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Before the Kansas Corporation Commission

****Redacted****

Direct Testimony

of

Todd W. Tarter

In Support of the
Annual Energy Cost Adjustment
ACA Filing

January 20, 2021

****Denotes Confidential****

PUBLIC VERSION

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OF
TODD W TARTER
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
KANSAS CORPORATION COMMISSION
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DIRECT TESTIMONY
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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

A. My name is Todd W. Tarter, and my business address is 602 South Joplin Avenue, Joplin, Missouri, 64801.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Liberty Utilities Service Corp. as the Senior Manager, Strategic Planning for Liberty Utilities' Central Region, which includes The Empire District Electric Company ("Liberty-Empire" or "Company").

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I graduated from Pittsburg State University in 1986, with a Bachelor of Science Degree in Computer Science. After graduation, I received a mathematics education certification. I began my employment with Empire in May 1989. During my tenure with Empire, I have worked in the Corporate Planning, Strategic Planning, Information Technology ("IT"), Planning and Regulatory, Electrical Procurement and Energy Supply Services departments. My primary responsibilities during the early parts of my career included work with the Company's construction budget, load forecasts, sales and revenue budgets, financial forecasts, fuel and purchased power projections, and IT projects among others. In 2004, I was promoted to Manager of Strategic Planning where I primarily worked with

fuel and purchased power projections, energy efficiency and integrated resource planning ("IRP"). In October 2016, I assumed the position Manager of Systems and Settlements where I was primarily responsible for market settlements; the computer systems used by the Electrical Procurement department; load forecasting; load research; transmission congestion hedging; and fuel and purchased power projections. I was promoted to Senior Manager, Strategic Planning in December 2019 where I continue to work with load forecasting, load research, transmission congestion hedging, and fuel and purchased power projections. I have worked for the Company for over 30 years.

Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE THE KANSAS CORPORATION COMISSION ("COMMISSION") OR ANY OTHER STATE COMMISSION?

A. Yes, I have presented testimony in Kansas under the following dockets: 05-EPDE-980-RTS, 12-EPDE-392-ACA, 13-EPDE-385-ACA, 14-EPDE-270-ACA, 15-EPDE-228-ACA, 16-EPDE-260-ACA, 17-EPDE-101-RTS and 20-EPDE-242-ACA. I have also presented testimony before the Arkansas Public Service Commission, the Missouri Public Service Commission ("MoPSC"), and the Oklahoma Corporation Commission.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS CASE?

A. My testimony will support Liberty-Empire's request to the Commission for an order approving the Annual Cost Adjustment ("ACA") factor submitted to the Commission as part of Liberty-Empire's approved Energy Cost Adjustment ("ECA") tariff. In addition, my testimony supports and describes the costs and revenues that flow through the ECA.

Q. PLEASE DESCRIBE HOW THE SOUTHWEST POWER POOL ("SPP") INTEGRATED MARKETPLACE ("IM") IMPACTS LIBERTY-EMPIRE'S OPERATIONS.

A. Since March 1, 2014, Liberty-Empire submits its generation into the SPP market on a daily basis, and the SPP market determines the most economical and reliable solution for providing energy to customers. When the SPP IM went live, it created one consolidated balancing authority in SPP. Prior to the SPP IM, there were several balancing authorities within SPP. In the past, Empire functioned as a balancing authority and dispatched its generators to serve its native load, while buying and selling energy when it was economical to do so, mostly through bilateral contracts. Since the SPP IM began, Liberty-Empire purchases energy from the market to serve native load, sells generation into the market, and receives revenue from selling its generation into the market.

Q. PLEASE GENERALLY DESCRIBE LIBERTY-EMPIRE'S ELECTRIC SYSTEM OPERATING CHARACTERISTICS.

A. Liberty-Empire generally has dual (winter/summer) system peaks almost equal to each other. Liberty-Empire's all-time system peak was recorded in January 2018 at 1,211 megawatts ("MW"). The all-time summer peak occurred in August 2011 at 1,198 MW. The system peak in 2020 occurred in February at 1,029 MW. This was also the system peak demand during the ACA period as shown in the table below. The table also shows that the summer peak during the ACA period was about 97% of the system peak. It should also be noted that loads during this ACA period were generally lessened by the COVID-19 pandemic following the February 2020 peak. The Company also lost most of its wholesale load beginning June 1, 2020. During the past eleven calendar years (2010

through 2020), Liberty-Empire has recorded its annual peak during the winter season seven times and during the summer season four times. The following table displays the actual Liberty-Empire peak demands by month for the twelve-months ending ("TME") October 2020 along with the native load in megawatt-hours ("MWh") for each month.

