

Exhibit No.:  
Issue: Pension and OPEB Expenses  
Witness: Jeffery P. Lee  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Empire District Electric  
Case No.: ER-2014-0351  
Date Testimony Prepared: August 2014

**Before the Public Service Commission  
of the State of Missouri**

**Direct Testimony**

**of**

**Jeffery P. Lee**

**August 2014**



DIRECT TESTIMONY  
OF  
JEFFERY P. LEE  
THE EMPIRE DISTRICT ELECTRIC COMPANY  
BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION  
CASE NO. ER-2014-0351

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Jeffery P. Lee. My business address is 602 S. Joplin Avenue, Joplin,  
4 Missouri, 64801.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am the Manager of General Accounting for The Empire District Electric Company  
7 (“Empire” or “Company”).

8 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**  
9 **BACKGROUND.**

10 A. I received a Bachelor of Business Administration degree in management from  
11 Pittsburg State University, Pittsburg, Kansas, in 2002 and a Masters of Business  
12 Administration degree from Pittsburg State University, Pittsburg, Kansas, in 2007. I  
13 was employed as a staff auditor with BKD, LLP from 2007 until late 2008 when I  
14 joined Empire. I have been a licensed Certified Public Accountant (“CPA”) in the  
15 state of Missouri since 2008.

16 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

17 A. I will support the Company’s request for the amount of Pension and Other Post-  
18 Retirement Welfare (“OPEB”) costs to be included in the revenue requirement for  
19 this case before the Missouri Public Service Commission (“Commission”) and the

1 continuation of the pension and OPEB tracker as modified in Commission Case No.  
2 ER-2011-0004.

3 **PENSION AND OPEB EXPENSES**

4 **Q. WHAT AMOUNT OF PENSION EXPENSE IS EMPIRE REQUESTING IN**  
5 **THIS CASE?**

6 A. At this time, Empire is requesting total annual Missouri pension expense of  
7 \$6,964,136, which represents a decrease of \$714,590 to the test year expense levels.  
8 This total includes actuarially determined expense of \$6,238,344 and five-year tracker  
9 amortization of \$725,792.

10 **Q. WHAT AMOUNT OF OPEB EXPENSE IS EMPIRE REQUESTING IN THIS**  
11 **CASE?**

12 A. At this time, Empire is requesting total annual Missouri OPEB expense of \$743,475,  
13 which represents a decrease of \$988,605 to the test year expense levels. This total  
14 includes actuarially determined expense of \$1,027,200 and negative five-year tracker  
15 amortization of (\$283,725).

16 **Q. ARE THESE THE FINAL EXPENSES FOR BOTH PENSION (“FAS 87”)**  
17 **AND OPEB (“FAS 106”) COSTS FOR 2014?**

18 A. No. The 2014 actuarial valuation of the plans, which provides the cost, is not yet  
19 complete. The amounts set forth above represent the actuary’s estimate of the final  
20 amounts.

21 **Q. WILL UPDATED EXPENSE AMOUNTS BE AVAILABLE FOR A**  
22 **DECEMBER 31, 2014 TRUE-UP IN THIS CASE?**

1 A. Yes. The final 2014 annual expense will be known once the actuarial valuation is  
2 completed, which typically occurs in the third quarter of the year, and will be  
3 provided in true-up testimony.

4 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

5 A. Yes, it does.

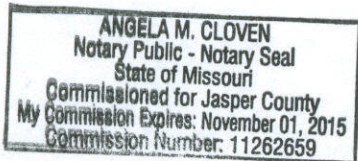
AFFIDAVIT OF JEFFERY P. LEE

STATE OF MISSOURI    )  
                                  ) ss  
COUNTY OF JASPER    )

On the 13 day of August, 2014, before me appeared Jeffery P. Lee, to me personally known, who, being by me first duly sworn, states that he the General Accounting Manager of The Empire District Electric Company and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
Jeffery P. Lee

Subscribed and sworn to before me this 13 day of August, 2014.



  
\_\_\_\_\_  
Notary Public

My commission expires 11/01/2015