

Exhibit No.:
Issue: Depreciation
Witness: John A. Robinett
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2012-0345
Date Testimony Prepared: January 16, 2013

MISSOURI PUBLIC SERVICE COMMISSION
REGULATORY REVIEW DIVISION
UTILITY SERVICES

REBUTTAL TESTIMONY
OF
JOHN A. ROBINETT

THE EMPIRE DISTRICT ELECTRIC COMPANY
CASE NO. ER-2012-0345

Jefferson City, Missouri
January 2013

**** Denotes Highly Confidential Information ****

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Rebuttal Testimony of
John A. Robinett

1 A. Empire is requesting \$3,285,177 be amortized annually until the units at Riverton
2 are retired to make up for the alleged reserve shortfall of \$13,140,709.

3 Q. Is there a reserve shortfall?

4 A. No.

5 Q. How has Staff concluded that there is no reserve shortfall at this time?

6 A. The Company provided Staff with the plant in service totals and reserve levels as
7 of March 2012. The total of the reserves associated with production accounts 310 through 316
8 for Steam Generation is \$156,647,622. According to the data request responses 0145 and 0146
9 Empire plans on retiring \$50,850,000 in Steam Generation equipment related to Asbury 2,
10 Riverton 7, and Riverton 8. The \$156 million in reserves exceeds the planned retirements of
11 approximately \$51 million. The current reserve levels are adequate to record the future expected
12 retirements in the Steam Generation equipment plant accounts against. Additionally, Empire
13 plans to retire Riverton 9 which is accounted for in the Other Production accounts 340
14 through 346. The estimated retirement value of Riverton 9 is \$2,735,000. The reserve value for
15 all plant recorded in accounts 340 through 346 is \$98,921,583. Once again, sufficient funds exist
16 to record this retirement against.

17 Q. Current depreciation rates include a component to accrue reserves for expected
18 future cost of removal. Does this component result in the collection of expected future cost to
19 shut-down and remove entire facilities?

20 A. Yes. Cost of removal is collected from rate payers on total plant in service in
21 each plant account. Cost of removal continues to be collected on any plant still remaining
22 in service after an individual facility is retired, including any new plant that replaced the
23 retired equipment.

1 Q. What will be the effect on future depreciation rates when these facilities
2 are retired?

3 A. After the retirements and associated cost of removal are recorded, (become known
4 and measurable), for these facilities, a depreciation study should be conducted to evaluate the
5 reasonableness of current ordered depreciation rates, and adjustments made accordingly. These
6 adjustments would compensate for any excess or shortfall observed in the reserves as a result of
7 the retirements and removal of these facilities.

8 Q. Are there any guidelines that Staff used for determining that there is no reserve
9 shortfall at this time?

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

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

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

16 Q. What is Staff's recommendation regarding Empire's request for a special
17 amortization to collect for an alleged shortfall in depreciation accrual associated with the
18 Riverton units?

19 A. Staff recommends the Commission deny the additional amortization as requested
20 by Empire.

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

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

- 1 1. The Commission order the depreciation rates for the production accounts
2 requested by Staff in Recognition of the Commission's Orders accepting
3 the methods and assumptions used in the recent KCP&L, KCP&L-
4 GMO, and Ameren Missouri cases ER-2010-0355, ER-2010-00356, and
5 ER-2010-0036, respectively as shown in Appendix 3, Schedule
6 JAR(DEP)-1, which was attached to the Cost of Service Report filed on
7 November 30, 2012.
- 8 2. The Commission order Empire to continue the use of the depreciation
9 rates for the transmission, distribution, and general plant accounts
10 ordered in Case No. ER-2011-0004, method for determining
11 depreciation rates unchanged, respectively as shown in Appendix 3,
12 Schedule JAR(DEP)-1, which was attached to the Cost of Service
13 Report filed on November 30, 2012.
- 14 3. Staff does not recommend any reserve amortizations as a result of its
15 revised depreciation methodology.
- 16 4. A ** _____ ** total Company addition to the depreciation reserve
17 for account 312 to reflect stopped depreciation, sale proceeds (salvage),
18 and lease income/expense from the Asbury unit train.
- 19 Q. Does this conclude your rebuttal testimony?
- 20 A. Yes.

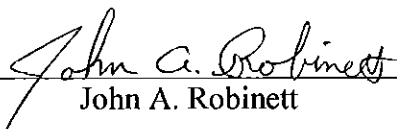
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric)
Company of Joplin, Missouri Tariffs) Case No. ER-2012-0345
Increasing Rates for Electric Service Provided)
to Customers in the Missouri Service Area of)
the Company)

AFFIDAVIT OF JOHN A. ROBINETT

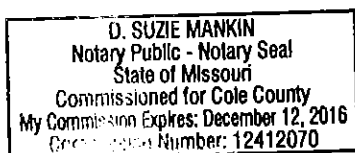
STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

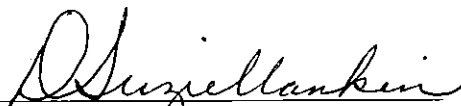
John A. Robinett, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 4 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has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

Subscribed and sworn to before me this 15th day of January, 2013.





Notary Public