

Exhibit No.  
Issue: Annual ECA-ACA Filing  
Witness: Cindy S. Wilson  
Type of Exhibit: Direct Testimony  
Sponsoring Party: The Empire District  
Electric Company  
Docket No. 24-EPDE-471-ACA  
Date Testimony Prepared: January 2024

**Before the Kansas Corporation Commission**

**Direct Testimony**

**Of**

**Cindy S. Wilson**

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

**January 2024**



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OF  
CINDY S. WILSON  
THE EMPIRE DISTRICT ELECTRIC COMPANY  
BEFORE THE  
KANSAS CORPORATION COMMISSION  
DOCKET NO. 24-EPDE-471-ACA

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**DIRECT TESTIMONY  
OF  
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KANSAS CORPORATION COMMISSION  
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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, in 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 this, 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 Arkansas Public Service  
9 Commission. I previously testified on behalf of Westar Energy before the Kansas  
10 Corporation 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, 2022 through October 31, 2023 (“ACA period”). I also discuss the ECA  
20 projection for calendar year 2024.

1 **III. BACKGROUND**

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

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

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

12 A. The Company operates an integrated electric system that covers portions of four states,  
13 Kansas, Missouri, Oklahoma, and Arkansas. Liberty-Empire provides electric service  
14 in an area of approximately 10,000 square miles in the southeast corner of Kansas and  
15 the adjacent corners of Missouri, Oklahoma, and Arkansas. The Company's operations  
16 are regulated by the utility regulatory commissions of these four states as well as the  
17 Federal Energy Regulatory Commission ("FERC"). The service area contains 133  
18 incorporated communities in 26 counties in the four-state area.

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

21 A. The SPP IM is a full-scale energy market consisting of a day-ahead market, real-time  
22 balancing market and transmission congestion market. The SPP IM was active during

1 the entire ACA period. Within the SPP IM, SPP not only commits and dispatches  
2 generation to serve load, but also acts as a consolidated balancing authority in order to  
3 effectively operate a market-based reserve market. The expected result of the SPP IM  
4 is a more efficient commitment and dispatch of regional generation and operating  
5 reserves across the SPP footprint, resulting in anticipated shared savings among pool  
6 members. Please refer to the testimony of Company Witness Todd Tarter filed in this  
7 proceeding which discusses the operations of the SPP in greater detail.

8 **IV. ACA APPLICATION**

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

11 A. Yes.

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

13 A. The attachments to the ACA application support the ACA and display the actual energy  
14 costs incurred by Liberty-Empire during the ACA period ending October 31, 2023, as  
15 well as the actual ECA revenue billed to our Kansas retail customers during the ACA  
16 true-up period to arrive at the (over)/under ACA recovery period. In addition, the  
17 attached schedules display a monthly energy cost forecast for calendar year 2024 as  
18 required by Liberty-Empire's ECA tariff. The monthly forecast of 2024 energy costs  
19 were developed using a production cost model that is discussed in Company witness  
20 Mr. Tarter's Direct testimony. As required by the settlement approved by the  
21 Commission in Docket No. 07-EPDE-712-ACA ("712 Docket"), this forecast excludes  
22 the effect of the financial instruments Liberty-Empire had in place to hedge the price

1 of natural gas for calendar year 2024. The forecast also excludes the three wind  
2 generation facilities acquired by Liberty-Empire in the first half of 2021. However, the  
3 Company has and will continue to have discussions with Stakeholders regarding the  
4 inclusion of these financial instruments and the three wind farms.

5 **Q. HOW DID THE COMPANY CONSIDER THE SPP IM IN ARRIVING AT ITS**  
6 **2024 ECA FORECAST?**

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

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

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

1 With the SPP IM, any bilateral deals or import/export deals with counterparties will  
2 flow through the ACA calculation rather than the off-system profit factor. Thus, there  
3 is no balance for off-system sales profit that needs to be incorporated into the ACA  
4 factor for calendar year 2024. This is reflected on Attachment A, Schedule 2. As  
5 indicated, the energy cost over-recovery of \$920,705 has been used to arrive at an ACA  
6 factor of (\$0.00409) per kWh for calendar year 2024. This ACA factor is designed to  
7 remain constant for each month of calendar year 2024.

