

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Depreciation and
O&M Expenses
Robinett/Direct
Public Counsel
ER-2019-0374

DIRECT TESTIMONY

OF

JOHN A. ROBINETT

Submitted on Behalf of the Office of the Public Counsel

EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2019-0374

**

**

Denotes Confidential Information that has been Redacted

January 15, 2020

NON-PROPRIETARY

**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 JOHN A. ROBINETT

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

John A. Robinett, of lawful age and being first duly sworn, deposes and states:

- 1. My name is John A. Robinett. I am a Utility Engineering Specialist for the Office of the Public Counsel.
- 2. Attached hereto and made a part hereof for all purposes is my direct testimony.
- 3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.




John A. Robinett
Utility Engineering Specialist

Subscribed and sworn to me this 15th day of January 2020.



JERENA BUCKMAN
My Commission Expires
August 23, 2021
Cole County
Commission #13754037



Jerene A. Buckman
Notary Public

My Commission expires August 23, 2021.

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**DIRECT TESTIMONY
OF
JOHN A. ROBINETT
EMPIRE DISTRICT ELECTRIC COMPANY**

CASE No. ER-2019-0374

1 **Q. What is your name and what is your business address?**

2 A. John A. Robinett, PO Box 2230, Jefferson City, Missouri 65102.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Utility Engineering
5 Specialist.

6 **Q. Have you previously provided testimony before the Missouri Public Service
7 Commission?**

8 A. Yes. Both as a former member of Commission Staff and on behalf of the OPC.

9 **Q. What is your work and educational background?**

10 A. A copy of my work and educational experience is attached to this testimony as Schedule
11 JAR-D-1.

12 **Q. What is the purpose of your direct testimony?**

13 A. I address items related to the Asbury facility and how the Commission should treat those
14 items in this case given Empire’s notice announcing that the unit will be retired March 1,
15 2020.

16 **Q. Would you briefly summarize your recommendations?**

17 A. I recommend removing costs associated with operating the Asbury Facility from base rates
18 going forward. Such costs include, but are not limited to, depreciation expense and
19 operations and maintenance costs. Additionally, in her direct testimony OPC witness Lena
20 Mantle recommends removing Asbury from fuel base, and removing Asbury’s market
21 revenue that will affect the fuel base and Empire’s fuel adjustment charges on a going

1 forward basis. Dr. Geoff Marke discusses the policy reasoning behind our positions related
2 to Asbury.

3 My estimate of Empire's unrecovered amount of Asbury's original book cost is
4 \$201,175,053. I recommend a decrease in Empire's depreciation expense of \$13,711,614
5 included in Empire's cost of service related to the Asbury retirements based on using plant-
6 in-service and accumulated reserves from Empire's response to Staff Data Request Number
7 0222 and applying the depreciation rates the Commission ordered in Case No. ER-2016-
8 0023 (Empire's last Missouri general electric rate case). I also recommend that all
9 operations and maintenance expenses for Empire's Asbury facilities not be included in
10 Empire's cost of service used for setting rates in this case.

11 **Empire Depreciation Recommendation**

12 **Q. What is your position on depreciation expense for Asbury?**

13 A. It would be unjust and unreasonable to include continued depreciation expense for the
14 Asbury unit and common plant when determining going-forward rates since Empire is
15 retiring the Asbury unit March 1, 2020. Based on Empire's application in this rate case, its
16 new rates will go into effect by July 11, 2020. Once the facilities are retired off Empire's
17 books, Empire will no longer be required to book depreciation expense to the depreciation
18 reserve for those facilities. However, if this expense is included in Empire's revenue
19 requirement upon which the Commission sets Empire's rates in this case, Empire's
20 customers would still be paying the depreciation for this retired plant. The result is that
21 those dollars become profit.

1 I recommend that the depreciation rates for Asbury and its common plant be set to
2 zero percent as Asbury will no longer be used and useful by the time new rates are effective.
3 Setting the depreciation rate to zero for the Asbury facilities results in no depreciation
4 expense being included in Empire's cost of service and an approximate revenue
5 requirement decrease of \$13,711,614 annually.

6 **Q. What is your recommendation if the Commission instead grants continued**
7 **depreciation expense for Asbury at its currently ordered depreciation rates?**

8 A. If the Commission orders Empire to continue to use the currently ordered depreciation rates
9 for Asbury, the Commission should order a tracker to account for the depreciation expense
10 Empire will no longer book after it retires the Asbury plant. In Empire's next rate case,
11 ratepayers should be given full credit for the depreciation expense Empire collects in rates
12 for the retired unit, which will no longer provide either energy or capacity after Empire
13 retires it.

