

Exhibit No.:
Issue: Depreciation
Witness: John A. Robinett
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2014-0351
Date Testimony Prepared: March 9, 2015

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

UTILITY SERVICES

REBUTTAL TESTIMONY

OF

JOHN A. ROBINETT

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2014-0351

Jefferson City, Missouri
March 2015

Rebuttal Testimony of
John A. Robinett

1 A. Empire is requesting \$342,574 be included as an annual depreciation expense for
2 units which are no longer in operation.

3 Q. Does Staff agree with the continued depreciation expense on retired plant?

4 A. No.

5 Q. Why does Staff not recommend continued depreciation expense for utility plant
6 that the Company has retired?

7 A. Staff uses the long practiced guideline for depreciating plant that is *used and*
8 *useful*.¹ Because Riverton Unit 7 and Asbury Unit 2 are not used and not useful, Staff does not
9 believe the Company should receive depreciation expenses associated with those plants.

10 Q. Is there a reserve shortfall?

11 A. No.

12 Q. Are there any guidelines or authoritative sources that Staff consulted for
13 determining that there is no reserve shortfall at this time?

14 A. Staff relied upon the Federal Energy Regulatory Commission (FERC) Uniform
15 System of Accounts (USOA).

16 Q. What specific section of the FERC USOA has Staff relied upon for
17 its conclusion?

18 A. The FERC Account 108 definition which clearly states that depreciation reserves
19 are to be analyzed by functional classification of plant, not on the individual unit basis.

20 Q. What is Staff's recommendation regarding the retirements of Asbury Unit 2 and
21 Riverton Unit 7?

¹ Section 393.135, RSMo. 2000, a statute that was adopted by Initiative, Proposition No. 1, on November 2, 1976. Section 393.135, RSMo. 2000.

1 A. Empire has not completed the retirement cycle of Riverton Unit 8 and Riverton
2 Common plant; therefore; Staff recommends the current ordered depreciation rates remain in
3 effect for Riverton Unit 8 and Common plant. Empire retired Riverton Unit 7 in June of 2014;
4 therefore, Staff is recommending depreciation expense be discontinued for Riverton Unit 7 since
5 it is no longer *used and useful*.² Adequate depreciation reserve funds exist to cover the retirement
6 of Riverton Unit 7 at this time.

7 Q. Are there any other recommendations that Staff would like to make?

8 A. Yes. Staff reaffirms the recommendations that it made in its direct report
9 regarding depreciation.

10 1) Staff recommends the Commission order Empire to continue the use of the
11 depreciation rates ordered in Case No. ER-2012-0345 that were presented in
12 Appendix 3, Schedule JAR(DEP)-1 to the Staff Cost of Service Report.

13 2) Staff recommends the following total company depreciation reserve adjustments be
14 made to reflect the unitization of Iatan 2 plant:

<u>Account #</u>	<u>Account Description</u>	<u>Depreciation Reserve Adjustment</u>
311I2	Structures and Improvements	\$101,450.83
312I2	Boiler Plant Equipment	\$1,494,664.97
314I2	Turbogenerator Units	\$963,628.98
315I2	Accessory Electrical Equip	(\$281,415.67)
316I2	Misc Power Plant Equip	(\$2,278,329.11)

² *Id.*

1 3) Staff recommends that the following adjustments be made to the additional
2 amortization balances recorded in separate subaccounts in reserves to reflect the
3 unitization Iatan 2 plant balances:

<u>Account #</u>	<u>Account Description</u>	<u>Addition Amortization Adjustment</u>
311.05	Structures and Improvements	(\$361,914.88)
312.05	Boiler Plant Equipment	\$5,814,553.61
314.05	Turbogenerator Units	\$5,401,677.38
315.05	Accessory Electrical Equip	(\$809,308.39)
316.05	Misc Power Plant Equip	(\$10,045,007.72)

10 Q. Does this conclude your rebuttal testimony?

11 A. Yes.

