

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION)
OF THE EMPIRE DISTRICT ELECTRIC)
COMPANY, A KANSAS CORPORATION, FOR)
AN ADJUSTMENT IN ITS RATES AND)
CHARGES FOR ELECTRIC SERVICE IN THE)
STATE OF OKLAHOMA)

CAUSE NO. PUD 202100163

FILED
FEB 28 2022

COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

APPLICATION

COMES NOW The Empire District Electric Company d/b/a Liberty-Empire (“Liberty-Empire” or the “Company”) in accordance with 17 O.S. § 152 and the Oklahoma Corporation Commission’s (“Commission”) rules promulgated thereunder, and states as follows:

I. Applicant

Liberty-Empire is a corporation duly organized and existing under the laws of the State of Kansas and is engaged in and doing business in said state and has heretofore duly qualified to do and is also doing business in the states of Missouri, Arkansas and Oklahoma. Liberty-Empire owns and operates an electric utility system located in contiguous portions of the above-mentioned four states, which is used to serve approximately 177,000 total retail electric customers, of which approximately 4,800 of those customers are located in Oklahoma. Liberty-Empire is subject to the regulatory authority of the Commission with respect to retail rates and charges within the State of Oklahoma, and has the following address and principal place of business:

Liberty Utilities
602 S. Joplin Ave.
Joplin, MO 64801

Liberty-Empire is represented for purposes of these proceeding by the following named individuals whose addresses are reflected below:

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All correspondence, pleadings and communications with respect to this proceeding should be directed to all named counsel and Company employees at the above address.

II. Allegation of Facts

A. Liberty-Empire's current base rates and charges were approved by the Commission in Cause No. PUD 201800133, in Order No. 703403, issued on October 9, 2019, based on a test year ending September 30, 2018. In that cause, the Commission authorized Liberty-Empire to earn an overall rate of return of 7.27 percent. Currently, Liberty-Empire is earning 1.27 percent, and thus is not earning sufficient operating income to produce a fair and reasonable return on capital or a fair and reasonable return on the value of its plant, property and other assets dedicated to public utility service within the State of Oklahoma.

B. On November 12, 2021, pursuant to OAC 165:70-3-7(A) of the Commission's rules, Liberty-Empire filed its Notice of Intent, advising the Commission of its intent to file an Application seeking to modify its rates and charges for Liberty-Empire's Oklahoma jurisdictional customers.

C. Liberty-Empire brings this Application, based upon a test year ending June 30, 2021, to initiate proceedings to review the rates, charges and tariffs of Liberty-Empire, and for the establishment of fair and reasonable rates and charges upon completion of the Commission's review. Liberty-Empire tenders with the filing of this Application its complete Application Package, as required by OAC 165:70-3-1, and following the filing of the Application Package, the Company will provide the Public Utility Division its Supplemental Package as required by OAC 165:70-5-20.

D. The Company is seeking an increase of \$6,213,660 in base rate revenues and an estimated annual reduction of \$2,117,240 in fuel revenue due to savings in fuel costs associated with new wind generation, for a total net increase in annual revenues of approximately \$4.1 million. Liberty-Empire expects this change will be effective in September 2022. This increase is based on an overall rate of return of 7.06 percent and a return of 10.0 percent on 52.79 percent equity. The filing incorporates a cost of service study designed to more accurately reflect the actual cost to serve customers through proposed changes in the customer charge and overall rate. In order to mitigate the impact of the overall rate increase, Liberty-Empire is proposing as part of its Application a phase-in rate plan over three years. The expected revenue requirement increase in the first year is 27.5 percent, which is largely offset by a decrease in the fuel adjustment charge due to savings associated with the production of wind energy. The expected increase in the second year is 11.3 percent followed by an expected increase in the third year of 7.4 percent.

Because of the offset from the decrease in the fuel adjustment charge, the net increase in the first year for a residential customer is approximately 9.8 percent. The net increase for a residential customer in the second year is expected to be 9.8% and 6.5% for the third year.

E. Liberty-Empire's primary purpose for seeking a change in rates is to recover the costs associated with an increased Return on Equity, updated depreciation expense, and improved access to clean and reliable energy, including the Company's retirement of its Asbury coal plant, investment in 600 MW of wind generation, Automated Metering Infrastructure, and investments, construction, and initiatives to improve safety and reliability for customers. Liberty-Empire also seeks regulatory treatment related to certain tariffs, riders and costs.

III. Legal Authority

The Commission has jurisdiction over these proceedings by virtue of Article IX, Sections 18 through 35 of the Constitution of the State of Oklahoma, Oklahoma statutes, including 17 O.S. § 151 *et seq.*, 17 O.S. § 250 *et seq.*, and Commission rules.

IV. Relief Requested

WHEREFORE, premises considered, Liberty-Empire requests that the Commission issue an order authorizing it to adjust its retail rates which are subject to the jurisdiction of the Commission by the amount hereinabove set forth, authorizing it to file changes in tariffs and terms and conditions of service, as well as all other relief requested in the testimony and exhibits filed by Liberty-Empire in this cause and for such other and further relief as the Commission deems appropriate under the circumstances.

Respectfully Submitted,

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**ATTORNEYS FOR THE EMPIRE DISTRICT
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CERTIFICATE OF SERVICE

I hereby certify that on the 28th day of February, 2022, a full, true, and correct copy of the above and foregoing instrument was served on the following persons by **Electronic Mail**:

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