

Exhibit No.:
Issue(s):
Witness/Type of Exhibit:
Sponsoring Party:
Case No.:

Depreciation
Robinett/Rebuttal
Public Counsel
GR-2018-0013

REBUTTAL TESTIMONY

OF

JOHN A. ROBINETT

Submitted on Behalf of the Office of the Public Counsel

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
D/B/A LIBERTY UTILITIES'**

FILE NO. GR-2018-0013

April 13, 2018

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


In the Matter of Liberty Utilities)
(Midstates Natural Gas) Corp. d/b/a)
Liberty Utilities' Tariff Revisions Designed) File No. GR-2018-0013
to Implement a General Rate Increase for)
Natural Gas Service in the Missouri Service)
Areas of the Company)

AFFIDAVIT OF JOHN A. ROBINETT

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

John A. Robinett, of lawful age and being first duly sworn, deposes and states:

1. My name is John A. Robinett. I am a Utility Engineering Specialist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.




John A. Robinett
Utility Engineering Specialist

Subscribed and sworn to me this 13th day of April 2018.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2021
Cole County
Commission #13754037



Jerene A. Buckman
Notary Public

My Commission expires August 23, 2021.

REBUTTAL TESTIMONY

OF

JOHN A. ROBINETT

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. D/B/A LIBERTY
UTILITIES**

CASE NO. GR-2018-0013

1 **Q. What is your name and what is your business address?**

2 A. John A. Robinett, PO Box 2230, Jefferson City, Missouri 65102.

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

4 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Utility Engineering
5 Specialist.

6 **Q. Have you previously provided testimony before the Missouri Public Service
7 Commission?**

8 A. Yes.

9 **Q. What is your work and educational background?**

10 A. A copy of my work and educational experience is attached to this testimony as Schedule JAR-
11 R-1.

12 **Q. What is the purpose of your rebuttal testimony?**

13 A. I will discuss Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities’
14 depreciation consultant Mr. Dane A. Watson of Alliance Consulting Group depreciation rate
15 recommendation. I will address my concerns with Staff witness Mr. Stephen B. Moilanen’s
16 depreciation study and recommendation.

17 **Q. What is OPC’s recommended set of depreciation rates?**

18 A. OPC recommends the continued use of depreciation rates from Case No. GR-2014-0152
19 attached as Schedule JAR-R-2.

20 **Q. Were the depreciation rates from Case No. GR-2014-0152 the result of a Partial
21 Stipulation and Agreement?**

1 A. In part, however, Corporate depreciation rates for the following accounts were contested,
2 and the Commission ordered that the appropriate depreciation rates to apply were the
3 recommended depreciation rates of Liberty Utilities.

4 Corporate Plant Account Numbers:

5 399.0 – Other Tangible Property – Corporate

6 399.3 – Other Tangible Property – Network Hardware – Corporate

7 399.4 – Other Tangible Property – PC Hardware - Corporate

8 399.5 – Other Tangible Property – PC Software – Corporate

9 **Q. Was a complete historical review of salvage data undertaken?**

10 A. No. This is based on OPC's review of the Staff Report-Cost of Service at page 84 lines 16
11 through 17 that indicated salvage data back to 2005 with a gap in the data between 2010
12 and 2013 while there is retirement data ranging back to the 1950s.

13 **Q. Did OPC receive work papers associated with Staff's depreciation study performed in
14 this case?**

15 A. No. Staff provided no depreciation work papers with its direct filing. OPC sought this
16 information through data requests. At this time, OPC is still reviewing information
17 provided in response to those queries and may have additional comments at surrebuttal.

18 **Q. Do the outputs of Staff's depreciation study performed in this case support a change in
19 rates?**

20 A. It is unclear based on Staff's response to Data Request No. 0342, my review of this data
21 request indicates three output files for the retirement rate function of the Gannett Fleming
22 software. Based on Staff's response to Data Request No. 0352, multiple runs were utilized
23 to develop Staff's depreciation rate recommendations which makes unclear which run
24 provides support for each accounts recommended rate or average service lives and Iowa
25 curve selection.

26 Of additional concern is Staff's response to Data Request No. 0351; Staff indicates that it
27 did not utilize their depreciation software that calculates depreciation rates based on the
28 selected average service lives, Iowa curves, and recommended salvage values. Staff's

1 manual calculation as described in response to Data Request No. 0351 was also not
2 provided as a work paper supporting Staff depreciation recommendation in the Staff
3 Report-Cost of Service.

4 **Q. Why is the use of the depreciation rate calculation application of the Gannett Fleming**
5 **software important?**

6 A. This application utilizes the input book depreciation reserves at a given point in time and
7 calculates the theoretical reserves for the accounts based on the inputs of selected average
8 service lives for the accounts, the selected Iowa curve, and the net salvage, and the vintages
9 of the plant. This application provides the ability to compare the theoretical reserves based
10 on vintage data to the actual to determine if adjustments to increase to decrease depreciation
11 expense are needed for the studied accounts.

