

*Exhibit No.:*  
*Issue(s):* Asbury Retirement AAO  
Fuel Inventory  
Rate Case Sharing  
Tornado AAO  
Amortization  
Stranded Meters  
*Witness:* Amanda C. McMellen  
*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 AND BUSINESS ANALYSIS DIVISION**  
**AUDITING DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**AMANDA C. MCMELLEN**

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

**CASE NO. ER-2021-0312**

*Jefferson City, Missouri*  
*January 2022*

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**AMANDA C. MCMELLEN**  
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**SURREBUTTAL TESTIMONY OF**  
**AMANDA C. MCMELLEN**  
**THE EMPIRE DISTRICT ELECTRIC COMPANY,**  
**d/b/a Liberty**  
**CASE NO. ER-2021-0312**

Q. Please state your name and business address.

A. My name is Amanda C. McMellen, P.O. Box 360, Suite 440, Jefferson City,  
MO 65102.

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

A. I am employed by the Missouri Public Service Commission (“Commission”) as  
a Utility Regulatory Supervisor.

Q. Are you the same Amanda C. McMellen who contributed to Staff’s Cost  
of Service Report/direct testimony on October 29, 2021 and rebuttal testimony on  
December 20, 2021 in this case?

A. Yes, I am.

**EXECUTIVE SUMMARY**

Q. Please summarize your surrebuttal testimony in this proceeding.

A. In this testimony, I will address the rebuttal testimonies of The Empire District  
Electric Company’s (“Empire” or “Company”) witnesses Aaron Doll and Tisha Sanderson  
regarding the Asbury Retirement Accounting Authority Order (“AAO”). Next, I will respond  
to the rebuttal testimony of Empire witness Charlotte Emery regarding fuel inventory, rate case  
sharing, and the Tornado AAO amortization. I will also address Ms. Sanderson’s rebuttal

1 testimony on stranded meters. Lastly, I will address the corrections/changes to Staff's rebuttal  
2 revenue requirement calculation for Empire in this proceeding.

3 **ASBURY RETIREMENT AAO**

4 Q. What is Empire's position regarding the starting date for the Asbury  
5 Retirement AAO?

6 A. On page 11 in Mr. Doll's rebuttal testimony, he states that the AAO liability  
7 should have begun March 1, 2020, when Asbury was officially de-designated from the  
8 SPP market. Mr. Doll also references Empire witness Ms. Sanderson's rebuttal testimony  
9 (page 6, lines 21 through 23) that agrees with Mr. Doll's position.

10 Q. Does Staff agree with Mr. Doll's and Ms. Sanderson's position?

11 A. No. In Staff's opinion, the Asbury AAO is appropriately started January 1, 2020.  
12 Asbury's last day of generating power was December 12, 2019. As stated in my surrebuttal  
13 testimony in Case No. ER-2019-0374 on page 2, lines 8 through 10, there was no coal delivered  
14 in January and February 2020 for this station and very little for December 2019. Staff agrees  
15 with the Commission as stated in the *Amended Report and Order* for Case No. ER-2019-0374  
16 on page 120 "In comparison, starting the deferral on an earlier date, such as the middle of a  
17 month, may cause difficulties distinguishing costs for auditing purposes. This may outweigh  
18 any benefits in quantifying those costs or revenues." Therefore, Staff believes it is appropriate  
19 to begin the Asbury Retirement AAO on January 1, 2020. In the direct and rebuttal revenue  
20 requirement calculations, Staff used the wrong balance for the Asbury AAO liability, which has  
21 been updated to reflect the proper balance for the Asbury AAO starting state of January 1, 2020,  
22 with an update to the corresponding amortization as well.

**RESPONSE TO EMPIRE WITNESS CHARLOTTE EMERY**

1  
2 Q. What is Empire witness Ms. Emery's position regarding the quantification of  
3 fuel inventory?

4 A. Ms. Emery states in her rebuttal testimony starting on page 9, line 23 through  
5 page 10, line 11, that Staff's quantification of fuel is incorrect.

6 Q. Does Staff agree with Ms. Emery?

7 A. Yes. Staff agrees the formulas were incorrect. In its direct filing, Staff used  
8 \$0 for Riverton and Energy Center. Staff has now updated to include an amount for both  
9 Riverton and Energy Center in fuel inventory based on the ending balances and the weighted  
10 average price as the end of the update period (June 30, 2021) as provided in the updated  
11 response to Staff Data Request (DR) No. 18.

12 Q. What is Empire's position regarding rate case expense sharing?

13 A. Empire witness Ms. Emery states starting on page 23, line 10 through page 24,  
14 line 2 of her rebuttal testimony, that the 50% sharing of rate case expense proposed by Staff is  
15 inappropriate.

