

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) Docket No. 19-EPDE- 216 -ACA
Annual Energy Cost Adjustment ("ACA") Filing)

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, 2018, 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 2019 has been attached to this Application as Attachment B.

3. The annual calculation of the ACA resulted in an under recovered balance of approximately \$746,482 for the ACA period ending October 31, 2018. 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 is forecast to increase by approximately 13.5 percent from the preceding year's ECA forecast. The total ACA costs for the current ECA year will increase by 238¹ percent from the prior year. The composite cost is forecast to increase by approximately 22 percent.

5. Attachment B to this Application also includes summaries of the monthly energy costs forecast for the upcoming calendar year 2019. In addition to these monthly summaries, Empire has forwarded a spreadsheet to the Commission staff ("Staff") that displays the details behind the 2019 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

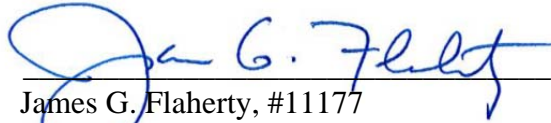
¹ Increase primarily due to billing system not being updated with prior year amended rate. The Company is in the process to develop a quality assurance process to help reduce the risk from this occurring in the future.

- 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 2019

In general terms, the fuel model used for the 2019 Kansas ECA produced an expected natural gas requirement of about 21.6 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 2019. Empire has eliminated the impact of the financial instruments that fix the price of natural gas for calendar year 2019 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 2019 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.

6. Empire will file as part of this Application in January, 2019, 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 2018 ECA period (which ended October 31, 2018) 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.



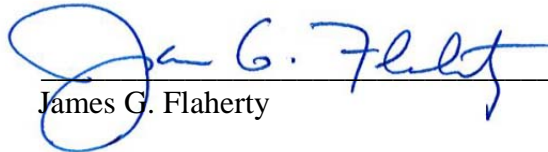
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VERIFICATION

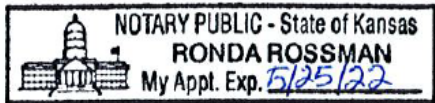
STATE OF KANSAS)
)ss:
COUNTY OF FRANKLIN)

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 3rd day of December, 2018.





Notary Public

Appointment/Commission Expires:

ATTACHMENT A

**Empire District Electric Co.
Annual ACA Calculation
For The ECA Year Ending 12/31/2019**

**Attachment A
Schedule 1**

		January-19	February-19	March-19	April-19	May-19	June-19	July-19	August-19	September-19	October-19	November-19	December-19
Fuel	F=	\$ 9,420,436	\$ 8,492,941	\$ 7,323,518	\$ 5,917,252	\$ 5,281,847	\$ 8,402,022	\$12,005,650	\$11,927,051	\$ 7,151,342	\$ 6,916,460	\$ 6,879,797	\$ 10,131,434
Purchased Power	P=	3,665,586	3,357,479	3,522,183	3,790,623	3,109,897	2,922,485	2,683,197	2,510,991	3,179,946	3,209,278	3,995,749	3,227,022
Interchange	NI=												
Emission Allowance	E=	148,280	137,832	148,280	77,095	97,680	166,431	170,580	170,580	166,431	148,280	144,831	148,280
Total ECA Eligible Costs		\$13,234,301	\$11,988,252	\$10,993,981	\$ 9,784,971	\$ 8,489,424	\$11,490,937	\$14,859,427	\$14,608,622	\$ 10,497,719	\$10,274,017	\$ 11,020,377	\$ 13,506,736
Kansas ECA Billed KWH	S=	24,030,236	19,197,619	18,173,490	15,998,630	16,218,590	19,788,602	23,845,014	22,188,829	18,319,572	15,744,217	18,014,209	21,678,658
Total Company Billed KWH		498,511,451	417,076,136	403,261,230	359,772,544	368,710,377	431,307,444	497,445,497	485,023,233	401,204,572	364,785,444	391,363,053	471,480,498
Kansas Jurisdiction Factor	KF=	4.820%	4.603%	4.507%	4.447%	4.399%	4.588%	4.793%	4.575%	4.566%	4.316%	4.603%	4.598%
Average Cost per KWH Sold-Kansas		2.655	2.874	2.726	2.720	2.303	2.664	2.987	3.012	2.616	2.816	2.816	2.865
Credit for Off-system Sales Profits		-	-	-	-	-	-	-	-	-	-	-	-
Annual Settlement Factor		0.318	0.318	0.318	0.318	0.318	0.318	0.318	0.318	0.318	0.318	0.318	0.318
Total ECA per KWH Sold-Kansas	cents per KWH	2.973	3.192	3.044	3.038	2.621	2.982	3.305	3.330	2.934	3.134	3.134	3.183

