

Exhibit No.: \_\_\_\_\_  
Issues: Asbury Dismantlement,  
Decommissioning, and AROs  
Witness: Drew W. Landoll  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Party: The Empire District  
Electric Company  
Case Nos.: EO-2022-0040; EO-2022-0193  
Date Testimony Prepared: May 2022

**Before the Public Service Commission  
of the State of Missouri**

**Surrebuttal Testimony**

**of**

**Drew W. Landoll**

**on behalf of**

**The Empire District Electric Company d/b/a Liberty**

**May 2022**



**\*\*DENOTES CONFIDENTIAL\*\***  
20 CSR 4240-2.135(2)(A)4, 6

**PUBLIC VERSION**

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THE EMPIRE DISTRICT ELECTRIC COMPANY  
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION  
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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Drew W. Landoll. My business address is 602 Joplin Street, Joplin,  
4 Missouri 64801.

5 **Q. Are you the same Drew W. Landoll who provided Direct Testimony in Case No.**  
6 **EO-2022-0193 (Asbury) on behalf of The Empire District Electric Company d/b/a**  
7 **Liberty (“Liberty” or the “Company”)?**

8 A. Yes.

9 **Q. What is the purpose of your Surrebuttal Testimony in these now consolidated**  
10 **securitization proceedings?**

11 A. I am responding to the Office of Public Counsel’s (“OPC”) rebuttal testimony  
12 regarding the Company’s decisions post retirement of the Asbury Power Plant with  
13 regard to decommissioning and dismantlement of the asset.

14 **Q. Before you present your Surrebuttal Testimony, do you have any corrections to**  
15 **your Direct Testimony?**

16 A. Yes, two items:

- 17
- On page 10, line 5, “asbestos removal” should be stricken.
  - On page 14, line 20, item g “Removal of asbestos” should be removed from  
19 the list of activities.

20 The scope of work for Phase 2 of the decommissioning plan should only include the  
21 identification and quantification of asbestos containing materials, not the removal of

1 said materials. The scope of this work is included in the Phase 3 cost estimates (Direct  
2 Schedule DWL-2). Further clarification of this is discussed below.

3 **II. POST-RETIREMENT ACTIVITIES AND OPTIONS**

4 **Q. OPC witness Marke stated in his rebuttal testimony that he believes the Company**  
5 **did not try to sell the Asbury Power Plant. Do you agree with his assertion?**

6 A. No. As my Direct Testimony explains, Empire retained Black & Veatch Management  
7 Consulting, LLC (“BVMC”) to perform an analysis of the market value of the Asbury  
8 plant. That analysis determined that not only did Asbury have no sale value, *Empire*  
9 *would have to pay* a third party approximately \$134 million to take ownership of the  
10 operating plant given the market conditions and environmental obligations to continue  
11 operations and ultimately decommission it.

12 **Q. Did the Company perform any marketing of the Asbury Power Plant?**

13 A. Yes. As discussed in my Direct Testimony and summarized on page 7 of Direct  
14 Schedule DWL-1, the Company engaged BVMC to determine if there were any viable  
15 parties interested in purchasing the equipment for another use. This process included  
16 a review of the inventory of major equipment, spares, and all large assets, gathering of  
17 operational information, and site visits. This work found that there is not a market for  
18 a fifty-year-old cyclone boiler coal plant that would require dismantling, packaging,  
19 shipping, re-engineering, rebuilding, and the requisite permitting.

20 **Q. Should the Company have ‘mothballed’ Asbury, as Dr. Marke asserts in his**  
21 **testimony?**

22 A. No, Dr. Marke’s assertion is without support. As I explain in my Direct Testimony,  
23 the total cost of mothballing the facility for 10 years would have been approximately  
24 \$5.7 million, expressed in 2020 dollars, which is the total of an Abandon-in-Place Cost

1 Estimate, Abandon-in-Place Risk Register, and the Asbury Station Abandon-in-Place  
2 Study.t. None of those costs include demolition, so the cost to retire Asbury would  
3 simply increase by that amount. There was no reason to think that it would ever be in  
4 our customers' best interests to reactive the plant at the time the decision was made to  
5 retire it, nor is there any reason to think so now.