12 **Q. What are the parties positions related to General Plant Amortization?**

13 A. Liberty Utilities consultant Mr. Watson discusses the request to use vintage year
14 depreciation or General Plant Amortization for Federal Energy Regulatory Commission
15 (“FERC”) Uniform System of Accounts (“USoA”) 391, 393-395, and 397-3995 at page
16 17. Staff does not oppose Liberty Utilities request to utilize general plant amortizations for
17 account numbers 391, 393, 394, 395, 397, 398, 399.

18 **Q. Does OPC recommend use of General Plant Amortization?**

19 A. No.

20 **Q. Why does OPC not recommend the use of general plant amortization?**

21 A. General Plant Amortization threatens the ability to perform any sort of prudence review of
22 plant added into these accounts because it fails to track retirement units and original costs.
23 Under the General Plant Amortization method, or Vintage Amortization method, only two
24 values matter: the total additions for an account in a vintage year and the amortization
25 period over which the original investment is to be recouped. The total additions do not

1 reflect the costs per retirement unit, which is a concern because parties will not be able to
2 audit these based on cost per unit.

3 General Plant Amortization does not yield historical data for depreciation that will
4 differ from the amortization period for the select account. Therefore, any future
5 depreciation study could not properly analyze the actual lives of the asset and match the
6 actual lives with an appropriate depreciation rate. Under the General Plant Amortization,
7 amortization periods may or may not match the useful life of the assets; the retirement
8 booking results in strictly a retirement of dollars not physical assets. Plant assets may
9 actually retire prior to the amortization period or may survive many years past the
10 amortization period. This method could mask the appropriate recovery period for
11 Company's assets

12 **Q. Does OPC agree with Staff's characterization of General Plant Amortization at Page 85**
13 **lines 18 through 20 in the Staff Report – Cost of Service?**

14 A. No. It is not that the analysis cannot be performed it is the fact that General Plant
15 Amortization does not yield historical data for depreciation that will differ from the
16 selected amortization period. There is no need to perform a historical study, because
17 retirements will occur by vintage year after a determined amount of time, "the amortization
18 period" for individual accounts.

19 **Q. Are there any other aspects of changing to General Plant Amortizations that may cause**
20 **OPC concern?**

21 A. Yes. OPC is of the understanding that if the method is approved, Liberty Utilities should
22 retire all assets in each requested account that exceeds the amortization period. OPC
23 intends to issue data requests to gain information on a district and total company basis by
24 account, the expected retirements that need to be booked, and reserve reductions that would
25 occur associated with the retirements. Additionally, OPC states that additional
26 amortizations may be needed on an account-by-account basis to correct for reserve
27 imbalances associated with this change in method. OPC did not see any recommendations
28 by Staff addressing these concerns. Company provided appendix A-1 attached to Mr.

1 Watson's direct testimony detailing Liberty Utilities estimates of amortizations and
2 deficiency/imbalance amortizations.

3 **Q. Does OPC have any recommendations if the Commission determines that general plant**
4 **amortization is appropriate?**

5 A. Yes. If the Commission approves Liberty Utilities' request for General Plant Amortization,
6 OPC recommends the Commission order Liberty Utilities to continue specifying the
7 original cost and associated retirement units for all additions to the accounts where General
8 Plant Amortization accounting treatment will occur.

9 **Q. Does this conclude your rebuttal testimony?**

10 A. Yes.

John A. Robinett

I am employed as a Utility Engineering Specialist for The Missouri Office of the Public Counsel (OPC). I began employment with OPC in August of 2016. In May of 2008, I graduated from the University of Missouri-Rolla (now Missouri University of Science and Technology) with a Bachelor of Science degree in Mechanical Engineering.

During my time as an undergraduate, I was employed as an engineering intern for the Missouri Department of Transportation (MoDOT) in their Central Laboratory located in Jefferson City, Missouri for three consecutive summers. During my time with MoDOT, I performed various qualification tests on materials for the Soil, Aggregate, and General Materials sections. A list of duties and tests performed are below:

- Compressive strength testing of 4" and 6" concrete cylinders and fracture analysis
- Graduations of soil, aggregate, and reflective glass beads
- Sample preparations of soil, aggregate, concrete, and steel
- Flat and elongated testing of aggregate
- Micro-deval and LA testing of aggregate
- Bend testing of welded wire and rebar
- Tensile testing of welded, braided cable, and rebar
- Hardness testing of fasteners (plain black and galvanized washers, nuts, and bolts)
- Proof loading and tensile testing of bolts
- Sample collection from active road constructions sites
- Set up and performed the initial testing on a new piece of equipment called a Linear Traverse / Image Analysis
- Wrote operators manual for the Linear Traverse / Image Analysis Machine
- Trained a fulltime employee on how to operate the machine prior to my return to school
- Assisted in batching concrete mixes for testing, mixing the concrete, slump cone testing, percent air testing, and specimen molding of cylinders and beams