14 **Q. Have you estimated the magnitude of Empire's unrecovered original cost for Asbury?**

15 A. Yes. I estimate that Empire's potential under recovery of its investment in Asbury and its
16 common plant at February 29, 2020, which includes book cost for all Asbury related plant
17 in service less allocated depreciation reserves, is \$201,175,053. When interim cost of
18 removal is included, my estimate is \$235,799,319. At this time I am unable to distinguish
19 an unrecovered book value for the Air Quality Controls System independent from the rest
20 of the Asbury investment. I plan to issue additional discovery in an effort to separate them.

21 **Q. Does your estimate include any retirement costs for Asbury?**

22 A. No. This number does not include any retirement costs for Asbury, as no one has estimated
23 them. To my knowledge, the retirement study has not been finalized for a plant that is

1 scheduled to retire in less than 60 days. Retirement costs will likely increase the estimated
2 shortfall.

3 It is also important to note that the unrecovered original cost may also decrease
4 once Empire determines which components and facilities it can use for future purposes
5 and, therefore, would need to be transferred to active plant accounts, and depreciation
6 expense continued.

7 **Q. Do you recommend that customers pay for the recovery of Empire's estimated**
8 **unrecovered original cost for Asbury?**

9 A. I do not address the issue of recovery of unrecovered original cost, please see direct
10 testimony of Dr. Geoff Marke. The only recovery that I address in this testimony is the
11 remaining depreciation expense from the time Asbury is retired (March 1, 2020) through
12 the anticipated effective date of new rates (July 11, 2020).

13 **Q. What is your depreciation expense recommendation for Asbury?**

14 A. I recommend setting the depreciation rates to zero percent for all of the Asbury accounts,
15 as the facilities will be retired prior to the effective date of new rates in this case. This
16 results in an approximate revenue requirement decrease of \$13,711,614 annually.

17 **Empire Operations and Maintenance Expense**

18 **Q. What is your position on operations and maintenance expense for the Asbury**
19 **Facility?**

20 A. Consistent with my position on depreciation expense, no operations or maintenance
21 expense for the Asbury unit and its common plant that will be retired March 1, 2020, should

1 be included in the revenue requirement the Commission uses for setting Empire's rates in
2 this case.

3 **Q. Why should Empire's revenue requirement not include operations and maintenance**
4 **expense for Asbury?**

5 A. Empire's new rates will become effective no later than July 11, 2020. Empire will retire
6 the Asbury unit and its common plant March 1, 2020. Beginning on March 2, 2020,
7 ratepayers will be paying for a plant that is no longer providing any benefits to them.
8 Shareholders will be reaping the benefits of the depreciation, operation, and maintenance
9 costs that were included in the cost of service in Empire's last rate case but which Empire
10 is no longer incurring. Ratepayers should not be asked to pay for operations and
11 maintenance expense in rates set after that retirement date on a unit that is no longer used
12 to service them and is not benefiting them.

13 **Q. What is the impact of removing operations and maintenance expense related to**
14 **Asbury?**

15 A. Based on the responses provided by Empire in response to my OPC data request numbers
16 2037 and 8036, the total operations and maintenance ("O&M") expense is between **
17 **. This translates to annual savings of the same amounts less
18 any value for continued O&M related to the retirement activities. This issue is further
19 complicated by Empire's potential future use of the facilities for other future generation
20 facilities.

21 **Q. What is Empire's plan for the Asbury site?**

1 A. According to *Empire's Suggestions in Opposition to Public Counsel's Motion to Modify*
2 *Test Year* filed on January 3, 2020 in this case Empire does not know. In paragraph 3 of
3 this document, Empire provides the following:

4 For example, the operations and maintenance for the future wind farms will
5 be based at the Asbury facility, but the final plan for the Asbury facility and
6 other structures on the property is not known at this time. The Company is
7 actively exploring multiple opportunities to reuse the existing facility to
8 support ongoing customer and Company needs. Some large pieces of
9 equipment may be sold, rather than scrapped for salvage, thereby reducing
10 the overall demolition cost. The quantity of and cost to remove asbestos is
11 currently unknown. There has been interest expressed in repurposing the
12 turbine deck and structure for the placement of flow batteries. The cooling
13 tower and some associated pumps could also be reused. At this point, the
14 Company is exploring all opportunities related to the closure of the Asbury
15 plant.

