

Exhibit No.:
Issue(s): Large Power Revenue,
MPPM & PPA
Witness: Marina Gonzales
Sponsoring Party: MoPSC Staff
Type of Exhibit: Direct Testimony
Case No.: ER-2024-0261
Date Testimony Prepared: July 2, 2025

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

DIRECT TESTIMONY

OF

MARINA GONZALES

**THE EMPIRE DISTRICT ELECTRIC COMPANY,
d/b/a Liberty**

CASE NO. ER-2024-0261

*Jefferson City, Missouri
July 2025*

DIRECT TESTIMONY

OF

MARINA GONZALES

**THE EMPIRE DISTRICT ELECTRIC COMPANY,
d/b/a Liberty**

CASE NO. ER-2024-0261

Q. Please state your name and business address.

A. My name is Marina Gonzales, 200 Madison Street, Jefferson City, Missouri 65101.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (“Commission”) as an Economist for the Tariff/Rate Design Department in the Industry Analysis Division.

Q. Please describe your educational and work background.

A. I have a Master’s of Science in Environmental and Natural Resource Economics from the University of Rhode Island. Additionally, I hold a Bachelor’s of Science in Business Administration with a concentration in Economics from the University of Central Missouri. My work experience prior to becoming of member of Commission Staff includes two years as an Energy Analyst at Missouri’s Department of Natural Resources- Division of Energy, as well as one year as an Economic Development Specialist at Missouri’s Department of Economic Development.

Q. Have you previously filed testimony before the Commission?

A. Yes. Please refer to Schedule MG-d1.

1 **EXECUTIVE SUMMARY**

2 Q. What is the purpose of your direct testimony?

3 A. The purpose of my direct testimony is to provide the billed rate revenue
4 adjustments for The Empire District Electric Company's d/b/a Liberty ("Empire") Large Power
5 Service ("LPS") rate class which are applied to the update period¹ revenues and will be updated
6 in my true-up direct adjustments. Additionally, I will discuss the Power Purchase Agreement
7 ("PPA") Replacement Value as it relates to the Market Price Protection Mechanism.

8 **RATE REVENUES AND BILLING DETERMINANTS**

9 Q. What are rate revenues and rates?

10 A. Rate revenues are the revenues a utility earns from its customers based on rates
11 approved by the Commission. The rates consist of a fixed customer charge and variable rates
12 that are dependent on usage (demand, energy, etc.) and the season (winter vs. summer).

13 Q. What are billing determinants?

14 A. Billing determinants are the units of measurement of the various items that rates
15 are applied to calculate the customer's total bill. These same billing determinants are what the
16 revenue requirement is divided by to determine rates. Examples of billing determinants include,
17 but are not limited to: customer charge, energy usage in kilowatt-hours (kWh), and demand in
18 kilowatts (kW). Staff's recommended billing determinants for the LPS class are attached as
19 schedule MG-d2.

¹ Twelve months ending September 30, 2024.

1 Q. How are the billing determinants used in Staff's analysis?

2 A. An LPS customer bill includes, but is not limited to, an energy charge and the
3 rate associated with that charge can vary depending on the season.² For each customer,
4 Staff multiplies the monthly amount of energy usage by the appropriate rate and sums these
5 products to determine the total LPS usage revenue. Staff performs a similar process for each of
6 the other billing determinants to calculate the monthly LPS rate revenue.

7 Q. How did Staff determine the rate revenue for the LPS class?

8 A. Staff began by calculating the test year revenue³ based on billing determinants
9 provided by Empire. Staff then requested the LPS customer-level billing determinants for the
10 12 months ending September 30, 2024.⁴ Preliminary files for the update period were sent to
11 Staff on November 13, 2024 via SharePoint. On December 26, 2024, Staff received the
12 manually adjusted billing determinants for the LPS class at the customer-level for the update
13 period.⁵ For the purpose of this testimony, "manual adjustment" indicates adjustments made by
14 Empire to account for late bills, unbilled or rebilled accounts, and an adjustment that moved
15 Cycle 21 bills to their correct billing period. Staff received the manual adjustments made to the
16 update period broken down at the customer-level on January 13, 2025.⁶ On February 20, 2025,
17 Staff received corrections identified for specific customers. Only one LPS customer required a
18 correction. On May 14, 2025, Staff received the billing determinants through March 31, 2025,
19 for the LPS class at the customer-level.⁷ Staff then calculated the revenue for the twelve months

² The summer season is June through September. The winter season is October through May.