Month	Peak - MW	Percent of Annual Peak	Native Load - MWh
Nov-19	973	95%	429,070
Dec-19	901	88%	465,738
Jan-20	947	92%	486,701
Feb-20	1,029	100%	452,736
Mar-20	717	70%	387,728
Apr-20	667	65%	341,125
May-20	655	64%	356,135
Jun-20	896	87%	438,030
Jul-20	975	95%	504,563
Aug-20	994	97%	460,311
Sep-20	884	86%	382,402
Oct-20	705	69%	369,415
Total			5,073,954

This summer/winter relationship can affect fuel procurement and power plant operation because Liberty-Empire must have sufficient fuel procured to cover the resources offered into the SPP IM.

Q. PLEASE DESCRIBE THE MAKEUP OF LIBERTY-EMPIRE'S SUPPLY-SIDE RESOURCES.

A With the advent of the SPP IM, Liberty-Empire purchases energy from the market to serve native load, sells generation into the market, and receives revenue from selling its

generation into the market. Liberty-Empire's supply-side resources for the ACA true-up period ending October 2020 are illustrated in the table below.

Unit/Purchase	Summer 2020 Rated Capacity [1] (MW)	Actual Generation (MWh)	Energy Cost TME Oct-2020 ($000) [2]	Average Cost ($/MWh)	Primary Fuel Type
Asbury	0	78,544	5,071	64.56	Coal
Iatan 1-2	192	773,290	11,437	14.79	Coal
Plum Point (own)	50	215,655	4,513	20.93	Coal
Riverton 10-12	275	1,445,119	20,359	14.09	Natural Gas
Energy Center 1-4	235	226,324	6,422	28.37	Natural Gas
State Line	386	1,568,841	24,054	15.33	Natural Gas
Ozark Beach	16	16,796	-	-	Hydro
Plum Point PPA	50	262,489	8,097	30.85	Coal
Wind Farms [3]	59	630,351	28,359	44.99	Wind
Total	1,263	5,217,409	108,311	20.76	

[1] Rated Capacity based on summer ratings submitted to SPP in the 2020 Resource Adequacy submission. Asbury is presented as having zero capacity since it was de-designated from the SPP market as of the end of March 1, 2020 and not available for the 2020 summer season. This chart does not recognize a capacity sale of 78 MW that began in June 2020.

[2] This is the cost of Liberty-Empire's resource generation for November 2019 through October 2020 and excludes: the cost of fixed gas transportation, resettlements and adjustments, purchased power agreement ("PPA") demand charges, environmental costs, the cost of consumables, SPP IM costs and revenues and generation plant O&M (except the PPA's)

[3] Wind Farms Rated Capacity based on the month of July

Q. PLEASE DESCRIBE THE RATE STRUCTURES LIBERTY-EMPIRE OPERATES UNDER IN ARKANSAS, OKLAHOMA AND MISSOURI.

A. All three states use historical test years to establish base electric rates in a manner similar to the process used in Kansas. In addition, Arkansas, Oklahoma and Missouri use adjustment mechanisms to pass on changes in fuel and energy costs to retail customers.

Q. WHAT IS THE RELATIONSHIP OF THE SALES LEVELS WITHIN EACH OF THE JURISDICTIONS?

A. Missouri is by far the largest jurisdiction with over 85 percent of total sales made by Liberty-Empire during the twelve months ended October 31, 2020. As previously mentioned, Liberty-Empire lost most of its Wholesale load beginning June 1, 2020. The following table displays the actual sales levels in each of the jurisdictions.

Jurisdiction	MWh Sales	Ratio
Wholesale	179,088	4%
Kansas	216,550	5%
Arkansas	161,997	3%
Oklahoma	143,744	3%
Missouri	3,993,531	85%
Total	4,694,910	100%

Based on TME October 2020 calendar sales

II. FUEL AND PURCHASED POWER PROCUREMENT PRACTICE SUMMARY

Q. HOW DOES LIBERTY-EMPIRE ACQUIRE THE FUEL AND PURCHASED POWER USED TO SUPPLY ELECTRICITY TO ITS CUSTOMERS?

A. Liberty-Empire's fuel and purchased power acquisition planning is performed using a three-step process. The steps in this process are:

