

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Petition of The Empire)
District Electric Company d/b/a Liberty to)
Obtain a Financing Order that Authorizes) **Case No. EO-2022-0040**
the Issuance of Securitized Utility Tariff)
Bonds for Qualified Extraordinary Costs)

In the Matter of the Petition of The Empire)
District Electric Company d/b/a Liberty to)
Obtain a Financing Order that Authorizes) **Case No. EO-2022-0193**
the Issuance of Securitized Utility Tariff)
Bonds for Energy Transition Costs Related)
to the Asbury Plant)

RESPONSE TO COMMISSION ORDER OF AUGUST 10

COMES NOW the Staff of the Missouri Public Service Commission (Staff) hereby files the following response to the Commission’s Order dated August 10, 2022, directing Staff to clarify its response with regards to the salvage value of Asbury:

1. Based on a total Phase 3 cost of \$8.4 million, subtracting \$2 million for asbestos, and \$4.705 million for salvage, results in a subtotal of \$1.695 million. Applying a jurisdictional allocation of 88.53% to the subtotal results in a phase 3 cost of \$1,500,522.
2. With this clarification, Staff’s calculated amount to securitize for Asbury would be \$81,241,471.
3. Staff’s workpapers reflecting the amount of \$1,500,522, is attached hereto and incorporated by reference.

WHEREFORE, Staff respectfully requests the Commission accept the above response and attachment as Staff’s response to the Commission’s August 10 Order.

Respectfully submitted,

/s/ Curt Stokes

Curt Stokes

Chief Deputy Counsel

Mo. Bar No. 59836

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**Counsel for Staff of the
Missouri Public Service Commission**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 12th day of August, 2022, to all parties and/or counsels of records.

/s/ Curt Stokes

Curt Stokes

The Empire District Electric Company
Before the Missouri Public Service Commission
Case. No. ER-2022-0193
PER ORDER

Line No.		\$	
1	Energy Transition Costs (incl. carrying costs)	\$	78,091,685
	<u>Summary of Estimated Upfront Costs for Securitization</u>		
2	Legal fees	\$	1,900,000
3	Underwriting (estimated at 40 bps)	\$	312,367
4	Auditor fee	\$	200,000
5	Structuring advisor (incl. discount)	\$	255,000
6	Misc	\$	50,000
7	Consultant fees	\$	135,200
8	Commission advisor		Unknown
9	Fixed fees	\$	2,852,567
10	SEC Filing Fee		0.00927%
11	Bond rating fees (incl. S&P and Moody's @ 0.0575% each)		0.1150%
12	Filing fees total percentage		0.1243%
13	Total rating and filing fees	\$	100,589
14	Total upfront costs	\$	2,953,156
15	Estimated bond issuance amount	\$	81,044,841
	<u>Summary of Estimated Ongoing Costs per year</u>		
16	Servicing Fee	\$	40,522
17	Administration	\$	50,000
18	Trustee fee	\$	5,000
19	Auditing/accounting fees	\$	75,000
20	Legal fees	\$	35,000
21	Rating agency surveillance fees	\$	40,000
22	Return on Capital Account for Credit enhancement (calculated at proposed WACC from ER-2019-0374)	\$	27,434
23	Printing fees	\$	10,000
24	Miscellaneous	\$	10,000
25	Ongoing Costs Per Year	\$	292,956
26	Ongoing Costs Per Month	\$	24,413

The Empire District Electric Company
EO-2022-0193
Missouri Asbury Securitization
Asbury (Retired Portion) Revenue Requirement
PER ORDER

