

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. 15-EPDE-228 -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, 2014, 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, Empire's Fuel Procurement Plannign Report for calendar year 2015 and the annual forecast of energy costs for the upcoming calendar year 2015 are attached to this Application as Attachment B.

3. The annual calculation of the ACA resulted in an under recovered balance of approximately \$340,635 for the ACA period ending October 31, 2014. 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 overall ECA rate for the upcoming ECA year, including the ACA and off system sales factors, is forecast to decrease by approximately 1.15 percent from that forecast at the beginning of the preceding ECA year. Even with an under collection of approximately \$340,635 the ECA rate is projected to decrease due to Empire recognizing an estimated savings from participating in the Southwest Power Pool Integrated Market (SPP IM).

5. Attachment B to this Application also includes summaries of the monthly energy costs forecast for the upcoming calendar year 2015. In addition to these monthly summaries, Empire has forwarded a spreadsheet to the Commission staff ("Staff") that displays the details behind the 2015 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

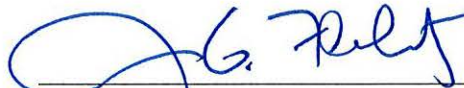
- Capacity factor
- Heat rate
- Starts
- MWH of output
- Fuel cost per MWH and MMBtu
- Unit Outage Schedules
- Natural gas price assumptions used in the Kansas ECA for 2015

In general terms, the fuel model used for the 2015 Kansas ECA produced an expected natural gas requirement of about * * million MMBtu. Empire has already secured about * * million MMBtu of physical natural gas at fixed prices for use in calendar year 2015. Empire has eliminated the impact of the financial instruments that fix the price of natural gas for calendar year 2015 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 2015 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 on or before January 1, 2015, 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 2014 ECA period (which ended October 31, 2014) 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.

7. As indicated by the Commission in Docket No. 13-EPDE-385-ACA, "a Suspension Order is unnecessary as annual ACA filings are not requests for a rate change; and as such do not trigger the rate change procedure of K.S.A. 66-117."¹ Therefore, Empire intends to put the ACA in place effective January 1, 2015, subject to the Commission's review and approval.

WHEREFORE, Empire requests that its ACA be approved by the Commission.



James G. Flaherty, #11177

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¹Order Rescinding Suspension Order dated January 23, 2013, paragraph 3, Docket No. 13-EPDE-385-ACA.

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, 2014.





Notary Public

Appointment/Commission Expires:

APPENDIX A

Empire District Electric Co.
Annual ACA Calculation
For The ECA Year Ending 12/31/2015

Attachment A
Schedule 1

		<u>January-15</u>	<u>February-15</u>	<u>March-15</u>	<u>April-15</u>	<u>May-15</u>	<u>June-15</u>	<u>July-15</u>	<u>August-15</u>	<u>September-15</u>	<u>October-15</u>	<u>November-15</u>	<u>December-15</u>
Fuel	F=	\$ 10,389,617	\$ 8,502,678	\$ 7,719,195	\$ 6,094,525	\$ 6,785,729	\$ 8,629,292	\$ 11,390,771	\$ 11,291,604	\$ 7,823,494	\$ 6,717,145	\$ 7,341,129	\$ 9,453,683
Purchased Power	P=	\$ 3,575,839	\$ 3,483,078	\$ 4,422,880	\$ 4,628,478	\$ 3,652,672	\$ 3,692,320	\$ 3,177,359	\$ 3,387,092	\$ 3,332,695	\$ 3,935,461	\$ 3,645,322	\$ 4,352,855
Interchange	NI=												
Emission Allowance/AQCS	E=	\$ 360,385	\$ 353,677	\$ 357,317	\$ 353,099	\$ 357,317	\$ 359,171	\$ 357,317	\$ 360,381	\$ 356,104	\$ 340,327	\$ 359,167	\$ 357,317
Total ECA Eligible Costs		<u>\$ 14,325,840</u>	<u>\$ 12,339,432</u>	<u>\$ 12,499,392</u>	<u>\$ 11,076,103</u>	<u>\$ 10,795,718</u>	<u>\$ 12,680,783</u>	<u>\$ 14,925,447</u>	<u>\$ 15,039,077</u>	<u>\$ 11,512,293</u>	<u>\$ 10,992,933</u>	<u>\$ 11,345,619</u>	<u>\$ 14,163,855</u>
Kansas ECA Billed KWH	S=	23,799,710	19,926,205	18,675,954	15,653,187	16,224,173	20,237,878	23,633,761	23,591,858	18,388,453	16,346,771	16,863,029	22,016,403
Total Company Billed KWH		483,879,313	412,679,912	398,862,545	346,420,814	358,275,190	419,680,571	486,244,569	488,973,386	389,423,738	360,163,351	380,998,165	471,048,007
Kansas Jurisdiction Factor	KF=	4.919%	4.828%	4.682%	4.519%	4.528%	4.822%	4.860%	4.825%	4.722%	4.539%	4.426%	4.674%
Average Cost per KWH Sold-Kansas		2.961	2.990	3.134	3.198	3.013	3.021	3.069	3.076	2.956	3.052	2.978	3.007
Credit for Off-system Sales Profits		0.022	0.022	0.022	0.022	0.022	0.022	0.022	0.022	0.022	0.022	0.022	0.022
Annual Settlement Factor		0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145
Total ECA per KWH Sold-Kansas	cents per KWH	3.128	3.157	3.301	3.365	3.180	3.188	3.236	3.243	3.123	3.219	3.145	3.174

