

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. 18-EPDE-231-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, 2017, 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 2018 has been attached to this Application as Attachment B.

3. The annual calculation of the ACA resulted in an over recovered balance of approximately \$831,752 for the ACA period ending October 31, 2017. 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 total ECA eligible costs for the upcoming ECA year, including the ACA, is forecast to decrease by approximately 8.7 percent from the preceding year's ECA forecast.

5. Attachment B to this Application also includes summaries of the monthly energy costs forecast for the upcoming calendar year 2018. In addition to these monthly summaries, Empire has forwarded a spreadsheet to the Commission staff ("Staff") that displays the details behind the 2018 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.

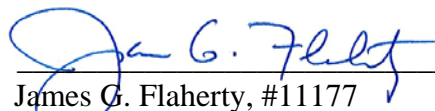
6. Included in the information on the spreadsheet forwarded to the Staff will be information such as the following for each supply resource:

- 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 2018

In general terms, the fuel model used for the 2018 Kansas ECA produced an expected natural gas requirement of about 19.2 million MMBtu. At the time of the fuel run, Empire had already secured about * * million MMBtu of physical natural gas at fixed prices for use in calendar year 2018. Empire has eliminated the impact of the financial instruments that fix the price of natural gas for calendar year 2018 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 2018 for purposes of the Kansas ECA. The ultimate quantities of natural gas purchased are subject to modification if conditions, such as weather, wind or plant outages, cause a significant change in the expected natural gas consumption.

7. Empire will file as part of this Application in January, 2018, 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 2017 ECA period (which ended October 31, 2017) 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.

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



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

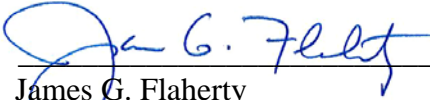
Attorneys for The Empire District Electric Company

VERIFICATION

STATE OF KANSAS)
)ss:
COUNTY OF FRANKLIN)

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 28th day of November, 2017.





Notary Public

Appointment/Commission Expires:

ATTACHMENT A

**Empire District Electric Co.
Annual ACA Calculation
For The ECA Year Ending 12/31/2018**

**Attachment A
Schedule 1**

		<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>
Fuel	F=	\$ 8,355,795	\$ 6,993,413	\$ 5,867,180	\$ 5,460,766	\$ 4,929,190	\$ 6,453,348	\$ 8,461,261	\$ 8,649,188	\$ 6,443,907	\$ 5,804,320	\$ 5,927,513	\$ 7,882,201
Purchased Power	P=	3,663,018	3,261,356	3,803,257	3,322,317	3,081,230	2,924,532	2,722,179	2,493,532	3,168,289	3,034,773	3,987,614	3,278,179
Interchange	NI=											-	-
Emission Allowance	E=	202,361	184,943	112,638	151,758	157,300	233,562	248,999	247,152	165,084	126,843	160,850	204,649
Total ECA Eligible Costs		<u>\$ 12,221,174</u>	<u>\$ 10,439,712</u>	<u>\$ 9,783,075</u>	<u>\$ 8,934,841</u>	<u>\$ 8,167,721</u>	<u>\$ 9,611,443</u>	<u>\$ 11,432,439</u>	<u>\$ 11,389,872</u>	<u>\$ 9,777,280</u>	<u>\$ 8,965,937</u>	<u>\$ 10,075,977</u>	<u>\$ 11,365,030</u>
Kansas ECA Billed KWH	S=	23,456,088	19,084,834	18,219,969	15,783,586	16,099,692	19,237,275	23,615,583	21,656,519	18,135,358	15,831,016	17,659,373	21,507,077
Total Company Billed KWH		482,195,787	411,929,763	400,081,454	352,524,076	364,442,104	427,227,030	481,539,374	475,807,312	398,162,022	361,116,874	387,852,404	468,585,954
Kansas Jurisdiction Factor	KF=	4.864%	4.633%	4.554%	4.477%	4.418%	4.503%	4.904%	4.552%	4.555%	4.384%	4.553%	4.590%
Average Cost per KWH Sold-Kansas		2.534	2.534	2.445	2.534	2.241	2.250	2.374	2.394	2.456	2.483	2.598	2.426
Credit for Off-system Sales Profits		-	-	-	-	-	-	-	-	-	-	-	-
Annual Settlement Factor		(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)	(0.375)
Total ECA per KWH Sold-Kansas	cents per KWH	2.159	2.159	2.070	2.159	1.866	1.875	1.999	2.019	2.081	2.108	2.223	2.051

