

**THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

Before Commissioners:                   Dwight D. Keen, Chair  
  Shari Feist Albrecht  
  Susan K. Duffy

In the Matter of the Application of The Empire            )  
District Electric Company for Approval of the            )           Docket No. 19-EPDE-223-RTS  
Commission to Make Certain Changes in its            )  
Charges for Electric Service.                            )

**ORDER APPROVING UNANIMOUS SETTLEMENT AGREEMENT  
WITH MODIFICATION**

This matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined its files and records, the Commission finds:

1. On December 10, 2018, The Empire District Electric Company (Empire) filed its Application, which indicated a gross revenue deficiency of \$4,856,267, based upon normalized operating results for the 12 months ending June 30, 2018, adjusted for known and measurable changes. After rebasing the amounts currently collected from customers through the Ad Valorem Tax Surcharge (AVTS) and Asbury Environmental and Riverton Cost Recovery (AERR) riders, the Empire's requested revenue requirement would have increased by \$2,505,994.<sup>1</sup>

2. Empire also sought Commission approval for: (1) establishment of various regulatory mechanisms, including a Transmission Delivery Charge (TDC), Capital Tracker, and Revenue Stabilization Rider (RSR), (2) rolling the costs currently recovered through its AERR into base rates and discontinue the surcharge billed to its Kansas customers;<sup>2</sup> and (3) retaining the tax

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<sup>1</sup>This amount included the reduced revenue requirement that occurred as a result of the reduction in the federal corporate tax rate as a result of the Tax Cuts and Jobs Act of 2017 (TCJA), the impact of increased capital investments and other changes in Empire's operating expenses since its last base rate case, and the impact of the change in depreciation rates proposed by Empire in this case. *See* Testimony of Justin T. Grady in Support of the Unanimous Settlement Agreement (Grady Testimony), June 18, 2019, p. 2.

<sup>2</sup>Grady Testimony, pp. 2-3.

savings it had agreed to accumulate in a regulatory liability account pursuant to a Settlement Agreement approved by the Commission in Docket No. 18-GIMX-248-GIV (18-248 Docket).<sup>3</sup>

3. On May 13, 2019, Commission Staff (Staff) filed its direct testimony, including schedules and exhibits supporting a recommended base rate revenue requirement decrease of \$340,082. Staff also recommended \$2,708,470 to be recovered through the TDC rider. After rebasing the AVTS and AERR, the overall impact of Staff's recommendations would have resulted in a net increase of \$18,115.<sup>4</sup>

4. On May 13, 2019, Andrea Crane and Brian Kalcic filed direct testimony of behalf of the Citizens' Utility Ratepayer Board (CURB). Crane recommended: (1) a revenue decrease of \$851,378, excluding the impact of the AVTS and AERR rebasing and (2) disallowing the rate case expense associated with the Regulatory Reform Consultant.<sup>5</sup>

5. Kansas Gas Service (KGS) filed direct testimony primarily addressing rate design issues.<sup>6</sup> CURB filed cross answering testimony on May 20, 2019.<sup>7</sup>

6. On May 31, 2019, Empire filed rebuttal testimony responding to the direct testimony filed by Staff, CURB and KGS.<sup>8</sup>

7. On June 12, 2019, the parties filed a Joint Motion to Approve Unanimous Settlement Agreement (Unanimous Settlement Agreement)<sup>9</sup> addressing all outstanding disputed issues raised

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<sup>3</sup>See Joint Motion for Approval of Settlement Agreement Regarding The Empire District Electric Company, 18-248 Docket, June 22, 2018.

<sup>4</sup>Grady Testimony, p. 3.

<sup>5</sup>Direct Testimony of Andrea C. Crane, May 13, 2019, pp. 42, 60.

<sup>6</sup>Grady Testimony, p. 3.

<sup>7</sup>Kalcic Cross Answering Testimony, May 20, 2019.

<sup>8</sup>Grady Testimony, p. 3.

<sup>9</sup>The Unanimous Settlement Agreement is attached to this Order as Exhibit A.

in the prefiled testimony and exhibits.<sup>10</sup> On June 18, 2019, Empire, Staff and CURB filed testimony in support of the Agreement.<sup>11</sup>

8. On June 25, 2019, the Commission held a hearing on the proposed Agreement. Empire, Staff and CURB appeared by counsel. Four witnesses testified in support of the settlement: Charlotte T. Emery on behalf of Empire; Justin T. Grady and Dr. Robert Glass on behalf of Staff; and Andrea C. Crane on behalf of CURB.<sup>12</sup>

9. The Commission has full power, authority and jurisdiction to supervise and control electric public utilities doing business in Kansas and is empowered to do all things necessary and convenient to exercise that power, authority and jurisdiction.<sup>13</sup> Empire is an electric public utility as defined in K.S.A. 66-104.<sup>14</sup> Therefore, Empire is subject to the Commission's jurisdiction and is required to furnish reasonably efficient and sufficient service and facilities for the use of any and all products or services rendered, furnished, supplied or produced by such electric public utility, to establish just and reasonable rates, charges and exactions and to make just and reasonable rules, classifications and regulations.<sup>15</sup>

#### OVERVIEW OF THE UNANIMOUS SETTLEMENT AGREEMENT

10. Under the Unanimous Settlement Agreement, Empire: (1) would receive \$0.00 increase in base rates;<sup>16</sup> (2) will place the revenues currently recovered in the AERR, \$1,794,980

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<sup>10</sup>Unanimous Settlement Agreement, ¶ 6.

<sup>11</sup>Settlement Testimony of Charlotte T. Emery, June 18, 2019; Testimony of Andrea C. Crane in Support of Unanimous Settlement Agreement, June 18, 2019; Robert H. Glass Testimony in Support of the Unanimous Settlement Agreement, June 18, 2019; Justin T. Grady in Support of Unanimous Settlement Agreement, June 18, 2019.

<sup>12</sup>Empire Exhibit 1.

<sup>13</sup>K.S.A. 66-101, *et seq.*

<sup>14</sup>K.S.A. 66-101a.

<sup>15</sup>K.S.A. 66-101b.

