

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. 17-EPDE- 226 -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 Appendix A is the annual calculation of the (over)/under recovery of energy costs for the Energy Cost Adjustment ("ECA") year ending October 31, 2016, 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 2017 has been attached to this Application as Appendix B.

3. The annual calculation of the ACA resulted in an over recovered balance of approximately \$420,443 for the ACA period ending October 31, 2016. 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 10.4 percent from the preceding year's ECA forecast.

5. Appendix B to this Application also includes summaries of the monthly energy costs forecast for the upcoming calendar year 2017. In addition to these monthly summaries, Empire has forwarded a spreadsheet to the Commission staff ("Staff") that displays the details behind the 2017 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:

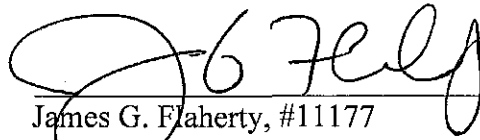
- Hours of operation
- Fuel cost in total and by fuel type
- Capacity factor
- Heat rate
- Starts
- MWH of output

- Fuel cost per MWH and MMBtu
- Unit Outage Schedules
- Natural gas price assumptions used in the Kansas ECA for 2017

In general terms, the fuel model used for the 2017 Kansas ECA produced an expected natural gas requirement of about 17 million MMBtu. Empire has already secured about \*\_\_\* million MMBtu of physical natural gas at fixed prices for use in calendar year 2017. Empire has eliminated the impact of the financial instruments that fix the price of natural gas for calendar year 2017 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 2017 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, 2017, 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 2016 ECA period (which ended October 31, 2016) 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

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Attorneys for The Empire District Electric Company

**VERIFICATION**

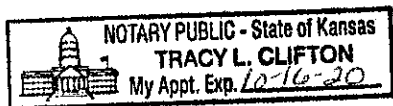
STATE OF KANSAS            )  
  )ss:  
FRANKLIN COUNTY         )

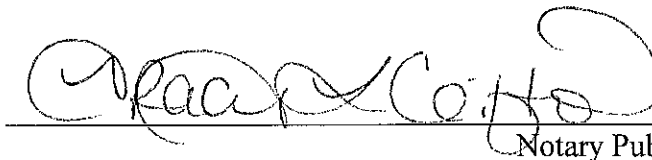
James G. Flaherty, of lawful age, being first duly sworn on oath, states:

That he is an 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, 2016.



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

Appointment/Commission Expires:

# ATTACHMENT A

**Empire District Electric Co.  
Annual ACA Calculation  
For The ECA Year Ending 12/31/2017**

**Appendix A  
Schedule 1**

		<u>January-17</u>	<u>February-17</u>	<u>March-17</u>	<u>April-17</u>	<u>May-17</u>	<u>June-17</u>	<u>July-17</u>	<u>August-17</u>	<u>September-17</u>	<u>October-17</u>	<u>November-17</u>	<u>December-17</u>
Fuel	F=	\$ 8,481,254	\$ 7,184,606	\$ 7,417,419	\$ 5,951,314	\$ 5,804,654	\$ 7,780,102	\$ 9,445,630	\$ 9,040,236	\$ 6,981,054	\$ 5,995,853	\$ 6,150,439	\$ 8,702,207
Purchased Power	P=	3,726,809	3,282,593	3,270,670	3,501,783	3,277,129	2,822,690	2,740,716	2,405,607	3,260,696	2,867,740	3,923,653	3,327,560
Interchange	NI=	-	-	-	-	-	-	-	-	-	-	-	-
Emission Allowance	E=	174,474	187,324	157,014	157,496	174,294	174,304	174,304	174,294	174,435	175,056	174,307	174,303
Total ECA Eligible Costs		<u>\$ 12,382,538</u>	<u>\$ 10,654,524</u>	<u>\$ 10,845,103</u>	<u>\$ 9,610,593</u>	<u>\$ 9,256,077</u>	<u>\$ 10,777,096</u>	<u>\$ 12,360,650</u>	<u>\$ 11,620,137</u>	<u>\$ 10,416,184</u>	<u>\$ 9,038,649</u>	<u>\$ 10,248,398</u>	<u>\$ 12,204,070</u>
Kansas ECA Billed KWH	S=	24,768,267	19,672,350	17,835,479	15,701,268	15,438,488	20,414,275	24,150,949	22,376,069	18,062,993	15,905,221	17,434,230	21,517,634
Total Company Billed KWH		504,298,576	418,975,236	394,561,763	343,511,680	352,483,760	444,681,687	493,897,110	480,130,998	392,941,842	355,135,590	384,163,023	467,387,713
Kansas Jurisdiction Factor	KF=	4.911%	4.695%	4.520%	4.571%	4.380%	4.591%	4.890%	4.660%	4.597%	4.479%	4.538%	4.604%
Average Cost per KWH Sold-Kansas		2.455	2.543	2.748	2.798	2.626	2.424	2.503	2.420	2.651	2.545	2.668	2.611
Credit for Off-system Sales Profits		-	-	-	-	-	-	-	-	-	-	-	-
Annual Settlement Factor		(0.188)	(0.188)	(0.188)	(0.188)	(0.188)	(0.188)	(0.188)	(0.188)	(0.188)	(0.188)	(0.188)	(0.188)
Total ECA per KWH Sold-Kansas	cents per KWH	2.267	2.355	2.560	2.610	2.438	2.236	2.315	2.232	2.463	2.357	2.480	2.423

