

Exhibit No.:
Issue(s): *Capital Structure*
Witness: *Peter Chari*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Supplemental Testimony*
Case No.: *ER-2019-0374*
Date Testimony Prepared: *May 6, 2020*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL ANALYSIS

FINANCIAL AND BUSINESS ANALYSIS DEPARTMENT

SUPPLEMENTAL TESTIMONY

OF

PETER CHARI

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2019-0374

Jefferson City, Missouri
May 2020

1 **SUPPLEMENTAL TESTIMONY**

2 **OF**

3 **PETER CHARI**

4 **THE EMPIRE DISTRICT ELECTRIC COMPANY**

5 **CASE NO. ER-2019-0374**

6 A. My name is Peter Chari.

7 Q. Are you the same Peter Chari who prepared the Rate of Return (“ROR”) Section
8 of Staff’s Cost of Service Report (“Staff Report”) and rebuttal testimony in this case?

9 A. Yes.

10 Q. What is the purpose of your supplemental testimony?

11 A. The purpose of my supplemental testimony is to respond to the Commissioners’
12 questions.

13 **RESPONSE TO COMMISSIONERS’ QUESTIONS**

14 Q. Commission Question: “LUCo provides shared corporate support functions and
15 services to all of its various affiliates, both regulated and unregulated, on a centralized basis.
16 In evaluating whether the use of Empire’s Capital Structure is more “economical” than LUCo’s,
17 why is it appropriate to remove the debt associated with LUCo’s unregulated affiliates from its
18 capital structure, but not make a companion adjustment to reduce a portion of equity that is used
19 to serve unregulated affiliates?”

20 A. Staff Response: Staff did not adjust LUCo’s capital structure for either the debt
21 or equity components.

22 Q. Commission Question: “What percentage of LUCo’s total debt is attributable to
23 unregulated affiliate debt? What percentage of LUCo’s equity is attributable to equity in

1 unregulated affiliates? What would be LUCo's capital structure if an equivalent percentage of
2 LUCo's debt to and equity in unregulated utilities were removed?"

3 A. Staff Response: Staff did not attempt to separate LUCo's capital structure into
4 unregulated and regulated sections. It is not Staff's standard practice to try to separate capital
5 structure into regulated or unregulated portions.

6 Q. Does this complete your testimony?

7 A. Yes.

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**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)
Tariffs Increasing Rates for Electric Service)
Provided to Customers in its Missouri Service Area)

Case No. ER-2019-0374

AFFIDAVIT OF PETER CHARI

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW PETER CHARI and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing Supplemental 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/ Peter Chari
PETER CHARI