

Exhibit No.:
Issue: Depreciation
Witness: John A. Robinett
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
File No.: ER-2011-0004
Date Testimony Prepared: April 28, 2011

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

JOHN A. ROBINETT

THE EMPIRE DISTRICT ELECTRIC COMPANY

FILE NO. ER-2011-0004

Jefferson City, Missouri
April 2011

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OF
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1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **JOHN A. ROBINETT**

4 **THE EMPIRE DISTRICT ELECTRIC COMPANY**

5 **FILE NO. ER-2011-0004**

6 Q. Please state your name and business address.

7 A. John A. Robinett, P.O. Box 360, Jefferson City, Missouri 65102.

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

9 A. I am a Utility Engineering Specialist in the Engineering and Management
10 Services Department with the Missouri Public Service Commission (Commission or PSC).

11 Q. Are you the same John A. Robinett that previously contributed to the Staff Cost of
12 Service Report and filed Rebuttal Testimony in this proceeding?

13 A. Yes, I am.

14 Q. How is your testimony organized?

15 A. I will first discuss the projected values of the Regulatory Plan Amortization
16 allocation to Iatan 2, and Staff's revised Iatan 2 rate base recommendation as these issues relate
17 to Staff's recommended Iatan 2 depreciation rates. Then I will discuss Staff's concerns
18 regarding a prior retirement of a Unit Train at the Asbury generation facility.

19 **DEPRECIATION UPDATES**

20 Q. What is the projected balance of the accumulated additional amortization or
21 "regulatory plan amortizations" as of July 15, 2011?¹

¹ July 15, 2011 was utilized to roughly approximate a potential tariff effective date. It would be most administratively simple to coincide the application of the amortization balance to the Iatan 2 plant accounts with the effective date of new rates.

Surrebuttal Testimony of
John A. Robinett

1 A. The balance of accumulated additional amortizations is projected to be
2 \$38,516,748. As discussed in Staff's Cost of Service report and in my rebuttal testimony,
3 Staff recommends that the accumulated additional amortizations (or "regulatory plan
4 amortizations") be allocated to the Iatan 2 accumulated depreciation reserve accounts.

5 Q. To which accounts does Staff recommend these dollars be applied?

6 A. Staff still recommends the Commission order The Empire District Electric
7 Company (Empire) to assign the accumulated additional amortizations to Iatan 2 sub-accounts on
8 a dollar-weighted Missouri jurisdictional cost basis of the prudently incurred additions to plant
9 accounts resulting from the construction of Iatan 2. However, in order to avoid confusion with
10 the numbering system put forth by the Federal Energy Regulatory Commission – Uniform
11 System Of Accounts, Staff recommends those accounts be numbered accounts 311.05, 312.05,
12 314.05, 315.05, and 316.05.

13 Q. Is it your understanding that Staff has revised its recommendation concerning the
14 rate base value of Iatan 2?

15 A. Yes, as is discussed more fully in the Surrebuttal Testimony of Staff witness
16 Charles R. Hyneman.

17 Q. Have you updated your Iatan 2 depreciation analysis to reflect this revised
18 recommendation?

19 A. Yes. The updated distribution to plant accounts recognizing both the projected
20 accumulated additional amortization balance and Staff's revised rate base recommendation for
21 Iatan 2 is shown in the table below:

**Staff's Recommended Assignment of the Accumulated Additional
Amortizations to the Reserves for Plant in Service Accounts July 15, 2011
(using revised Iatan 2 rate base recommendation).**

311.05	Structures and Improvements	10.47%	\$ 4,032,326
312.05	Boiler Plant Equipment	46.92%	\$ 18,072,257
314.05	Turbogenerator Units	7.82%	\$ 3,013,148
315.05	Accessory Electrical Equip	7.80%	\$ 3,004,896
316.05	Misc Power Plant Equip	<u>26.99%</u>	<u>\$ 10,394,120</u>
TOTAL		100%	\$ 38,516,748

Q. Has Staff updated its recommended Iatan 2 Depreciation Rates to reflect both the projected accumulated additional amortization balance and Staff's revised rate base recommendation for Iatan?