<sup>16</sup>*Id.*, ¶ 7.

million, into base rates and cancel the AERR tariff;<sup>17</sup> and (3) is allowed to collect \$2,449,381 through the TDC Rider.<sup>18</sup>

11. In addition, the Unanimous Settlement Agreement provides:

- Staff's recommended depreciation rates are adopted for purposes of settlement, as reflected in Appendix A to the Agreement with the exception of the depreciation rates for transmission assets, which will be based upon depreciation rates set by the Federal Energy Regulatory Commission.<sup>19</sup>
- The Agreement does not specify a particular treatment of incentive compensation expense and does not prevent Empire or other parties from challenging such adjustments in the future.<sup>20</sup>
- Empire agreed to withdraw, without prejudice, its request for the Revenue Stabilization Rider, its pension expense savings proposal, and its proposed Capital Tracker.<sup>21</sup>
- The Kansas-jurisdictional, non-transmission related ad valorem tax expense included in Empire's base rates is \$969,556. Because the rates from this proceeding will be in effect after February 1, 2019, this amount will need to be prorated for certain months of Empire's 2019 AVTS. The months in 2019 prior to the effective date of rates from this proceeding will rely on the ad valorem expense set in Empire's last full base rate case, Docket No. 10-EPDE-314-RTS (10-314 Docket). With respect

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<sup>17</sup>*Id.*

<sup>18</sup>Empire Exhibit 2 contains the revised revenue amount to be recovered through the TDC rider, ¶ 7.

<sup>19</sup>Agreement, ¶ 8; Appendix A to the Agreement.

<sup>20</sup>Agreement, ¶ 9.

<sup>21</sup>*Id.*, ¶ 10.

to its future AVTS filings, Empire agreed to remove the portion of property tax expense related to transmission assets and disallowed plant assets as recommended by Staff in its direct testimony.<sup>22</sup>

- Empire will use the following amortization periods for the following regulatory account deferrals:

- Actual rate case expense - three years;
- Pension Tracker 1 \$419,523 - five years;
- OPEB Tracker 1 \$83,958 - five years;
- Cost of recovery for the ice storm damage expense approved in the 10-314

Docket will be extended an additional five years of amortization.

The Agreement reserved the rights of the parties to argue whether any future unamortized rate case expense should be included in Empire's revenue requirement. Staff reserved its right to recommend denial of any unamortized rate case expenses. Pension and OPEB deferrals, as well as ice storm damage expense, are explicitly allowed to be re-amortized in future rate case proceedings.<sup>23</sup>

- The parties agreed to the amounts included in base rates for pension expense and OPEB expense of \$524,372 and \$90,257, respectively.<sup>24</sup>

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<sup>22</sup>*Id.*, ¶ 11.

<sup>23</sup>*Id.*, ¶ 12.

<sup>24</sup>*Id.*, ¶ 13.

- For purposes of calculating the carrying charge to be applied to the Asbury retirement filing provision and LED regulatory account asset/liability provisions, the parties agreed to use a gross of tax rate of return of 8.8107%.<sup>25</sup>
- Empire shall not be required to file the Asbury Retirement Credit Tariff as proposed by Staff; however, Empire shall notify the Commission and the parties within 30 days of Empire's definitive decision to retire Asbury. Empire will also be required to file an application with the Commission within 180 days of the definitive decision to retire Asbury which shall: (1) set forth in detail the impact that the retirement of Asbury will have on Empire's Kansas revenue requirement; and (2) propose a rate mechanism to flow through such changes in the revenue requirement. The rate mechanism shall be effective upon the retirement of Asbury and the Commission's determination of the impact that the retirement will have on the revenue requirement on which base rates are currently set and remain in effect until new rates are approved in Empire's next general rate case filing. In the event the Commission has not determined the reduction in the revenue requirement by the time Asbury is retired, Empire agrees to establish a regulatory asset/liability account beginning on the date Asbury is retired for the purpose of capturing the impact on the revenue requirement of retiring Asbury. The settlement reserved the rights of the parties to argue whether Empire should be allowed to continue to earn a return both of and on its investment in addition to recommending changes to the calculation of the reduction

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<sup>25</sup>*Id.*, ¶ 14.

in its Kansas revenue requirement relating to the retirement of Asbury and other proposals made by Empire.<sup>26</sup>

- Empire may implement its proposed LED municipal street lighting tariff as modified by Staff and establish a regulatory account (asset/liability) to track the actual cost and revenue impacts of the conversion for recovery consideration in Empire's next general rate case.<sup>27</sup>
- The parties agreed to the rates set forth in Appendix B to the Agreement.<sup>28</sup>
- Empire will amortize its excess deferred income taxes (Excess ADIT) as follows:
  - Protected - the average rate assumption method (ARAM)
  - Unprotected - five years.<sup>29</sup>
- Empire will provide a one-time bill credit of \$1,976,933 to refund customers the benefits of the TCJA related to the period of January 1, 2018, through July 31, 2019. The bill credits will be distributed to customers with the first billing cycle that starts no later than 60 days after the Commission issues its Order in this Docket. If the effective date of new rates is different than August 1, 2019, the amount refunded to customers shall be adjusted to reflect the number of days between January 1, 2018 and the effective date of rates from this case.<sup>30</sup>
- Empire will implement its proposed Tax Change Rider (TCR). As proposed, a base amount of Excess ADIT will be included as an offset against income tax expense and

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<sup>26</sup>*Id.*, ¶ 15.

<sup>27</sup>*Id.*, ¶ 16.

<sup>28</sup>*Id.*, ¶; Appendix B to the Agreement.

<sup>29</sup>Agreement, ¶ 18.

<sup>30</sup>*Id.*, ¶ 19.

then adjusted through the use of the TCR annually. Credit amounts will be distributed as approved in this case and these amounts will also consist of fixed and variable components based on the rate design approved in this case. The initial non-transmission excess ADIT amortization amount of \$361,896, including a protected EDIT amortization amount of \$97,418 based on an estimated ARAM schedule and an unprotected EDIT amortization amount of \$264,479 based on a five-year amortization, shall be used for purposes of Empire's TCR tariff.<sup>31</sup>

- The parties requested that the rate changes and the implementation of the TDC rider take effect no later than August 1, 2019.<sup>32</sup>

#### FINDINGS AND CONCLUSIONS

12. The law generally favors compromise and settlement of disputes between parties when they enter into an agreement knowingly and in good faith to settle the dispute.<sup>33</sup> When approving a settlement, the Commission must make an independent finding that the settlement is supported by substantial competent evidence in the record as a whole, establishes just and reasonable rates, and is in the public interest.<sup>34</sup>

13. The Unanimous Settlement Agreement is a unanimous settlement agreement as defined by K.A.R. 82-1-230a. Therefore, there is no need to apply the five-factor test.<sup>35</sup>

14. Substantial competent evidence possesses something of substance and relevant consequence, which furnishes a substantial basis of fact to reasonably resolve the issues.<sup>36</sup> Whether

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<sup>31</sup>*Id.*, ¶ 20.

<sup>32</sup>*Id.*, ¶ 21.

<sup>33</sup>*Bright v. LSI Corp.*, 254 Kan. 853, 858 (1994).

<sup>34</sup>*Citizens' Util. Ratepayer Bd. v. Kansas Corp. Comm'n.*, 28 Kan.App.2d 313, 316 (2000), *rev denied* March 20, 2001.

<sup>35</sup>*See Order on KCP&L's Application for Rate Change*, Docket No. 15-KCPE-116-RTS, Sept. 10, 2015, ¶ 16.