16 **Q. Do you have any other examples of uncertainty surrounding Empire's costs or plans**
17 **related to Asbury?**

18 A. Yes. Attached as Schedule JAR-D-2 are Empire responses to Staff and OPC data requests
19 where Empire states that it is still evaluating, items are unknown, and the
20 decommissioning cost study being performed by Black and Veatch is not finalized. The
21 only certainty from these data requests is in response to Staff data request number 0228,
22 that Asbury will be retired on March 1, 2020.

23 **Q. Doesn't it make sense then for O&M costs to be included in the cost of service since**
24 **this site may be used for other purposes?**

25 A. No. By including O&M for Asbury in Empire's revenue requirement used for setting
26 Empire's rates, Empire's customers are providing a pool of money to Empire for a facility
27 that will not be providing any benefit to them.

28 **Q. Why is this a concern?**

1 A. If Empire uses the Asbury location for a future wind farm, the O&M costs for the wind
2 farm may be hard to distinguish from the O&M costs attributable to Asbury, especially
3 initially. There also will be a murky line when dealing with O&M expenses for the existing
4 Asbury office building and any warehouses that will be transitioned to support new
5 generation facilities.

6 **Q. Is there any other reasons that Asbury O&M costs should not be included in the**
7 **Empire's revenue requirement the Commission uses for setting rates in this case?**

8 A. Yes. A suggested alternative is to record in a regulatory liability account, the O&M costs
9 not incurred at Asbury, and, later, return the amounts accumulated in this account to
10 Empire's customers in Empire's next general electric rate case. This is problematic in that
11 it requires the recording of amounts for costs not incurred. It would be more accurate, and
12 easier, to not include O&M costs in Empire's revenue requirement the Commission uses
13 for setting rates in this case, and record any incremental costs in a regulatory asset account
14 to be reviewed in Empire's next general electric rate case. Generally, it is much easier to
15 measure costs incurred than costs not incurred.

16 **Q. What are your recommendations with respect to Asbury O&M costs in this case?**

17 A. For previously stated reasons, I recommend that the Commission not include depreciation
18 expense and O&M expenses related to the Asbury Facilities in Empire's revenue
19 requirement the Commission uses for setting rates in this case since Empire will retire the
20 facility on March 1, 2020.

21 **Q. Does this conclude your direct testimony?**

22 A. Yes, it does.

John A. Robinett

I am employed as a Utility Engineering Specialist for The Missouri Office of the Public Counsel (OPC). I began employment with OPC in August of 2016. In May of 2008, I graduated from the University of Missouri-Rolla (now Missouri University of Science and Technology) with a Bachelor of Science degree in Mechanical Engineering.

During my time as an undergraduate, I was employed as an engineering intern for the Missouri Department of Transportation (MoDOT) in their Central Laboratory located in Jefferson City, Missouri for three consecutive summers. During my time with MoDOT, I performed various qualification tests on materials for the Soil, Aggregate, and General Materials sections. A list of duties and tests performed are below:

- Compressive strength testing of 4” and 6” concrete cylinders and fracture analysis
- Graduations of soil, aggregate, and reflective glass beads
- Sample preparations of soil, aggregate, concrete, and steel
- Flat and elongated testing of aggregate
- Micro-deval and LA testing of aggregate
- Bend testing of welded wire and rebar
- Tensile testing of welded, braided cable, and rebar
- Hardness testing of fasteners (plain black and galvanized washers, nuts, and bolts)
- Proof loading and tensile testing of bolts
- Sample collection from active road constructions sites
- Set up and performed the initial testing on a new piece of equipment called a Linear Traverse / Image Analysis
- Wrote operators manual for the Linear Traverse / Image Analysis Machine
- Trained a fulltime employee on how to operate the machine prior to my return to school
- Assisted in batching concrete mixes for testing, mixing the concrete, slump cone testing, percent air testing, and specimen molding of cylinders and beams

Upon graduation, I accepted a position as an Engineer I in the Product Evaluation Group for Hughes Christensen Company, a division of Baker Hughes, Inc. (Baker), an oil field service company. During my employment with Baker, I performed failure analysis on oil field drill bits as well as composed findings reports which were forwarded to the field engineers in order for them to report to the company the conclusions of the failure causes.