**Empire District Electric Co.
Annual ACA Calculation
For ECA Year Ending 10/31/2014**

**Attachment A
Schedule 2**

		Prior to Integrated Market				Integrated Market								
		Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Total
Prior to Integrated Market														
Fuel/Generation	F=	\$ 8,893,498.19	\$11,941,446.08	\$12,966,231.07	\$14,970,793.25									\$ 48,771,968.59
Purchased Power	P=	\$ 4,331,620.70	\$ 4,161,476.91	\$ 5,331,068.86	\$ 6,320,846.93									\$ 20,145,013.40
Interchange	NI=	\$ (1,416,113.53)	\$ (1,709,908.72)	\$ (1,787,474.77)	\$ (1,818,000.41)									\$ (6,731,497.43)
AQCS/Emission Allowance	E=	\$ 53,448.06	\$ 126,883.92	\$ 151,145.56	\$ 110,549.36									
Integrated Market														
Generation (includes PPA)						\$ 13,455,928.39	\$ 12,133,499.42	\$ 11,027,279.83	\$ 10,438,007.42	\$ 13,417,034.97	\$ 15,268,064.82	\$ 10,629,901.28	\$ 9,403,119.44	\$ 95,772,835.57
Native Load Costs						\$ 18,898,783.86	\$ 14,071,226.90	\$ 15,018,021.65	\$ 14,991,382.40	\$ 16,551,999.41	\$ 18,260,208.39	\$ 12,981,757.29	\$ 13,235,747.74	\$ 124,009,127.64
EDE Sales						\$ (18,829,153.67)	\$ (14,891,061.54)	\$ (14,435,994.74)	\$ (11,670,345.78)	\$ (14,289,419.80)	\$ (16,850,241.09)	\$ (11,433,772.09)	\$ (11,553,044.32)	\$ (113,953,033.03)
AQCS						\$ 165,472.37	\$ 114,464.57	\$ 139,047.71	\$ 78,739.13	\$ 131,405.61	\$ 183,963.42	\$ 4,322.52	\$ 69,502.33	\$ 886,917.66
SWPA												\$ (123,038.37)	\$ (3,966.27)	\$ (127,004.64)
Emission Allowance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total ECA Eligible Costs		\$11,862,453.42	\$14,519,898.19	\$16,660,970.72	\$19,584,189.13	\$ 13,691,030.95	\$ 11,428,129.35	\$ 11,748,354.45	\$ 13,837,783.17	\$ 15,811,020.19	\$ 16,861,995.54	\$ 12,059,170.63	\$ 11,151,358.92	\$ 168,774,327.76
Kansas Billed KWH		15,931,803	20,334,276	24,703,473	23,617,379	20,856,780	16,325,804	15,438,224	17,632,778	20,253,086	21,248,622	21,920,091	16,470,219	234,732,535
Total Company Billed KWH		342,607,936	444,596,317	521,146,799	490,290,993	448,780,827	367,858,571	348,340,921	386,262,321	437,015,051	447,675,435	458,950,219	360,649,921	5,054,175,311
Kansas Jurisdiction Factor	KF=	4.650%	4.574%	4.740%	4.817%	4.647%	4.438%	4.432%	4.565%	4.634%	4.746%	4.776%	4.567%	4.644%
Kansas Costs Eligible for ECA Recovery		\$ 551,604.08	\$ 664,140.14	\$ 789,730.01	\$ 943,370.39	\$ 636,222.21	\$ 507,180.38	\$ 520,687.07	\$ 631,694.80	\$ 732,682.68	\$ 800,270.31	\$ 575,945.99	\$ 509,282.56	\$ 7,862,810.62
ECA Revenue		\$ 492,452.03	\$ 611,451.68	\$ 748,762.27	\$ 713,953.37	\$ 626,537.67	\$ 530,751.89	\$ 460,676.60	\$ 557,019.46	\$ 726,883.26	\$ 713,528.73	\$ 699,250.90	\$ 576,292.96	7,457,560.82
(Over)/Under Recovery as Reported Monthly		\$ 59,152.05	\$ 52,688.46	\$ 40,967.74	\$ 229,417.02	\$ 9,684.54	\$ (23,571.51)	\$ 60,010.47	\$ 74,675.34	\$ 5,799.42	\$ 86,741.58	\$ (123,304.91)	\$ (67,010.40)	\$ 405,249.80
Adjustments Bi-Lat Sales		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,500.00	\$ -	\$ 3,250.00	\$ 35,625.00	\$ 6,420.00	\$ 51,795.00
Adjustments SWPA		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,038.37	\$ 3,966.27	\$ 127,004.64
Adjustments Derivative		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,010.28	\$ (1,105,406.52)	\$ (2,340,250.90)	\$ (66,161.70)	\$ (100,696.68)	\$ (3,550,505.52)
Total Adjustments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,510.28	\$ (1,105,406.52)	\$ (2,337,000.90)	\$ 92,501.67	\$ (90,310.41)	\$ (3,371,705.88)
Kansas Share of Adjustments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,127.49	\$ (51,224.54)	\$ (110,914.06)	\$ 4,417.88	\$ (4,124.48)	\$ (158,717.71)
Adjusted (Over)/Under Recovery		\$ 59,152.05	\$ 52,688.46	\$ 40,967.74	\$ 229,417.02	\$ 9,684.54	\$ (23,571.51)	\$ 60,010.47	\$ 77,802.83	\$ (45,425.12)	\$ (24,172.48)	\$ (118,887.03)	\$ (71,134.88)	\$ 246,532.09
Annual Settlement Factor (Over)/Under	ACA=													344,943.27
Off System Profit Factor "D" Over/(Under)	OAV=													(4,307.98)
Total (Over)/Under Recovery Amount For ACA														\$ 340,635.29
New ACA Rate														\$ 0.00145
New D Factor for Upcoming ECA Year														\$ 0.00022