<sup>36</sup>*Farmland Indus., Inc. v. Kansas Corp. Comm'n.*, 25 Kan.App.2d 849, 852 (1999).



another trier of fact could have reached a different conclusion given the same facts is irrelevant; a Commission decision lacks substantial competent evidence when the Commission's determination "is so wide of the mark as to be outside the realm of fair debate."<sup>37</sup> In this case, the Commission reviewed the record consisting of prefiled testimony from 31 witnesses, including 13 on behalf of Empire, 13 on behalf of Staff, four on behalf of CURB, and one on behalf of KGS. The Commission also considered live testimony from four witnesses in support of the Agreement.<sup>38</sup>

15. At the hearing, Charlotte Emery, the Manager in the Rates and Regulatory Department Central Region for Empire, agreed that utilities bear the burden of proving their rate case expense was prudently incurred,<sup>39</sup> and that the Commission is charged with evaluating the amount of rate case expense utilities ultimately recover from ratepayers.<sup>40</sup>

16. Empire estimated its rate case expense at \$721,000, meaning it incurred \$721,000 to recover approximately \$100,000 in additional revenue from its customers.<sup>41</sup> At the hearing, the Commission questioned that disparity, focusing on the cost incurred by consultants.<sup>42</sup> Emery explained the audit-related costs, which ultimately produced a settlement, with a much lower revenue requirement than initially sought, benefitting ratepayers.<sup>43</sup> While Crane agreed CURB's and Staff's rate case expense produced benefits to the ratepayers, she questioned the costs associated with the regulatory reform consultant, and recommended disallowing them.<sup>44</sup> Grady testified that he had similar concerns over Mr. Hevert's testimony and "was right on the edge of recommending

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<sup>37</sup>*Id.* at 851, 856.

<sup>38</sup>Empire Exhibit 1.

<sup>39</sup> Transcript of June 25, 2019 Hearing on the Unanimous Settlement Agreement (Tr.), pp. 44-45.

<sup>40</sup> *Id.*, p. 45.

<sup>41</sup> *Id.*, p. 48.

<sup>42</sup> *Id.*, pp. 48-49.

<sup>43</sup> *Id.*, pp. 50, 60-61.

<sup>44</sup> *Id.*, pp. 73-75.

a disallowance of his, his expenses, but I didn't.”<sup>45</sup> While Grady had concerns that the testimony was duplicative, as it appears three or four witnesses addressed the same issue, Hevert's expenses were only \$27,000 at the time Staff filed its direct testimony, and he questioned whether Staff could meet its burden to disallow an expense for imprudence.<sup>46</sup>

17. Hevert's direct testimony filed on December 10, 2018, focused on the benefits of alternative ratemaking mechanisms and their consistency with ratemaking principles and objectives; broad national trends in regulatory reform and alternative ratemaking mechanisms, and proposed alternative rate structures.<sup>47</sup> On February 22, 2019, Hevert filed supplemental testimony, which adopted the Direct Testimony, Schedules, and discovery responses filed by Mr. Keith Magee regarding Empire's cost of equity (also referred to as the “return on equity”) and capital structure.<sup>48</sup> Finally, on May 31, 2019, Hevert filed rebuttal testimony in response to Staff witness Adam Gatewood and CURB witness Dr. J. Randall Woolridge on the issue of Empire's return on equity.<sup>49</sup>

18. As Blake Mertens, the Vice President of Electric Operations for the Liberty Utilities Central Region, explained in his direct testimony, Hevert's direct testimony supported Empire's proposals relating to the adoption of the specific regulatory mechanisms supported by Mr. Lyons and Mr. Doll.<sup>50</sup> Similarly, in his direct testimony, Hevert stated, “[a]s described in more detail by Company Witnesses Timothy S. Lyons and Aaron J. Doll, the Company proposes three ratemaking alternatives to address persistent revenue deficiencies.”<sup>51</sup> Specifically, Lyons devoted fifteen pages

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<sup>45</sup> *Id.*, p. 84.

<sup>46</sup> *Id.*, p. 85.

<sup>47</sup> Direct Testimony of Robert B. Hevert (Hevert Direct), Dec. 10, 2019, p. 3.

<sup>48</sup> Supplemental Testimony of Robert B. Hevert, Feb. 22, 2019, p. 2.

<sup>49</sup> Rebuttal Testimony of Robert B. Hevert, May 31, 2019, p. 1.

<sup>50</sup> Direct Testimony of Blake A. Mertens, Dec. 10, 2019, p. 14.

<sup>51</sup> Hevert Direct, p. 3.

of his direct testimony to the proposed Revenue Stabilization Rider and proposed Capital Tracker Rider.<sup>52</sup> Hevert's direct testimony cites to Doll's testimony that the proposed TDC Rider would recover transmission-related costs associated with service to its Kansas-jurisdictional customers and that 39% percent of utilities in the RRA have a mechanism to recover Regional Transmission Organization charges, which Empire includes in the proposed TDC.<sup>53</sup> Based on the Commission's review of Mr. Lyons' and Mr. Doll's testimony, there appears to be substantial overlap with Hevert's direct testimony.

19. The Commission disallows the portion of Hevert's expenses related to his testimony on alternative ratemaking mechanisms, finding his direct testimony is duplicative of testimony from Lyons and Doll.

20. In its final estimate of rate case expense filed on June 18, 2019, Empire anticipated \$102,103 in rate case expense related to Hevert's work on return on equity, capital structure, and regulatory mechanisms, with \$61,406 incurred as of June 17, 2019.<sup>54</sup> At the hearing, Mr. Grady approximated Hevert's expenses related to regulatory mechanisms as \$27,000.<sup>55</sup>

21. The Commission disallows Hevert's expenses relating to his work on regulatory mechanisms as duplicative. Accordingly, the Commission finds Empire cannot amortize Hevert's expenses related to his testimony on alternative ratemaking mechanisms as rate case expense. However, the Commission is only disallowing Hevert's expenses related to preparing his direct

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<sup>52</sup> Direct Testimony of Timothy S. Lyons, Dec. 10, 2019, pp. 41-55.

<sup>53</sup> Hevert Direct, p. 20.

<sup>54</sup> Final Estimate of Rate Case Expense, June 18, 2019, p. 2.

<sup>55</sup> Tr., p. 85.

testimony. Hevert's supplemental and rebuttal testimony regarding return on equity will be allowed as rate case expense.

22. Having reviewed the record as a whole, the Commission finds the remainder of the Unanimous Settlement Agreement is supported by substantial competent evidence.

