Appointment/Commission Expires:

<sup>1</sup>Order Rescinding Suspension Order dated January 23, 2013, paragraph 3, Docket No. 13-EPDE-385-ACA.

# ATTACHMENT A

**Empire District Electric Co.  
Annual ACA Calculation  
For The ECA Year Ending 12/31/2016**

**Attachment A  
Schedule 1**

		<u>January-16</u>	<u>February-16</u>	<u>March-16</u>	<u>April-16</u>	<u>May-16</u>	<u>June-16</u>	<u>July-16</u>	<u>August-16</u>	<u>September-16</u>	<u>October-16</u>	<u>November-16</u>	<u>December-16</u>
Fuel	F=	\$ 10,731,705	\$ 8,568,120	\$ 7,615,618	\$ 6,594,518	\$ 6,616,450	\$ 8,623,655	\$ 10,677,828	\$ 10,716,881	\$ 7,356,235	\$ 6,007,856	\$ 6,712,859	\$ 9,519,063
Purchased Power	P=	3,375,349	3,353,763	3,860,433	3,909,971	3,280,778	3,205,283	2,681,170	2,974,020	3,024,937	3,419,677	3,621,273	3,859,015
Interchange	NI=	-	-	-	-	-	-	-	-	-	-	-	-
Emission Allowance	E=	215,603	212,995	213,858	115,763	232,004	232,681	233,647	233,750	196,531	196,685	218,520	231,359
Total ECA Eligible Costs		<u>\$ 14,322,658</u>	<u>\$ 12,134,878</u>	<u>\$ 11,689,909</u>	<u>\$ 10,620,251</u>	<u>\$ 10,129,233</u>	<u>\$ 12,061,619</u>	<u>\$ 13,592,645</u>	<u>\$ 13,924,651</u>	<u>\$ 10,577,703</u>	<u>\$ 9,624,218</u>	<u>\$ 10,552,652</u>	<u>\$ 13,609,438</u>
Kansas ECA Billed KWH	S=	24,049,778	19,989,742	18,459,473	15,800,300	16,094,499	19,680,011	23,587,911	23,223,839	18,317,574	16,044,469	16,960,095	21,705,913
Total Company Billed KWH		485,540,852	415,045,561	400,086,662	349,292,573	360,113,627	422,133,135	488,403,341	487,059,574	389,561,139	356,500,197	385,453,455	470,360,120
Kansas Jurisdiction Factor	KF=	4.953%	4.816%	4.614%	4.524%	4.469%	4.662%	4.830%	4.768%	4.702%	4.501%	4.400%	4.615%
Average Cost per KWH Sold-Kansas		2.950	2.924	2.922	3.041	2.813	2.857	2.783	2.859	2.715	2.700	2.738	2.894
Credit for Off-system Sales Profits		-	-	-	-	-	-	-	-	-	-	-	-
Annual Settlement Factor		(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Total ECA per KWH Sold-Kansas	cents per KWH	2.850	2.824	2.822	2.941	2.713	2.757	2.683	2.759	2.615	2.600	2.638	2.794