- Long-term Integrated Resource Plan ("IRP")
- An annual and six-year business plan
- Updates to the annual and six-year business plans as conditions change

Q. PLEASE DESCRIBE THE IRP PROCESS.

A. Liberty-Empire utilizes the IRP process to develop a long-term strategy to reliably serve its customers at the lowest reasonable cost while considering other factors such as risk, resource diversity, energy policy, legal mandates and rate impacts. This planning process uses Liberty-Empire's entire load in all five of its jurisdictions. This formal IRP process has been in place since the early 1990's when the MoPSC implemented a formal IRP rule. Since that time Oklahoma and Arkansas have implemented IRP rules. Liberty-Empire filed its most recent triennial IRP in Missouri on June 28, 2019 and submitted it in Arkansas on July 24, 2019. The Oklahoma Corporation Commission was notified of the Company's 2019 IRP on June 2, 2020, followed by an IRP technical conference with Oklahoma stakeholders on June 24, 2020 and a public meeting to present the IRP in Oklahoma on August 5, 2020. Liberty-Empire plans its resources on a system-wide basis. The IRP process Liberty-Empire uses results in a target list of future resources designed to serve Liberty-Empire's projected customer needs in all jurisdictions. The fundamental objective of the IRP process requires the utility to consider demand-side, supply-side and renewable resources on an equivalent basis and utilize the minimization of long-run utility costs as a primary criterion while also considering other factors such as risk, legal mandates, energy policy and rate impacts.

Q. PLEASE DESCRIBE ANY RECENT CAPACITY ADDITIONS TO LIBERTY-EMPIRE'S GENERATING FLEET.

A. The most recent addition would be the Riverton 12 Combined Cycle, which began commercial operation on May 1, 2016.

Q. DID LIBERTY-EMPIRE HAVE ANY RECENT CAPACITY RETIREMENTS?

A. Yes. After nearly fifty years of service, the Asbury coal-fired generation plant was de-designated in the SPP market as of the end of March 1, 2020. At that time, it was nominally rated at 200 MW of capacity. This resource was not included in the model run that calculated the 2021 Kansas ECA rates.

Q. DOES LIBERTY-EMPIRE HAVE PLANS FOR ANY CAPACITY ADDITIONS IN THE NEAR FUTURE?

A. Yes. The Company is currently progressing on new resource additions which will benefit customers in the future (outside the period considered for this filing). In June 2019, the MPSC granted Liberty-Empire certificates of convenience and necessity for three wind farms generating up to 600 megawatts of wind energy located in Barton, Dade, Lawrence, and Jasper Counties in Missouri and in Neosho County, Kansas. These wind farms are known as North Fork Ridge (located in southwest Missouri and nominally rated at 149.4 MW), Kings Point (located in southwest Missouri and nominally rated at 149.4 MW) and Neosho Ridge (located in Southeast Kansas and nominally rated at 301 MW). At this time construction is well underway on all three of these projects and each are targeted for completion in the near future. These future resources were not included in the model run that calculated the 2021 Kansas ECA rates.

Q. HAS THE COMPANY MADE ANY RECENT CAPACITY SALES?

A. Yes. As stated earlier in this testimony, the Company lost wholesale load as of June 2020. For many years, Liberty-Empire served multiple municipal electric customers as on-system wholesale customers. Recently, this included the cities of Monett, Mount Vernon, and Lockwood in Missouri and the city of Chetopa in Kansas. As of June 1, 2020, the two largest customers, Monett and Mount Vernon, along with Chetopa are no longer on-system

wholesale customers. Following the loss of this on-system wholesale load, Liberty-Empire entered into a five-year power purchase agreement with the Missouri Joint Municipal Utility Commission ("MJMEUC") for a capacity and energy sale beginning June 1, 2020 and ending May 31, 2025 for the two Missouri municipals. The capacity sale is based on a "slice of Liberty-Empire system" approach, with a total capacity sale of 78 MW during the agreement period. The MJMEUC agreement also enables MJMEUC to receive payment from SPP for energy sold into the market from Liberty-Empire resources that are allocated to MJMEUC by this agreement. MJMEUC will pay Liberty-Empire for the capacity and for their allocated portion of the fuel costs, startup costs, an additional amount per unit of energy and some transmission costs as described by the agreement. The net energy benefits from this sale have been included in the model run used to calculate the 2021 Kansas ECA rates.

