

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of The Empire)	
District Electric Company's Request)	<u>Case No. ER-2016-0023</u>
For Authority to Implement a General)	Tracking No.: YE-2016-0104
Rate Increase for Electric Service)	

**LIST OF ISSUES, LIST AND ORDER OF WITNESSES,
ORDER OF OPENING STATEMENTS,
AND ORDER OF CROSS-EXAMINATION**

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and on behalf of all of the parties,¹ submits the following *List of Issues, List and Order of Witnesses, Order of Opening Statements, and Order of Cross-Examination*:

List of Issues, List and Order of Witnesses, Order of Opening:

This *List of Issues* includes contributions by several parties with adverse positions in this action; it is necessarily a compromise. Not all parties agree that every issue herein listed is properly an issue to be decided by the Commission in this case. Not all parties agree on the wording of every issue.

Tuesday, May 31, 2016:

9:00 A.M. Preliminary Matters
Mark Exhibits
Entries of Appearance
Motions and Outstanding Matters

¹ Most of the parties affirmatively indicated their agreement with this *List of Issues*; however, some had not as of the time of filing. No party affirmatively indicated its disagreement with this *List of Issues*.

10:00 A.M. Opening Statements

Empire
Staff
Office of the Public Counsel (OPC)
Missouri Division of Energy (DE)
Missouri Energy Consumers' Group (MECG)
Missouri Energy Users' Association (MEUA)
City of Joplin
Renew Missouri

1:00 P.M. Testimony

1. Regulatory Policy

Beecher (Empire)
Bolin (Staff)
Marke (OPC)

Wednesday, June 1, 2016:

8:30 A.M. Testimony, continued.

2. Prepayments

Should the prepayments related to the working funds for Iatan, Plum Point and KCP&L land lease be included in rate base?

Woods (Empire)
Grisham (Staff)
Connor (OPC)

1:00 P.M. Testimony, continued.

3. Property Tax Expense:

What is the appropriate amount of property tax expense to include in rates?

Williams (Empire)
Sarver (Staff)

Thursday, June 2, 2016:

8:30 A.M. Testimony, continued.

4. Fuel Adjustment Clause

A. *Should Empire's FAC be continued?*

B. *If the Commission approves a FAC, should it contain costs that Empire does not currently include?*

C. *If the Commission approves a FAC, what additional reporting requirements should it include?*

D. *If the Commission approves a FAC, should the incentive mechanism be changed to 90%/10%?*

Tarter (Empire)

Roos (Staff)

Mantle (OPC)

1:00 P.M. Testimony, continued.

5. SERP Expense:

What is the appropriate amount of SERP expense to include in rates?

Beecher (Empire)

Harrison (Staff)

Hyneman (OPC)

6. Bad Debt Expense

What level of Bad Debt Expense should be included in rates?

Owens (Empire)

Sarver (Staff)

Roth (OPC)

Friday, June 3, 2016:

8:30 A.M. Testimony, continued.

7. Demand Side Management (DSM) Programs:

What DSM programs should Empire offer after the effective dates of rates from this case?

Keith (Empire)
Fortson (Staff)
Hyman (DE)
Marke (OPC)

8. Low-Income Weatherization:

A. *Should there be an increase to the amount of weatherization funds Empire collects in base rates?*

B. *Should there be an evaluation of Empire's weatherization program, and if so what should be the scope of the evaluation?*

Keith (Empire)
Boustead (Staff)
Kroll (DE)
Marke (OPC)

1:00 P.M. Testimony, continued.

9. Incentive Compensation Expense:

A. *What level of cash incentives based on performance goals should be included in the cost of service?*

B. *Should executive stock awards be included?*

C. *Should "Lightning Bolts" be included?*

Beecher (Empire)
Green (Staff)
Hyneman (OPC)

10. Merger Payroll Adjustment

Should there be a disallowance of payroll expense related to the pending merger with Algonquin utilities?

Beecher (Empire)
McMellen (Staff)

Monday, June 6, 2016:

8:30 A.M. Testimony, continued.

11. Depreciation:

A. *What depreciation rates should be approved in this case?*

B. *Are Staff's adjustments with respect to Empire's "stopped depreciation" accounts appropriate?*

C. *Are Staff's adjustments with respect to Empire's Riverton Reserve Deficiency appropriate?*

Sullivan (Empire)
Robinett (Staff)
Hyneman (OPC)

1:00 P.M. Testimony, continued.

12. Riverton 12:

A. *What is the appropriate Riverton 12 O&M Tracker base level?*

B. *What accounts should be included in the tracker?*

C. *What level of O&M expense should be included in the cost of service for Riverton 12?*

Woods (Empire)
Green (Staff)
Roth (OPC)

13. Cost of Removal and State Flow-Through

A. *Should an adjustment be made for cost of removal issues related to prior years?*

B. *Should an adjustment be made related to state income tax flow through for prior years?*

Williams (Empire)
McMellen (Staff)
Hyneman (OPC)

Tuesday, June 7, 2016:

8:30 A.M. Testimony, continued.

