

Exhibit No.:
Issue(s): Payroll, Insurance Expense
Witness: Ali Arabian
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal/True-Up Testimony
Case No.: ER-2019-0374
Date Testimony Prepared: March 27, 2020

MISSOURI PUBLIC SERVICE COMMISSION
FINANCIAL AND BUSINESS ANALYSIS DIVISION
AUDITING DEPARTMENT

SURREBUTTAL/TRUE-UP TESTIMONY
OF
ALI ARABIAN

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2019-0374

Jefferson City, Missouri
March 2020

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SURREBUTTAL/TRUE-UP TESTIMONY OF
ALI ARABIAN
THE EMPIRE DISTRICT ELECTRIC COMPANY
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1 A. The incentive payments and retention program are associated with a proposal
2 mentioned in Empire witness Jeffrey Westfall's direct testimony. As described, the program
3 would be used to attract journeyman lineman and retaining them by offering monthly retention
4 bonuses of \$1,500 per lineman. Mr. Westfall states that this program will not continue long
5 term but cannot predict when it will end.

6 The incentive payments and retention program proposed by Empire in Mr. Westfall's
7 direct testimony that were intended to be used to attract lineman have not yet been implemented
8 at this time, and thus were not included in Staff's payroll adjustment. Staff only included
9 amounts considered to be known and measurable in its direct case as of September 30, 2019,
10 the end of the update period. If the problem of not being able to retain qualified lineman occurs
11 in the future, Staff encourages Empire to develop a program that would encourage future
12 employees to become qualified lineman and possibly less any shortage of available linemen.

13 Q. Did Staff's adjustment of payroll incorrectly include fiber and water employees?

14 A. Yes, Staff incorrectly included fiber and water employees in its payroll
15 calculation in its direct filing. Staff assumed when receiving the list of employees in response
16 to Staff Date Request No. 0027 that no fiber and water employees were included, just electric.
17 The Company did not include fiber and water employees in the updated employee list as of
18 1/31/20 that Staff is relying on for its payroll true-up calculations.

19 Q. Did Staff exclude several active employees from its payroll calculation that
20 should have been included?

21 A. Staff did purposely exclude one employee located in Iowa. The reason for the
22 removal is because the employee was not involved in the operations of Empire Electric. An
23 email from Charlotte Emery, Manager of Rates and Regulatory Affairs for Empire Electric,

1 dated December 30, 2019 states “we should have not included the employee from Iowa. She is
2 a Central Region employee, but her time is primarily spent on our Gas Commodities.”
3 However, Staff did mistakenly exclude several active employees located in Missouri in its direct
4 filing. Staff included those and other active employees as of January 31, 2020 in Staff’s true
5 up calculation.

6 **INSURANCE EXPENSE**

7 Q. In Sheri Richard’s rebuttal testimony Page 30, Lines 1-3 she states
8 “DR0052 omitted a correcting entry, which included, increases Liberty-Empire’s portion of the
9 2019-2020 property insurance premiums by \$934,813”. Did Staff exclude the correcting entry
10 of \$934,813?

11 A. Yes in our direct filing we excluded it. Empire has provided additional
12 information and Staff has included the amount in its revenue requirement.

13 **TRUE-UP TESTIMONY**

14 **Payroll**

15 Q. Has Staff updated its position through the true-up date in this case?

16 A. Yes. Staff has updated the amount of payroll annualized as of January 31, 2020.
17 Staff also annualized payroll taxes and Employee 401K. The true-up adjustment for payroll is
18 \$1,731,204.

19 Q. Does this conclude your surrebuttal/true-up testimony?

20 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric)
Company's Request for Authority to File) Case No. ER-2019-0374
Tariffs Increasing Rates for Electric Service)
Provided to Customers in its Missouri)
Service Area)

AFFIDAVIT OF ALI ARABIAN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW ALI ARABIAN and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing Surrebuttal/True-Up Direct Testimony; and that the same is true and correct according to their best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

/s/ Ali Arabian
ALI ARABIAN