³ Twelve months ending September 30, 2023.

⁴ Data Request 96 requested by Kim Cox.

⁵ Twelve months ending September 30, 2024

⁶ Data Request 109.1, *MPSC DR109.1 Attachment B CONFIDENTIAL.xlsx*

⁷ Data Request 410, *DR 410 - Oct'23-Mar'25 LP Class Billing Determinants CONFIDENTIAL.xlsx*

1 ending September 30, 2024. Staff “normalizes” and “annualizes” the billing units for the update
2 period and then applies the appropriate rates and discounts.

3 Q. What is normalization?

4 A. Normalization adjusts Empire’s billing determinants to account for unusual
5 events that would likely not happen in future years. Accounting for extreme weather conditions
6 is an example of normalization.

7 Q. What is annualization?

8 A. For Staff’s direct testimony, annualization adjusts Empire’s billing determinants
9 to account for known conditions through the test year, update period, and the true-up period if
10 these conditions were carried out through the entire 12-month period. This allows Staff to
11 account for changes that have not been fully reflected in the unadjusted test year.
12 Adjustments for customers that switch rates are an example of an annualization adjustment.

13 Q. What rate revenue adjustments did Staff make to the LPS rate class?

14 A. Staff made the following adjustments to the LPS rate class:

- 15 a. Update period adjustments,
- 16 b. Manual adjustments provided by Empire,
- 17 c. Energy Efficiency Cost Recovery (“EECR”) adjustment,
- 18 d. Adjustments for rate switchers and exiting customers,
- 19 e. Missouri Energy Efficiency Investment Act (“MEEIA”) adjustment,
- 20 f. Non-Missouri kWh adjustment, and
- 21 g. Economic Development Rider (“EDR”) adjustment.

22 Q. How did Staff calculate its update period adjustment?

23 A. As mentioned above, Staff requested the billing determinants for
24 October 1, 2023, through March 31, 2025.⁸ Staff then calculated the revenue for the 12 months
25 ending September 30, 2024. The update period adjustment is the difference of billed usage and

⁸ Data Request 410, DR 410 - Oct'23-Mar'25 LP Class Billing Determinants CONFIDENTIAL.xlsx

1 revenue through September 30, 2023, compared to the billed usage and revenue through
2 the 12 months ending September 30, 2024.

3 Q. What rate switcher or new entrant adjustments did Staff make?

4 A. During the update period, two customers switched from LPS to the
5 Large General Service (“LGS”) rate class and one LPS customer switched to the
6 General Service (“GS”) rate class. Staff removed the customer billing units and revenue for
7 these three customers from the LPS calculations.⁹ One new customer started service
8 November 2023, the remaining months of service were averaged in order to determine an
9 annualized amount for October 2023.

10 Q. How did Staff calculate the MEEIA adjustment?

11 A. Staff witness Dr. Hari Poudel provided the monthly MEEIA kWh adjustments
12 for the LPS class. Using the monthly totals for kWh avoided, Staff applied a monthly
13 distribution of net kWh avoided across all LPS customers. Dr. Poudel discusses these
14 adjustments in further detail in his direct testimony.

15 Q. What is EECR and Staff’s adjustment?

16 A. For those customers that do not decline to participate in Empire’s energy
17 efficiency programs a charge per kWh is added to the customer’s bill. Staff removed the
18 revenue that was collected during the update period.

19 Q. How did Staff calculate the EDR adjustment?

20 A. The EDR discount is available under the EDR Rider tariff to new non-residential
21 customers¹⁰ or customers expanding kWh load. Customers qualifying for this incentive receive

⁹ Staff witness Kim Cox provides testimony on the LGS and GS rate switchers.

¹⁰ GP, TEB, LP, or ST rate schedules

1 a billing credit for a set period of time. Staff witness Justin Tevie discusses the EDR adjustment
2 in greater detail in his direct testimony.

3 Q. Were any additional adjustments made?

4 A. Yes, Staff adjusted class¹¹ usages for non-Missouri customers. Staff provided
5 the final normalized and annualized usage to Staff witness Alan Bax for inclusion in
6 jurisdictional allocations.