Line No.	Description (a)	Total		Missouri Jurisdictional Allocation	Total Missouri	
		Asbury (Retired Plant) Proposed ER-2022-0193			Asbury (Retired Plant) Proposed ER-2022-0193	
1	Net Retired Asbury Plant	\$	159,414,474	100.00%	\$	159,414,474
2	Asbury Environmental Regulatory Assets		1,643,357	100.00%		1,643,357
3	Asbury Fuel Inventories		1,532,832	100.00%		1,532,832
4	Asbury Excess ADIT		(12,173,189)	100.00%		(12,173,189)
5	Asbury AAO Liability		(78,691,414)	100.00%		(78,691,414)
6	Asbury ADIT (NPV Value utilizing 13 Years)		(22,306,688)	100.00%		(22,306,688)
7	Additional Asbury Decommissioning Costs (Phase 2)		4,000,000	88.53%		3,541,054
8	Additional Asbury Decommissioning Costs (Phase 3)		1,695,000	88.53%		1,500,522
9	Additional Asbury Asset Retirement Obligation Costs - Asbestos		3,205,360	88.53%		2,837,588
10	Additional Asbury Asset Retirement Obligation Costs - CCR Impoundment		20,835,712	88.53%		18,445,096
11	<u>Total Asbury Energy Transition Costs to Securitiz</u>	\$	79,155,444		\$	75,743,632
12						
13	Carrying costs from May 2022 Through Bond Issuance Date Estimated to occur December 2022 @ 4.65 Long-Term Debt Rate		2,348,053	100.00%	\$	2,348,053

The Empire District Electric Company
Before the Missouri Public Service Commission
Case. No. ER-2022-0193
PER STAFF UPDATE

Line No.		\$	
1	Energy Transition Costs (incl. carrying costs)	\$	81,241,471
	<u>Summary of Estimated Upfront Costs for Securitization</u>		
2	Legal fees	\$	1,900,000
3	Underwriting (estimated at 40 bps)	\$	324,966
4	Auditor fee	\$	200,000
5	Structuring advisor (incl. discount)	\$	255,000
6	Misc	\$	50,000
7	Consultant fees	\$	135,200
8	Commission advisor		Unknown
9	Fixed fees	\$	2,865,166
10	SEC Filing Fee		0.00927%
11	Bond rating fees (incl. S&P and Moody's @ 0.0575% each)		0.1150%
12	Filing fees total percentage		0.1243%
13	Total rating and filing fees	\$	104,519
14	Total upfront costs	\$	2,969,685
15	Estimated bond issuance amount	\$	84,211,157
	<u>Summary of Estimated Ongoing Costs per year</u>		
16	Servicing Fee	\$	42,106
17	Administration	\$	50,000
18	Trustee fee	\$	5,000
19	Auditing/accounting fees	\$	75,000
20	Legal fees	\$	35,000
21	Rating agency surveillance fees	\$	40,000
22	Return on Capital Account for Credit enhancement (calculated at proposed WACC from ER-2019-0374)	\$	28,505
23	Printing fees	\$	10,000
24	Miscellaneous	\$	10,000
25	Ongoing Costs Per Year	\$	295,611
26	Ongoing Costs Per Month	\$	24,634

**The Empire District Electric Company
EO-2022-0193
Missouri Asbury Securitization
Asbury (Retired Portion) Revenue Requirement
PER STAFF UPDATE**

Line No.	Description (a)	Total		Missouri Jurisdictional Allocation	Total Missouri	
		Asbury (Retired Plant) Proposed ER-2022-0193			Asbury (Retired Plant) Proposed ER-2022-0193	
1	Net Retired Asbury Plant	\$	159,414,474	100.00%	\$	159,414,474
2	Asbury Environmental Regulatory Assets		1,643,357	100.00%		1,643,357
3	Asbury Fuel Inventories		1,532,832	100.00%		1,532,832
4	Asbury Excess ADIT		(12,173,189)	100.00%		(12,173,189)
5	Asbury AAO Liability		(77,549,553)	100.00%		(77,549,553)
6	Asbury ADIT (NPV Value utilizing 13 Years)		(20,393,470)	100.00%		(20,393,470)
7	Additional Asbury Decommissioning Costs (Phase 2)		4,000,000	88.53%		3,541,054
8	Additional Asbury Decommissioning Costs (Phase 3)		1,695,000	88.53%		1,500,522
9	Additional Asbury Asset Retirement Obligation Costs - Asbestos		3,205,360	88.53%		2,837,588
10	Additional Asbury Asset Retirement Obligation Costs - CCR Impoundment		20,835,712	88.53%		18,445,096
11	<u>Total Asbury Energy Transition Costs to Securitize:</u>	\$	82,210,523		\$	78,798,711
12						
13	Carrying costs from May 2022 Through Bond Issuance Date Estimated to occur December 2022 @ 4.65 Long-Term Debt Rate		2,442,760	100.00%	\$	2,442,760