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

10 A. As reflected on Attachment A, Schedule 2, there was an over-recovery at October 31,  
11 2023 of \$920,705. The overall ACA balance has been adjusted to reflect the exclusion  
12 of the gains/losses associated with the financial instruments used to hedge natural gas  
13 purchases during the ACA period and the gains/losses associated with any sale of  
14 excess natural gas.

15 **Q. HOW DID THE INITIAL 2023 FORECAST OF KANSAS ECA ENERGY**  
16 **COSTS COMPARE TO THE ACTUAL KANSAS ECA ENERGY COSTS FOR**  
17 **THE CURRENT ACA PERIOD?**

18 A. The actual Kansas ECA average energy costs, including the natural gas transportation,  
19 for the twelve-months ending October 31, 2023 were lower than those originally  
20 forecast in the last ACA filing prepared roughly a year ago. The average energy cost  
21 was originally forecast as \$41.83 per Mega-Watthour (“MWh”). The actual energy  
22 costs came in at \$31.05 per MWh, or about 26% lower than the original forecast. In



1 terms of overall eligible energy costs for Empire's Kansas jurisdiction, the ACA period  
2 energy costs were approximately \$7 million versus a budget of \$10 million.

3 **Q. PLEASE DESCRIBE THE FORECAST OF ECA FACTORS FOR THE**  
4 **UPCOMING CALENDAR YEAR OF 2024.**

5 A. Attachment A, Schedule 1 of the ACA filing, reflects the forecast of the ECA factor  
6 for each month for calendar year 2024. This forecast combines the results for the  
7 (over)/under recovery of eligible energy costs and the Kansas ECA forecast of 2024  
8 fuel and energy costs to arrive at a monthly forecast of 2024 Kansas ECA factors. As  
9 indicated, these factors range from a high of \$0.03413 in February of 2024 to a low of  
10 \$0.02176 in May of 2024. The forecast of energy costs for 2024 also incorporates  
11 Liberty-Empire's current estimate of fuel prices excluding the impact of the financial  
12 instruments used to hedge Empire's natural gas requirements for calendar year 2024.

13 **V. CONCLUSION**

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

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

1           acquired in the competitive marketplace under competitive conditions. I believe  
2           approval of the ACA factor proposed by Liberty-Empire for calendar 2024 in its  
3           entirety is reasonable, prudent and in the public interest and recommend approval by  
4           the Commission.


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

6   **A.    Yes, it does.**

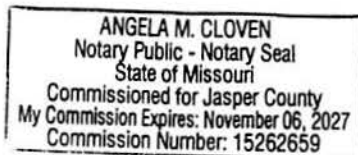
**AFFIDAVIT OF CINDY S. WILSON**


STATE OF MISSOURI )  
                                      ) ss  
COUNTY OF JASPER )

On the 17<sup>th</sup> day of January, 2024, 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 17<sup>th</sup> day of January, 2024.



  
\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was electronic mail this 18<sup>th</sup> day of January, 2024, addressed to:

JOSEPH R. ASTRAB  
[j.astrab@curb.kansas.gov](mailto:j.astrab@curb.kansas.gov)

TODD E. LOVE  
[t.love@curb.kansas.gov](mailto:t.love@curb.kansas.gov)

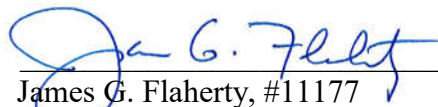
DAVID W. NICKEL  
[d.nickel@curb.kansas.gov](mailto:d.nickel@curb.kansas.gov)

SHONDA RABB  
[s.rabb@curb.kansas.gov](mailto:s.rabb@curb.kansas.gov)

DELLA SMITH  
[d.smith@curb.kansas.gov](mailto:d.smith@curb.kansas.gov)

REGULATORY INFORMATION  
[Regulatory.Information@libertyutilities.com](mailto:Regulatory.Information@libertyutilities.com)

BRETT W. BERRY  
[b.berry@kcc.ks.gov](mailto:b.berry@kcc.ks.gov)



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James G. Flaherty, #11177  
ANDERSON & BYRD, LLP  
216 S. Hickory ~ P.O. Box 17  
Ottawa, Kansas 66067  
(785) 242-1234, telephone  
(785) 242-1279, facsimile  
[jflaherty@andersonbyrd.com](mailto:jflaherty@andersonbyrd.com)

Attorneys for The Empire District Electric Company