I previously was employed as a Utility Engineering Specialist I, II, III for the Missouri Public Service Commission (Commission). My employment with the Commission spanned from April of 2010 to August of 2016. My duties involved analyzing depreciation rates and studies for utility companies and presenting expert testimony in rate cases before the Commission.

JOHN A. ROBINETT
SUMMARY OF CASE PARTICIPATION

Listed below are the cases in which I have supplied testimony, comments, and/or depreciation rates accompanied by a signed affidavit.

Company	Case Number	Issue	Party
Ameren Missouri	ER-2019-0355	Direct Testimony Depreciation	Office of the Public Counsel (OPC)
Summit Natural Gas of Missouri	GE-2020-0009	Depreciation Study Waiver	OPC
Spire Missouri East Spire Missouri West	GO-2019-0356 GO-2019-0357	Direct and Live Rebuttal Testimony ISRS	OPC
Ameren Missouri Gas Company	GR-2019-0077	Rebuttal Testimony Depreciation and General Plant Amortization	OPC
Spire Missouri East Spire Missouri West	GO-2019-0115 GO-2019-0116	Direct and Live Rebuttal Testimony ISRS	OPC
Empire District Electric Company	EA-2019-0010	Rebuttal, Surrebuttal, and Live Testimony CCN Application	OPC
Kansas City Power & Light Company Greater Missouri Operations	EU-2019-0197 EC-2019-0200	Affidavit for an Accounting Order for plant retirement	OPC
Ameren Missouri	EA-2018-0202	Surrebuttal Testimony Depreciation Life	OPC
Spire Missouri East Spire Missouri West	GO-2018-0309 GO-2018-0310	Direct and Live Rebuttal Testimony ISRS	OPC
Kansas City Power & Light Company	ER-2018-0145	Direct and Rebuttal, Surrebuttal, and True-up direct Testimony, Depreciation and O&M expense related to retired generation units, ONE CIS Allocation	OPC
Kansas City Power & Light Company Greater Missouri Operations	ER-2018-0146	Direct and Rebuttal, Surrebuttal, and True-up direct Testimony, Depreciation and O&M expense related to retired generation units, ONE CIS Allocation, Removal of Additional Amortization	OPC
Empire District Electric Company	EO-2018-0092	Rebuttal, Surrebuttal, Affidavit in Opposition, additional Affidavit and Live Testimony	OPC
Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities	GR-2018-0013	Rebuttal and Surrebuttal Testimony depreciation, general plant amortization	OPC
Laclede Gas Company Missouri Gas Energy Spire Missouri East Spire Missouri West	GO-2016-0332 GO-2016-0333 GO-2017-0201 GO-2017-0202 GR-2017-0215 GR-2017-0216	ISRS Over collection of depreciation expense and ROE based on Western District Opinion Docket No. WD80544	OPC

JOHN A. ROBINETT
SUMMARY OF CASE PARTICIPATION

Company	Case Number	Issue	Party
Gascony Water Company, Inc.	WR-2017-0343	Rebuttal, Surrebuttal, and Live Testimony rate base, depreciation NARUC USoA Class designation	OPC
Missouri American Water Company	WR-2017-0285	Direct, Rebuttal, Surrebuttal, and Live Testimony depreciation, ami, negative reserve, Lead Line	OPC
Indian Hills Utility Operating Company, Inc.	WR-2017-0259	Direct, Rebuttal, Surrebuttal, and Live Testimony Rate Base (extension of electric service, leak repairs)	OPC
Laclede Gas Company Missouri Gas Energy	GR-2017-0215 GR-2017-0216	Direct, Rebuttal, Surrebuttal, True-up Rebuttal, and Live Testimony depreciation, retirement work in progress, combined heat and power, ISRS	OPC
Empire District Electric Company	EO-2018-0048	IRP Special issues	OPC
Kansas City Power & Light Company	EO-2018-0046	IRP Special issues	OPC
Kansas City Power & Light Company Greater Missouri Operations	EO-2018-0045	IRP Special issues	OPC
Kansas City Power & Light Company Greater Missouri Operations	EO-2017-0230	2017 IRP annual update comments	OPC
Empire District Electric Company	EO-2017-0065	Direct, Rebuttal, Surrebuttal, and Live Testimony FAC Prudence Review Heat Rate	OPC
Ameren Missouri	ER-2016-0179	Direct, Rebuttal, Testimony Heat Rate Testing & Depreciation	OPC
Kansas City Power & Light Company	ER-2016-0285	Direct, Rebuttal, Surrebuttal, and Live Testimony Heat Rate Testing & Depreciation	OPC
Empire District Electric Company Merger with Liberty	EM-2016-0213	Rebuttal Testimony	Missouri Public Service Commission (MOPSC)
Empire District Electric Company	ER-2016-0023	Depreciation Study, Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
Hillcrest Utility Operating Company, Inc.	SR-2016-0065	Depreciation Review	MOPSC
Hillcrest Utility Operating Company, Inc.	WR-2016-0064	Depreciation Review	MOPSC
Missouri American Water Company	WR-2015-0301	Depreciation Study, Direct, Rebuttal, and Surrebuttal Testimony	MOPSC