**Empire District Electric Co.  
Annual ACA Calculation  
For ECA Year Ending 10/31/2016**

**Appendix A  
Schedule 2**

		Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016	July 2016	Aug 2016	Sept 2016	Oct 2016	Total
<b>Integrated Market</b>														
Generation (includes PPA)		\$ 9,910,008.17	\$ 9,974,104.96	\$ 10,260,100.45	\$ 8,582,222.08	\$ 10,163,404.66	\$ 7,864,924.74	\$ 10,998,122.56	\$ 14,033,526.85	\$ 14,235,894.70	\$ 13,769,228.97	\$ 11,414,452.40	\$ 10,576,748.04	
Native Load Costs		\$ 7,463,300.36	\$ 7,833,989.06	\$ 10,420,686.44	\$ 7,253,820.59	\$ 5,768,934.34	\$ 6,423,847.66	\$ 6,330,852.44	\$ 13,339,882.51	\$ 14,083,310.22	\$ 14,929,378.05	\$ 12,479,796.14	\$ 10,547,836.32	
EDE Sales		\$ (7,624,164.83)	\$ (7,278,274.23)	\$ (8,908,478.84)	\$ (6,253,843.67)	\$ (7,237,004.51)	\$ (6,954,664.30)	\$ (8,560,445.68)	\$ (17,319,620.77)	\$ (16,720,414.01)	\$ (17,626,754.25)	\$ (13,364,706.65)	\$ (11,346,805.85)	
AQCS		\$ 129,230.21	\$ 314,864.43	\$ 251,290.86	\$ 187,765.03	\$ 185,363.43	\$ 58,777.70	\$ 148,067.47	\$ 251,147.06	\$ 285,694.22	\$ 224,606.81	\$ 98,732.81	\$ 199,744.18	
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		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11.53)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11.53)
Total ECA Eligible Costs		\$ 9,874,407.64	\$ 10,540,727.85	\$ 12,018,631.64	\$ 9,765,997.76	\$ 8,876,731.65	\$ 7,388,919.53	\$ 8,912,619.01	\$ 10,300,989.39	\$ 11,880,518.86	\$ 11,292,393.31	\$ 10,824,308.43	\$ 9,973,566.30	\$ (11.53)
Kansas Billed KWH		15,082,217	17,526,180	21,020,472	21,064,490	16,429,589	16,183,641	13,888,549	16,724,063	23,301,300	23,081,191	21,119,569	17,695,203	223,126,464
Total Company Billed KWH		328,709,937	384,633,591	448,996,278	439,078,400	381,952,001	355,231,050	333,390,413	384,291,070	488,357,773	506,144,742	462,972,586	396,438,080	4,910,195,921
Kansas Jurisdiction Factor	KF=	4.588%	4.557%	4.682%	4.797%	4.301%	4.556%	4.166%	4.352%	4.771%	4.562%	4.562%	4.464%	4.544%
Kansas Costs Eligible for ECA Recovery		\$ 453,037.82	\$ 480,340.97	\$ 562,712.33	\$ 468,474.91	\$ 381,788.23	\$ 336,639.17	\$ 371,298.71	\$ 448,298.19	\$ 566,819.55	\$ 515,158.98	\$ 484,680.95	\$ 445,218.55	\$ 5,514,470.36
ECA Revenue		\$ 413,403.57	\$ 459,711.70	\$ 620,103.92	\$ 615,925.63	\$ 480,072.59	\$ 340,865.64	\$ 349,852.55	\$ 431,313.58	\$ 519,385.88	\$ 499,000.84	\$ 440,131.82	\$ 380,800.77	\$ 5,550,368.45
(Over)/Under Recovery as Reported Monthly		\$ 39,634.25	\$ 20,629.27	\$ (57,391.59)	\$ (147,450.78)	\$ (98,284.36)	\$ (4,026.47)	\$ 21,447.16	\$ 16,984.61	\$ 47,433.57	\$ 16,158.34	\$ 44,549.13	\$ 64,418.78	\$ (35,898.09)
Adjustments Bi-Lat Sales		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments SWPA		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments Derivative		\$ -	\$ -	\$ -	\$ -	\$ (403,200.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (403,200.00)
Total Adjustments		\$ -	\$ -	\$ -	\$ -	\$ (403,200.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (403,200.00)
Kansas Share of Adjustments		\$ -	\$ -	\$ -	\$ -	\$ (17,341.63)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (17,341.63)
Adjusted (Over)/Under Recovery		\$ 39,634.25	\$ 20,629.27	\$ (57,391.59)	\$ (147,450.78)	\$ (115,625.99)	\$ (4,026.47)	\$ 21,447.16	\$ 16,984.61	\$ 47,433.57	\$ 16,158.34	\$ 44,549.13	\$ 64,418.78	\$ (53,239.72)
Annual Settlement Factor (Over)/Under	ACA=													(427,616.90)
Off System Profit Factor "D" Over/(Under)	OAV=													(7,173.85)
Total (Over)/Under Recovery Amount For ACA														\$ (420,443.05)
New ACA Rate													\$ per KWH	\$ (0.00188)