**Empire District Electric Co.
Annual ACA Calculation
For ECA Year Ending 10/31/2017**

**Attachment A
Schedule 2**

		Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	July 2017	Aug 2017	Sept 2017	Oct 2017	Total
Integrated Market														
Generation (includes PPA)		\$ 10,635,529.48	\$ 12,409,206.89	\$ 14,343,613.61	\$ 11,603,340.57	\$ 12,553,374.93	\$ 10,543,777.49	\$ 11,512,738.14	\$ 14,230,052.31	\$ 15,279,218.76	\$ 13,937,671.23	\$ 11,687,336.69	\$ 13,280,447.01	
Native Load Costs		\$ 9,176,236.53	\$ 14,266,746.23	\$ 11,166,005.66	\$ 8,570,544.39	\$ 7,628,991.44	\$ 9,635,365.10	\$ 8,586,025.20	\$ 11,851,487.28	\$ 16,309,377.42	\$ 12,383,263.26	\$ 10,360,928.81	\$ 10,278,952.81	
EDE Sales		\$ (10,859,788.03)	\$ (14,596,600.65)	\$ (13,890,271.35)	\$ (12,260,262.70)	\$ (13,747,109.87)	\$ (10,932,365.29)	\$ (12,705,388.97)	\$ (15,793,584.98)	\$ (19,436,058.75)	\$ (14,876,062.11)	\$ (12,203,792.51)	\$ (14,653,529.15)	
AQCS		\$ 177,886.90	\$ 221,547.89	\$ 257,335.37	\$ 146,854.06	\$ 121,156.81	\$ 64,704.56	\$ 187,246.18	\$ 159,586.71	\$ 247,886.59	\$ 209,818.20	\$ 154,298.89	\$ 154,715.49	
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		\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10.86)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10.86)
Total ECA Eligible Costs		\$ 9,125,898.61	\$ 12,296,934.09	\$ 11,872,717.02	\$ 8,056,510.05	\$ 6,552,447.04	\$ 9,307,504.73	\$ 7,576,654.28	\$ 10,443,575.05	\$ 12,396,457.75	\$ 11,650,724.31	\$ 9,994,805.61	\$ 9,056,619.89	\$ (10.86)
Kansas Billed KWH		16,095,809	18,697,461	22,770,300	19,492,917	16,869,631	15,298,176	15,222,067	17,928,617	20,911,398	22,037,335	19,400,937	16,809,373	221,534,021
Total Company Billed KWH		336,738,132	398,249,278	485,488,014	407,017,299	373,468,447	354,795,829	345,904,240	387,315,920	466,389,266	482,998,624	422,843,167	387,197,633	4,848,405,849
Kansas Jurisdiction Factor	KF=	4.780%	4.695%	4.690%	4.789%	4.517%	4.312%	4.401%	4.629%	4.484%	4.563%	4.588%	4.341%	4.569%
Kansas Costs Eligible for ECA Recovery		\$ 436,217.95	\$ 577,341.06	\$ 556,830.43	\$ 385,826.27	\$ 295,974.03	\$ 401,339.60	\$ 333,448.55	\$ 483,433.09	\$ 555,857.17	\$ 531,622.55	\$ 458,561.68	\$ 393,147.87	\$ 5,409,600.25
ECA Revenue		\$ 343,162.65	\$ 429,106.73	\$ 559,010.87	\$ 495,704.88	\$ 463,577.46	\$ 428,042.96	\$ 399,731.48	\$ 373,811.66	\$ 475,106.96	\$ 533,303.51	\$ 514,318.84	\$ 427,798.54	5,442,676.54
(Over)/Under Recovery as Reported Monthly		\$ 93,055.30	\$ 148,234.33	\$ (2,180.44)	\$ (109,878.61)	\$ (167,603.43)	\$ (26,703.36)	\$ (66,282.93)	\$ 109,621.43	\$ 80,750.21	\$ (1,680.96)	\$ (55,757.16)	\$ (34,650.67)	\$ (33,076.29)
Adjustments Bi-Lat Sales		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments SWPA		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments Derivative		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Adjustments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Kansas Share of Adjustments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted (Over)/Under Recovery		\$ 93,055.30	\$ 148,234.33	\$ (2,180.44)	\$ (109,878.61)	\$ (167,603.43)	\$ (26,703.36)	\$ (66,282.93)	\$ 109,621.43	\$ 80,750.21	\$ (1,680.96)	\$ (55,757.16)	\$ (34,650.67)	\$ (33,076.29)
Annual Settlement Factor (Over)/Under	ACA=													(831,752.34)
Off System Profit Factor "D" Over/(Under)	OAV=													-
Total (Over)/Under Recovery Amount For ACA														\$ (831,752.34)
New ACA Rate													\$ per KWH	\$ (0.00375)