23. Every electric public utility in Kansas is required to provide reasonably efficient and sufficient service and establish just and reasonable rates.<sup>56</sup> Under Kansas Supreme Court precedent, rates must fall within a "zone of reasonableness" which balances the interests of investors versus ratepayers, present versus future ratepayers, and the public interest.<sup>57</sup> The Commission considered these competing interests and finds the agreed upon revenue requirement falls within the "zone of reasonableness." The record contains substantial competent evidence that the agreed-upon revenue requirement will provide Empire sufficient revenues and cash flows to meet its financial obligations, yet will keep rates as low as possible while maintaining reliable service for its customers. The Commission finds that approval of the Unanimous Settlement Agreement will result in just and reasonable rates for Empire and its customers.<sup>58</sup> The Commission finds the Unanimous Settlement Agreement fairly represents a balance of the relevant interests and is supported by the evidence.<sup>59</sup>

24. The Commission also finds the terms of the Unanimous Settlement Agreement are fair and reasonable and were fully and fairly negotiated by the parties in conjunction with the

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<sup>56</sup>K.S.A. 66-101b.

<sup>57</sup>*Kansas Gas and Elec. Co. v. Kansas Corp. Comm'n.*, 239 Kan. 483, 488 (1986).

<sup>58</sup>Grady Testimony, pp. 12-15.

<sup>59</sup>*Id.*, pp. 12-13.

acknowledgment that it is unlikely the Commission would accept wholesale any party's prefiled position.<sup>60</sup>

25. Consistent with the parties' positions, the Commission finds that approval of the Unanimous Settlement Agreement is in the public interest.<sup>61</sup> The terms of the Agreement represent an equitable balancing of the interests of all parties,<sup>62</sup> and the public interest is upheld by minimizing the cost of litigation that would be passed on to ratepayers.<sup>63</sup>

26. Based on the above, the Commission finds the attached Unanimous Settlement Agreement, as modified by the Commission, is supported by substantial competent evidence in the record as a whole, results in just and reasonable rates, and is in the public interest. The Commission approves the Unanimous Settlement Agreement, with the modification on rate case expense. Per agreement of the parties, the new rates and tariffs shall become effective on August 1, 2019.

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<sup>60</sup>*Id.*, p. 12.

<sup>61</sup>*Id.*, pp. 15-16.

<sup>62</sup>*Id.*

<sup>63</sup>*Id.*

**THEREFORE, THE COMMISSION ORDERS:**

A. The Joint Motion to Approve the Unanimous Settlement Agreement is granted. The Unanimous Settlement Agreement, with the disallowance of Hevert's expenses relating to his work on regulatory mechanisms, is approved. The terms of the attached Unanimous Settlement Agreement are incorporated into this Order.

B. Empire's base rate revenue is unchanged, factoring in the impact of rebasing \$2,350,273 related to the AVTS and AERR. Additionally, the Commission approves Empire's recovery of transmission related charges of \$2,449,381 through its TDC rider.

C. The effective date of the rates approved in this Order shall be August 1, 2019.

D. Any party may file for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).<sup>64</sup>

E. The Commission retains jurisdiction over the subject matter and parties to enter further orders as it deems necessary.

**BY THE COMMISSION IT IS SO ORDERED.**

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner.

Dated: 07/30/2019.



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Lynn M. Retz  
Executive Director

BGF

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<sup>64</sup>K.S.A. 77-529(a)(1).

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 Changes in its	)	Docket No. 19-EPDE-223-RTS
Charges for Electric Service.	)	

**UNANIMOUS SETTLEMENT AGREEMENT**

As a result of discussions between the parties to this docket, the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively), The Empire District Electric Company ("Empire" or the "Company"), the Citizens' Utility Ratepayer Board ("CURB") and Kansas Gas Service, Inc., a division of ONE Gas, Inc. ("KGS") (referred to collectively as the "Signatories" or the "Signatory Parties"), hereby submit to the Commission for its consideration and approval the following Unanimous Settlement Agreement ("Agreement"):

**I. EMPIRE'S APPLICATION**

1. On December 10, 2018, Empire filed an Application with the Commission to make certain changes in its rates and charges for electric service, which was docketed as the above captioned proceeding. The filing was made in accordance with Kansas Statutes Annotated ("K.S.A.") 66-117 and Kansas Administrative Regulations ("K.A.R.") 82-1-231(b)(3).

2. The schedules filed with Empire's Application indicated a gross revenue requirement deficiency of \$1.69 million, including the rebasing of property taxes currently collected from customers through the Ad Valorem Tax Surcharge ("AVTS"), which is currently set at \$555,293 annually, moving the Asbury Environmental and Riverton Cost Recovery ("AERR") amount, which is \$1,794,980 to base rates and cancelling the AERR tariff. Empire also sought approval of the establishment of a Transmission Delivery Charge ("TDC") Rider and authorization to assign \$3.16

million to the TDC Rider. The revenue requirement deficiency was based upon normalized operating results for the test year ending June 30, 2018, adjusted for known and measurable changes in revenue, operating and maintenance expenses, cost of capital and taxes, and other adjustments explained in the testimony and schedules supporting Empire's Application. The Company's requested incremental increase was \$2.5 million with the inclusion of the AVTS rebasing<sup>1</sup>, moving the AERR revenues to base rates and the establishment of the TDC Rider.

3. On January 18, 2019, February 22, 2019, March 29, 2019 and April 11, 2019, Empire filed supplemental testimony.

4. Staff filed its direct testimony on May 13, 2019, recommending a base rate revenue decrease of \$340,082, including AVTS rebasing and moving the AERR revenues to base rates. Staff agreed to the AVTS rebasing and moving the AERR revenues to base rates and cancelling the AERR tariff. Staff recommended that \$2.71 million be assigned to the TDC Rider. Staff's recommendation was a net incremental increase of \$18,115. CURB filed its direct and cross-answering testimony on May 13, 2019 and May 20, 2019, respectively, recommending a base revenue decrease of \$851,378, including AVTS rebasing, moving the AERR revenues to base rates and cancelling the AERR tariff, and establishment of the TDC Rider. Staff and CURB also addressed policy and rate design issues. KGS filed direct testimony primarily addressing rate design issues.

5. Consistent with the Commission's Procedural Order, Empire filed rebuttal testimony on May 31, 2019. The Parties held settlement discussions on June 5, 2019 and June 6, 2019, and reached this Agreement, as described below.

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<sup>1</sup>The AVTS will not actually be reset until the Company's next AVTS filing, to be effective March 2020.



## II. TERMS OF THE SETTLEMENT AGREEMENT

6. The Signatory Parties have agreed to a total revenue requirement amount, revenue allocations, and rate design adjustments, without specifically addressing the underlying issues and disagreements regarding those issues, except as set forth herein. This Agreement resolves all issues in this matter, with such Agreement providing no precedent for future cases as to the underlying issues or positions of the parties on those issues. In the event the Commission either does not approve this Agreement in total, or materially changes the Agreement terms, then the Agreement shall be voidable by any Signatory negatively affected by such modification. The following sets forth the terms of this Agreement:

### A. REVENUE REQUIREMENT AND TDC RIDER

7. The Signatory Parties agree that there will be no increase in Empire's base revenue requirement. The base revenue requirement includes certain property tax expenses that are currently being collected through the AVTS, and annual costs of \$1,794,980 that are currently being collected through the AERR. Empire shall be allowed to collect \$2,708,470 in the TDC Rider, subject to that amount being updated prior to the rate going into effect per Staff's recommendation set forth in the Direct Testimony of Staff Witness Andria Jackson. The AERR tariff shall be cancelled.

