

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

In the Matter of a Proceeding Under)	
Section 393.137 (SB 564) to Adjust the)	Case No. ER-2018-0366
Electric Rates of The Empire District)	
Electric Company)	

THE OFFICE OF THE PUBLIC COUNSEL’S POSITION STATEMENTS

COMES NOW the Office of the Public Counsel (“OPC”) and files the following positions statements to the corrected list of issues it filed:

Statements of Position

1. Did Empire have a “general rate proceeding pending before the Commission as of . . . June 1, 2018”?

OPC response: No.

2. What is the revenue requirement upon which Empire’s current rates are set?

OPC response: \$489,566,812. OPC witness Riley corrected direct testimony, Sch. JSR-D-2.

3. By what amount should the revenue requirement upon which Empire’s current rates are set be reduced to reflect the change in the federal corporate income tax rate from 35% to 21% effective January 1, 2018, “to adjust [Empire’s] rates prospectively so that the income tax component of the revenue requirement used to set such an electrical corporation's rates is based upon the provisions of [the 2017 Tax Cut and Jobs Act, Pub. L. No. 115-97, 94 Stat. 2390,] without considering any other factor as otherwise required by section 393.270”?

OPC response: \$17,469,270. OPC witness Riley corrected direct testimony, p.2, l. 15, p.4, ll. 20-22.

4. What is the total amount of Empire's protected excess Accumulated Deferred Income Taxes due to the 2017 Tax Cut and Jobs Act, Pub. L. No. 115-97, 94 Stat. 2390?

OPC response: \$130,161,870. OPC witness Riley corrected direct testimony, p. 2, l. 22; p. 6, l. 15; Sch. JSR-D-4, p. 2, l. 16, cols. k & m. If the Commission finds that using this amount may cause Empire to violate IRS rules, it could order Empire to track the difference that would cause a violation. OPC witness Riley corrected direct testimony, p. 6, ll. 3-4.

a. By what amount should the revenue requirement upon which Empire's current rates are set be reduced to reflect Empire's protected excess Accumulated Deferred Income Taxes due to the 2017 Tax Cut and Jobs Act, Pub. L. No. 115-97, 94 Stat. 2390?

OPC response: \$8,729,631 ($\$130,161,870 * 1.34135/20$). OPC witness Riley corrected direct testimony, p. 2, ll. 19-21; p. 4, l. 17, p. 6, ll. 15-16

5. What is the total amount of Empire's unprotected excess Accumulated Deferred Income Taxes due to the 2017 Tax Cut and Jobs Act, Pub. L. No. 115-97, 94 Stat. 2390?

OPC response: \$17,016,835. OPC witness Riley corrected direct testimony, p. 2, ll. 7-10; Sch. JSR-D-4, p. 3, l. 36, cols. k & m.

a. By what amount should the revenue requirement upon which Empire's current rates are set be reduced to reflect Empire's unprotected excess Accumulated Deferred Income Taxes due to the 2017 Tax Cut and Jobs Act, Pub. L. No. 115-97, 94 Stat. 2390?

OPC response: \$2,288,455 ($\$17,016,835 * 1.34135/10$). OPC witness Riley corrected direct testimony, p. 3, ll. 6-7; p. 4, l. 17; p. 7, ll. 3-8.

6. What is the amount the Commission should order Empire to defer for Empire's recovery from its Missouri electric customers of its federal income tax from January 1, 2018, until

new rates take effect in this case that is based on a federal corporate income tax rate of 35% when the actual rate is 21%, that is to be included as a reduction the revenue requirement used to set Empire's rates in its next general rate proceeding through an amortization over a period determined by the commission?

OPC response: Assuming new rates take effect August 30, 2018, \$11,582,365 (242/365*\$17,469,270). OPC witness Riley corrected direct testimony, p. 3, ll. 11-15; p. 7, ll. 12-16.

a. Over what period should the Commission amortize this deferred amount?

OPC response: Four years, which makes the annual revenue requirement reduction \$2,895,591. OPC witness Riley corrected direct testimony, p. 8, ll. 1-2.

7. How should Empire's rates be designed to implement the rate reductions?

OPC response: Empire's customer charges should be reduced now on an equal percentage basis designed to reduce Empire's annual revenues by \$28,487,356 based on the \$28,487,356 reduction in Empire's annual revenue requirement.

In its next general electric rate case the Commission should use the annual amount from amortizing the deferred amount for Empire's recovery from its Missouri electric customers of its federal income tax from January 1, 2018, to when new rates take effect in this case to reduce Empire's then existing customer charges on an equal percentage basis designed to reduce Empire's annual revenues by \$2,895,591, before making any other changes to Empire's customer charges in that case. OPC witness Riley corrected direct testimony, p. 8, ll. 10-22.

Respectfully,

/s/ Nathan Williams

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 17th day of July 2018.

/s/ Nathan Williams