



Liberty Utilities (The Empire District Gas Company)

Case No. GR-2021-0320

Missouri Public Service Commission Data Request - 0187

Data Request Received: 2021-11-16

Response Date: 2021-12-09

Request No. 0187

Witness/Respondent: Todd Mooney

Submitted by: Seoung Joun Won, seoungjoun.won@psc.mo.gov

REQUEST:

On page 4, lines 15-17, of Todd. Mooney's Direct Testimony, he states Empire District Electric Company (EDE)'s "consolidated capital structure is comparable to its indirect parent company, LUCo, and [is] more economical than APUC's after making pro forma adjustments to common equity through September 30, 2021." (1) Please update the comparisons in the statement (contained in lines 15-17) based on actual adjustments to common equity through September 30, 2021. (2) Please provide an updated Schedule TM-2, Schedule TM-3, and Schedule TM-4 based on actual adjustments to common equity through September 30, 2021. (3) Please provide the supporting source data of updated Schedule TM-2, Schedule TM-3, and Schedule TM-4. (4) Please provide the same comparison analysis to show that EDE's consolidated capital structure is more economical than Empire District Gas's (EDG)'s standalone capital structure if that is true. (5) If that is not true, please provide the reason to recommend to use EDE's consolidated capital structure.

RESPONSE:

(1) Empire District Electric Company's consolidated capital structure remains comparable to its indirect parent company, LUCo. EDE's consolidated capital structure remains more economical than APUC's after making pro forma adjustments to common equity through September 30, 2021.

(2) Schedule TM-1, Schedule TM-2, Schedule TM-3 and Schedule TM-4 is updated per the files attached titled "TM-1 Sept 30 2021", "TM-2 Sept 30 2021", "TM-3 Sept 30 2021" and "TM-4 Sept 30 2021", respectively.

(3) In Schedule TM-2, column (j) has been updated using LUCo.. Unaudited Interim Consolidated Financial Statements. See beginning on page 4 of the file titled "2021 Q3 – LU".

In Schedule TM-3, column (j) has been updated using Algonquin Power & Utilities Corp. Q3 2021 Quarterly report. See page 54 of the file attached titled "Algonquin-Q3-2021-Report".

In Schedule TM-4, column (n) has been updated using the file attached titled "09-21 Balance Sheet Consolidated 10-15-21" for common equity adjustments up to September 30, 2021 (see row 392 of the attached). The Long-Term Debt cost rate found in column (f) has been updated per the file attached titled "OPC 0187 WACD".

(4) See file attached "OPC 0187 WACD" for comparing the cost of Long-term Debt between EDE's consolidated capital structure and EDG's capital structure. Both entities assume a cost of Common Equity of 10%.

(5) Please refer to the Company's response to (4) above.

Liberty Utilities Company
Missouri Jurisdiction
Docket No. GR-2021-0320
Schedule TM-2 - Capital Structure

Line No.	Description	Capital Per Books 9/30/21	Capital Capital Ratio 9/30/21	Pro Forma Adjustments (2)	Adjusted Capital 9/30/2021	Pro Forma Capital Ratio	ER-2019-0374 Adjustments (3)	Adjusted Capital 09/30/21 Post ER- 2019-0374	Adjusted Capital Ratio
	(a)	(b)	(c)	(d)	(e) = (b) + (d)	(f)	(g)	(h) = (e) + (g)	(i)
1	Long Term Debt	\$ 2,639,176,000	39.26%	\$ (833,000,000)	\$ 1,806,176,000	30.67%	\$ 628,500,000	\$ 2,434,676,000	41.35%
2	Preferred Stock	-	0.00%	-	\$ -	0.00%	-	\$ -	0.00%
3	Redeemable Non-Controlling Interest (1)	14,970,000	0.22%	-	\$ 14,970,000	0.25%	-	\$ 14,970,000	0.25%
4	Common Equity	4,067,332,000	60.51%	-	\$ 4,067,332,000	69.07%	(628,500,000)	\$ 3,438,832,000	58.40%
5	Total Equity	<u>4,082,302,000</u>	<u>60.74%</u>	<u>-</u>	<u>4,082,302,000</u>	<u>69.33%</u>	<u>(628,500,000)</u>	<u>3,453,802,000</u>	<u>58.65%</u>
6	Total Capital	<u><u>6,721,478,000</u></u>	<u><u>100.00%</u></u>	<u><u>(833,000,000)</u></u>	<u><u>5,888,478,000</u></u>	<u><u>100.00%</u></u>	<u><u>-</u></u>	<u><u>5,888,478,000</u></u>	<u><u>100.00%</u></u>

(1) Redeemable Non Controlling Interests relate to third party tax equity investments in solar projects that are not expected to be redeemed.

(2) Remove short-term debt which is comprised of borrowings on "Senior unsecured revolving credit facilities" and "Commercial Paper" issued. See screenshot to right for an excerpt of the Long-term debt note from LUCO's Q3-21 financial statements.

(3) In ER-2019-0374, OPC increased Long-Term Debt to reflect guarantees by LUCO of Affiliate Debt not reflected on LUCO's balance sheet. In addition, OPC also subtracted the same amounts from Common Equity. Empire does not agree with these adjustments but has reflected them per the 2019-0374 Order. Besides disagreement with the underlying methodology Empire also does not agree with the common equity adjustment in column (g).