### B. DEPRECIATION

8. The Parties agree the revenue requirement specified in paragraph 7 above includes implementation of the depreciation rates proposed by Staff Witness Roxie McCullar and set forth in Appendix A to this Agreement. Empire agrees it will adopt the depreciation rates in Appendix A with the exception of the depreciation rates for transmission assets, which will be based upon depreciation rates set by the Federal Energy Regulatory Commission. By agreeing to the

depreciation rates set forth in Appendix A, Empire is not agreeing to the policy recommendations made by Ms. McCullar. Further, Empire is not precluded from advancing positions or arguments in future rate filings that differ from the policy recommendations made by Ms. McCullar.

C. INCENTIVE COMPENSATION

9. Pursuant to the Commission's Order in Docket No. 12-KCPE-764-RTS, Staff addressed the issue of incentive compensation in pre-filed testimony. Testimony regarding incentive compensation was also filed by Empire in its direct and rebuttal testimony. CURB also filed testimony regarding incentive compensation. The Parties agree that nothing in this Agreement constitutes an agreement by Empire that Staff's and CURB's proposed adjustments to incentive compensation are appropriate and this Agreement does not prevent Empire or other parties from challenging such adjustments in the future.

D. ALTERNATIVE RATEMAKING MECHANISMS

10. Empire agrees to withdraw, without prejudice, (1) its proposed Revenue Stabilization Rider ("RSR"); (2) its proposal to share pension expense savings with customers; and (3) its Capital Tracker.

E. AVTS RIDER

11. Subject to the other provisions in this paragraph, for purposes of filing Empire's Ad Valorem Tax Surcharge Rider in January 2020 (and subsequent years until rebased in Empire's next base rate case), the Parties agree that the non-transmission related ad valorem expenses embedded in base rates shall be \$969,556. Because the rates resulting from this rate proceeding will be implemented after February 1, 2019, for the months in 2019 in which the new rates were not in effect, Empire shall use the ad valorem expense agreed to in Empire's 2010 rate case, Docket No 10-EPDE-314-RTS, to calculate the Ad Valorem Tax Surcharge Rider for those months. Empire

agrees to file future AVTS filings in a manner that removes the portion of property tax expense related to transmission assets and disallowed plant assets as described in Staff Witness Jackson's testimony.

F. AMORTIZATION PERIODS

12. Amortization periods and/or expenses are established as follows:

(a) Empire's actual rate case expense - three years;

(b) Empire's Pension Tracker 1 \$419,523 and OPEB Tracker 1 deferrals \$83,958 - five years; and

(c) the cost recovery period for the Ice Storm Damage expense, which was ordered in Docket No. 10-EPDE-314-RTS, will be extended from 10 years of amortization to 15 years of amortization (an additional five years of amortization).

(d) with respect to item 12(a) above, and consistent with its policy position, Staff reserves the right to recommend the Commission disallow recovery of any unamortized rate case expense balance in Empire's next full general rate proceeding. In Empire's next full general rate proceeding, any other party may assert any position regarding recovery of unamortized portions of this docket's rate case expense and Empire reserves its right to seek recovery of the unamortized balance of any rate case expense in the next rate case filing; and

(e) with respect to item 12(b) and 12(c) above, Empire shall have the right to recover any unamortized amount relating to Pension and OPEB deferrals and Ice Storm Damage expense.

G. CONTINUATION OF PENSION TRACKERS

13. For the purposes of calculating Empire's pension tracker going forward, the Parties agree that the base rates agreed to in this Agreement include the following expenses:

- (a) Empire's Pension Expense: \$524,372
- (b) Empire OPEB Expense: \$90,257

H. CARRYING CHARGES ON ASBURY RETIREMENT AND LED LIGHTING REGULATORY ACCOUNT (ASSET/LIABILITY)

14. For purposes of calculating the carrying charges to be applied to the Asbury Retirement filing provision and LED Regulatory Account Asset/Liability Provisions in this Agreement, the carrying costs shall be calculated using a carrying charge of 8.8107% gross of tax, which is based on state and federal tax rates in effect as of the date of this Agreement. The Parties agree this carrying charge is solely for purposes of these two matters and is not precedential for any other purpose.

I. STAFF'S PROPOSED ASBURY RETIREMENT CREDIT TARIFF

15. Empire shall not be required to file the Asbury Retirement Credit Tariff ("ARCT") as proposed by Staff. However, Empire shall notify the Commission and the Parties within 30 days of Empire's definitive decision to retire Asbury. Empire shall also be required to file an application with the Commission within 180 days of the definitive decision to retire Asbury. The application shall set forth in detail the impact that the retirement of Asbury will have on Empire's Kansas revenue requirement. The application shall also propose a rate mechanism to flow through changes in the revenue requirement due to the retirement of Asbury. The rate mechanism shall be effective upon the retirement of Asbury and the Commission's determination of the impact that the retirement of Asbury will have on Empire's Kansas revenue requirement on which base rates are currently set, and remain in effect until new rates are approved in Empire's next general rate case filing. In the event the Commission has not determined the reduction in the revenue requirement by the time Asbury is retired, Empire agrees to establish a regulatory account (asset/liability) beginning on the date Asbury is retired for the purpose of capturing the impact on the revenue requirement of retiring

Asbury. In agreeing to file said application, Empire specifically reserves its right to contend that it should be allowed to continue to earn a return both of and on its investment in Asbury in addition to making other proposals. Staff and CURB specifically reserve their respective rights to oppose Empire's request that it be allowed to continue to earn a return both on and of its investment in addition to recommending changes to Empire's calculation of the reduction in its Kansas revenue requirement relating to the retirement of Asbury and other proposals made by Empire. For purposes of determining any return on Asbury in said filing the Parties agree that the carrying charge as outlined in paragraph 14 above shall apply.

J. LED LIGHTING REGULATORY ACCOUNT (ASSET/LIABILITY) AND LED

16. Empire shall be allowed to implement its proposed LED municipal street lighting tariff as modified by Staff in the Direct Testimony of Staff Witness Lana Ellis. Empire shall also be allowed to establish a regulatory account (asset/liability) to track the actual cost and revenue impacts of the conversion for recovery consideration in Empire's next general rate case.

K. CLASS COST OF SERVICE AND RATE DESIGN

17. The Parties agree the rate changes shall be allocated among the respective classes of customers according to the amounts indicated for each class as shown in Appendix B attached hereto.