16 Q. How does Staff respond?

17 A. Staff's sharing mechanism is based upon the Commission's decision in previous  
18 cases, including the most recent Empire rate case. The decisions of those cases are outlined in  
19 detail in Staff's Cost of Service Report on pages 91-94. Staff's recommendation isn't based off  
20 a desire to harm the Company. Staff's sharing recommendation is based on aligning with  
21 current Commission's policy on this matter.

22 Q. Please explain Ms. Emery's issue with Staff's position regarding the  
23 Tornado AAO.

1           A.     Ms. Emery page 25, lines 3 through 6 states “Staff is proposing to extend the  
2 amortization of the Tornado AAO two years from what has been previously proposed by Staff  
3 and included in rates in previous Empire cases. The Company believes the Commission should  
4 order to continue the same \$402,515 of annual amortization which has been authorized in  
5 previous proceedings.”

6           Q.     Does Staff agree with Ms. Emery?

7           A.     No. Staff is not proposing to extend the amortization. As stated in the Staff Cost  
8 of Service Report on page 65, Staff’s calculation simply prevents Empire from over recovery  
9 of the amortization.

10    **STRANDED METERS**

11           Q.     What is Empire witness Ms. Sanderson’s position regarding the stranded  
12 meters issue?

13           A.     Ms. Sanderson states in her rebuttal testimony on page 8, line 4 through 5, “the  
14 Company should be allowed to earn a return on and of the stranded meter costs as proposed by  
15 the Company in its direct filing.”

16           Q.     Does Staff agree with Ms. Sanderson?

17           A.     No. In Staff’s opinion, the stranded meters are not used and useful and should  
18 be excluded from rate base.

19           Q.     Ms. Sanderson states on page 9, lines 5 through 11 of her rebuttal testimony, that  
20 even if there is no return on the stranded meters allowed that there should be a return of through  
21 an amortization. How does Staff respond?

22           A.     Staff’s opinion is that the stranded meters are not extraordinary costs such as the  
23 retirement cost of Asbury. Asbury retirement costs were considered extraordinary and allowed

1 to be included in an AAO and amortized. The stranded meter costs are not considered  
2 extraordinary or material. Also, no AAO was established or proposed in this case. Therefore,  
3 an amortization for these costs is inappropriate.

4 Q. In her rebuttal testimony, page 8, line 19 through page 9, line 3, Ms. Sanderson  
5 states that Staff should not make an adjustment to plant in service to remove stranded meters  
6 because they are not included in the June 30, 2021 balance. How does Staff respond?

7 A. Staff agrees and has removed this adjustment. Also, Staff has updated the  
8 adjustment to depreciation reserve to remove the balance as of June 30, 2021.

9 **CORRECTIONS TO STAFF'S DIRECT FILING**

10 Q. Is Staff aware of corrections that need to be made to Staff's rebuttal  
11 revenue requirement?

12 A. Yes. After the rebuttal filing on December 20 2021, Staff has updates and  
13 corrections that need to be made to the rebuttal revenue requirement amount.

14 Q. What are the changes?

15 A. The first changes to Staff's case are the expense lags for federal income tax  
16 withheld, state income tax withheld, federal tax offset and state income tax offset. Federal and  
17 state income tax withheld were incorrectly changed in Staff's rebuttal revenue requirement  
18 calculation which has been corrected back to the previous lags of 15.50 and 20.06, respectively.  
19 For federal and state income tax offsets, the expense lags have been changed to 365 days, which  
20 agrees with Office of Public Counsel witness John Riley's proposed expense lags. Also, there  
21 was an incorrect test year balance in Account 908.000 in the revenue requirement schedules.  
22 The balance has been updated and resulted in a decrease of \$3,953,061 to the overall revenue

Surrebuttal Testimony of  
Amanda C. McMellen

1 requirement. All other changes or corrections are addressed in Staff witnesses surrebuttal  
2 testimonies filed in this case.

3 Q. What is Staff's revised revenue requirement?

4 A. Staff's revised revenue requirement at this time at the midpoint of the  
5 recommended return on equity range is \$41,915,107<sup>1</sup>.

6 Q. Does this conclude your surrebuttal testimony?

7 A. Yes.

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<sup>1</sup> At Staff's recommended mid-point rate of return of 6.77%.



**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 ) Case No. ER-2021-0312  
Authority to File Tariffs Increasing Rates for )  
Electric Service Provided to Customers in its )  
Missouri Service Area )

**AFFIDAVIT OF AMANDA C. McMELLEN**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW AMANDA C. McMELLEN**, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Amanda C. McMellen*; and that the same is true and correct according to her best knowledge and belief.

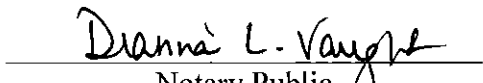
Further the Affiant sayeth not.

  
AMANDA C. McMELLEN

**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 13th 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

  
Notary Public