The Empire District Electric Company
EO-2022-0193
Missouri Asbury Securitization
Asbury Securitization Costs

Line No.	Description	STAFF PER ORDER		STAFF UPDATED	
		Total Missouri		Total Missouri	
		Asbury (Retired Plant) Proposed ER-2022-0193		Asbury (Retired Plant) Proposed ER-2022-0193	
1	Net Retired Asbury Plant	\$	159,414,474	\$	159,414,474
2	Asbury Environmental Regulatory Assets		1,643,357		1,643,357
3	Asbury Fuel Inventories		1,532,832		1,532,832
4	Asbury Excess ADIT		(12,173,189)		(12,173,189)
5	Asbury AAO Liability		(78,691,414)		(77,549,553)
6	Asbury ADIT		(22,306,688)		(20,393,470)
7	Additional Asbury Decommissioning Costs (Phase 2)		3,541,054		3,541,054
8	Additional Asbury Decommissioning Costs (Phase 3)		1,500,522		1,500,522
9	Additional Asbury Asset Retirement Obligation Costs - Asbestos		2,837,588		2,837,588
10	Additional Asbury Asset Retirement Obligation Costs - CCR Impoundment		18,445,096		18,445,096
11	<u>Total Asbury Costs:</u>	\$	75,743,632	\$	78,798,711
	Carrying charges		2,348,053		2,442,760
	<u>Total Asbury Costs to Securitize:</u>	\$	78,091,685	\$	81,241,471

Prepared by: Amanda McMellen

The Empire District Electric Company
EO-2022-0193
Missouri Asbury Securitization
Asbury Securitization Costs
PER ORDER

Stub Period 2: May 2022 - December 2022:

Balance to Apply Carrying Charge:	Total	Missouri	Total Missouri
	Asbury (Retired Plant) Proposed ER-2022-0193	Jurisdictional Allocation	Asbury (Retired Plant) Proposed ER-2022-0193
Net Retired Asbury Plant	\$ 159,414,474	100.00%	\$ 159,414,474
Asbury Environmental Regulatory Assets	1,643,357	100.00%	1,643,357
Asbury Fuel Inventories	1,532,832	100.00%	1,532,832
Asbury Excess ADIT	(12,173,189)	100.00%	(12,173,189)
Asbury AAO Liability	(78,691,414)	100.00%	(78,691,414)
Asbury ADIT	(22,306,688)	100.00%	(22,306,688)
Additional Asbury Decommissioning Costs (Phase 2)	4,000,000	88.53%	3,541,054
Additional Asbury Decommissioning Costs (Phase 3)	1,695,000	88.53%	1,500,522
Additional Asbury Asset Retirement Obligation Costs - Asbestos	3,205,360	88.53%	2,837,588
Additional Asbury Asset Retirement Obligation Costs - CCR Impoundment	20,835,712	88.53%	18,445,097
Total Asbury Costs to Securitize:	\$ 79,155,444		\$ 75,743,633

Long Term Debt Rate 4.65%
Monthly Carrying Charge: 0.39%

May-22	\$ 293,507	
Jun-22	293,507	
Jul-22	293,507	
Aug-22	293,507	
Sep-22	293,507	
Oct-22	293,507	
Nov-22	293,507	
Dec-22	293,507	
Total Additional Carrying Charge (Stub Period 2):	\$ 2,348,053	\$ 80,972,495

Additional Stub Period		Cumulative Carrying	Cumulative Securitization
Jan-23	293,507	2,641,559	81,266,002
Feb-23	293,507	2,935,066	81,559,508
Mar-23	293,507	3,228,572	81,853,015
Apr-23	293,507	3,522,079	82,146,521
May-23	293,507	3,815,586	82,440,028
Jun-23	293,507	4,109,092	82,733,534
Jul-23	293,507	4,402,599	83,027,041
Aug-23	293,507	4,696,105	83,320,548
Aug-23	293,507	4,989,612	83,614,054
Sep-23	293,507	5,283,118	83,907,561
Oct-23	293,507	5,576,625	84,201,067
Nov-23	293,507	5,870,132	84,494,574
Dec-23	293,507	6,163,638	84,788,081