**Empire District Electric Co.
Annual ACA Calculation
For ECA Year Ending 10/31/2018**

**Attachment A
Schedule 2**

	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	July 2018	Aug 2018	Sept 2018	Oct 2018	Total
Integrated Market													
Generation (includes PPA)	\$ 12,637,630.45	\$ 14,844,701.97	\$ 18,372,656.99	\$ 12,213,207.85	\$ 11,197,407.69	\$ 10,340,960.16	\$ 11,426,869.01	\$ 12,359,059.60	\$ 12,390,277.10	\$ 12,689,132.86	\$ 10,267,329.36	\$ 11,221,703.86	
Native Load Costs	\$ 8,835,968.71	\$ 10,657,088.02	\$ 19,546,573.29	\$ 10,074,211.10	\$ 9,069,650.33	\$ 10,315,202.41	\$ 10,646,091.21	\$ 14,816,492.48	\$ 16,876,747.31	\$ 13,824,220.58	\$ 10,737,539.20	\$ 12,000,548.81	
EDE Sales	\$ (14,479,686.87)	\$ (13,326,847.44)	\$ (23,581,419.27)	\$ (11,781,340.78)	\$ (13,126,519.75)	\$ (11,945,449.03)	\$ (14,293,787.04)	\$ (17,654,795.77)	\$ (17,751,156.10)	\$ (15,363,651.96)	\$ (12,086,142.44)	\$ (15,271,837.58)	
AQCS	\$ 132,449.37	\$ 85,784.90	\$ 252,098.01	\$ 106,030.60	\$ 135,619.05	\$ 131,662.56	\$ 73,890.82	\$ 241,974.94	\$ 184,499.97	\$ 250,748.22	\$ 48,418.14	\$ 125,225.41	
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,500.00)	\$ -	\$ (11.16)	\$ -	\$ -	\$ -	\$ -	\$ (10,511.16)
Total ECA Eligible Costs	\$ 7,122,395.39	\$ 12,256,761.18	\$ 14,585,942.75	\$ 10,608,142.50	\$ 7,272,191.05	\$ 8,827,909.83	\$ 7,849,097.73	\$ 9,758,753.82	\$ 11,696,402.01	\$ 11,396,483.43	\$ 8,963,177.99	\$ 8,071,674.23	\$ (10,511.16)
Kansas Billed KWH	16,232,671	17,640,888	24,687,186	21,402,754	17,999,116	16,392,907	16,536,399	20,254,156	22,882,241	22,130,821	20,485,213	17,799,178	234,443,530
Total Company Billed KWH	353,740,219	390,280,875	535,912,324	464,698,275	396,198,179	382,390,015	370,356,971	454,032,276	507,048,529	479,348,327	446,577,957	405,569,493	5,186,153,440
Kansas Jurisdiction Factor	KF= 4.589%	4.520%	4.607%	4.606%	4.543%	4.287%	4.465%	4.461%	4.513%	4.617%	4.587%	4.389%	4.521%
Kansas Costs Eligible for ECA Recovery	\$ 326,846.72	\$ 554,005.61	\$ 671,974.38	\$ 488,611.04	\$ 330,375.64	\$ 378,452.49	\$ 350,462.21	\$ 435,338.01	\$ 527,858.62	\$ 526,175.64	\$ 411,140.97	\$ 354,265.78	\$ 5,355,507.11
ECA Revenue	\$ 453,087.66	\$ 430,614.08	\$ 625,573.29	\$ 542,345.79	\$ 440,078.39	\$ 415,396.26	\$ 350,240.93	\$ 455,718.51	\$ 503,409.30	\$ 529,811.85	\$ 443,914.57	\$ 424,154.41	5,594,345.04
(Over)/Under Recovery as Reported Monthly	\$ (106,240.94)	\$ 123,391.53	\$ 46,401.09	\$ (53,734.75)	\$ (109,702.75)	\$ (36,943.77)	\$ 221.28	\$ (20,380.50)	\$ 24,449.32	\$ (3,636.21)	\$ (32,773.60)	\$ (69,888.63)	\$ (238,837.93)
Adjustments Bi-Lat Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments SWPA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments Derivative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Kansas Share of Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted (Over)/Under Recovery	\$ (106,240.94)	\$ 123,391.53	\$ 46,401.09	\$ (53,734.75)	\$ (109,702.75)	\$ (36,943.77)	\$ 221.28	\$ (20,380.50)	\$ 24,449.32	\$ (3,636.21)	\$ (32,773.60)	\$ (69,888.63)	\$ (238,837.93)
Annual Settlement Factor (Over)/Under	ACA=												746,482.49
Off System Profit Factor "D" Over/(Under)	OAV=												-
Total (Over)/Under Recovery Amount For ACA													\$ 746,482.49
New ACA Rate												\$ per KWH	\$ 0.00318