6 **Q. Are you aware of any utility that has recently mothballed a plant and brought it**  
7 **back into service?**

8 A. No, I am not.

9 **Q. Have any new coal plants entered the market recently?**

10 A. No, there hasn't been a new coal plant brought online in the United States since 2014,<sup>1</sup>  
11 and the regulations governing coal plant operations have only increased since then,  
12 which has increased the cost to operate. In addition to the changing regulations and  
13 renewable energy standards, coal plant support vendors are increasingly abandoning  
14 this line of service. Black and Veatch, the original design engineering firm, has  
15 announced it will cease participation in any further coal-based power design and  
16 construction.<sup>2</sup> Babcock and Wilcox, the original equipment manufacturer of Asbury

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<sup>1</sup> <https://www.carbonbrief.org/mapped-worlds-coal-power-plants/>

<sup>2</sup> <https://www.bv.com/news/black-veatch-decarbonization-driving-repowering-power-industry>

1 and the world's leading coal boiler manufacturer has pivoted to renewables,  
2 decarbonization, and set a 2050 net-zero greenhouse gas emissions goal.<sup>3</sup>

3 **Q. Is the Company looking to expand its generation or “other options” at Asbury, or**  
4 **did the Company not even explore the options, as Dr. Marke asserts?**

5 A. Dr. Marke is not correct; it appears he choose to ignore my Direct Testimony. The  
6 Company is always looking for the correct blend of generation and technology to  
7 maintain a safe and reliable source of energy for our customers. In doing so, we spent  
8 a lot of time in the first phase of the retirement planning to explore all options that were  
9 available on site. This was described in my Direct Testimony, page 19, lines 19-24 and  
10 page 20, lines 1-12. This is further, and more recently, illustrated in our recent  
11 submission of the Integrated Resource Plan, in which we included specific generators  
12 for reliability and a plan to co-locate resources at existing interconnection points  
13 including Asbury.

14 **Q. Did the Company take all reasonable steps to come to the decision to dismantle?**

15 A. Yes. The Company performed a host of studies and cost estimates that informed its  
16 decision to dismantle Asbury. These have been provided over the last three years  
17 through this and other dockets, including in responses to data requests, and the  
18 Company has kept stakeholders up to date with its plans.

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<sup>3</sup> [https://www.babcock.com/assets/Uploads/BW\\_2022\\_Sustainability\\_ESG.pdf](https://www.babcock.com/assets/Uploads/BW_2022_Sustainability_ESG.pdf)

1 **III. COST ESTIMATES AND FINACIAL INFORMATION REGARDING**  
2 **ASBURY DECOMMISSIONING**

3 **Q. Has the Company provided an update to the cost estimate for decommissioning**  
4 **of Asbury?**

5 A. Yes. In my Direct Testimony I provided two estimates, one for Phases 1 and 2 of \*\*  
6 **██████████**\*\* and the updated Phase 3 estimate of \*\***██████████**\*\* for a total of \*\***██████████**  
7 **██████████**\*\* for demolition of the Asbury Power Plant. The asbestos removal is included  
8 in the Phase 3 estimate.

9 **Q. Does the \*\***██████████**\*\* estimate above include salvage value.**

10 A. No, it does not. The estimates provided in Direct Schedule DWL-2 include estimates  
11 of salvage from Black and Veatch estimated at approximately \*\***██████████**\*\* . These  
12 values are based on estimated quantities from high-level drawing reviews and walk-  
13 downs multiplied by a snapshot-in-time scrap pricing. This estimate is considered a  
14 Class 4 Budget Estimate per the Association of Cost 5 Engineering guidelines, or -30%  
15 to +50% accuracy.

16 **Q. Does the \*\***██████████**\*\* estimate for decommissioning provided above include**  
17 **the Asset Retirement Obligations (AROs) for the asbestos containing materials**  
18 **(ACM) abatement?**

19 A. No, with some clarification on estimates and AROs. The estimate provided by Black  
20 and Veatch in Direct Schedule DWL-2 for Phase 3 includes a line item for  
21 “Cleanup/Abatement of Hazardous Waste” for \*\***██████████**\*\* . This estimate was  
22 assembled based on the specific scope of razing Asbury Unit 1. The estimate also does  
23 not take into account any of the asbestos that may be on site but outside the scope of  
24 razing Unit 1 such as; underground piping and wiring, other ancillary buildings, and

1 ACM containing materials remaining not within Unit 1. In response to Mr. Riley's  
2 dispute on page 15 starting on line 14 of his Rebuttal Testimony, the line item  
3 "Cleanup/Abatement of Hazardous Waste" is expected to be 'funded' from the  
4 Company's Missouri jurisdictional "Additional Asbury Asset Retirement Obligation  
5 Costs – Asbestos" of \*\* [REDACTED] \*\* is more appropriate estimate of the total Asbestos  
6 costs. Acknowledging OPC's objection, the Company has removed the \*\* [REDACTED] \*\*  
7 line item from the Phase 3 cost estimate and left the Asbury Asset Retirement  
8 Obligation Costs – Asbestos in the forecasted expenditures in its securitization  
9 balances. For additional discussion related to the Company's total proposed  
10 securitization amounts related to Asbury costs, please refer to the Surrebuttal testimony  
11 of Charlotte. T. Emery.