The Empire District Electric Company
 EO-2022-0193
 Missouri Asbury Securitization
 Asbury Securitization Costs
 PER STAFF UPDATE

Stub Period 2: May 2022 - December 2022:

Balance to Apply Carrying Charge:	Total	Missouri	Total Missouri
	Asbury (Retired Plant) Proposed ER-2022-0193	Jurisdictional Allocation	Asbury (Retired Plant) Proposed ER-2022-0193
Net Retired Asbury Plant	\$ 159,414,474	100.00%	\$ 159,414,474
Asbury Environmental Regulatory Assets	1,643,357	100.00%	1,643,357
Asbury Fuel Inventories	1,532,832	100.00%	1,532,832
Asbury Excess ADIT	(12,173,189)	100.00%	(12,173,189)
Asbury AAO Liability	(77,549,553)	100.00%	(77,549,553)
Asbury ADIT	(20,393,470)	100.00%	(20,393,470)
Additional Asbury Decommissioning Costs (Phase 2)	4,000,000	88.53%	3,541,054
Additional Asbury Decommissioning Costs (Phase 3)	1,695,000	88.53%	1,500,522
Additional Asbury Asset Retirement Obligation Costs - Asbestos	3,205,360	88.53%	2,837,588
Additional Asbury Asset Retirement Obligation Costs - CCR Impoundment	20,835,712	88.53%	18,445,097
Total Asbury Costs to Securitize:	\$ 82,210,523		\$ 78,798,712

Long Term Debt Rate 4.65%
 Monthly Carrying Charge: 0.39%

May-22	\$ 305,345	
Jun-22	305,345	
Jul-22	305,345	
Aug-22	305,345	
Sep-22	305,345	
Oct-22	305,345	
Nov-22	305,345	
Dec-22	305,345	
Total Additional Carrying Charge (Stub Period 2):	\$ 2,442,760	\$ 84,122,281

Additional Stub Period		Cumulative Carrying	Cumulative Securitization
Jan-23	305,345	2,748,105	84,427,626
Feb-23	305,345	3,053,450	84,732,971
Mar-23	305,345	3,358,795	85,038,316
Apr-23	305,345	3,664,140	85,343,661
May-23	305,345	3,969,485	85,649,006
Jun-23	305,345	4,274,830	85,954,351
Jul-23	305,345	4,580,175	86,259,696
Aug-23	305,345	4,885,520	86,565,041
Aug-23	305,345	5,190,865	86,870,386
Sep-23	305,345	5,496,210	87,175,731
Oct-23	305,345	5,801,555	87,481,076
Nov-23	305,345	6,106,900	87,786,422
Dec-23	305,345	6,412,245	88,091,767

The Empire District Electric Company
EO-2022-0193
Missouri Asbury Securitization
Asbury AAO Liability

Line No.	FERC (a)	GL Account (b)	Description (c)	Reference (d)	STAFF PER ORDER		STAFF UPDATED	
					Total Missouri AAO Compliance Jan 2020 - May 2022 (f)	Total Missouri AAO Compliance Jan 2020 - May 2022 (g)		
ASBURY AAO LIABILITY								
1			Plant In Service		\$ (217,663,073)	\$ (217,663,073)		
2			Remaining Plant		(1,871,468)	(1,871,468)		
3			Accumulated Depreciation		62,618,776	62,618,776		
4			Remaining Plant Accumulated Depreciation		(819,703)	(819,703)		
5			Fuel Inventories		(2,414,632)	(2,414,632)		
6			Cash Working Capital		128,939	128,939		
7			ADIT		(3,390,733)	(3,390,733)		
8			Excess ADIT		7,311,983	7,311,983		
9			Total Net Rate Base		(156,099,911)	(156,099,911)		
10			ROR					
11			Return On Asbury		(25,950,393)	(25,950,393)		
12			Revenue From Scrap Value or Value of Items Sold		(10,277)	(10,277)		
13			Any Fuel or SPP Revenues/Expenses not flowed through FAC		-	-		
14			Depreciation Expense		(24,349,929)	(23,480,289)		
15			All Non-Fuel/Non-Labor Operating & Maintenance Expenses		(9,056,478)	(9,056,478)		
16			Labor Expenses		-	-		
17			Property Taxes		(4,523,827)	(4,523,827)		
18			Non-Labor Asbury Retirement/Decommissioning Costs		3,959,602	3,959,602		
			Return on Coal Inventory		-	-		
			Fed/State Income Tax on Asbury and Coal Profit		-	-		
			Tax on Abandonement		-	-		
19			Asbury AAO Liability Before Gross Up:		(59,931,302)	(59,061,662)		
20			Gross Revenue Conversion Factor		1.3130 (18,760,111.77)	1.3130 (18,487,891)		
21	254	254124	Total Asbury AAO Liability:		\$ (78,691,414)	\$ (77,549,553)		