Empire District Electric Co.
ACA Reconciliation
For ECA Year Ending 10/31/2018 - AS AMENDED

Attachment A
Schedule 3

	<u>Nov 2017</u>	<u>Dec 2017</u>	<u>Jan 2018</u>	<u>Feb 2018</u>	<u>Mar 2018</u>	<u>Apr 2018</u>	<u>May 2018</u>	<u>Jun 2018</u>	<u>July 2018</u>	<u>Aug 2018</u>	<u>Sept 2018</u>	<u>Oct 2018</u>	<u>Total</u>
ACA Beginning Balance (Over)/Under	\$ 184,544.75	\$ 47,786.43	\$ 265,377.59	\$ 403,422.54	\$ 429,948.18	\$ 387,742.12	\$ 412,271.76	\$ 474,504.57	\$ 530,077.14	\$ 640,334.90	\$ 719,697.37	\$ 763,735.30	\$ 184,544.75
ACA Recovery/(Refunds)	\$ 30,517.38	\$ (94,199.63)	\$ (91,643.86)	\$ (80,260.39)	\$ (67,496.69)	\$ (61,473.41)	\$ (62,011.53)	\$ (75,953.07)	\$ (85,808.44)	\$ (82,998.68)	\$ (76,811.53)	\$ (52,635.82)	\$ (800,775.67)
Actual Annual (Over)/Under	ACA= \$ (106,240.94)	\$ 123,391.53	\$ 46,401.09	\$ (53,734.75)	\$ (109,702.75)	\$ (36,943.77)	\$ 221.28	\$ (20,380.50)	\$ 24,449.32	\$ (3,636.21)	\$ (32,773.60)	\$ (69,888.63)	\$ (238,837.93)
ACA Ending Balance (Over)/Under	\$ 47,786.43	\$ 265,377.59	\$ 403,422.54	\$ 429,948.18	\$ 387,742.12	\$ 412,271.76	\$ 474,504.57	\$ 530,077.14	\$ 640,334.90	\$ 719,697.37	\$ 763,735.30	\$ 746,482.49	\$ 746,482.49

ATTACHMENT B

CONFIDENTIAL