

*Exhibit No.:*  
*Issue:* Depreciation  
*Witness:* John A. Robinett  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case No.:* ER-2014-0351  
*Date Testimony Prepared:* March 9, 2015

**MISSOURI PUBLIC SERVICE COMMISSION**  
**REGULATORY REVIEW DIVISION**  
**UTILITY SERVICES**

**REBUTTAL TESTIMONY**  
**OF**  
**JOHN A. ROBINETT**

**THE EMPIRE DISTRICT ELECTRIC COMPANY**  
**CASE NO. ER-2014-0351**

*Jefferson City, Missouri*  
*March 2015*

*Staff* Exhibit No. 212  
Date 4-14-15 Reporter XF  
File No. ER-2014-0351

1 REBUTTAL TESTIMONY

2 OF

3 JOHN A. ROBINETT

4 THE EMPIRE DISTRICT ELECTRIC COMPANY

5 CASE NO. ER-2014-0351

6 Q. Please state your name and business address.

7 A. John A. Robinett, P.O. Box 360, Jefferson City, Missouri 65102.

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

9 A. I am a Utility Engineering Specialist in the Engineering and Management  
10 Services Unit with the Missouri Public Service Commission (Commission or PSC).

11 Q. Please describe your work and educational background.

12 A. A copy of my work and educational experience was provided in Appendix 1 of  
13 Staff's Cost of Service Revenue Requirement Report.

14 Q. Are you the same John A. Robinett that contributed to the Staff Cost of Service  
15 Report filed in this proceeding?

16 A. Yes, I am.

17 Q. How is your testimony organized?

18 A. I will discuss the Riverton Unit 7 and Asbury Unit 2 retirements and the  
19 Company's desire to continue depreciation expense for the retired units.

20 **Continued Depreciation Expense for the Retired Riverton 7 and Asbury 2 Units**

21 Q. What is Empire requesting regarding the retirements of Riverton Unit 7 and  
22 Asbury Unit 2?

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1           A.     Empire is requesting \$342,574 be included as an annual depreciation expense for  
2 units which are no longer in operation.

3           Q.     Does Staff agree with the continued depreciation expense on retired plant?

4           A.     No.

5           Q.     Why does Staff not recommend continued depreciation expense for utility plant  
6 that the Company has retired?

7           A.     Staff uses the long practiced guideline for depreciating plant that is *used and*  
8 *useful.*<sup>1</sup> Because Riverton Unit 7 and Asbury Unit 2 are not used and not useful, Staff does not  
9 believe the Company should receive depreciation expenses associated with those plants.

10          Q.     Is there a reserve shortfall?

11          A.     No.

12          Q.     Are there any guidelines or authoritative sources that Staff consulted for  
13 determining that there is no reserve shortfall at this time?

14          A.     Staff relied upon the Federal Energy Regulatory Commission (FERC) Uniform  
15 System of Accounts (USOA).

16          Q.     What specific section of the FERC USOA has Staff relied upon for  
17 its conclusion?

18          A.     The FERC Account 108 definition which clearly states that depreciation reserves  
19 are to be analyzed by functional classification of plant, not on the individual unit basis.

20          Q.     What is Staff's recommendation regarding the retirements of Asbury Unit 2 and  
21 Riverton Unit 7?

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<sup>1</sup> Section 393.135, RSMo. 2000, a statute that was adopted by Initiative, Proposition No. 1, on November 2, 1976. Section 393.135, RSMo. 2000.

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1           A.     Empire has not completed the retirement cycle of Riverton Unit 8 and Riverton  
2 Common plant; therefore; Staff recommends the current ordered depreciation rates remain in  
3 effect for Riverton Unit 8 and Common plant. Empire retired Riverton Unit 7 in June of 2014;  
4 therefore, Staff is recommending depreciation expense be discontinued for Riverton Unit 7 since  
5 it is no longer *used and useful*.<sup>2</sup> Adequate depreciation reserve funds exist to cover the retirement  
6 of Riverton Unit 7 at this time.

7           Q.     Are there any other recommendations that Staff would like to make?

8           A.     Yes. Staff reaffirms the recommendations that it made in its direct report  
9 regarding depreciation.

- 10           1) Staff recommends the Commission order Empire to continue the use of the  
11 depreciation rates ordered in Case No. ER-2012-0345 that were presented in  
12 Appendix 3, Schedule JAR(DEP)-1 to the Staff Cost of Service Report.
- 13           2) Staff recommends the following total company depreciation reserve adjustments be  
14 made to reflect the unitization of Iatan 2 plant:

<u>Account #</u>	<u>Account Description</u>	<u>Depreciation Reserve Adjustment</u>
311I2	Structures and Improvements	\$101,450.83
312I2	Boiler Plant Equipment	\$1,494,664.97
314I2	Turbogenerator Units	\$963,628.98
315I2	Accessory Electrical Equip	(\$281,415.67)
316I2	Misc Power Plant Equip	(\$2,278,329.11)

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<sup>2</sup> *Id.*

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1           3) Staff recommends that the following adjustments be made to the additional  
2           amortization balances recorded in separate subaccounts in reserves to reflect the  
3           unitization Iatan 2 plant balances:

<u>Account #</u>	<u>Account Description</u>	<u>Addition Amortization Adjustment</u>
5           311.05	Structures and Improvements	(\$361,914.88)
6           312.05	Boiler Plant Equipment	\$5,814,553.61
7           314.05	Turbogenerator Units	\$5,401,677.38
8           315.05	Accessory Electrical Equip	(\$809,308.39)
9           316.05	Misc Power Plant Equip	(\$10,045,007.72)

10          Q.    Does this conclude your rebuttal testimony?

11          A.    Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

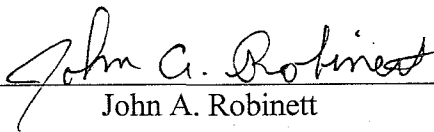
OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric )  
Company for Authority to File Tariffs ) Case No. ER-2014-0351  
Increasing Rates for Electric Service Provided )  
to Customers in the Company's Missouri )  
Service Area )

AFFIDAVIT OF JOHN A. ROBINETT

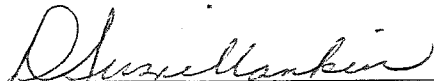
STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

John A. Robinett, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 4 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

  
John A. Robinett

Subscribed and sworn to before me this 6<sup>th</sup> day of March, 2015.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: December 12, 2016  
Commission Number: 12412070

  
Notary Public