**Empire District Electric Co.  
Annual ACA Calculation  
For ECA Year Ending 10/31/2015**

**Attachment A  
Schedule 2**

		Prior to Integrated Market				Integrated Market								Total
		Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	Jun 2015	July 2015	Aug 2015	Sept 2015	Oct 2015	
<b>Integrated Market</b>														
Generation (includes PPA)		\$ 12,779,234.08	\$ 10,144,399.69	\$ 11,918,172.34	\$ 13,665,992.71	\$ 9,148,614.48	\$ 7,721,509.08	\$ 8,805,449.62	\$ 12,419,737.77	\$ 12,633,766.36	\$ 11,485,295.09	\$ 10,516,822.83	\$ 6,659,769.41	
Native Load Costs		\$ 14,902,079.95	\$ 13,348,220.08	\$ 13,746,680.94	\$ 12,567,120.53	\$ 9,754,049.27	\$ 8,132,885.36	\$ 8,791,383.66	\$ 11,391,156.77	\$ 16,181,816.94	\$ 12,992,011.27	\$ 10,143,870.88	\$ 7,736,921.26	
EDE Sales		\$ (13,924,163.34)	\$ (10,527,958.14)	\$ (12,110,456.19)	\$ (13,183,143.99)	\$ (9,166,282.25)	\$ (6,585,805.57)	\$ (6,873,556.91)	\$ (12,990,415.58)	\$ (14,965,661.33)	\$ (12,487,464.39)	\$ (9,975,858.62)	\$ (5,960,384.32)	
AQCS		\$ 139,354.70	\$ 50,969.51	\$ 149,839.23	\$ 205,596.79	\$ 76,463.23	\$ 152,521.00	\$ 197,265.51	\$ 198,309.33	\$ 163,750.53	\$ 270,333.03	\$ 224,269.91	\$ 124,228.22	
SWPA		\$ (3,966.27)	\$ (3,966.27)	\$ (3,966.27)	\$ (3,966.27)	\$ (3,966.27)	\$ (3,966.27)	\$ (3,966.27)	\$ (3,966.27)	\$ (3,966.27)	\$ (3,966.27)	\$ (3,966.27)	\$ (3,966.27)	
Emission Allowance		\$ -	\$ -	\$ -	\$ 750.00	\$ -	\$ (19.67)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 730.33
Total ECA Eligible Costs		\$ 13,892,539.12	\$ 13,011,664.87	\$ 13,700,270.05	\$ 13,252,349.77	\$ 9,808,878.46	\$ 9,417,123.93	\$ 10,916,575.61	\$ 11,014,822.02	\$ 14,009,706.23	\$ 12,256,208.73	\$ 10,905,138.73	\$ 8,556,568.30	\$ 730.33
Kansas Billed KWH		15,524,797	19,538,310	23,674,437	21,451,437	22,022,788	13,450,324	14,790,438	16,514,281	22,674,789	22,635,428	20,348,013	16,656,886	229,281,928
Total Company Billed KWH		339,039,038	430,567,838	488,261,931	445,204,570	475,380,853	293,262,930	330,466,945	378,771,932	472,384,300	493,537,575	438,365,148	377,707,500	4,962,950,560
Kansas Jurisdiction Factor	KF=	4.579%	4.538%	4.849%	4.818%	4.633%	4.586%	4.476%	4.360%	4.800%	4.586%	4.642%	4.410%	4.620%
Kansas Costs Eligible for ECA Recovery		\$ 636,139.37	\$ 590,469.35	\$ 664,326.09	\$ 638,498.21	\$ 454,445.34	\$ 431,869.30	\$ 488,625.92	\$ 480,246.24	\$ 672,465.90	\$ 562,069.73	\$ 506,216.54	\$ 377,344.66	\$ 6,502,716.65
ECA Revenue		\$ 482,510.69	\$ 582,241.64	\$ 701,000.08	\$ 641,397.97	\$ 690,194.18	\$ 430,141.36	\$ 445,635.90	\$ 498,896.43	\$ 695,889.27	\$ 697,397.54	\$ 564,250.40	\$ 469,391.05	6,898,946.51
(Over)/Under Recovery as Reported Monthly		\$ 153,628.68	\$ 8,227.71	\$ (36,673.99)	\$ (2,899.76)	\$ (235,748.84)	\$ 1,727.94	\$ 42,990.02	\$ (18,650.19)	\$ (23,423.37)	\$ (135,327.81)	\$ (58,033.86)	\$ (92,046.39)	\$ (396,229.86)
Adjustments Bi-Lat Sales		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments SWPA		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments Derivative		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,133.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,133.53
Total Adjustments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,133.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,133.53
Kansas Share of Adjustments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,764.74	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,764.74
Adjusted (Over)/Under Recovery		\$ 153,628.68	\$ 8,227.71	\$ (36,673.99)	\$ (2,899.76)	\$ (235,748.84)	\$ 1,727.94	\$ 49,754.76	\$ (18,650.19)	\$ (23,423.37)	\$ (135,327.81)	\$ (58,033.86)	\$ (92,046.39)	\$ (389,465.12)
Annual Settlement Factor (Over)/Under	ACA=													(254,782.18)
Off System Profit Factor "D" Over/(Under)	OAV=													(25,528.01)
<b>Total (Over)/Under Recovery Amount For ACA</b>														\$ (229,254.17)
<b>New ACA Rate</b>													\$ per KWH	\$ (0.00100)