12 **Q. Does the \*\* [REDACTED] \*\* estimate for decommissioning provided above include**  
13 **the Asset Retirement Obligations (AROs) for the coal ash impoundments?**

14 A. No. The impoundments have been part of the compliance plan for Asbury since the  
15 Combustion Residuals Rule (CCR) and the Steam Electric Power Generating Effluent  
16 Guidelines (ELG) rule were promulgated and were irrespective of the retirement  
17 decisions for Asbury, as discussed in ER-2021-0312, OPC Data Request 31. The  
18 impoundment closure process has been estimated within our ARO budgets, and the  
19 Company publicly updated the plan on our Company website<sup>4</sup>. The Company is  
20 currently in the contract negotiation stage with the dirt work contractor for the closure  
21 impoundment, with the bulk materials already procured. At this time the project is  
22 expected to be within the ARO budget of approximately \*\* [REDACTED] \*\*.

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<sup>4</sup><https://central.libertyutilities.com/uploads/2022%20Updated%20Asbury%20CCR%20Impoundment%20Closure%20Plan.pdf>



1 **Q. How will the Company contract the razing of Asbury Unit 1, and what is the**  
2 **current net cost estimate when including salvage and the asbestos ARO?**

3 A. On May 13, 2022 the Company submitted a contract bid package that was designed to  
4 have the demolition as a lump sum contract, inclusive of salvage value to be retained  
5 by the contractor, with a bid due date of July 15, 2022. This contract bid approach was  
6 utilized on the Riverton 7, 8, and 9 demolition and resulted in very competitive bids  
7 and it also lets the contractor bear the risk of the fluctuating scrap market, not the  
8 customers. Demolition companies are able to hedge scrap commodity pricing and/or  
9 stockpile in a way that the utility companies are not, therefore increasing their value of  
10 scrap and reducing cost risks to our customers. The contract is expected to include the  
11 ACM abatement as a lump sum bid as well. The ACM abatement price shall be based  
12 on the estimated quantities developed by a third-party ACM inspection company.  
13 These estimates are based on historical drawings and non-intrusive site walks. Based  
14 on the Company’s experience at Riverton the contract will also contain provisions for  
15 unit rate additions for out of scope ACM removal. In simpler terms, if the ACM  
16 quantity exceeds the bid package information then a unit rate will be utilized for change  
17 orders. The ACM work will be tracked separately and ‘funded’ through the ARO as  
18 discussed above.

19 The results of this bid process will be shared with stakeholders through the appropriate  
20 processes. Current Company estimates for the net cost of this work can be summarized  
21 in the table below:

Phase/Task	Line Items	Estimated Cost
Phase 1 & 2		
	Engineering, studies, permit and facility modifications, universal waste removal, safety measures	\$ 4,000,000

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Phase 3 - Demolition		
	Direct Costs	\$ 6,700,000
	Indirect Costs	\$ 1,700,000
	Total Direct and Indirect:	\$8,400,000
	Less ACM Line Item (ARO Covered)	\$ (2,000,000)
	Total:	\$6,400,000
	Less Scrap Value	\$ (4,705,000)
Asbestos ARO		
	Removal of asbestos	\$ 3,205,360

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Please refer to the Surrebuttal Testimony of Company witness Ms. Emery for further details on the proposed treatment of salvage value and any differences between the amount included for securitization and actual values.

**Q. To remain operational was closure of the impoundment the only action that was required to keep Asbury compliant with CCR and ELG?**

A. No. While developing the compliance plan for Asbury, it was determined that the impoundment would need to be closed to comply with the ELG and CCR as early as 2016.<sup>5</sup> This was further confirmed with the failure of the location restrictions (40 CFR 257.64) for the impoundment.<sup>6</sup> The compliance plan also required planning for a new landfill and a wet-to-dry bottom ash handling system conversion. These projects were originally budgeted to require an additional \$20-30 million of investments to comply with federal mandates. As the plans matured, the budget was refined to approximately \$20 million and included actual vendor bids and a phased approach to smaller landfill cell construction. This additional investment was able to be avoided when Asbury was retired; resulting in a benefit of reducing additional costs to customers.

<sup>5</sup><https://central.libertyutilities.com/uploads/ccr/Asbury%20CCR%20Impoundment%20Closure%2010-2016.pdf>  
<sup>6</sup><https://central.libertyutilities.com/uploads/ccr/Location%20Restriction%2010.17.2018.pdf>

1 **Q. How will the Company contract the closure of the impoundment, and what is the**  
2 **current cost estimate?**

3 A. The Company received the bids for the impound construction work and is currently in  
4 the contractor selection and vetting phase. The contract was bid as a lump sum with  
5 certain unit rates included. The Company's internally approved business case is  
6 currently \*\*[REDACTED]\*\* for total cost and is expected to be 'funded' utilizing the  
7 ARO – CCR Impoundment balance. This cost is expected to be included in the  
8 securitization. The Company's business case is attached as **Surrebuttal Schedule**  
9 **DWL-1**.

10 **Q. Does this conclude your Surrebuttal Testimony at this time?**

11 A. Yes.

**VERIFICATION**

I, Drew W. Landoll, under penalty of perjury, on this 27th day of May, 2022, declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Drew W. Landoll