Upon graduation, I accepted a position as an Engineer I in the Product Evaluation Group for Hughes Christensen Company, a division of Baker Hughes, Inc. (Baker), an oil field service company. During my employment with Baker, I performed failure analysis on oil field drill bits as well as composed findings reports which were forwarded to the field engineers in order for them to report to the company the conclusions of the failure causes.

I previously was employed as a Utility Engineering Specialist I, II, III for the Missouri Public Service Commission (Commission). My employment with the Commission spanned from April of 2010 to August of 2016. My duties involved analyzing depreciation rates and studies for utility companies and presenting expert testimony in rate cases before the Commission.

JOHN A. ROBINETT
SUMMARY OF CASE PARTICIPATION

Listed below are the cases in which I have supplied testimony, comments, and/or depreciation rates accompanied by a signed affidavit.

Company	Case Number	Issue	Party
Laclede Gas Company Missouri Gas Energy Spire Missouri East Spire Missouri West	GO-2016-0332 GO-2016-0333 GO-2017-0201 GO-2017-0202 GR-2017-0215 GR-2017-0216	ISRS Over collection of depreciation expense and ROE based on Western District Opinion Docket No. WD80544	Office of Public Counsel (OPC)
Gascony Water Company, Inc.	WR-2017-0343	Rebuttal, Surrebuttal, and Live Testimony rate base, depreciation NARUC USoA Class designation	OPC
Missouri American Water Company	WR-2017-0285	Direct, Rebuttal, Surrebuttal, and Live Testimony depreciation, ami, negative reserve, Lead Line	OPC
Indian Hills Utility Operating Company, Inc.	WR-2017-0259	Direct, Rebuttal, Surrebuttal, and Live Testimony Rate Base (extension of electric service, leak repairs)	OPC
Laclede Gas Company Missouri Gas Energy	GR-2017-0215 GR-2017-0216	Direct, Rebuttal, Surrebuttal, True-up Rebuttal, and Live Testimony depreciation, retirement work in progress, combined heat and power, ISRS	OPC
Empire District Electric Company	EO-2018-0048	IRP Special issues	OPC
Kansas City Power & Light Company	EO-2018-0046	IRP Special issues	OPC
Kansas City Power & Light Company Greater Missouri Operations	EO-2018-0045	IRP Special issues	OPC
Kansas City Power & Light Company Greater Missouri Operations	EO-2017-0230	2017 IRP annual update comments	OPC

**JOHN A. ROBINETT
SUMMARY OF CASE PARTICIPATION**

Company	Case Number	Issue	Party
Empire District Electric Company	EO-2017-0065	Direct, Rebuttal, Surrebuttal, and Live Testimony FAC Prudence Review Heat Rate	OPC
Ameren Missouri	ER-2016-0179	Direct, Rebuttal, Testimony Heat Rate Testing & Depreciation	OPC
Kansas City Power & Light Company	ER-2016-0285	Direct, Rebuttal, Surrebuttal, and Live Testimony Heat Rate Testing & Depreciation	OPC
Empire District Electric Company Merger with Liberty	EM-2016-0213	Rebuttal Testimony	Missouri Public Service Commission (MOPSC)
Empire District Electric Company	ER-2016-0023	Depreciation Study, Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
Hillcrest Utility Operating Company, Inc.	SR-2016-0065	Depreciation Review	MOPSC
Hillcrest Utility Operating Company, Inc.	WR-2016-0064	Depreciation Review	MOPSC
Missouri American Water Company	WR-2015-0301	Depreciation Study, Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
Bilyeu Ridge Water Company, LLC Midland Water Company, Inc. Moore Bend Water Utility, LLC Riverfork Water Company Taney County Water, LLC Valley Woods Utility, LLC(Water) Valley Woods Utility, LLC(Sewer) Consolidated into Ozark International, Inc.	WR-2015-0192 WR-2015-0193 WR-2015-0194 WR-2015-0195 WR-2015-0196 WR-2015-0197 SR-2015-0198 Consolidated into WR-2015-0192	Depreciation Review *filed depreciation rates not accompanied by signed affidavit	MOPSC
I. H. Utilities, Inc. sale to Indian Hills Utility Operating Company, Inc.	WO-2016-0045	Depreciation Rate Adoption CCN	MOPSC