**ACA Reconciliation**  
**For ECA Year Ending 10/31/2015**

**Attachment A**  
**Schedule 3**

	<u>Nov 2014</u>	<u>Dec 2014</u>	<u>Jan 2015</u>	<u>Feb 2015</u>	<u>Mar 2015</u>	<u>Apr 2015</u>	<u>May 2015</u>	<u>Jun 2015</u>	<u>July 2015</u>	<u>Aug 2015</u>	<u>Sept 2015</u>	<u>Oct 2015</u>	<u>Total</u>
ACA Beginning Balance	\$ 344,943.27	\$ 523,404.04	\$ 581,834.66	\$ 510,832.72	\$ 476,828.37	\$ 209,146.49	\$ 186,391.39	\$ 214,700.01	\$ 172,104.11	\$ 115,802.33	\$ (52,346.86)	\$ (138,583.32)	\$ 344,943.27
ACA Recovery	\$ (24,832.09)	\$ (50,202.91)	\$ 34,327.95	\$ 31,104.59	\$ 31,933.04	\$ 24,483.04	\$ 21,446.14	\$ 23,945.71	\$ 32,878.41	\$ 32,821.38	\$ 28,202.59	\$ 24,152.47	\$ 210,260.32
Actual Annual (Over)/Under	ACA= \$ 153,628.68	\$ 8,227.71	\$ (36,673.99)	\$ (2,899.76)	\$ (235,748.84)	\$ 1,727.94	\$ 49,754.76	\$ (18,650.19)	\$ (23,423.37)	\$ (135,327.81)	\$ (58,033.86)	\$ (92,046.39)	\$ (389,465.12)
ACA Ending Balance (Over)/Under	\$ 523,404.04	\$ 581,834.66	\$ 510,832.72	\$ 476,828.37	\$ 209,146.49	\$ 186,391.39	\$ 214,700.01	\$ 172,104.11	\$ 115,802.33	\$ (52,346.86)	\$ (138,583.32)	\$ (254,782.18)	\$ (254,782.18)



**Attachment A**  
**Schedule 4**

[illegible]

**Empire District Electric Co.  
Off System Profit Factor "D"  
For ECA Year Ending 10/31/2015**

**Attachment A  
Schedule 5**

	<u>Nov 2014</u>	<u>Dec 2014</u>	<u>Jan 2015</u>	<u>Feb 2015</u>	<u>Mar 2015</u>	<u>Apr 2015</u>	<u>May 2015</u>	<u>Jun 2015</u>	<u>July 2015</u>	<u>Aug 2015</u>	<u>Sept 2015</u>	<u>Oct 2015</u>	<u>Total</u>
Kansas Billed KWH	15,524,797	19,538,310	23,674,437	21,451,437	22,022,788	13,450,324	14,790,438	16,514,281	22,674,789	22,635,428	20,348,013	16,656,886	229,281,928
Total Company Billed KWH	339,039,038	430,567,838	488,261,931	445,204,570	475,380,853	293,262,930	330,466,945	378,771,932	472,384,300	493,537,575	438,365,148	377,707,500	4,962,950,560
Kansas Jurisdiction Factor-KF	4.579%	4.538%	4.849%	4.818%	4.633%	4.586%	4.476%	4.360%	4.800%	4.586%	4.642%	4.410%	4.620%
Actual Off System Sales Margin-Total Company					<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Kansas Share of Off System Sales Margin-OAV	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Rate per KWH												\$ per KWH	<u><u>\$ -</u></u>

ATTACHMENT B

CONFIDENTIAL