14. Cost of Capital

A. *What is the appropriate value for Return on Equity ("ROE") that the Commission should use in setting Empire's Rate of Return?*

B. *What capital structure should the Commission use to determine the rate of return?*

C. *What is the appropriate value for embedded cost of debt?*

Sager (Empire)
Vander Weide (Empire)
Griffin (Staff)

1:00 P.M. Testimony, continued.

15. Production Cost Model:

What is the appropriate base amount of fuel expense to include in rates?

Tarter (Empire)
Lange (Staff)
Mantle (OPC)

16. Special Contract Revenues

Should Empire's other Missouri retail customers be held harmless of the revenue impact of the interruptible bill credits Empire offers to its Special Contract customer?

Keith (Empire)
Kliethermes, S. (Staff)
Marke (OPC)
Maini (MECG) (Will testify on this issue on June 8)

Wednesday, June 8, 2016:

8:30 A.M. Testimony, continued.

17. Class Cost of Service and Rate Design:

A. *What, if any, revenue neutral interclass shifts are supported by Class Cost of Service studies?*

B. *What, if any, revenue neutral interclass shifts should be made in designing the rates resulting from this case?*

C. *What, if any, changes to the residential customer charge are supported by Class Cost of Service studies?*

D. *What, if any, changes to the residential customer charge should be made in designing the rates resulting from this case?*

E. *How should revenue requirement related to energy efficiency programs be allocated to the customer classes?*

F. *How should any revenue requirement increase be implemented in this case?*

G. *Should the Commission open a working docket so the parties to this case can discuss the implementation of revised block rate designs for Empire's residential customers?*

H. *What, if any, changes to the General Power, SC-P and Large Power customer, demand and energy rate elements should be made in designing the rates resulting from this case?*

Keith (Empire)
Kliethermes, S. (Staff)
Kliethermes, R. (Staff)
Hyman (DE)
Marke (OPC)
Haase (Joplin)
Johnstone (MEUA)
Nelson (MECG)
Chriss (MECG)
Maini (MECG)

1:00 P.M. Testimony, continued.

18. Trackers

A. *Should the Vegetation Management Tracker balance be included in rate base?*

B. *Should the May 2011 Tornado Deferrals Tracker balance be included in rate base?*

C. *Should the Carrying Costs Tracker balance for Iatan 1, Iatan 2 and Plum Point be included in rate base?*

D. *Should the O&M Tracker balance for Iatan 1, Iatan 2 and Plum Point Tracker balance be included in rate base?*

E. *Should the Pension Tracker balance be included in rate base?*

F. *Should the OPEBs Tracker balance be included in rate base?*

G. *Should the SWPA Capacity Loss Reimbursement Tracker balance be included in rate base?*

H. *Should the PeopleSoft software deferred balance be included in rate base?*

Owens (Empire)
Bolin (staff)
McMellen (Staff)
Roth (OPC)
Hyneman (OPC)

Thursday, June 9, 2016:

8:30 A.M. Testimony, continued.

19. Allocations

A. *Should there be an adjustment to allocate corporate costs to Empire's affiliate EDI?*

B. *Should there be an adjustment to allocate corporate costs to Empire's water department?*

C. *What is the appropriate way to calculate A&G expenses for Empire's water department?*

D. *Should the Commission approve the Cost Allocation Manual ("CAM") submitted by Empire for Commission approval on August 23, 2011, or otherwise take action on Empire's CAM in Case No. AO-2012-0062, or should the Commission direct Empire to adopt the CAM proposed by Office of Public Counsel in this case?*

Keith (Empire)
McMellen (Staff)
Hyneman (OPC)

1:00 P.M. Testimony, continued.

20. Accumulated Deferred Income Tax

A. *Should the FAS123 deferred tax asset for stock based compensation be included in rate base?*

B. *Should the deferred tax asset for alternative minimum tax be included in rate base?*

Williams (Empire)
McMellen (Staff)
Hyneman (OPC)

Friday, June 10, 2016:

8:30 A.M. Testimony, continued.

21. Natural Gas Hedging Policy

Should Empire continue hedging for natural gas?

Mertens (Empire)
(Staff – No witness)
Riley (OPC)

Order of Cross-Examination:

Empire's Witnesses	Staff's Witnesses	OPC's Witnesses	DE's Witnesses	MECG's Witnesses	MEUA's Witnesses	Joplin's Witnesses
DE	OPC	Staff	Staff	Staff	Staff	Staff
MEUA	DE	DE	OPC	OPC	OPC	OPC
MECG	MEUA	MEUA	MEUA	DE	DE	DE
Joplin	Joplin	Joplin	Joplin	Joplin	Joplin	MEUA
Renew Missouri	Renew Missouri	Renew Missouri	Renew Missouri	Renew Missouri	Renew Missouri	Renew Missouri
OPC	MECG	MECG	MECG	MEUA	MECG	MECG
Staff	Empire	Empire	Empire	Empire	Empire	Empire

WHEREFORE, Staff prays on behalf of all of the parties herein that the Commission will accept this *List of Issues, List and Order of Witnesses, Order of Opening Statements, and Order of Cross-Examination.*

Respectfully submitted,

/s/ Kevin A. Thompson

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Chief Staff Counsel

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Attorneys for the Staff of the
Missouri Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **18th day of May, 2016**, on the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

s/ Kevin A. Thompson