

*Exhibit No.:*  
*Issue:* Depreciation  
*Witness:* John A. Robinett  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case No.:* GR-2014-0152  
*Date Testimony Prepared:* July 30, 2014

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW  
UTILITY SERVICES  
ENGINEERING AND MANAGEMENT SERVICES**

**REBUTTAL TESTIMONY**

**OF**

**JOHN A. ROBINETT**

**Liberty Utilities (Midstates Natural Gas) Corp.  
d/b/a Liberty Utilities**

**CASE NO. GR-2014-0152**

*PSC* Exhibit No. 35  
Date 9/8/14 Reporter STP  
File No. \_\_\_\_\_

*Jefferson City, Missouri  
July 2014*



Rebuttal Testimony of  
John A. Robinett

1 Q. What is the Company's request regarding depreciation rates in this case?

2 A. On page 13 beginning at line 3 of Mr. Fallert's testimony the question is asked  
3 "Are you proposing any changes to depreciation rates?" answer "No."

4 Q. Does Staff agree with Mr. Fallert's testimony regarding depreciation?

5 A. No.

6 Q. Please explain why Staff does not agree with Mr. Fallert's testimony regarding  
7 the proposed depreciation rates by Liberty Utilities.

8 A. The current ordered depreciation rates date back to Case No. GR-2006-0387 and  
9 were adopted by Liberty Utilities in the merger Case No. GM-2012-0037. In 2006 the  
10 depreciation schedule was ordered with rates for the seven districts or rate areas. During Case  
11 No.GR-2010-0192 the seven districts were consolidated into 3 districts WEMO<sup>1</sup>, NEMO<sup>2</sup>, and  
12 SEMO<sup>3</sup>, however, the orders were silent on depreciation rate changes so the 2006 rates remained  
13 in effect. When the merger occurred Liberty Utilities received plant in service and accumulated  
14 reserve balances by the three consolidated districts with a set of depreciation rates for each  
15 consolidated district.

16 Q. What is Staff's recommendation regarding the depreciation rates for  
17 Liberty Utilities in this case?

18 A. Staff recommends that the Commission order Liberty Utilities to use the  
19 depreciation rates that were set forth in Schedule JAR(DEP) - 1 of Appendix 3 of the Staff's  
20 Cost of Service Report and attached hereto. These rates are the currently ordered depreciation

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<sup>1</sup> Formerly Butler and Rich Hill/Hume districts

<sup>2</sup> Formerly Kirksville, United Cities Gas and Palmyra districts

<sup>3</sup> Formerly Southeastern Missouri and Neelyville districts

1 rates for Liberty Utilities divisions of WEMO, NEMO, and SEMO.<sup>4</sup> Staff has supplemented the  
2 depreciation schedule with corporate allocated plant depreciation rates. These rates reflect  
3 currently ordered depreciation rates for the districts. Staff recommends that the Commission's  
4 Report and Order in this case officially order such depreciation rates for the three divisions and  
5 for the corporate allocated plant.

6 **RECOMMENDATIONS**

7 Q. Please summarize Staff's recommendations regarding depreciation in this case.

8 A. Staff recommends the Commission order the depreciation rates set forth in  
9 Appendix 3 of the Staff Cost of Service Report, Schedule JAR(DEP) – 1, which are the  
10 currently ordered depreciation rates for Liberty Utilities divisions of WEMO (Butler) and  
11 NEMO (Kirksville).

12 Q. Does this conclude your rebuttal testimony?

13 A. Yes.

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<sup>4</sup> Staff's recommended depreciation rates for the WEMO, NEMO, and SEMO regions are the currently-ordered rates for the Butler and Kirksville regions. Staff would also note that the SEMO region's currently-ordered depreciation rates are not significantly different from the Butler and Kirksville regions.



**Liberty Energy (Mid-States) Corp.**

Depreciation Rates

GR-2014-0152

Account Number	Plant Description	WEMO	NEMO	SEMO
365	Land - Transmission	0.00%	0.00%	0.00%
365.1	Land and land rights	0.00%	0.00%	0.00%
365.2	Rights-of-way	0.00%	0.00%	0.00%
366	Structures and improvements	3.24%	3.24%	3.24%
366.1	Structures and improvements (T&D other structures)	3.24%	3.24%	3.24%
367	Mains	1.53%	1.53%	1.53%
367.1	Mains	1.53%	1.53%	1.53%
367.2	Mains	1.53%	1.53%	1.53%
369	Measuring & regulating station equipment	3.60%	3.60%	3.60%
370	Communication equipment	4.36%	4.36%	4.36%
374	Land and land rights	0.00%	0.00%	0.00%
375	Structures and improvements	2.33%	2.33%	2.33%
376	Mains	1.53%	1.53%	1.53%
376.1	Mains	1.53%	1.53%	1.53%
376.2	Mains	1.53%	1.53%	1.53%
377	Compressor station equipment	0.00%	0.00%	0.00%
378	Measuring & regulating station equipment- General	3.00%	3.00%	3.00%
379	Measuring & regulating station equipment- City gate	3.21%	3.21%	3.21%
380	Services	5.00%	5.00%	5.00%
381	Meters	2.16%	2.16%	2.16%
382	Meter installations	3.00%	3.00%	3.00%
383	House regulators	4.55%	4.55%	4.55%
384	House regulators installations	3.33%	3.33%	3.33%
385	Industrial measuring & regulating station equipment	3.60%	3.60%	3.60%
387	Other equipment	4.50%	4.50%	4.50%
389	Land and land rights	0.00%	0.00%	0.00%
390	Structures and improvements	5.00%	5.00%	5.00%
390.1	Structures and improvements - Structure Frame	5.00%	5.00%	5.00%
390.3	Structures and improvements - Improvements Leased Premises	5.00%	5.00%	5.00%
391	Office furniture and equipment	4.75%	4.75%	4.75%
392	Transportation equipment	10.39%	10.39%	10.39%
393	Stores equipment	4.50%	4.50%	4.50%
394	Tools, shop, and garage equipment	4.50%	4.50%	4.50%
395	Laboratory equipment	4.00%	4.00%	4.00%
396	Power operated equipment	7.92%	7.92%	7.92%
396.1	Power operated equipment - Ditchers	7.92%	7.92%	7.92%
396.2	Power operated equipment - Backhoes	7.92%	7.92%	7.92%
397	Communication equipment	4.55%	4.55%	4.55%
397.2	Communication equipment - Fixed Radios	4.55%	4.55%	4.55%
397.3	Communication equipment - Telemetry	4.55%	4.55%	4.55%
398	Miscellaneous equipment	3.60%	3.60%	3.60%
399	Other tangible property	4.75%	4.75%	4.75%
Corporate Allocated Plant Depreciation Rates		WEMO	NEMO	SEMO
374	Land and land rights - Corporate	0.00%	0.00%	0.00%
390	Structures and improvements - Corporate	5.00%	5.00%	5.00%
391	Office furniture and equipment - Corporate	4.75%	4.75%	4.75%
392.1	Transportation equipment <12,000 lbs - Corporate	10.39%	10.39%	10.39%
394	Tools, shop, and garage equipment - Corporate	4.50%	4.50%	4.50%
398	Miscellaneous equipment - Corporate	3.60%	3.60%	3.60%
399	Other tangible property - Corporate	4.75%	4.75%	4.75%
399.3	Other tangible property - Network - H/W - Corporate	4.75%	4.75%	4.75%
399.4	Other tangible property - PC Hardware - Corporate	4.75%	4.75%	4.75%
399.5	Other tangible property - PC Software - Corporate	4.75%	4.75%	4.75%