The Empire District Electric Company
EO-2022-0193
Missouri Asbury Securitization
Asbury (Retired Portion) ADIT

Line No.	Description (a)	Total	Missouri Jurisdictional Allocation	Total Missouri	Tax Rate	ADIT
		Asbury (Retired Plant) Proposed ER-2022-0193		Asbury (Retired Plant) Proposed ER-2022-0193		
1	Net Retired Asbury Plant	\$ 159,414,474	100.00%	\$ 159,414,474	23.8401%	\$ (38,004,570)
2	Asbury Environmental Regulatory Assets	1,643,357	100.00%	1,643,357	23.8401%	(391,778)
3	Asbury Fuel Inventories	1,532,832	100.00%	1,532,832	23.8401%	(365,429)
4	Asbury ADIT	-	100.00%	-		-
5	Additional Asbury Decommissioning Costs (Phase 2) (1)	4,000,000	88.53%	3,541,054	23.8401%	(844,191)
6	Additional Asbury Decommissioning Costs (Phase 3) (1)	1,695,000	88.53%	1,500,522	23.8401%	(357,726)
7	Additional Asbury Asset Retirement Obligation Costs - Asbestos	3,205,360	88.53%	2,837,588	23.8401%	(676,484)
8	Additional Asbury Asset Retirement Obligation Costs - CCR Impoundment	20,835,712	88.53%	18,445,097	23.8401%	(4,397,329)
9	Asbury AAO Liability	(77,549,553)	100.00%	(77,549,553)	23.8401%	18,487,891
10	Total Asbury Costs to Securitize: (2)	<u>\$ 114,777,182</u>		<u>\$ 111,365,371</u>		<u>\$ (26,549,616)</u>

Footnote:

(1) - From Black and Veatch Demo Cost Estimate - November 2021 Memo.

(2) - All costs represent the Missouri jurisdictional actuals as of 1/31/2022 except for the additional projected decommissioning and ARO costs.

Prepared by: Kim Bolin

The Empire District Electric Company
EO-2022-0193
Missouri Asbury Securitization
Asbury (Retired Portion) ADIT NPV

13 year

Asbury ADIT **Projected 4/30/2022**
(26,549,616)

Year	Estimated Total Deferred Taxes	Balance ADIT	Plant Retirement Customer Net Tax Benefit
	(26,549,616)	(26,549,616)	
1	(2,042,278)	(24,507,338)	(2,042,278)
2	(2,042,278)	(22,465,060)	(2,042,278)
3	(2,042,278)	(20,422,781)	(2,042,278)
4	(2,042,278)	(18,380,503)	(2,042,278)
5	(2,042,278)	(16,338,225)	(2,042,278)
6	(2,042,278)	(14,295,947)	(2,042,278)
7	(2,042,278)	(12,253,669)	(2,042,278)
8	(2,042,278)	(10,211,391)	(2,042,278)
9	(2,042,278)	(8,169,113)	(2,042,278)
10	(2,042,278)	(6,126,834)	(2,042,278)
11	(2,042,278)	(4,084,556)	(2,042,278)
12	(2,042,278)	(2,042,278)	(2,042,278)
13	(2,042,278)	(0)	(2,042,278)
	(26,549,616)		
		Total NPV ADIT	(20,393,470)
		13 year	

Prepared by; Kim Bolin