

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. 20-EPDE-242-ACA  
Annual Energy Cost Adjustment ("ACA") Filing       )

**APPLICATION**

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

1.       Liberty-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. Liberty-Empire is a holder of a Certificate from the Commission to conduct the business of an electric utility in Kansas. The Commission approved Liberty-Empire's ECA/ACA tariff in Docket No. 05-EPDE-980-RTS. This Application is being made to obtain approval of Liberty-Empire's ACA factor for the upcoming year.

2.       Attached to this Application and incorporated herein by reference as Appendix A is the annual calculation of the (over)/under recovery of energy costs for the Energy Cost Adjustment ("ECA") year ending October 31, 2019, 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 2020 has been attached to this Application as Appendix B.

3.       The annual calculation of the ACA resulted in an over recovered balance of approximately \$257,295 for the ACA period ending October 31, 2019. 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 decrease by approximately 12.9 percent from the preceding year's ECA forecast. The total ACA costs for the current ECA year will decrease by 134<sup>1</sup> percent from the prior year. The composite cost is forecast to decrease by approximately 25 percent.

5. Appendix B to this Application also includes summaries of the monthly energy costs forecast for the upcoming calendar year 2020. In addition to these monthly summaries, Liberty-Empire has forwarded a spreadsheet to the Commission staff ("Staff") that displays the details behind the 2020 energy cost forecast compiled for purposes of the Kansas ECA. The information included in the energy cost forecast is Confidential and Liberty-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. Liberty-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 Liberty-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

---

<sup>1</sup> The Company developed and implemented a quality assurance process which reduced the risk of extreme undercollections in future periods.

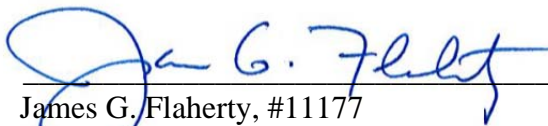
- Fuel cost in total and by fuel type
- Capacity factor
- Heat rate
- Starts
- MWH of output
- Fuel cost per MWH and MMBtu
- Unit Outage Schedules
- Natural gas price assumptions used in the Kansas ECA for 2020

In general terms, the fuel model used for the 2020 Kansas ECA produced an expected natural gas requirement of about 20.9 million MMBtu. At the time of the fuel run, Liberty-Empire had already secured about \*\_\_\_\* million MMBtu of physical natural gas at fixed prices for use in calendar year 2020. Liberty-Empire has eliminated the impact of the financial instruments that fix the price of natural gas for calendar year 2020 from the Kansas ECA calculation in accordance with the agreement reached in Docket No. 07-EPDE-712-ACA. Using only the physical contracts, Liberty-Empire has already locked in the price associated with approximately \*\_\_\_\* percent of its expected natural gas requirements for calendar year 2020 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. Liberty-Empire will file as part of this Application in January, 2020, verified testimony, which shall discuss in detail why Liberty-Empire believes that the fuel and energy costs that were passed through the Kansas ECA during the 2019 ECA period (which ended October 31,

2019) 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, Liberty-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](mailto:jflaherty@andersonbyrd.com)

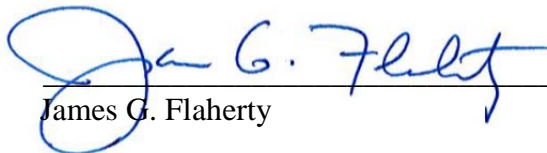
Attorneys for The Empire District Electric Company

### VERIFICATION

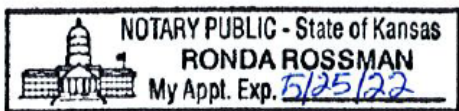
STATE OF KANSAS  
COUNTY OF FRANKLIN, ss:

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 4<sup>th</sup> day of December, 2019.



Notary Public

Appointment/Commission Expires:

# APPENDIX A

**Empire District Electric Co.  
Annual ACA Calculation  
For The ECA Year Ending 12/31/2020**

**Attachment A  
Schedule 1**

		<u>January-20</u>	<u>February-20</u>	<u>March-20</u>	<u>April-20</u>	<u>May-20</u>	<u>June-20</u>	<u>July-20</u>	<u>August-20</u>	<u>September-20</u>	<u>October-20</u>	<u>November-20</u>	<u>December-20</u>
Fuel	F=	\$ 9,383,720	\$ 9,036,109	\$ 5,773,768	\$ 4,890,572	\$ 4,325,935	\$ 6,808,071	\$ 9,039,867	\$ 8,581,515	\$ 4,944,211	\$ 4,977,625	\$ 5,232,947	\$ 7,021,196
Purchased Power	P=	3,767,918	3,439,985	3,888,425	3,515,752	3,279,681	3,062,963	2,671,552	2,726,783	3,252,955	3,077,229	3,988,212	3,458,459
Interchange	NI=											-	-
Emission Allowance	E=											-	-
Total ECA Eligible Costs		<u>\$ 13,151,638</u>	<u>\$ 12,476,094</u>	<u>\$ 9,662,193</u>	<u>\$ 8,406,324</u>	<u>\$ 7,605,616</u>	<u>\$ 9,871,034</u>	<u>\$ 11,711,419</u>	<u>\$ 11,308,298</u>	<u>\$ 8,197,166</u>	<u>\$ 8,054,854</u>	<u>\$ 9,221,159</u>	<u>\$ 10,479,655</u>
Kansas ECA Billed KWH	S=	23,748,798	20,348,740	18,028,525	15,095,115	16,876,884	20,792,436	23,709,908	22,259,248	18,434,016	15,869,961	17,227,547	21,800,244
Total Company Billed KWH		505,965,296	441,160,286	401,456,773	350,920,959	382,233,544	432,449,951	472,856,661	458,413,118	381,338,059	346,244,185	369,554,272	444,475,578
Kansas Jurisdiction Factor	KF=	4.694%	4.613%	4.491%	4.302%	4.415%	4.808%	5.014%	4.856%	4.834%	4.583%	4.662%	4.905%
Average Cost per KWH Sold-Kansas		2.599	2.828	2.407	2.396	1.990	2.283	2.477	2.467	2.150	2.326	2.495	2.358
Credit for Off-system Sales Profits		-	-	-	-	-	-	-	-	-	-	-	-
Annual Settlement Factor		(0.111)	(0.111)	(0.111)	(0.111)	(0.111)	(0.111)	(0.111)	(0.111)	(0.111)	(0.111)	(0.111)	(0.111)
Total ECA per KWH Sold-Kansas	cents per KWH	2.488	2.717	2.296	2.285	1.879	2.172	2.366	2.356	2.039	2.215	2.384	2.247

**Empire District Electric Co.  
Annual ACA Calculation  
For ECA Year Ending 10/31/2019**

**Attachment A  
Schedule 2**

		Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	July 2019	Aug 2019	Sept 2019	Oct 2019	Total
Integrated Market	KF=	\$ 11,300,628.57	\$ 13,814,266.58	\$ 12,616,463.81	\$ 12,752,315.29	\$ 13,747,763.61	\$ 9,485,030.33	\$ 10,683,785.44	\$ 10,440,473.97	\$ 13,227,632.96	\$ 12,048,241.34	\$ 12,869,081.28	\$ 10,364,757.10	
Generation (includes PPA)		\$ 16,388,977.50	\$ 15,801,232.97	\$ 14,210,267.80	\$ 11,499,028.64	\$ 14,991,263.12	\$ 8,199,475.29	\$ (3,115,272.42)	\$ 864,745.07	\$ (765,776.59)	\$ 362,374.08	\$ 914,378.78	\$ 1,232,474.97	
Native Load Costs - IM Expense - FERC Netted		\$ (15,459,198.13)	\$ (14,696,311.44)	\$ (14,223,103.51)	\$ (12,892,466.38)	\$ (18,756,436.00)	\$ (10,199,183.55)	\$ (1,799,691.54)	\$ (3,170,871.45)	\$ (2,018,908.84)	\$ (2,572,073.93)	\$ (2,867,692.80)	\$ (2,956,497.03)	
EDE Sales - IM Revenue - FERC Netted		\$ 112,768.87	\$ 107,051.13	\$ 117,173.94	\$ 109,431.35	\$ 157,890.52	\$ 79,303.95	\$ 129,362.86	\$ 183,155.21	\$ 184,247.47	\$ 128,153.91	\$ 110,434.59	\$ 75,795.25	
AQCS		\$ (2,691.62)	\$ (2,691.62)	\$ (2,691.62)	\$ (2,691.62)	\$ (2,691.62)	\$ (2,691.62)	\$ (2,691.62)	\$ (2,691.62)	\$ (2,691.62)	\$ (2,691.62)	\$ (2,691.62)	\$ (2,691.62)	\$ (2,566.70)
SWPA		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10.65)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10.65)
Emission Allowance		\$ 12,340,485.19	\$ 15,023,547.62	\$ 12,718,110.42	\$ 11,465,617.28	\$ 10,137,789.63	\$ 7,561,934.40	\$ 5,895,482.07	\$ 8,314,811.18	\$ 10,624,503.38	\$ 9,964,003.78	\$ 11,023,510.23	\$ 8,713,963.59	\$ (10.65)
Total ECA Eligible Costs		15,823,713	20,253,583	21,119,745	21,778,816	21,714,144	16,436,852	15,529,848	17,459,814	21,353,775	21,484,370	21,559,493	18,103,896	232,618,049
Kansas Billed KWH		385,888,539	435,642,592	456,118,728	456,943,435	458,818,085	371,422,807	351,043,334	385,235,347	458,212,170	478,577,641	483,591,547	394,980,899	5,116,475,124
Total Company Billed KWH		4.101%	4.649%	4.630%	4.766%	4.733%	4.425%	4.424%	4.532%	4.660%	4.489%	4.458%	4.583%	4.546%
Kansas Jurisdiction Factor		\$ 506,083.30	\$ 698,444.73	\$ 588,848.51	\$ 546,451.32	\$ 479,821.58	\$ 334,615.60	\$ 260,816.13	\$ 376,827.24	\$ 495,101.86	\$ 447,284.13	\$ 491,428.09	\$ 399,360.95	\$ 5,625,083.44
Kansas Costs Eligible for ECA Recovery		\$ 291,947.50	\$ 457,123.37	\$ 560,729.23	\$ 625,923.17	\$ 591,927.57	\$ 447,082.37	\$ 357,652.40	\$ 465,129.44	\$ 637,837.26	\$ 647,109.22	\$ 563,996.34	\$ 509,805.71	6,156,263.58
ECA Revenue		\$ 214,135.80	\$ 241,321.36	\$ 28,119.28	\$ (79,471.85)	\$ (112,105.99)	\$ (112,466.77)	\$ (96,836.27)	\$ (88,302.20)	\$ (142,735.40)	\$ (199,825.09)	\$ (72,568.25)	\$ (110,444.76)	\$ (531,180.14)
(Over)/Under Recovery as Reported Monthly		\$ (9,484.30)	\$ (789.21)	\$ (1,425.08)	\$ -	\$ (313.78)	\$ (1,962.33)	\$ (7,552.32)	\$ (2,442.08)	\$ -	\$ -	\$ -	\$ (6,831.33)	\$ (30,800.43)
Adjustments Bi-Lat Sales		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments SWPA		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments Derivative		\$ (9,484.30)	\$ (789.21)	\$ (1,425.08)	\$ -	\$ (313.78)	\$ (1,962.33)	\$ (7,552.32)	\$ (2,442.08)	\$ -	\$ -	\$ -	\$ (6,831.33)	\$ (30,800.43)
Total Adjustments		\$ (388.95)	\$ (36.69)	\$ (65.98)	\$ -	\$ (14.85)	\$ (86.83)	\$ (334.11)	\$ (110.68)	\$ -	\$ -	\$ -	\$ (313.08)	\$ (1,351.17)
Kansas Share of Adjustments		\$ 213,746.85	\$ 241,284.67	\$ 28,053.30	\$ (79,471.85)	\$ (112,120.84)	\$ (112,553.60)	\$ (97,170.38)	\$ (88,412.88)	\$ (142,735.40)	\$ (199,825.09)	\$ (72,568.25)	\$ (110,757.84)	\$ (532,531.31)
Adjusted (Over)/Under Recovery														
Annual Settlement Factor (Over)/Under	ACA=													(257,294.88)
Off System Profit Factor "D" Over/(Under)	OAV=													-
Total (Over)/Under Recovery Amount For ACA														(257,294.88)
New ACA Rate														\$ per KWH
														(0.00111)