Q. HOW DOES THE SECOND STEP OF THE PLANNING PROCESS WORK?

A. In addition to the long-range planning, Liberty-Empire conducts annual financial and operational planning, which is used to develop a six-year business forecast. This planning process includes a detailed load forecast, detailed generation unit modeling, detailed O&M and capital budget planning, and a revenue forecast. The detailed generation unit modeling developed in this phase of the planning process is used as the primary source of information for the development of the fuel and purchased power procurement plan.

Q. ARE THE ANNUAL AND SIX-YEAR BUSINESS PLANS ADJUSTED TO REFLECT CHANGES IN THE BUSINESS ENVIRONMENT?

A. Yes. The annual and six-year business plans are periodically refined to consider changes since the plans were initially developed. Liberty-Empire considers changes in such things

as weather, number of customers, fuel prices, purchased power prices, plant outages, and fuel availability. As these refinements are made to the near-term forecasts, Liberty-Empire adjusts its fuel procurement plans as necessary.

Q. HOW ARE THE NEAR TERM, ONE AND SIX-YEAR FUEL REQUIREMENTS DETERMINED?

A. Liberty-Empire utilizes a chronological dispatch model known as EnCompass to develop an hourly dispatch of its units in the SPP market. Liberty-Empire uses this model under a license agreement it has with the model's owner, Anchor Power Solutions. The EnCompass model considers coal prices, natural gas prices, market prices, generating plant efficiencies, generating plant outages and many of the other characteristics of Liberty-Empire's generation resources and develops a dispatch versus a market price curve to determine sales into the market. Liberty-Empire's native load cost is based on projected market prices and a weather normal forecast of Liberty-Empire's native load. The model output includes the projected MWh generation from each generation unit, projected fuel usage, hours of operation, number of unit starts, unit margin and native load costs. Monthly reports are generated from this output and are used to develop plans for the acquisition of the fuel required to operate the generating units.

III. EXISTING SUPPLY-SIDE RESOURCES

Q. PLEASE DESCRIBE LIBERTY-EMPIRE'S SUPPLY-SIDE RESOURCES IN GREATER DETAIL.

BASE LOAD FACILITIES

A. As mentioned earlier, the wholly-owned Asbury coal-fired facility was de-designated from the SPP market as of the end of March 1, 2020. Without that facility, the Company is currently a joint owner at two coal-fired generation facilities. This includes Iatan (12% ownership of Units 1 and 2) and Plum Point (7.52% ownership). Iatan Unit 1 is approximately a 700 MW coal-fired unit operated by Evergy Metro, Inc. ("Evergy"), formerly Kansas City Power & Light ("KCPL"). Liberty-Empire owns 12% or 84 MW of this unit. It is a base load resource and Liberty-Empire is not directly responsible for fuel procurement on this generation unit. Iatan Unit 2, which went into service in late 2010, is approximately a 900 MW unit. Liberty-Empire owns 12% or around 108 MW of this unit. Like Unit 1, Iatan Unit 2 is a base load resource and Liberty-Empire is not directly responsible for fuel procurement at this unit. Plum Point is approximately a 665 MW base load coal-fired unit located in Northeastern Arkansas. Liberty-Empire owns 7.52% or approximately 50 MW of Plum Point. In addition, Liberty-Empire has entered into a long-term purchased power agreement ("PPA") contract for approximately 50 MW from this unit. This unit went into commercial operation in August 2010. Liberty-Empire is not directly responsible for the coal procurement at Plum Point.

INTERMEDIATE AND PEAKING RESOURCES

Liberty-Empire owns natural gas-fired resources at three locations: the Riverton, Energy Center and State Line generation facilities. The Riverton facility consists of a combined cycle unit and two small simple cycle natural gas-fired units. Riverton Unit 12 is the newest unit at this location. It is a natural gas-fired combined cycle unit that is currently

