



SECTION 1  
SCHEDULE A

***THIS FILING CONTAINS CONFIDENTIAL  
AND PROPRIETARY INFORMATION***

***via e-filing EXPRESS***

December 7, 2018

Ms. Lynn M. Retz, Secretary  
Kansas Corporation Commission  
1500 S. W. Arrowhead Road  
Topeka, Kansas 66604-4027

19-EPDE-223-RTS

Re: The Empire District Electric Company  
Rate Case Filing

Dear Ms. Retz:

Attached for filing is an Application by The Empire District Electric Company ("Empire") for authority to adjust its rate schedules applicable to the sale of electricity in the State of Kansas.

It is requested the attachment be filed, docketed and processed in accordance with the Commission's Rules of Practice and Procedure.

Portions of the Application have been marked as ***CONFIDENTIAL***. Empire requests said material be filed pursuant to K.S.A. 66-1220a.

Hard copies of the Application will be furnished to the Commission upon request.

Sincerely,

Jill M. Schwartz

Enclosures

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 the Commission to Make Certain ) Docket No. 19-EPDE- 223 -RTS  
Changes in its Charges for Electric Service )

**APPLICATION**

The Empire District Electric Company ("Empire" or "Applicant") files this Application for approval to make certain changes in its charges for electric service. In support of its Application, Empire states:

1. Applicant 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 has heretofore duly qualified to do and is doing business in the states of Missouri, Arkansas and Oklahoma. Applicant owns and operates an electric utility system located in contiguous portions of the states of Kansas, Missouri, Oklahoma and Arkansas with its executive offices at 602 S. Joplin Street, Joplin, Missouri 64801. Applicant is the holder of a certificate from the state of Kansas confirming its right to conduct the business of an electric utility pursuant to K.S.A. 66-101, *et seq.*, and by reason thereof has the duty and responsibility to provide and maintain an adequate supply of electric service for its existing and prospective customers located within its defined service area in Cherokee and Labette Counties, Kansas.

2. Applicant has heretofore filed with the State Corporation Commission of the State of Kansas ("Commission") certified copies of Articles of Incorporation under which it was organized and of all amendments and restatements thereto and the same are incorporated herein by reference.

3. Empire's ultimate corporate parent, Algonquin Power & Utilities Corp. ("Algonquin"), is a Canadian corporation whose stock is traded on the Toronto and New York Stock Exchanges. Algonquin has two business units: (a) a power generation unit that owns or has interests in renewable energy facilities and thermal energy facilities representing more than 1100 MW of installed capacity, and (b) a utility service unit that owns and provides retail water, sewer, electric and natural gas service to nearly 800,000 combined customers across 12 states. The Company's corporate structure was thoroughly set forth and discussed in Docket No. 16-EPDE-410-ACQ ("410 Docket").

4. Empire provides electric service in an area of approximately 10,000 square miles in southwest Missouri and the adjacent corners of the states of Kansas, Oklahoma and Arkansas. Empire's operations are regulated by the utility regulatory commissions of these four states, as well as by the Federal Energy Regulatory Commission ("FERC"). Empire's service area embraces 119 incorporated communities in 21 counties in the four-state area. Most of the communities in Empire's service area are small, with only 32 containing a population in excess of 1,500. Only 10 communities have a population in excess of 5,000, and the largest city, Joplin, Missouri, has a population of approximately 50,000. The economy in Empire's service area is diversified. The service territory features small to medium manufacturing operations, medical, agricultural, entertainment, tourism, and retail interests.

5. At June 30, 2018, Empire served approximately 145,600 residential customers, 24,787 commercial customers, 351 industrial customers, 2,111 public authority and street and highway customers, and four resale customers. As of June 30, 2018, in Kansas, Empire served approximately 8,173 residential customers, 1,294 commercial customers, 151 industrial customers, 52 public authority and street and highway customers, and one resale customer.

6. Empire's last general rate case was filed on September 16, 2016, prior to the acquisition by Algonquin. Empire requested an overall increase in its Kansas electric retail rates of \$6.4 million, approximately 26%. However, as part of the Unanimous Settlement Agreement approved by the Commission in the 410 Docket<sup>1</sup>, Empire agreed it would not change its base rates, which went into effect on January 1, 2012, for a period of seven (7) years (2012-2018). As a result, customers in Kansas have benefitted from no increase in base rates for over seven years, with the base rates having been established by Order of the Commission dated December 21, 2011, in Docket No. 11-EPDE-856-RTS, using a historic test year ended June 30, 2009.

7. There are many reasons why Empire is in need of an increase in its Kansas retail electric rates. First, Empire's current base rates were established in a 2011 rate case and went into effect on January 1, 2012, nearly seven years ago. Since that time, Empire has made significant investments in its generation, transmission and distribution systems to provide service to its customers. In addition to increased capital investments, Empire is not immune to normal and inflationary increases in operating costs. Such investments and expenses need to be reflected in rates if Empire is to have a reasonable opportunity to recover its prudently incurred costs and an opportunity to earn a reasonable return on its investments.

8. In this rate case filing, Empire is seeking to increase rates by approximately \$4.9 million, inclusive of moving the \$2.4 million in revenues currently recovered through the AERR Rider and Ad Valorem Tax Surcharge ("AVTS") into base rates and discontinuing the AERR Rider and setting the AVTS to zero. The net new increase in base rates is \$0.8 million. In addition, Empire is requesting permission to remove all transmission related

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<sup>1</sup> Joint Motion for Commission Approval of Unanimous Settlement Agreement, Docket No. 16-EPDE-410-ACQ, October 6, 2016, paragraph 24.

costs and revenues from base rates and place them into a Transmission Delivery Charge (“TDC”) Rider as permitted under Kansas law. The total amount of revenue requirement assigned to the TDC Rider is \$3.2 million, which is comprised of \$1.5 million in transmission related revenue requirement that is currently recovered in base rates and being moved to the TDC Rider and \$1.7 million in new transmission related revenue requirement to cover transmission related costs and expenses that are not currently being recovered in base rates. The incremental increase in total revenue requirement is \$2.5 million (\$1.7 million for new transmission related investments, plus \$0.8 million for the net new increase in base rate revenues).