**JOHN A. ROBINETT
SUMMARY OF CASE PARTICIPATION**

Company	Case Number	Issue	Party
Missouri American Water Company CCN City of Arnold	SA-2015-0150	Depreciation Rate Adoption CCN	MOPSC
Empire District Electric Company	ER-2014-0351	Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
West 16th Street Sewer Company, W.P.C. Sewer Company, Village Water and Sewer Company, Inc. and Raccoon Creek Utility Operating Company, Inc.	SM-2015-0014	Depreciation Rate Adoption	MOPSC
Brandco Investments LLC and Hillcrest Utility Operating Company, Inc.	WO-2014-0340	Depreciation Rate Adoption, Rebuttal Testimony	MOPSC
Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities	GR-2014-0152	Direct, Rebuttal, Surrebuttal and Live Testimony	MOPSC
Summit Natural Gas of Missouri, Inc.	GR-2014-0086	Depreciation Study, Direct and Rebuttal Testimony	MOPSC
P.C.B., Inc.	SR-2014-0068	Depreciation Review	MOPSC
M.P.B., Inc.	SR-2014-0067	Depreciation Review	MOPSC
Roy-L Utilities	WR-2013-0543	Depreciation Review	MOPSC
Roy-L Utilities	SR-2013-0544	Depreciation Review	MOPSC
Missouri Gas Energy Division of Laclede Gas Company	GR-2014-0007	Depreciation Study, Direct and Rebuttal Testimony	MOPSC
Central Rivers Wastewater Utility, Inc.	SA-2014-00005	Depreciation Rate Adoption	MOPSC
Empire District Electric Company	ER-2012-0345	Depreciation Study, Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
Empire District Electric Company	WR-2012-0300	Depreciation Review	MOPSC
Laclede Gas Company	GO-2012-0363	Depreciation Authority Order Rebuttal, Surrebuttal and Live Testimony	MOPSC
Moore Bend Water Company, Inc. sale to Moore Bend Water Utility, LLC (Water)	WM-2012-0335	Depreciation Rate Adoption	MOPSC
Oakbrier Water Company, Inc.	WR-2012-0267	Depreciation Review	MOPSC
Lakeland Heights Water Co., Inc.	WR-2012-0266	Depreciation Review	MOPSC

JOHN A. ROBINETT
SUMMARY OF CASE PARTICIPATION

Company	Case Number	Issue	Party
R.D. Sewer Co., L.L.C.	SR-2012-0263	Depreciation Review	MOPSC
Canyon Treatment Facility, LLC	SA-2010-0219	Depreciation Rate Adoption- CCN	MOPSC
Taney County Water, LLC	WR-2012-0163	Depreciation Review	MOPSC
Sale of Saddlebrooke Water and Sewer Infrastructure, LLC to Missouri American Water Company (Sewer)	SA-2012-0067	Rebuttal Testimony	MOPSC
Sale of Saddlebrooke Water and Sewer Infrastructure, LLC to Missouri American Water Company (Water)	WA-2012-0066	Rebuttal Testimony	MOPSC
Midland Water Company, Inc.	WR-2012-0031	Depreciation Review	MOPSC
Sale of KMB Utility Corporation to Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water (Sewer)	SO-2011-0351	Depreciation Rate Adoption	MOPSC
Sale of KMB Utility Corporation to Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water (Water)	WO-2011-0350	Depreciation Rate Adoption	MOPSC
Sale of Noel Water Company, Inc. to Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water (Water)	WO-2011-0328	Depreciation Rate Adoption	MOPSC
Sale of Taney County Utilities Corporation to Taney County Water, LLC (Water)	WM-2011-0143	Depreciation Rate Adoption	MOPSC
Empire District Electric Company	ER-2011-0004	Depreciation Study, Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
Rex Deffenderfer Enterprises, Inc.	WR-2011-0056	Depreciation Review	MOPSC
Tri-States Utility, Inc.	WR-2011-0037	Depreciation Review	MOPSC
Southern Missouri Gas Company, L.P.	GE-2011-0096	Depreciation Study Waiver	MOPSC
Southern Missouri Gas Company, L.P.	GR-2010-0347	Depreciation Review	MOPSC
KMB Utility Corporation (Sewer)	SR-2010-0346	Depreciation Review	MOPSC
KMB Utility Corporation (Water)	WR-2010-0345	Depreciation Review	MOPSC
Middlefork Water Company	WR-2010-0309	Depreciation Review	MOPSC

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

Depreciation Rates

GR-2018-0013

Account				
Number	Plant Description	WEMO	NEMO	SEM0
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	SEM0
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	14.29%	14.29%	14.29%
399.3	Other tangible property - Network - H/W - Corporate	14.29%	14.29%	14.29%
399.4	Other tangible property - PC Hardware - Corporate	14.29%	14.29%	14.29%
399.5	Other tangible property - PC Software - Corporate	18.98%	18.98%	18.98%