**ACA Reconciliation**  
**For ECA Year Ending 10/31/2019**

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

	<u>Nov 2018</u>	<u>Dec 2018</u>	<u>Jan 2019</u>	<u>Feb 2019</u>	<u>Mar 2019</u>	<u>Apr 2019</u>	<u>May 2019</u>	<u>Jun 2019</u>	<u>July 2019</u>	<u>Aug 2019</u>	<u>Sept 2019</u>	<u>Oct 2019</u>	<u>Total</u>
ACA Beginning Balance (Over)/Under	\$ 746,482.49	\$ 1,019,088.25	\$ 1,334,849.29	\$ 1,309,949.39	\$ 1,159,983.33	\$ 979,215.29	\$ 814,324.78	\$ 668,883.05	\$ 524,675.63	\$ 314,712.73	\$ 45,902.05	\$ (96,785.08)	\$ 746,482.49
ACA Recovery/(Refunds)	\$ (58,858.91)	\$ (74,476.37)	\$ 52,953.20	\$ 70,494.21	\$ 68,647.20	\$ 52,336.91	\$ 48,271.35	\$ 55,794.54	\$ 67,227.50	\$ 68,985.59	\$ 70,118.88	\$ 49,751.96	\$ 471,246.06
Actual Annual (Over)/Under	ACA= \$ 213,746.85	\$ 241,284.67	\$ 28,053.30	\$ (79,471.85)	\$ (112,120.84)	\$ (112,553.60)	\$ (97,170.38)	\$ (88,412.88)	\$ (142,735.40)	\$ (199,825.09)	\$ (72,568.25)	\$ (110,757.84)	\$ (532,531.31)
ACA Ending Balance (Over)/Under	\$ 1,019,088.25	\$ 1,334,849.29	\$ 1,309,949.39	\$ 1,159,983.33	\$ 979,215.29	\$ 814,324.78	\$ 668,883.05	\$ 524,675.63	\$ 314,712.73	\$ 45,902.05	\$ (96,785.08)	\$ (257,294.88)	\$ (257,294.88)



# APPENDIX B

CONFIDENTIAL