9. If the Commission approved Empire's request, the average residential customer using a 1,000 kWh in Kansas would see an increase of approximately \$19.99 per month on their electric bill.

10. Empire is also requesting in this Application to roll the AERR rider into its base rates and thereby discontinue the AERR surcharge currently billed to customers in Kansas.

11. Finally, as agreed to in the Settlement Agreement filed in Docket No. 18-GIMX-248-GIV and approved by the Commission on July 12, 2018, Empire's rate case includes the regulatory liabilities established for the Tax Cuts and Jobs Act ("TCJA"), and a request by Empire to offset the tax savings amount accrued as a regulatory liability with Empire's other cost of service components.

12. Since Empire's last rate case, it has invested \$317 million in its generation fleet, largely related to its environmental upgrades at its Asbury plant and the construction of its Riverton 12 unit. Empire has also invested \$566 million in its transmission, distribution system, other

general plant, and intangible plant since 2011.

13. Pursuant to the Order in Docket No. 10-EPDE-314-RTS, Empire was authorized by the Commission to earn an authorized overall rate of return of 8.4%. Based on its proposed test year of June 30, 2018, Empire is currently earning only 2.82% on its investment.

14. In addition to Empire's request for an increase in its Kansas retail revenue requirement, the Company is also proposing regulatory reform mechanisms and a capital cost recovery plan. Empire Witness Aaron Doll presents Empire's proposal for a TDC Rider for the recovery of Empire's transmission related investments and expenses pursuant to K.S.A. 66-1237. In addition, Empire Witness Timothy Lyons presents Empire's proposal for a Revenue Stabilization Rider. Finally, Empire proposes approval of a Capital Tracker Rider, which is also sponsored by Mr. Lyons. With the approval of the TDC, the Revenue Stabilization Rider, and the Capital Tracker Rider, Empire will be able to more timely recover significant capital investments and certain operating and maintenance expenses, while dramatically limiting the amount of regulatory expense incurred to process more frequent general rate cases for its relatively small number of Kansas customers.

15. Empire has plans to invest \$ 212 million in its existing generation fleet, \$222 in transmission projects and \$387 million in distribution projects that it seeks to recover under its proposed Capital Tracker Rider and TDC Rider. Empire Witnesses Tim Wilson and Jeff Westfall will provide additional information regarding Empire's planned generation, transmission and distribution investments.


16. The foregoing paragraphs are intended to provide the information required by K.A.R. 82-1-231, as amended, and that in further compliance with K.A.R. 82-1-231, there are attached hereto exhibits and schedules containing the information required by Sections 1 through

13, inclusive, and Sections 16, 17 and 18 of K.A.R. 82-1-231, as amended.

17. The adjustment in electric rates sought herein is required in order to permit Empire to render safe, reliable and efficient service, to protect its financial integrity and to attract capital; it is in the public interest that Empire be permitted to earn a fair and reasonable return to permit the continuation of safe, efficient and sufficient service, and that to attract capital a competitive return must be offered, which is necessary for Empire to safely maintain, operate and expand its distribution system in the state of Kansas.

WHEREFORE, The Empire District Electric Company respectfully requests: (1) the approval and consent of this Commission to place in effect rate schedules to provide an annual increase in gross revenues of \$4,856,267; (2) approval of Empire's proposed TDC; (3) the approval of its proposed Revenue Stabilization Rider; (4) the approval of its Capital Tracker Rider; (5) to implement the changes in tariff and such other and further relief as may be proper and appropriate in the premises; (6) approval to offset the tax savings amount accrued as a regulatory liability with Empire's other cost of service components; and (6) such waiver, if any, of the Commission's rules and regulations as may be necessary in order for acceptance of this filing.

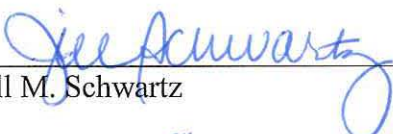
THE EMPIRE DISTRICT ELECTRIC COMPANY

By:  \_\_\_\_\_  
Jill M. Schwartz

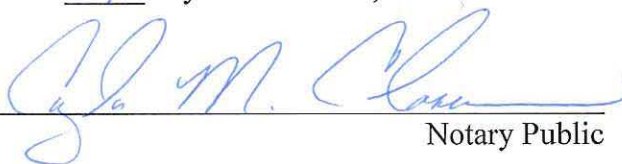
**AFFIDAVIT OF JILL M. SCHWARTZ**

STATE OF MISSOURI  
COUNTY OF JASPER, ss:

On the 7 day of December, 2018, before me appeared Jill M. Schwartz, to me personally known, who, being by me first duly sworn, states that she is Senior Manager of Rates and Regulatory Affairs for Liberty Utilities Central Region, and acknowledges that she has read the above and foregoing document and believes the statements therein contained are true and correct.

  
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Jill M. Schwartz

SUBSCRIBED AND SWORN to before me this 7 day of December, 2018.

  
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Notary Public

Appointment/Commission Expires:

ANGELA M. CLOVEN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Jasper County  
My Commission Expires: November 01, 2019  
Commission Number: 15262659