rated at 247 MW for the summer season. The original simple cycle combustion turbine was installed in 2007 and the unit was converted to a combined cycle in 2016. As mentioned, the Riverton site also has two relatively small simple cycle natural gas units (Riverton Units 10 and 11) that are rated a combined 28 MW. Liberty-Empire has four natural gas-fired turbines at the Energy Center generation facility. Two of these units (Energy Center Units 1 and 2) have combined summer capacity rating of approximately 153 MW. They went into service in 1978 and 1981. They tend to operate during the summer on-peak hours, but due to their ability to burn fuel oil as a back-up fuel, they can also operate during extreme winter conditions for economic or natural gas transportation curtailment reasons. Energy Center Units 1 and 2 were modeled to be offered into the SPP market on a blend of natural gas and fuel oil for this ECA filing. Liberty-Empire also has two FT8 Twin Pac aero-derivative units known as Energy Center Units 3 and 4 at the Energy Center facility, with a combined summer rating of about 82 MW. These units have quick start capability and are typically on-line at full load in less than 10 minutes. These units are used primarily for two purposes, peaking and load balancing. The State Line facility consists of State Line Unit 1 and the jointly-owned State Line combined cycle. State Line Unit 1 is a 93 MW 1995 vintage combustion turbine. Liberty-Empire operates a combined cycle unit at its State Line facility (Liberty-Empire's 60% share is about 293 MW). This unit is jointly owned with Westar Generation Inc. ("Westar"), which holds a 40% ownership share. It is a 2X1 (two by one) unit consisting of two gas turbines and one steam turbine. The unit has the ability to operate in 1X1 mode or 2X1 mode.

OTHER RESOURCES

Liberty-Empire also owns and operates the Ozark Beach hydro facility located near Forsyth, Missouri. It has a capacity of about 16 MW. The output of this unit is limited by the water released upstream from Table Rock Lake by the Corp of Engineers and the level of water maintained by the Corp of Engineers on Bull Shoals Lake, which is downstream from the Ozark Beach facility. At the end of 2005, Liberty-Empire began receiving output from the 150 MW Elk River Wind Project located in Butler County, Kansas via a purchased power agreement ("PPA"). Liberty-Empire has a contractual commitment to purchase 100 percent of the output from this project for 20 years. Near the end of 2008, Liberty-Empire began receiving output from 105 MWs of the Meridian Way Wind Project located in Cloud County, Kansas. This is also a 20-year PPA. The energy from both of these wind farms are purchased at a cost per MWh established by contract.

COAL AND FREIGHT

Q. WHAT APPROACH DOES LIBERTY-EMPIRE USE TO PURCHASE ITS COAL REQUIREMENTS?

A. During the first few months of the ACA period (when Asbury was operational), Liberty-Empire used coal which was procured from a competitive coal acquisition process based on operational feasibility to meet the majority of its western coal requirements for Asbury. Liberty-Empire's western coal was delivered under transportation contracts with Burlington Northern and Kansas City Southern. Western coal was transported using a train leased to Liberty-Empire and additional lease trains could have been obtained as needed. Liberty-Empire also has a train lease to supply its portion of the Plum Point railcars. All of the western coal used at the Asbury site was delivered to Liberty-Empire's Asbury facility. Liberty-Empire procured a majority of its bituminous coal (higher Btu)

requirements on a competitive basis and based on operational feasibility and availability. However, as previously mentioned, Liberty-Empire is not directly responsible for the coal procurement at the Iatan and Plum Point facilities, and the Asbury generating resource was de-designated from the SPP market as of the end of March 1, 2020.

NATURAL GAS AND RELATED TRANSPORTATION

Q. PLEASE DESCRIBE HOW LIBERTY-EMPIRE ACQUIRES ITS NATURAL GAS REQUIREMENTS.

A. All of Liberty-Empire's natural gas-fired generation resources are located on the Southern Star Central Gas Pipeline ("SSCGP"). Liberty-Empire currently has approximately 75,000 MMBtu/day firm production zone capacity and more than 110,000 MMBtu/day firm market zone capacity. This firm market zone capacity includes a new contract with Southern Star Central Pipeline for 25,000 dekatherms ("Dth") of firm natural gas transportation that became effective June 1, 2020 during the ACA period. The primary delivery location for this new capacity is at the Energy Center generating facility which did not have any firm natural gas transport capacity prior to this contract. However, the new natural gas transport contract can also be used to supplement the firm transportation to the State Line and Riverton Combined Cycle plants. If natural gas transportation is not available, most of Liberty-Empire's simple cycle natural gas turbines have the ability to operate on fuel oil. Liberty-Empire acquires physical natural gas on a long-term, monthly, and daily basis. Typically, these physical purchases are competitively bid when possible.

