

Exhibit No.:
Issue(s): *Economic Development Rider,
Market prices,*
Witness: *Justin Tevie*
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 AND RATE DESIGN DEPARTMENT

DIRECT TESTIMONY

OF

JUSTIN TEVIE

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

CASE NO. ER-2024-0261

*Jefferson City, Missouri
July 2025*

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1 Q. Have you previously testified in proceeding before the Missouri Public Service
2 Commission?

3 A. Yes. A list of Commission cases in which I have previously testified is attached
4 as Schedule JT-d1.

5 **ECONOMIC DEVELOPMENT RIDER**

6 Q. What is an Economic Development Rider?

7 A. The EDR is available under Empire's EDR tariff¹ to new or expanding
8 commercial or industrial customers. Customers qualifying for this incentive receive a billing
9 credit for a set period. The EDR aims to entice new and expanding businesses to Missouri.

10 Q. Please explain Empire's EDR discount program.

11 A. Empire's EDR discount program offers electric bill discounts to new or
12 expanding commercial or industrial customers that satisfy specific rider requirements.
13 Eligible customers receive a discount applied to base rates over a five-year term. All discounts
14 are directed by tariff guidelines and agreed upon by the customer and Empire in a written
15 agreement. Discounts are applied as a direct credit or reduction to the customer's utility bill.

16 Q. How many EDR contracts has Empire signed with large customers?

17 A. As of the end of the update period, September 30, 2024, Empire had signed
18 three EDR contracts² that have realized discounts during the update year.

19 Q. How does Staff review EDR discounts?

20 A. Staff reviewed the three EDR contracts. Staff calculated the level of revenue
21 forgone by Empire, by class, due to the discounts provided under the EDR tariffs during the
22 test year and update period.

¹ YE-2021-0041 Tariff Sheet No. 22 through Tariff Sheet No. 22h.

² RB ADJ 9 & EXP ADJ 7 – SB-EDR CONFIDENTIAL SCHEDULE.

1 Q. How are the EDR discounts treated in the course of a general rate case?

2 A. Staff's calculated EDR discount is \$1,767,579 for the update period. Staff
3 removed that amount from Staff's calculated revenue used in determining the net cost of
4 service in this rate case.

5 Once the Commission orders an overall increase to rates, which will reflect the EDR
6 discount amount calculated by Staff, Empire, or some other party, rates for the compliance
7 tariffs will be calculated. At that time, the revenue shortfall caused by the current EDR
8 discount amount will be allocated to each of the customer classes through the application of a
9 uniform percentage adjustment, applying the increase applicable to each class.³

10 Also, Staff expects that Empire will request that the discount be factored up for the
11 amount of increase authorized to the classes of customers receiving the EDRs, with that
12 additional revenue to be recovered from all customers through the application of an additional
13 uniform percentage adjustment. For example, if the Commission orders a revenue
14 requirement increase of 10%, then an additional revenue adjustment of approximately
15 \$176,757 will be made to increase the revenue required from all classes, proportionate to
16 existing class revenues.

17 Because the adjustment, pursuant to statute, is made proportionate to class revenues,
18 the revenue impact of providing the economic development incentive ("EDI") discount is
19 higher for smaller customers such as lighting, general service, and residential customers, than
20 for larger customers, such as transmission, large and small primary, and large general service.

³ Section 393.1640.2 RSMo, states that "... the impact of the discounts provided for by this section shall be allocated to all the electrical corporation's customer classes, including the classes with customers that qualify for discounts under this section through the application of a uniform percentage adjustment to the revenue requirement responsibility of all customer classes."

MARKET PRICES

Q. What are market prices?

A. The market prices represent the dollar-per-megawatt-hour amount paid for electric energy in the Southwest Power Pool (“SPP”) market in any given hour. SPP day-ahead market prices vary by location and time based on load and generation throughout the SPP footprint.

Q. Why did Staff review market prices in the context of this case?

A. The market prices serve as a key input in the fuel-cost model. For each hour, the fuel model is programmed to economically dispatch each unit based on inputs provided. The market prices therefore set the marginal generator, determine which of Empire’s generators will run, and eventually the revenue from those generators.

Q. How did Staff develop the market prices utilized in the Staff fuel model?

A. Prior to price normalization, Staff graphed the market prices for nodes that did not have multiple units to ascertain whether some should be grouped together or not. A separate analysis was also performed for nodes with multiple units to determine whether there were any significant differences in prices among the units. Based on the results of these analyses, Staff concluded that some nodes without multiple units could be grouped because their graphs tracked each other quite well and price differentials were insignificant. Regarding the nodes with multiple units, Staff concluded that some of them were distinct and should be stand-alone units. All other nodes were grouped together as one representative proxy node for purposes of fuel modeling.