JOHN A. ROBINETT
SUMMARY OF CASE PARTICIPATION

Company	Case Number	Issue	Party
Bilyeu Ridge Water Company, LLC Midland Water Company, Inc. Moore Bend Water Utility, LLC Riverfork Water Company Taney County Water, LLC Valley Woods Utility, LLC(Water) Valley Woods Utility, LLC(Sewer) Consolidated into Ozark International, Inc.	WR-2015-0192 WR-2015-0193 WR-2015-0194 WR-2015-0195 WR-2015-0196 WR-2015-0197 SR-2015-0198 Consolidated into WR-2015-0192	Depreciation Review *filed depreciation rates not accompanied by signed affidavit	MOPSC
I. H. Utilities, Inc. sale to Indian Hills Utility Operating Company, Inc.	WO-2016-0045	Depreciation Rate Adoption CCN	MOPSC
Missouri American Water Company CCN City of Arnold	SA-2015-0150	Depreciation Rate Adoption CCN	MOPSC
Empire District Electric Company	ER-2014-0351	Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
West 16th Street Sewer Company, W.P.C. Sewer Company, Village Water and Sewer Company, Inc. and Raccoon Creek Utility Operating Company, Inc.	SM-2015-0014	Depreciation Rate Adoption	MOPSC
Brandco Investments LLC and Hillcrest Utility Operating Company, Inc.	WO-2014-0340	Depreciation Rate Adoption, Rebuttal Testimony	MOPSC
Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities	GR-2014-0152	Direct, Rebuttal, Surrebuttal and Live Testimony	MOPSC
Summit Natural Gas of Missouri, Inc	GR-2014-0086	Depreciation Study, Direct and Rebuttal Testimony	MOPSC
P.C.B., Inc.	SR-2014-0068	Depreciation Review	MOPSC
M.P.B., Inc.	SR-2014-0067	Depreciation Review	MOPSC
Roy-L Utilities	WR-2013-0543	Depreciation Review	MOPSC
Roy-L Utilities	SR-2013-0544	Depreciation Review	MOPSC
Missouri Gas Energy Division of Laclede Gas Company	GR-2014-0007	Depreciation Study, Direct and Rebuttal Testimony	MOPSC
Central Rivers Wastewater Utility, Inc.	SA-2014-00005	Depreciation Rate Adoption	MOPSC
Empire District Electric Company	ER-2012-0345	Depreciation Study, Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
Empire District Electric Company	WR-2012-0300	Depreciation Review	MOPSC
Laclede Gas Company	GO-2012-0363	Depreciation Authority Order Rebuttal, Surrebuttal and Live Testimony	MOPSC
Moore Bend Water Company, Inc. sale to Moore Bend Water Utility, LLC (Water)	WM-2012-0335	Depreciation Rate Adoption	MOPSC
Oakbrier Water Company, Inc.	WR-2012-0267	Depreciation Review	MOPSC
Lakeland Heights Water Co., Inc.	WR-2012-0266	Depreciation Review	MOPSC
R.D. Sewer Co., L.L.C.	SR-2012-0263	Depreciation Review	MOPSC
Canyon Treatment Facility, LLC	SA-2010-0219	Depreciation Rate Adoption- CCN	MOPSC