L. EXCESS DEFERRED INCOME TAXES

18. Amortization expense associated with the excess accumulated deferred income taxes will be recorded by Empire using the following periods:

- (a) Protected - Average Rate Assumption Method ("ARAM")
- (b) Unprotected - Five (5) Years

M. TAX CUT AND JOBS ACT

19. Empire will provide to customers a one-time bill credit of \$1,976,933 for tax savings relating to the period of January 1, 2018 through July 31, 2019, using the method proposed by Staff Witness Glass in this case. It will be distributed to customers with the first billing cycle that starts no later than 60 days after the Commission issues its order in this case. If the effective date of new rates from this case is different than August 1, 2019, the amount refunded to customers shall be adjusted to reflect the number of days between January 1, 2018, and the effective date of rates from this case.

N. TAX CHANGE RIDERS

20. Empire shall be allowed to implement its proposed Tax Change Rider ("TCR"). Empire proposed in this proceeding that a base amount of Excess ADIT (Protected and Unprotected) be included as an offset against income tax expense and then on an annual basis, adjusted through the use of the TCR for the difference between this base amount and the actual yearly amortization of Excess ADIT. Credit amounts will be distributed as approved in this rate case. The credit will also consist of fixed and variable components based on the rate design approved in this rate case. An initial Excess ADIT amortization amount (excluding transmission Excess ADIT) of \$361,896, including a protected Excess ADIT amortization amount of \$97,418 based on an estimated ARAM schedule and an unprotected EDIT amortization amount of \$264,479 based on an amortization schedule of five years shall be used for purposes of Empire's TCR tariff.

O. EFFECTIVE DATE OF RATE CHANGES

21. As part of this Agreement, the Parties respectfully request that the rate changes and the implementation of the TDC Rider take effect no later than August 1, 2019.

P. MISCELLANEOUS PROVISIONS

(a) **THE COMMISSION'S RIGHTS**

22. Nothing in this Agreement is intended to impinge or restrict, in any manner, the exercise by the Commission of any statutory right, including the right of access to information, and any statutory obligation, including the obligation to ensure that Empire is providing efficient and sufficient service at just and reasonable rates.

**(b) PARTIES' RIGHTS**

23. The Parties, including Staff, shall have the right to present pre-filed testimony in support of this Agreement. Such testimony shall be filed formally in the docket and presented by witnesses at a hearing on this Agreement. Such testimony shall be filed on or before June 18, 2019, as required by the procedural schedule filed in this docket. Empire shall also present a schedule at the hearing on this Agreement that sets forth its rate case expenses to date.

**(c) WAIVER OF CROSS-EXAMINATION AND POST-HEARING BRIEFS**

24. The Parties waive cross-examination on all testimony filed prior to the filing of this Agreement. The Parties agree that all such pre-filed testimony and exhibits may be incorporated into the record without objection at the hearing on the settlement. The Parties agree to waive the filing of post hearing briefs.

**(d) NEGOTIATED SETTLEMENT**

25. This Agreement represents a negotiated settlement that fully resolves all of the issues in this docket among the Parties. The Parties represent that the terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein. Except as specified herein, the Parties shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Agreement in the instant proceeding. If the Commission accepts this Agreement in its entirety and incorporates the same into

a final order without material modification, the Parties shall be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein and in accordance with the terms hereof, and will not appeal the Commission's order on these issues.

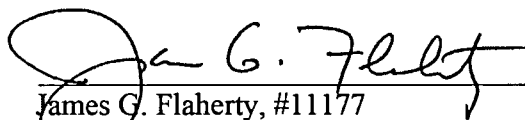
**(e) INTERDEPENDENT PROVISIONS**

26. The provisions of this Agreement have resulted from negotiations among the Parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Agreement in total, the Agreement shall be voidable and no party hereto shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof. Further, in such event, this Agreement shall be considered privileged and not admissible in evidence or made a part of the record in any proceeding.

**(f) SUBMISSION OF DOCUMENTS TO THE COMMISSION OR STAFF**

27. To the extent this Agreement provides for information, documents or other data to be furnished to the Commission or Staff, such information, documents or data shall be filed with the Commission and a copy served upon the Commission's Director of Utilities. Such information, documents, or data shall be marked and identified with the docket number of this proceeding.

IN WITNESS WHEREOF, the Parties have executed and approved this Stipulated Settlement Agreement, effective as of the 12<sup>th</sup> day of June, 2019, by subscribing their signatures below.



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Attorneys for The Empire District Electric Company

*/s/ Robert Elliott Vincent*

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*/s/ David W. Nickel*

---

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*/s/ Judy Jenkins Hitchye*

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Attorney for Kansas Gas Service, a Division of ONE  
Gas, Inc.

EXHIBIT A  
**APPENDIX A**

**The Empire District Electric Company  
Staff Proposed Depreciation Rates  
As of December 31, 2014**

Account	Description	Accrual Rate
A	B	C
<b>PRODUCTION PLANT</b>		
<b><u>Asbury</u></b>		
311.00	Structures & Improvements	4.07%
312.00	Boiler Plant Equipment	4.70%
312.00	Train	6.67%
314.00	Turbo Generator Equipment	4.77%
315.00	Accessory Electric Equipment	3.57%
316.00	Misc. Power Equipment	3.18%
	<b><u>Total Asbury</u></b>	<b><u>4.63%</u></b>
<b><u>Riverton</u></b>		
311.00	Structures & Improvements	11.52%
312.00	Boiler Plant Equipment	11.52%
314.00	Turbo Generator Equipment	11.52%
315.00	Accessory Electric Equipment	11.52%
316.00	Misc. Power Equipment	11.52%
	<b><u>Total Riverton</u></b>	<b><u>11.52%</u></b>
<b><u>latan 1</u></b>		
311.00	Structures & Improvements	1.71%
312.00	Boiler Plant Equipment	2.62%
312.00	Train	6.67%
314.00	Turbo Generator Equipment	2.34%
315.00	Accessory Electric Equipment	2.44%
316.00	Misc. Power Equipment	1.38%
	<b><u>Total latan 1</u></b>	<b><u>2.53%</u></b>
<b><u>latan 2</u></b>		
311.00	Structures & Improvements	1.48%
312.00	Boiler Plant Equipment	1.55%
314.00	Turbo Generator Equipment	1.62%
315.00	Accessory Electric Equipment	1.47%
316.00	Misc. Power Equipment	1.61%
	<b><u>Total latan 2</u></b>	<b><u>1.55%</u></b>
<b><u>latan Common</u></b>		
311.00	Structures & Improvements	1.87%
312.00	Boiler Plant Equipment	1.84%
314.00	Turbo Generator Equipment	2.04%