**ACA Reconciliation**  
For ECA Year Ending 10/31/2016

Appendix A  
Schedule 3

	<u>Nov 2015</u>	<u>Dec 2015</u>	<u>Jan 2016</u>	<u>Feb 2016</u>	<u>Mar 2016</u>	<u>Apr 2016</u>	<u>May 2016</u>	<u>Jun 2016</u>	<u>July 2016</u>	<u>Aug 2016</u>	<u>Sept 2016</u>	<u>Oct 2016</u>	<u>Total</u>
ACA Beginning Balance	\$ (254,782.18)	\$ (235,956.85)	\$ (240,740.54)	\$ (276,811.63)	\$ (404,036.65)	\$ (503,232.98)	\$ (523,443.13)	\$ (515,884.53)	\$ (515,623.98)	\$ (491,491.68)	\$ (498,424.53)	\$ (474,995.00)	\$ (254,782.18)
ACA Recovery	\$ 20,808.92	\$ 25,412.96	\$ (21,320.50)	\$ (20,225.76)	\$ (16,429.66)	\$ 16,183.68	\$ 13,888.56	\$ 16,724.06	\$ 23,301.27	\$ 23,091.19	\$ 21,119.60	\$ 17,040.68	\$ 119,595.00
Actual Annual (Over)/Under	ACA= \$ 39,634.25	\$ 20,629.27	\$ (57,391.59)	\$ (147,450.78)	\$ (115,625.99)	\$ (4,026.47)	\$ 21,447.16	\$ 16,984.61	\$ 47,433.57	\$ 16,158.34	\$ 44,549.13	\$ 64,418.78	\$ (53,239.72)
ACA Ending Balance (Over)/Under	\$ (235,956.85)	\$ (240,740.54)	\$ (276,811.63)	\$ (404,036.65)	\$ (503,232.98)	\$ (523,443.13)	\$ (515,884.53)	\$ (515,623.98)	\$ (491,491.68)	\$ (498,424.53)	\$ (474,995.00)	\$ (427,616.90)	\$ (427,616.90)

Appendix A  
Schedule 4[illegible]

Appendix A  
Schedule 5[illegible]

# ATTACHMENT B

## CONFIDENTIAL