ACA Reconciliation
For ECA Year Ending 10/31/2017

Attachment A
Schedule 3

	<u>Nov 2016</u>	<u>Dec 2016</u>	<u>Jan 2017</u>	<u>Feb 2017</u>	<u>Mar 2017</u>	<u>Apr 2017</u>	<u>May 2017</u>	<u>Jun 2017</u>	<u>July 2017</u>	<u>Aug 2017</u>	<u>Sept 2017</u>	<u>Oct 2017</u>	<u>Total</u>
ACA Beginning Balance	\$ (427,616.90)	\$ (349,983.16)	\$ (219,446.39)	\$ (264,088.51)	\$ (409,290.52)	\$ (608,608.87)	\$ (664,072.81)	\$ (758,982.89)	\$ (683,075.39)	\$ (641,805.80)	\$ (673,269.07)	\$ (765,499.99)	\$ (427,616.90)
ACA Recovery	\$ 15,421.56	\$ 17,697.56	\$ 42,461.68	\$ 35,323.40	\$ 31,714.92	\$ 28,760.58	\$ 28,627.15	\$ 33,713.93	\$ 39,480.62	\$ 29,782.31	\$ 36,473.76	\$ 31,601.68	\$ 371,059.15
Actual Annual (Over)/Under	ACA= \$ 93,055.30	\$ 148,234.33	\$ (2,180.44)	\$ (109,878.61)	\$ (167,603.43)	\$ (26,703.36)	\$ (66,282.93)	\$ 109,621.43	\$ 80,750.21	\$ (1,680.96)	\$ (55,757.16)	\$ (34,650.67)	\$ (33,076.29)
ACA Ending Balance (Over)/Under	\$ (349,983.16)	\$ (219,446.39)	\$ (264,088.51)	\$ (409,290.52)	\$ (608,608.87)	\$ (664,072.81)	\$ (758,982.89)	\$ (683,075.39)	\$ (641,805.80)	\$ (673,269.07)	\$ (765,499.99)	\$ (831,752.34)	\$ (831,752.34)

Empire District Electric Co.
Off System Profit Factor "D" Reconciliation
For ECA Year Ending 10/31/2017

Attachment A
Schedule 4

		<u>Nov 2016</u>	<u>Dec 2016</u>	<u>Jan 2017</u>	<u>Feb 2017</u>	<u>Mar 2017</u>	<u>Apr 2017</u>	<u>May 2017</u>	<u>Jun 2017</u>	<u>July 2017</u>	<u>Aug 2017</u>	<u>Sept 2017</u>	<u>Oct 2017</u>	<u>Total</u>
Kansas ECA Billed KWH	S=							15,222,067	17,928,617	20,911,398	22,037,335	19,400,937	16,809,373	112,309,727
Total Company Billed KWH								345,904,240	387,315,920	466,389,266	482,998,624	422,843,167	387,197,633	2,492,648,850
Off-system Sales Credit Per KWH														
D Factor Acutal Revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Year Over/(Under)														\$0.00
Final Over/(Under)	OAV													\$ -

No longer valid with Integrated Market

**Empire District Electric Co.
Off System Profit Factor "D"
For ECA Year Ending 10/31/2017**

**Attachment A
Schedule 5**

	<u>Nov 2016</u>	<u>Dec 2016</u>	<u>Jan 2017</u>	<u>Feb 2017</u>	<u>Mar 2017</u>	<u>Apr 2017</u>	<u>May 2017</u>	<u>Jun 2017</u>	<u>July 2017</u>	<u>Aug 2017</u>	<u>Sept 2017</u>	<u>Oct 2017</u>	<u>Total</u>
Kansas Billed KWH	16,095,809	18,697,461	22,770,300	19,492,917	16,869,631	15,298,176	15,222,067	17,928,617	20,911,398	22,037,335	19,400,937	16,809,373	221,534,021
Total Company Billed KWH	336,738,132	398,249,278	485,488,014	407,017,299	373,468,447	354,795,829	345,904,240	387,315,920	466,389,266	482,998,624	422,843,167	387,197,633	4,848,405,849
Kansas Jurisdiction Factor-KF	4.780%	4.695%	4.690%	4.789%	4.517%	4.312%	4.401%	4.629%	4.484%	4.563%	4.588%	4.341%	4.569%
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