7 Q. Once the LPS adjustments were completed, what did Staff do with the results?

8 A. Staff provided the LPS revenue and usage adjustments to Staff witness Kim Cox
9 for a full analysis of rate revenue adjustments of all Empire rate classes. The normalized and
10 annualized usage was provided to Staff witness Michael Stahlman for inclusion in his
11 calculation of Net System Input (“NSI”), to Staff witness Alan J. Bax for inclusion in
12 jurisdictional allocations, and to Staff witness Shawn Lange for variable fuel expense.
13 Additionally, the revenue adjustments are included in Staff witness Melanie Marek’s overall
14 revenue requirement.

15 **MARKET PRICE PROTECTION MECHANISM**

16 Q. What is the Market Price Protection Mechanism?

17 A. In case EA-2019-0010, Empire, Staff, Missouri Energy Consumers’ Group
18 (“MECG”), Renew Missouri, and the Missouri Department of Energy (“DE”) filed a
19 Non-unanimous Stipulation and Agreement recommending the Commission grant Empire a
20 Certificate of Convenience and Necessity (“CCN”) with conditions, one of which was a market
21 price protection plan. The Commission granted the CCN with conditions, including the

¹¹ Staff witness Kim Cox and Hari Poudel (Lighting) go into greater detail in their testimony for all other non-LP classes.

1 Market Price Protection Mechanism (“MPPM”). In its Report and Order, the Commission stated
2 the MPPM was designed to mitigate risks to customers of the revenues from the wind projects¹²
3 being less than expected, and added a layer of protection for the events related to the
4 supply side generation.

5 Q. What is the Power Purchase Agreements Replacement Value?

6 A. As defined in Appendix B¹³ of the Non-unanimous Stipulation and Agreement
7 in case EA-2019-0010, the PPA Replacement Value is the value associated with avoiding
8 replacement of the existing wind PPAs during the period of the guarantee.¹⁴ On May 9, 2024,
9 the Commission filed an order directing the signatories of the aforementioned Stipulation and
10 Agreement to address the PPA replacement values¹⁵ as a part of this rate case.

11 Q. What quantity is associated with the PPA Replacement Value through the end
12 of 2025 in the aforementioned MPPM?

13 A. As defined in Appendix B- Exhibit C, of the Non-Unanimous Stipulation and
14 Agreement in case EA-2019-0010, the allocated benefit of PPA replacement associated with the
15 wind projects is ** [REDACTED] ** with a ** [REDACTED] ** reduction in the revenue
16 requirement from PPA replacement through the end of 2025. The PPA replacement value should
17 remain at zero until Liberty’s Wind PPA contracts expire.¹⁶ In other words, it is not appropriate
18 to account for a replacement value while the PPAs are currently active.

¹² The wind projects referenced in the MPPM are North Fork Ridge, Kings Point, and Neosho Ridge.

¹³ On November 13th, 2019, the Commission filed an Order Adding Attachments to the Report an Order filed on June 19th, 2019. This includes the attachment of Appendix A and Appendix B of the Non-Unanimous Stipulation and Agreement.

¹⁴ Period beginning the first day of the month after the first Wind Project is placed into rates and will run until the end of the 10th full year (120 months) after the last Wind Project is entered into rates.

¹⁵ Case No. EO-2021-0312 *Order Directing the Signatories to Address PPA Replacement Values in Liberty's Rate Case*

¹⁶ According to Liberty’s 2024 IRP Annual Report Update: Elk River and Meridian Way Windfarm PPA Contract are set to expire mid-December 2025 and December 2028, respectfully.

1 Q. Has a method for calculating the PPA replacement value been ordered?

2 A. Yes. As a part of the approved Fourth Partial Stipulation and Agreement from
3 case ER-2021-0312, the calculation for the PPA replacement value is as follows:¹⁷

4 iv. A PPA replacement value will be calculated:

- 5 • For any renewable compliance standard not met by the existing wind
6 PPAs through life of the MPPM;¹⁸
- 7 • Based on the energy from the wind projects being used to meet the
8 renewable standards that is not met by existing solar requirements
9 (e.g., currently 2% of Missouri RES)

10 **CONCLUSION**

11 Q. What is your recommendation?

12 A. Staff recommends that the Commission order the attached (Schedule MG-d2)
13 billing determinants for the LPS class¹⁹ and the rate revenue adjustments provided in Staff
14 witness Kim Cox's testimony. Additionally, Staff recommends the Commission should sustain
15 its order affirming the PPA replacement value and calculation method.

