Exhibit No.: Issue: Witness: Sponsoring Party: MoPSC Staff Date Testimony Prepared: March 9, 2015

Depreciation John A. Robinett *Type of Exhibit: Rebuttal Testimony Case No.: ER-2014-0351* 

## **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

1		REBUTTAL TESTIMONY		
2	OF			
3	JOHN A. ROBINETT			
4		THE EMPIRE DISTRICT ELECTRIC COMPANY		
5		CASE NO. ER-2014-0351		
6	Q.	Please state your name and business address.		
7	А.	John A. Robinett, P.O. Box 360, Jefferson City, Missouri 65102.		
8	Q.	By whom are you employed and in what capacity?		
9	А.	I am a Utility Engineering Specialist in the Engineering and Management		
10	Services Unit with the Missouri Public Service Commission (Commission or PSC).			
11	Q.	Please describe your work and educational background.		
12	А.	A copy of my work and educational experience was provided in Appendix 1 of		
13	Staff's Cost of Service Revenue Requirement Report.			
14	Q.	Are you the same John A. Robinett that contributed to the Staff Cost of Service		
15	Report filed	in this proceeding?		
16	А.	Yes, I am.		
17	Q.	How is your testimony organized?		
18	А.	I will discuss the Riverton Unit 7 and Asbury Unit 2 retirements and the		
19	Company's c	lesire to continue depreciation expense for the retired units.		
20	<u>Continued</u>	Depreciation Expense for the Retired Riverton 7 and Asbury 2 Units		
21	Q.	What is Empire requesting regarding the retirements of Riverton Unit 7 and		
22	Asbury Unit	2?		

Rebuttal Testimony of John A. Robinett

1	А.	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	А.	No.		
5	Q.	Why does Staff not recommend continued depreciation expense for utility plant		
6	that the Company has retired?			
7	А.	Staff uses the long practiced guideline for depreciating plant that is used and		
8	useful. <sup>1</sup> 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	А.	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	А.	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	А.	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	t 7?		

<sup>&</sup>lt;sup>1</sup> Section 393.135, RSMo. 2000, a statute that was adopted by Initiative, Proposition No. 1, on November 2, 1976. Section 393.135, RSMo. 2000.

Rebuttal Testimony of John A. Robinett

1	A. Empire ha	s not completed the retirement cy	ccle 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 <i>used and useful.</i> <sup>2</sup> 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:					
15	Account #	Account Description	Depreciation Reserve Adjustment			
16	31112	Structures and Improvements	\$101,450.83			
17	312I2	Boiler Plant Equipment	\$1,494,664.97			
18	314I2	Turbogenerator Units	\$963,628.98			
19	315I2	Accessory Electrical Equip	(\$281,415.67)			
20	316I2	Misc Power Plant Equip	(\$2,278,329.11)			

 $^{2}$  Id.

# Rebuttal Testimony of John A. Robinett

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

Account #	Account Description Addition	Amortization Adjustment
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)

- Q. Does this conclude your rebuttal testimony?
- A. Yes.
- 3 4 5 6 7 8 9 10 11

#### BEFORE THE PUBLIC SERVICE COMMISSION

#### **OF THE STATE OF MISSOURI**

In the Matter of The Empire District Electric ) Company for Authority to File Tariffs ) Increasing Rates for Electric Service Provided ) to Customers in the Company's Missouri ) Service Area )

Case No. ER-2014-0351

#### AFFIDAVIT OF JOHN A. ROBINETT

STATE OF MISSOURI	)	
	)	SS.
COUNTY OF COLE	)	

John A. Robinett, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 4 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

John G. Robinest John A. Robinett

Subscribed and sworn to before me this 6% day of March, 2015.

D. SUZIE MANKIN Notary Public - Notary Seat State of Missouri Commissioned for Cole County My Commission Expires: December 12, 2016 Commission Number: 12412070

Dunellankin Notary Public