## EXHIBIT A

315.00	Accessory Electric Equipment	1.86%
316.00	Misc. Power Equipment	1.96%
	<b><u>Total Iatan Common</u></b>	<b>1.85%</b>

**Plum Point**

311.00	Structures & Improvements	2.19%
312.00	Boiler Plant Equipment	2.26%
312.00	Train	6.67%
314.00	Turbo Generator Equipment	2.35%
315.00	Accessory Electric Equipment	2.12%
316.00	Misc. Power Equipment	2.20%
	<b><u>Total Plum Point</u></b>	<b>2.48%</b>

**Steam Production**

311.00	Structures & Improvements	3.56%
312.00	Boiler Plant Equipment	3.37%
312.00	Train	6.67%
314.00	Turbo Generator Equipment	3.21%
315.00	Accessory Electric Equipment	2.58%
316.00	Misc. Power Equipment	3.51%
	<b><u>Total Steam Production</u></b>	<b>3.36%</b>

**Ozark Beach Hydro**

331.00	Structures & Improvements	1.69%
332.00	Reservoirs, Dams, & Waterways	1.74%
333.00	Water Wheels, Turbines, & Generators	2.32%
334.00	Accessory Electric Equipment	2.30%
335.00	Misc. Power Equipment	1.68%
	<b><u>Total Ozark Beach Hydro</u></b>	<b>2.02%</b>

**State Line CC**

341.00	Structures & Improvements	2.09%
342.00	Fuel Holders, Producers, & Accessories	2.10%
343.00	Prime Movers	1.95%
344.00	Generators	1.95%
345.00	Accessory Electric Equipment	2.09%
346.00	Misc. Power Equipment	2.09%
	<b><u>Total State Line CC</u></b>	<b>1.97%</b>

**State Line CT**

341.00	Structures & Improvements	1.81%
342.00	Fuel Holders, Producers, & Accessories	1.80%
343.00	Prime Movers	1.67%
344.00	Generators	1.68%
345.00	Accessory Electric Equipment	1.80%
346.00	Misc. Power Equipment	1.80%
	<b><u>Total State Line CT</u></b>	<b>1.70%</b>

## EXHIBIT A

**Energy Center Unit 1 & 2 (CTs)**

341.00	Structures & Improvements	1.74%
342.00	Fuel Holders, Producers, & Accessories	1.74%
343.00	Prime Movers	1.62%
344.00	Generators	1.62%
345.00	Accessory Electric Equipment	1.74%
346.00	Misc. Power Equipment	1.74%
	<b><u>Total Energy Center Unit 1 &amp; 2 (CTs)</u></b>	<b><u>1.64%</u></b>

**Energy Center Unit 3 & 4 (FT8s)**

341.00	Structures & Improvements	3.05%
342.00	Fuel Holders, Producers, & Accessories	3.07%
343.00	Prime Movers	2.86%
344.00	Generators	2.84%
345.00	Accessory Electric Equipment	3.05%
346.00	Misc. Power Equipment	3.06%
	<b><u>Total Energy Center Unit 3 &amp; 4 (FT8s)</u></b>	<b><u>2.88%</u></b>

**Riverton CT**

341.00	Structures & Improvements	2.38%
342.00	Fuel Holders, Producers, & Accessories	2.39%
343.00	Prime Movers	2.22%
344.00	Generators	2.22%
345.00	Accessory Electric Equipment	2.38%
346.00	Misc. Power Equipment	2.39%
	<b><u>Total Riverton CT</u></b>	<b><u>2.27%</u></b>

**Riverton Unit 12**

341.00	Structures & Improvements	1.99%
342.00	Fuel Holders, Producers, & Accessories	1.98%
343.00	Prime Movers	1.85%
344.00	Generators	1.85%
345.00	Accessory Electric Equipment	1.99%
346.00	Misc. Power Equipment	1.99%
	<b><u>Total Riverton Unit 12</u></b>	<b><u>1.89%</u></b>

**Other Production**

341.00	Structures & Improvements	2.12%
342.00	Fuel Holders, Producers, & Accessories	2.10%
343.00	Prime Movers	2.07%
344.00	Generators	1.89%
345.00	Accessory Electric Equipment	2.13%
346.00	Misc. Power Equipment	2.12%
	<b><u>Total Other Production</u></b>	<b><u>2.05%</u></b>

**TOTAL PRODUCTION PLANT****2.95%**

## EXHIBIT A

**TRANSMISSION PLANT**

352.00	Structures & Improvements	1.52%
353.00	Station Equipment	2.09%
354.00	Towers and Fixtures	2.30%
355.00	Poles and Fixtures	3.27%
356.00	Overhead Conductors & Devices	1.62%
359.00	Roads & Trails	0.00%

<b>TOTAL TRANSMISSION PLANT</b>		<b>2.26%</b>
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**DISTRIBUTION PLANT**

361.00	Structures & Improvements	1.86%
362.00	Station Equipment	2.04%
364.00	Poles, Towers, and Fixtures	4.11%
365.00	Overhead Conductors & Devices	2.85%
366.00	Underground Conduit	1.94%
367.00	Underground Conductors & Devices	1.97%
368.00	Line Transformers	1.81%
369.00	Services	2.85%
370.00	Meters	2.28%
371.00	Installations on Cust. Premises	3.06%
373.00	Street Lighting & Signal Systems	3.70%

<b>TOTAL DISTRIBUTION PLANT</b>		<b>2.76%</b>
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**GENERAL PLANT**

390.00	Structures & Improvements	2.24%
391.10	Office Furniture & Equipment	4.64%
391.20	Computer Equipment	10.00%
392.00	Transportation Equipment	4.29%
393.00	Stores Equipment	1.65%
394.00	Tools, Shop, & Garage Equipment	4.09%
395.00	Laboratory Equipment	1.30%
396.00	Power Operated Equipment	4.56%
397.00	Communication Equipment	4.02%
398.00	Misc. Equipment	1.40%

<b>TOTAL GENERAL PLANT</b>		<b>5.00%</b>
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<b>TOTAL PLANT</b>		<b>2.87%</b>
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EXHIBIT A

