

Exhibit No.:
Issue(s): *Customer Deposits,
Materials & Supplies,
Outside Services,
Insurance Expense,
EEL Expenses*
Witness: *Courtney Horton*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
Case No.: *ER-2021-0312*
Date Testimony Prepared: *January 20, 2022*

MISSOURI PUBLIC SERVICE COMMISSION
FINANCIAL & BUSINESS ANALYSIS DIVISION
AUDITING DEPARTMENT

SURREBUTTAL TESTIMONY
OF
COURTNEY HORTON

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

CASE NO. ER-2021-0312

Jefferson City, Missouri
January 2022

SURREBUTTAL TESTIMONY

OF

COURTNEY HORTON

**THE EMPIRE DISTRICT ELECTRIC COMPANY,
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CUSTOMER DEPOSITS1
MATERIALS AND SUPPLIES2
OUTSIDE SERVICES3
INSURANCE EXPENSE3
EDISON ELECTRIC INSTITUTE (“EEI”).....4

1 Missouri Customer Deposit balance by \$67,028. The \$67,028 represents non-electric customer
2 deposits for water customers. However, the Customers Deposits related to water was actually
3 removed at the Total Company level. Therefore, no additional adjustment is needed to reflect
4 the proper balance for the direct assigned Missouri electric Customer Deposits.” Staff agrees
5 with Ms. Emery’s recommended changes and removed all the water customer deposits data
6 from its calculations. Staff included a 13-month average of direct assigned Missouri electric
7 customer deposits, ending June 30, 2021, in the amount of \$14,120,742 as an offset to rate base.

8 **MATERIALS AND SUPPLIES**

9 Q. Please explain Staff’s correction to materials and supplies.

10 A. Company witness Charlotte Emery in rebuttal testimony on starting on pages 8,
11 line 3 through page 9, line 14, stated that “Staff should not be removing any amounts related to
12 water inventory from materials and supplies balances because Empire sold its water assets to
13 Liberty Utilities (Missouri Water), LLC in June 2020.” Staff agrees with Ms. Emery’s
14 recommended changes and removed all the water inventory data from its calculations. Staff
15 included a 13-month average ending June 30, 2021 to determine materials and supplies that
16 resulted in a \$43,901,180 offset to rate base.

17 Q. Company witness Charlotte Emery in rebuttal testimony on pages 8, lines 3-22,
18 and page 9, lines 1-14, stated that “Staff should not have excluded clearing accounts from its
19 materials and supplies because these costs have been prudently incurred.” Does Staff agree?

20 A. No. Staff believes that clearing accounts are not materials or supplies
21 because the amounts in these accounts are temporary. The amounts in these accounts will be
22 transferred to another account for miscellaneous expenses that need to be allocated to several

1 accounts, such as vehicle maintenance and cell phone expenses, which are not classified as
2 materials and supplies.

3 **OUTSIDE SERVICES**

4 Q. Please explain Staff's correction to outside services expense.

5 A. Company witness Tisha Sanderson in rebuttal testimony starting on page 9, line
6 12 through page 10, line 3, stated that "Staff should not have applied its Missouri allocation
7 percentage to the Missouri only AMI outside services expense amount because the EMS run
8 also applies the Missouri jurisdictional allocation percentage to this amount which reduces it
9 even further." Staff agrees with Ms. Sanderson's recommended changes and corrected this by
10 applying the Missouri allocation percentage to the outside services expense total company
11 amount and then added the Missouri only AMI outside services expense to that amount,
12 resulting in a \$319,864 Missouri jurisdictional adjustment.

13 **INSURANCE EXPENSE**

14 Q. Company witness Tisha Sanderson in rebuttal testimony on page 3, lines 3-5,
15 stated that "the Company has purchased insurance coverage for the wind projects. Therefore,
16 the Company believes that it is appropriate for Staff to include the associated costs in their
17 revenue requirement." Does Staff agree?

18 A. Yes, in response to Staff Data Request No. 131 Empire provided copies of the
19 wind insurance policies and invoices. Staff updated its insurance expense to include the wind
20 insurance in its adjustment. Staff's total Company adjustment for insurance expense is
21 \$2,975,002.

1 **EDISON ELECTRIC INSTITUTE (“EEI”)**

2 Q. Company witness Charlotte Emery in rebuttal testimony, starting on page 14,
3 line 14 through page 15, line 23, states that “the Company does not agree with the removal of
4 the EEI dues that are unrelated to lobbying.” Does Staff agree?

5 A. No. As discussed in the COS Report, prior Commission orders have stated that
6 Empire and other electric utilities must quantify the benefit of membership to EEI to both the
7 Company’s ratepayers and shareholders. Company witness Ms. Emery in rebuttal testimony on
8 pages 14-15, lines 22-24, and lines 1-11, discusses how EEI benefits Empire and EEI members.
9 However, Ms. Emery failed to discuss how EEI directly benefits rate payers and shareholders
10 as two distinct groups. Also, Empire recorded the bulk of EEI dues in an account number
11 930210, which is an above the line account, and Empire has failed to demonstrate that none of
12 that amount was in fact directly or indirectly incurred in support of EEI’s lobbying activities.
13 The total test year amount for EEI dues is \$192,260 and Staff made an adjustment to disallow
14 that entire amount based upon past Commission precedent.

15 Q. Does this conclude your surrebuttal testimony?

16 A. Yes, it does.

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-2021-0312

AFFIDAVIT OF COURTNEY HORTON

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW COURTNEY HORTON, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Courtney Horton*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Courtney Horton
COURTNEY HORTON

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 12th day of January, 2022.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2023
Commission Number: 15207377

Dianne L. Vaught
Notary Public