JOHN A. ROBINETT
SUMMARY OF CASE PARTICIPATION

Company	Case Number	Issue	Party
Taney County Water, LLC	WR-2012-0163	Depreciation Review	MOPSC
Sale of Saddlebrooke Water and Sewer Infrastructure, LLC to Missouri American Water Company (Sewer)	SA-2012-0067	Rebuttal Testimony	MOPSC
Sale of Saddlebrooke Water and Sewer Infrastructure, LLC to Missouri American Water Company (Water)	WA-2012-0066	Rebuttal Testimony	MOPSC
Midland Water Company, Inc.	WR-2012-0031	Depreciation Review	MOPSC
Sale of KMB Utility Corporation to Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water (Sewer)	SO-2011-0351	Depreciation Rate Adoption	MOPSC
Sale of KMB Utility Corporation to Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water (Water)	WO-2011-0350	Depreciation Rate Adoption	MOPSC
Sale of Noel Water Company, Inc. to Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water (Water)	WO-2011-0328	Depreciation Rate Adoption	MOPSC
Sale of Taney County Utilities Corporation to Taney County Water, LLC (Water)	WM-2011-0143	Depreciation Rate Adoption	MOPSC
Empire District Electric Company	ER-2011-0004	Depreciation Study, Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
Rex Deffenderfer Enterprises, Inc.	WR-2011-0056	Depreciation Review	MOPSC
Tri-States Utility, Inc	WR-2011-0037	Depreciation Review	MOPSC
Southern Missouri Gas Company, L.P.	GE-2011-0096	Depreciation Study Waiver	MOPSC
Southern Missouri Gas Company, L.P.	GR-2010-0347	Depreciation Review	MOPSC
KMB Utility Corporation (Sewer)	SR-2010-0346	Depreciation Review	MOPSC
KMB Utility Corporation (Water)	WR-2010-0345	Depreciation Review	MOPSC
Middlefork Water Company	WR-2010-0309	Depreciation Review	MOPSC



The Empire District Electric Company
A Liberty Utilities Company
Case No. ER-2019-0374
OPC Data Request – 8048

Data Request Received: 12/24/19
Request No. 8048

Date of Response: 01/13/2020
Respondent: Tisha Sanderson

Submitted by: Lena Mantle

REQUEST:

For each accounting entry that Empire expects to make on its regulatory books when it retires the Asbury power plant (Empire has stated that date is March 1, 2020) identify the account (major and minor FERC account, as applicable) where the amount will be recorded and the amount to be entered in that account.

RESPONSE:

At this time, the Company is still evaluating details regarding asset disposition and thus has insufficient data to identify accounts and calculate amounts.



Liberty Utilities
EMPIRE DISTRICT

The Empire District Electric Company

A Liberty Utilities Company

Case No. ER-2019-0374

MPSC Data Request – 0220

Data Request Received: 12/16/19

Request No. 0220

Date of Response: 01/06/20

Respondent: Karen Heady

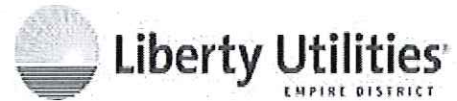
Submitted by: Kim Bolin (kim.bolin@psc.mo.gov)

REQUEST:

Under the FERC USOA for electric utilities, what accounting entries will be made when the Asbury plant is retired? Please provide the expected approximate numerical amounts for each account in each entry.

RESPONSE:

In general terms, balances in the plant and reserve accounts in which the affected assets are recorded will be reduced by the amount of the book value of the assets. At this time, the Company is still evaluating details regarding asset disposition and thus has insufficient data to calculate amounts. This request will be supplemented with the requested information when it becomes available.



The Empire District Electric Company
A Liberty Utilities Company
Case No. ER-2019-0374
MPSC Data Request – 0221

Data Request Received: 12/16/19
Request No. 0221

Date of Response: 01/06/20
Respondent: Tisha Sanderson

Submitted by: Kim Bolin (kim.bolin@psc.mo.gov)

REQUEST:

Will Empire need to propose or receive any special accounting authority in order to be able to receive recovery of the undepreciated or unrecovered Asbury plant after its retirement in future rate proceedings? If so, please explain what treatment would be needed or requested and the regulatory or financial reporting sources on which Empire has relied to develop its opinion on this matter.

RESPONSE:

The Company is continuing to evaluate what if any regulatory accounting treatment will be requested.