16 Q. Does this conclude your direct testimony?

17 A. Yes, it does.

¹⁷ Case No. EO-2021-0312 *Fourth Partial Stipulation and Agreement*, page 8.

¹⁸ According to Liberty's 2024 IRP Annual Report Update: Elk River and Meridian Way Windfarm PPA Contract are set to expire mid-December 2025 and December 2028, respectfully.

¹⁹ Schedule MG-d2

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Request of The Empire)
District Electric Company d/b/a Liberty for)
Authority to File Tariffs Increasing Rates)
for Electric Service Provided to Customers)
in Its Missouri Service Area)

Case No. ER-2024-0261

AFFIDAVIT OF MARINA GONZALES

STATE OF MISSOURI)
)
COUNTY OF COLE)

SS.

COMES NOW MARINA GONZALES and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony of Marina Gonzales*; and that the same is true and correct according to her best knowledge and belief.

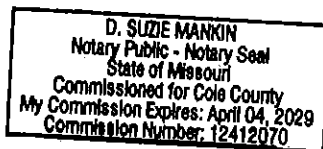
Further the Affiant sayeth not.

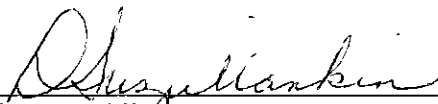


MARINA GONZALES

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 26th day of June 2025.





Notary Public

Credentials and Background of Marina Gonzales

I have a Master's of Science in Environmental and Natural Resource Economics from the University of Rhode Island. Additionally, I hold a Bachelor's of Science in Business Administration with a concentration in Economics from the University of Central Missouri. My work experience prior to becoming a member of the Missouri Public Service Commission Staff includes two years as an Energy Analyst at Missouri's Department of Natural Resources- Division of Energy, as well as one year as an Economic Development Specialist at Missouri's Department of Economic Development.

I am currently employed as a Senior Data Analyst in the Tariff/Rate Design Department of the Industry Analysis Division of the Missouri Public Service Commission Staff. I have been employed at the Missouri Public Service Commission since October 2023 and am responsible for preparing staff recommendations and ensuring that Staff presents recommendations in a neutral, independent manner to inform the Commission of Staff's position and possible alternatives.

Case Number	Company	Issues
ER-2024-0112	Ameren Missouri	RESRAM Rate Adjustment
ER-2024-0187	Ameren Missouri	MEEIA EEIC Rider Adjustment
GR-2024-0106	Liberty Midstates	General Rate Increase
GO-2024-0180	Spire Missouri	Carbon Offset Initiative
ER-2024-0319	Ameren Missouri	General Rate Increase
ER-2024-0189	Evergy West	General Rate Increase
EO-2025-0154	Evergy	Large Load Customers
EO-2025-0046	Liberty	DSIM Rider Rate Adjustment
EO-2023-0136	Ameren Missouri	MEEIA Regulatory Changes
ER-2024-0261	Empire Electric	General Rate Increase
EA-2024-0292	Evergy West	Solar CCN and Green Solutions Connection Program
EO-2025-0154	Evergy	New and Modified LLPS Tariffs

Large Power Service	Current Rates	Billing Determinants	Revenue
LPS Customer Charge	\$ 283.55	517	\$ 146,595.35
Summer Energy (First 350 Hours)	\$ 0.06790	190,340,073	\$ 12,924,090.94
Winter Energy (First 350 Hours)	\$ 0.05995	350,842,231	\$ 21,032,991.74
Summer Energy (+351 Hours)	\$ 0.03528	99,118,858	\$ 3,496,913.31
Winter Energy (+351 Hours)	\$ 0.03394	164,781,035	\$ 5,592,668.31
Summer Billing Demand	\$ 18.61	570,804	\$ 10,622,657.77
Winter Billing Demand	\$ 10.27	1,049,559	\$ 10,778,967.89
Facilities Demand	\$ 1.88	1,818,821	\$ 3,419,383.18
EDR Adjustment			\$ (1,607,164.75)
			\$ 66,407,104