## APPENDIX B

REVENUE ALLOCATION AMONG THE RATE CLASSES					
Rate Class	Class Rate of Return	Relative Rate of Return	Current Base Rate Revenue	Proposed Base Rate Revenue	Change
(a)	(b)	(c)	(d)	(e)	(f)
<b>RESIDENTIAL</b>					
General	6.83%	0.91	\$ 4,919,155	\$ 4,919,205	\$ 50
Water Heating	6.13%	0.82	\$ 777,208	\$ 777,232	\$ 24
Space Heating	5.10%	0.68	\$ 2,264,139	\$ 2,269,760	\$ 5,621
			\$ 7,960,502	\$ 7,966,197	\$ 5,695
<b>COMMERCIAL</b>					
Buildings	13.81%	1.85	\$ 1,843,780	\$ 1,838,599	\$ (5,181)
Space Heating	9.83%	1.32	\$ 226,288	\$ 225,774	\$ (515)
			\$ 2,070,068	\$ 2,064,373	\$ (5,695)
<b>OTHER</b>					
General Power	12.52%	1.68	\$ 2,930,254	\$ 2,919,817	\$ (10,437)
Total Electric Building	9.76%	1.31	\$ 664,158	\$ 661,868	\$ (2,290)
Transmission	3.08%	0.41	\$ 2,004,870	\$ 2,017,715	\$ 12,845
Lighting	7.98%	1.07	\$ 589,693	\$ 589,693	\$ -
<i>Municipal St Lighting</i>			\$ 170,772	\$ 170,772	\$ -
<i>Private Lighting</i>			\$ 400,389	\$ 400,389	\$ -
<i>Special Lighting</i>			\$ 18,532	\$ 18,532	\$ -
			\$ 6,188,974	\$ 6,189,092	\$ 118
<b>TOTAL</b>			\$ 16,219,544	\$ 16,219,662	\$ 118

Direct Testimony  
 Robert H. Glass  
 Docket No. 19-EPDE-223-RTS

EXHIBIT A

<b>RESIDENTIAL RATE DESIGN</b>						
<b>Tariff</b>	<b>Billing Determinants</b>	<b>Existing Rates</b>	<b>Current Base Rate Revenue</b>	<b>Proposed Rates</b>	<b>Proposed Base Rate Revenue</b>	
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>	<b>(g)</b>
<b>RG-Residential</b>						
Annual Number of Bills	66,638	\$ 14.00	\$ 932,932	\$ 14.25	\$ 949,592	
Usage (kWh Sales)						
First 600 kWh	29,659,525	\$ 0.06858	\$ 2,034,050	\$ 0.06802	\$ 2,017,441	
All Additional kWh	31,939,995	\$ 0.06112	\$ 1,952,172	\$ 0.06112	\$ 1,952,172	
Total Base Rate Revenue			\$ 4,919,155		\$ 4,919,205	
<b>RG-Residential Water Heat</b>						
Annual Number of Bills	9,037	\$ 14.00	\$ 126,518	\$ 14.25	\$ 128,777	
Usage (kWh Sales)						
First 600 kWh	4,561,857	\$ 0.06309	\$ 287,808	\$ 0.06260	\$ 285,572	
All Additional kWh	5,937,212	\$ 0.06112	\$ 362,882	\$ 0.06112	\$ 362,882	
Total Base Rate Revenue			\$ 777,208		\$ 777,232	
<b>RH-Residential Total Electric</b>						
Annual Number of Bills	22,485	\$ 14.00	\$ 314,790	\$ 14.25	\$ 320,411	
Usage (kWh Sales)	34,061,661	\$ 0.05723	\$ 1,949,349	\$ 0.05723	\$ 1,949,349	
Total Base Rate Revenue			\$ 2,264,139		\$ 2,269,760	



Direct Testimony  
 Robert H. Glass  
 Docket No. 19-EPDE-223-RTS

EXHIBIT A

**SMALL COMERCIAL RATE DESIGN**

Rate	Billing Determinants	Existing Rates	Current Base Rate Revenue	Proposed Rates	Proposed Base Rate Revenue
(a)	(b)	(c)	(d)	(e)	(f)
<b>CB-Commercial</b>					
Annual Number of Bills	14,197	\$ 19.00	\$ 269,743	\$ 20.00	\$ 283,940
Usage (kWh Sales)					
First 700 kWh	5,223,091	\$ 0.09284	\$ 484,912	\$ 0.08913	\$ 465,534
All Additional kWh	13,180,745	\$ 0.08263	\$ 1,089,125	\$ 0.08263	\$ 1,089,125
Total Base Rate Revenue			\$ 1,843,780		\$ 1,838,599
<b>SH-Small Heating</b>					
Annual Number of Bills	1,317	\$ 19.00	\$ 25,023	\$ 20.00	\$ 26,340
Usage (kWh Sales)					
First 1,000 kWh	893,440	\$ 0.07891	\$ 70,501	\$ 0.07686	\$ 68,670
All Additional kWh	1,777,985	\$ 0.06963	\$ 130,764	\$ 0.06963	\$ 130,764
Total Base Rate Revenue			\$ 226,288		\$ 225,774

**LARGE COMMERCIAL, INDUSTRIAL, AND LIGHTING RATE DESIGN**

Item	Billing Determinants	Existing Rates	Current Base Rate/Revenue	Proposed Rates	Proposed Base Rate/Revenue	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>GP-General Power</b>				N/A	N/A	
Annual Number of Bills		1,282				
All KWh Usage	38,603,218	\$ 0.03400	\$ 1,312,509	\$ 0.03400	\$ 1,312,509	
Minimum Adjustment (Demand >= 40kW)			\$ 64,473		\$ 64,473	
First 40kW Demand	47,443	\$ 13.02	\$ 617,706	\$ 12.80	\$ 607,269	
Next 460kW Demand	86,066	\$ 10.39	\$ 894,227	\$ 10.39	\$ 894,227	
All Additional Demand	5,072	\$ 8.15	\$ 41,338	\$ 8.15	\$ 41,338	
Total Base Rate Revenue			\$ 2,930,254		\$ 2,919,817	
<b>TEB-Total Electric Building</b>						
Annual Number of Bills	481	\$ 30.46	\$ 14,651	\$ 32.00	\$ 15,392	
Usage (kWh Sales)						
First 150 kWh						
Next 9,850 kWh	3,565,111	\$ 0.08460	\$ 301,608	\$ 0.08375	\$ 298,578	
Above 10,000 kWh	5,861,801	\$ 0.05935	\$ 347,898	\$ 0.05935	\$ 347,898	
Total Base Rate Revenue			\$ 664,158		\$ 661,868	
<b>PT-Transmission (PT)</b>						
All kWh	48,142,857	\$ 0.02083	\$ 1,002,816	\$ 0.02100	\$ 1,011,000	
Minimum Demand Charge	60	\$ 11,858.75	\$ 711,525	\$ 11,858.75	\$ 711,525	
First 1,000kW Demand						
All Additional kW Demand	51,788	\$ 5.61	\$ 290,529	\$ 5.70	\$ 295,190	
Total Base Rate Revenue			\$ 2,004,870		\$ 2,017,715	
<b>Lighting</b>						
Municipal St Lighting			\$ 170,772		\$ 170,772	
Private Lighting			\$ 400,389		\$ 400,389	
Special Lighting			\$ 18,532		\$ 18,532	
			\$ 589,693		\$ 589,693	

## CERTIFICATE OF SERVICE

19-EPDE-223-RTS

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 07/30/2019.

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\*\*\*Hand Delivered\*\*\*

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