ACA Reconciliation
For ECA Year Ending 10/31/2014

Attachment A
Schedule 3

	<u>Nov 2013</u>	<u>Dec 2013</u>	<u>Jan 2014</u>	<u>Feb 2014</u>	<u>Mar 2014</u>	<u>Apr 2014</u>	<u>May 2014</u>	<u>Jun 2014</u>	<u>Jul 2014</u>	<u>Aug 2014</u>	<u>Sep 2014</u>	<u>Oct 2014</u>	<u>Total</u>
ACA Beginning Balance	\$ (459,403.46)	\$ (341,781.68)	\$ (214,466.43)	\$ (120,633.28)	\$ 159,324.94	\$ 213,642.99	\$ 225,008.74	\$ 318,056.96	\$ 433,593.92	\$ 431,510.38	\$ 452,809.99	\$ 380,831.92	\$ (459,403.46)
ACA Recovery	\$ (58,469.73)	\$ (74,626.79)	\$ (52,865.41)	\$ (50,541.19)	\$ (44,633.51)	\$ (34,937.26)	\$ (33,037.75)	\$ (37,734.13)	\$ (43,341.58)	\$ (45,472.09)	\$ (46,908.96)	\$ (35,246.23)	\$ (557,431.35)
Actual Annual (Over)/Under	ACA= \$ 59,152.05	\$ 52,688.46	\$ 40,967.74	\$ 229,417.02	\$ 9,684.54	\$ (23,571.51)	\$ 60,010.47	\$ 77,802.83	\$ (45,425.12)	\$ (24,172.48)	\$ (118,887.03)	\$ (71,134.88)	\$ 246,532.09
ACA Ending Balance (Over)/Under	\$ (341,781.68)	\$ (214,466.43)	\$ (120,633.28)	\$ 159,324.94	\$ 213,642.99	\$ 225,008.74	\$ 318,056.96	\$ 433,593.92	\$ 431,510.38	\$ 452,809.99	\$ 380,831.92	\$ 344,943.27	\$ 344,943.27

Attachment A
Schedule 4

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Attachment A
Schedule 5

	<u>Nov 2013</u>	<u>Dec 2013</u>	<u>Jan 2014</u>	<u>Feb 2014</u>	<u>Mar 2014</u>	<u>Apr 2014</u>	<u>May 2014</u>	<u>Jun 2014</u>	<u>Jul 2014</u>	<u>Aug 2014</u>	<u>Sep 2014</u>	<u>Oct 2014</u>	<u>Total</u>
Kansas Billed KWH	15,931,803	20,334,276	24,703,473	23,617,379	20,856,780	16,325,804	15,438,224	17,632,778	20,253,086	21,248,622	21,920,091	16,470,219	234,732,535
Total Company Billed KWH	342,607,936	444,596,317	521,146,799	490,290,993	448,780,827	367,858,571	348,340,921	386,262,321	437,015,051	447,675,435	458,950,219	360,649,921	5,054,175,311
Kansas Jurisdiction Factor-KF	4.650%	4.574%	4.740%	4.817%	4.647%	4.438%	4.432%	4.565%	4.634%	4.746%	4.776%	4.567%	4.644%
Actual Off System Sales Margin-Total Company	<u>\$ (454,327.93)</u>	<u>\$ (43,888.80)</u>	<u>\$ 334.84</u>	<u>\$ (575,936.49)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,073,818.38)</u>
Kansas Share of Off System Sales Margin-OAV	<u>\$ (21,126.25)</u>	<u>\$ (2,007.47)</u>	<u>\$ 15.87</u>	<u>\$ (27,742.86)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,860.71)</u>
Rate per KWH													\$ per KWH <u>\$ 0.00022</u>

APPENDIX B

CONFIDENTIAL