Staff then developed a normalized set of prices by looking at the three years of data ending September 30, 2024, and calculating monthly peak and off-peak price adjustment factors. Staff omitted 2022 market prices in calculating the adjustment factors because prices

1 that prevailed in that year were abnormally high. The on- and off-peak adjustment factors for
2 each month are based on the ratio of the actual prices to the monthly peak and off-peak average
3 prices for the update period.⁴ This method minimizes extreme price points (outliers and other
4 influential values that may not be representative of normal market conditions (that could skew
5 the results) caused by such things as weather, new market operations, and economic
6 downturns, while reasonably representing on- and off-peak prices. This last step is necessary
7 to shape the prices based on the update period information.

8 Q. Does Staff expect to update the market price assumptions for the true-up
9 period⁵ in this case?

10 A. Yes

11 Q. Does this conclude your direct testimony?

12 A. Yes it does.

⁴ The update period is the 12 months ending September 2024.

⁵ The true-up period is the 12 months ending December 2024.

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 JUSTIN TEVIE

STATE OF MISSOURI)
)
COUNTY OF COLE)

ss.

COMES NOW JUSTIN TEVIE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Justin Tevie*; and that the same is true and correct according to his best knowledge and belief.

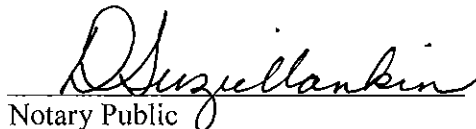
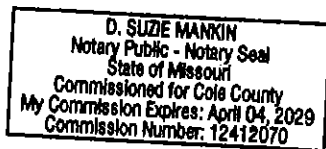
Further the Affiant sayeth not.



JUSTIN TEVIE

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 27th day of June 2025.


Notary Public

CREDENTIALS AND CASE PARTICIPATION OF
JUSTIN TEVIE

Present Position:

I am an Economist in the Tariff/Rate Design Department, Industry Analysis Division, of the Missouri Public Service Commission.

Educational Background and Work Experience:

In 2013, I obtained a graduate degree in Economics from the University of New Mexico. In 2019, I joined the Missouri Department of Mental Health as a Research Analyst assisting with data analysis and federal reporting. Prior to that, I was a Forecast Analyst at Department of Social and Health Services in the State of Washington assisting with forensic caseload forecasting and reporting.

Case No.	Company	Testimony	Issue
ER-2022-0337	Ameren Missouri	Direct	Locational Market prices
		Rebuttal	
		True-up	
EO-2023-0136	Ameren Missouri	Direct	Savings shapes, program evaluation, EM & V, Principal-Agent problem, and employment
		Rebuttal	
		Surrebuttal	
ER-2023-0184	Evergy Missouri West	Staff Recommendation	MEEIA Cycle 3
ER-2023-0411	Evergy Missouri West	Staff Recommendation	MEEIA Cycle 3
EA-2023-0131	Empire	CCN	Economic feasibility
ER-2024-0186	Evergy Missouri West	Staff Recommendation	MEEIA Cycle 3

JUSTIN TEVIE

Case No.	Company	Testimony	Issue
ER-2024-0184	Evergy Missouri Metro	Staff Recommendation	MEEIA Cycle 3
ER-2023-0369	Evergy Missouri West	Direct	MEEIA Cycle 4 Savings shapes, program evaluation, EM & V, Principal- Agent problem
		Rebuttal	
ER-2023-0370	Evergy Missouri Metro	Direct	MEEIA Cycle 4 Savings shapes, program evaluation, EM & V, Principal- Agent problem
		Rebuttal	
ER-2024-0189	Evergy Missouri West	Direct	Special Incremental Load/NUCOR Locational Market Prices
		Rebuttal	
		Surrebuttal/True up	
		True-up rebuttal	
GR-2024-0106	Liberty MidStates Utilities	Direct	Transport Revenues
		Rebuttal	
		Surrebuttal	
ER-2024-0319	Ameren Missouri	Direct Testimony	Locational Market Prices
EA-2024-0292	Evergy Missouri West	Solar CCN	Economic Feasibility and resource adequacy.
EA-2025-0075	Evergy Missouri West	Natural Gas CCN	Economic Feasibility, interconnection costs and resource adequacy.