MANAGING PRICE VOLATILITY OF NATURAL GAS

Q. HOW HAS LIBERTY-EMPIRE'S MANAGEMENT CHOSEN TO MANAGE NATURAL GAS PRICE VOLATILITY?

A. Liberty-Empire works diligently to mitigate the price volatility associated with changes in natural gas pricing. From an historical perspective Liberty-Empire developed and implemented a Risk Management Policy ("RMP") during 2001 to manage this volatility. The RMP outlined the instruments that may be used to help manage volatility. In general terms, Liberty-Empire's RMP allowed the use of NYMEX Futures, Swaps, and Physical purchases to help manage price volatility. Historically, the RMP included a minimum annual quantity of expected natural gas needs whose price must be hedged in advance through either a financial instrument and/or a physical gas contract. However, in September 2018, the Company's Risk Management Oversight Committee ("RMOC") suspended adherence to the hedging requirements while the strategy was being reviewed. The Company hired the services of Risk Management Incorporated ("RMI") to review the process and the Company also worked with various interested stakeholder groups on this endeavor. The Company formally adopted changes to its natural gas hedging policy on July 19, 2019. Under this new policy no financial hedging instruments are used. Allowable advance procurement vehicles include Forward Physical Index Contracts and Forward Physical Fixed Contracts triggered by historical pricing levels. The new natural gas hedging policy also addresses how far in the future advanced procurement may take place and for which months the hedging may apply. This approach is intended to protect customers from volatility in the marketplace and provide the ability to procure natural gas in advance when pricing indicates economic value as defined by the price matrix described in the RMP. In addition, the approach protects against volatility in local natural gas supply,

ensuring the supply management group will have the required natural gas available to meet budgeted native load targets. In summary, the ACA period does include some legacy hedges from the previous policy since that policy required minimum annual quantities of expected natural gas needs whose price must be hedged in advance. For example, a portion of the natural gas hedges for 2020 may have been made during the period 2016-2018, prior to that policy's suspension and prior to the adoption of the new policy in July 2019.

2019 PROCUREMENT PLAN FOR 2020

Q. PLEASE DESCRIBE THE STATUS OF THE NATURAL GAS PROCUREMENT PROCESS AT THE BEGINNING OF CALENDAR YEAR 2020.

A. As of December 31, 2019, Liberty-Empire had ** [redacted] ** MMBtu of its estimated 2020 calendar year natural gas requirements for native load either physically purchased at a fixed price or financially hedged out of a total expected natural gas requirement for native load customers of ** [redacted] ** MMBtu. The ** [redacted] ** MMBtu represented about 18% of Liberty-Empire's anticipated 2020 natural gas requirement for native load and carried an average cost of $** [redacted] **/MMBtu. Of the ** [redacted] ** MMBtu, a total of ** [redacted] ** MMBtu was purchased under physical contracts and ** [redacted] ** MMBtu was hedged using financial instruments. The financial hedges are legacy hedges from the former hedging policy that allowed for financial instruments such as a combination of NYMEX contracts and associated basis swaps or swap transactions with Over the Counter ("OTC") counterparties. After burning the natural gas it has physically purchased, Liberty-Empire will buy its additional physical gas requirements on an intra-month, daily or weekly basis on a competitive basis to balance the system natural gas requirements.

Q. ARE THE BENEFITS AND COSTS OF LIBERTY-EMPIRE'S ENERGY RISK MANAGEMENT POLICY RECORDED ON THE GENERAL LEDGER?

A. Yes. The results of Liberty-Empire's risk management policies, including the settlement of financial hedges, are reflected in the fuel expense accounts on the general ledger, namely accounts 501 and 547 in accordance with Generally Accepted Accounting Principles ("GAAP"). The gains/losses arising from the periodic settlement of the financial instruments have been eliminated from the Kansas ECA filing as have the gains/losses that arose from the periodic sale of financial instruments related to excess natural gas during the ACA period. This is in accordance with an agreement reached with the Staff and approved by the Commission in Docket No. 07-EPDE-712-ACA ("712 Docket").

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

AFFIDAVIT OF TODD W. TARTER

STATE OF MISSOURI)
) ss
COUNTY OF JASPER)

On the 19th day of January, 2021, before me appeared Todd W. Tarter, to me personally known, who, being by me first duly sworn, states that he is Senior Manager, Strategic Planning of The Empire District Electric Company and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.

Todd W. Tarter

Subscribed and sworn to before me this 19th day of January, 2021.

ANGELA M. CLOVEN
Notary Public - Notary Seal
State of Missouri
Commissioned for Jasper County
My Commission Expires: November 06, 2023
Commission Number: 15262659

Notary Public

My commission expires: 11/06/2023