A. Yes, Schedule JAR(DEP)-6 attached shows the recommended changes.

UNIT TRAIN CONCERNS

Q. Did Empire correctly book the retirement of the Unit Train at the Asbury facility in 2007?

A. The records reviewed by Staff do not indicate correct / appropriate booking of this retirement transaction. If this retirement transaction was, in fact, booked incorrectly, that may affect the proper valuation of Empire's accumulated depreciation reserve accounts. Staff will work with Empire to resolve this matter and determine if further Commission action is necessary.

Q. What does the Commission need to include in its Report and Order to effectuate Staff's depreciation recommendation?

1 A. The Commission should order Empire:
2
3 1. to maintain the rates ordered in Case No ER-2004-0570 for the steam, other
4 production, and hydraulic generation fleets, as well as the existing rates for
5 Empire's non-production plant accounts. The rates in Schedule JAR(DEP)-6
6 reflect remaining life rates for Iatan 2, which recognize an offset for the
7 accumulated additional amortizations.

8 2. to create the following subaccounts identified below:
9 a. to assign the \$38,516,748 collected by Empire through June 1, 2011 to
10 newly created accounts 311.05, 312.05, 314.05, 315.05, and 316.05 on
11 a dollar weighted Missouri jurisdictional cost basis of the prudently
12 incurred additions to plant accounts resulting from the construction of
13 Iatan 2, and assigning to accounts 311.06, 312.06, 314.06, 315.06, and
14 316.06 the depreciation expense accruals resulting from applying the
15 ordered depreciation rates to plant-in-service for Iatan 2.

16 b. to record in its books the reserve transfers for Iatan 2 identified in
17 Section F: Regulatory Plan Amortizations of the depreciation section
18 of the COS report that are updated through June 1, 2011 as follows:

18	311.05	Structures and Improvements	10.47%	\$ 4,032,326
19	312.05	Boiler Plant Equipment	46.92%	\$ 18,072,257
20	314.05	Turbogenerator Units	7.82%	\$ 3,013,148
21	315.05	Accessory Electrical Equip	7.80%	\$ 3,004,896
22	316.05	Misc Power Plant Equip	<u>26.99%</u>	<u>\$ 10,394,120</u>
23	TOTAL		100%	\$ 38,516,748

24 Q. Does this conclude your surrebuttal testimony?

25 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

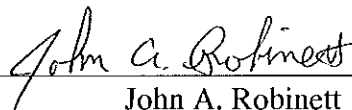
OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric)
Company of Joplin, Missouri for Authority to) File No. ER-2011-0004
File Tariffs Increasing Rates for Electric)
Service Provided to Customers in the Missouri)
Service Area of the Company)

AFFIDAVIT OF JOHN A. ROBINETT

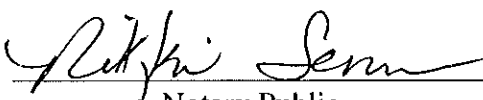
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

John A. Robinett, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 4 pages to be presented in the above case; that the answers in the foregoing Surrebuttal 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.

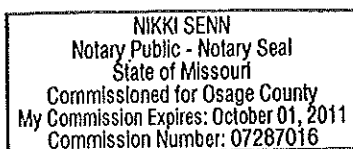


John A. Robinett

Subscribed and sworn to before me this 28th day of April, 2011.



Notary Public



The Empire District Electric Company
File No. ER-2011-0004

Staff Recommended Annual Depreciation Rates for Iatan 2

Using 7/15/2011 Projected Regulatory Plan Amortization Values

<u>Account Number</u>	<u>Account Description</u>	<u>Iatan 2 Depreciation Rate (%)</u>
STEAM PRODUCTION PLANT		
311.06	Iatan 2 Structures and Improvements	1.52%
312.06	Iatan 2 Boiler Plant Equipment	1.76%
314.06	Iatan 2 Turbogenerator Units	1.70%
315.06	Iatan 2 Accessory Electric Equipment	1.97%
316.06	Iatan 2 Miscellaneous Power Plant Equipment	1.84%