The Empire District Electric Company
 A Liberty Utilities Company
 Case No. ER-2019-0374
 MPSC Data Request – 0222

Data Request Received: 12/16/19
 Request No. 0222

Date of Response: 01/06/20
 Respondent: Karen Heady

Submitted by: Kim Bolin (kim.bolin@psc.mo.gov)

REQUEST:

Please provide the unrecovered net plant investment balance for the Asbury plant by account as of September 30, 2019 as well as the estimated balance of unrecovered investment by account at the point the unit is retired.

RESPONSE:

The net book values of the assets associated with the Asbury Generation Facility by account as of 9/30/2019 are as follows, exclusive of Asset Retirement Obligations:

Asbury Plant Assets at 9/30/2019	Book Cost	Allocated Reserve	Net Book Value
303 - Misc. Intangible Plant	844,981	837,776	7,205
310 - Land and Land Rights	1,479,998	0	1,479,998
311 - Structures and Improvements	21,543,613	7,665,872	13,877,741
312 - Boiler Plant Equipment	218,214,930	63,359,833	154,855,098
314 - Turbogenerator Units	36,723,935	8,219,491	28,504,444
315 - Accessory Electric Equipment	6,893,818	3,259,550	3,634,268
316 - Misc Power Plant Equipment	2,486,317	1,271,092	1,215,224
352 - Structures and Improvements	83,897	65,739	18,158
353 - Station Equipment	3,641,879	567,377	3,074,503
371 - Install on Customers Premises	12,432	12,432	0
391.1 - Office Furniture & Equip.	202,009	107,713	94,296
391.3 - Computer	72,089	59,512	12,577
392 - Transportation Equip.	387,655	373,820	13,835
396 - Power Operated Equip.	279,038	276,834	2,204
397 - Communication Equip.	170,998	72,333	98,665
398 - Misc. Equip.	400	390	9
Grand Total	293,037,988	86,149,763	206,888,225

With regard to any anticipated unrecovered balance at retirement, at this time, the Company is still evaluating details regarding asset disposition and thus has insufficient data to calculate amounts. This request will be supplemented with the requested information when it becomes available.



Liberty Utilities
EMPIRE DISTRICT

The Empire District Electric Company

A Liberty Utilities Company

Case No. ER-2019-0374

MPSC Data Request – 0223

Data Request Received: 12/16/19

Request No. 0223

Date of Response: 01/06/20

Respondent: Karen Heady

Submitted by: Kim Bolin (kim.bolin@psc.mo.gov)

REQUEST:

Will any of the component parts of the existing assets comprising the Asbury Unit continue to be in-service after the retirement of the plant as a whole? If so, please provide the accounts and amounts for each account.

RESPONSE:

Yes, the Company is exploring options for the continued operation of several of the buildings at the site to support other company operating activities and is still evaluating details regarding other asset disposition. As such, the Company has insufficient data to provide details of accounts and amounts. This request will be supplemented with the requested information when it becomes available.



Liberty Utilities
EMPIRE DISTRICT

The Empire District Electric Company

A Liberty Utilities Company

Case No. ER-2019-0374

MPSC Data Request – 0225

Data Request Received: 12/16/19

Date of Response: 01/06/20

Request No. 0225

Respondent: Aaron Doll/Charlotte Emery

Submitted by: Kim Bolin (kim.bolin@psc.mo.gov)

REQUEST:

What cost categories, both rate base and expense, will be impacted by the retirement of Asbury and what is the estimated ongoing savings amounts due to the retirement for each category.

RESPONSE:

The Company is in the process of determining all of the rate base and expense categories associated with the retirement of Asbury. The following rate base and expense categories (and possibly others) may be impacted by the retirement of Asbury.

The following rate base and expense categories may be impacted by the retirement of Asbury:

Rate Base Items:

- Plant In Service
- Plant In Service - Accumulated Depreciation/Amortization
- Cash Working Capital
- Prepayments
- Materials, Supplies, and Fuel Inventories
- Regulatory Assets/Liabilities
- Accumulated Deferred Income Taxes

Income Statement Items

- Electric Operation Revenues
- Production Expenses
- Transmission Expenses
- Administrative and General Expenses
- Other Administrative and General Expenses
- Depreciation Expense
- Amortization Expense
- Taxes other than Income Taxes
- Income Taxes



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See attached file "DR 0225 Asbury O&M Breakdown", which shows the test year O&M expenses for the Asbury generation plant broken down by FERC account for both labor and non-labor (excludes any pro-forma adjustments). While the attached document provides details surrounding the Asbury expenses included in the test year it does not reflect the actual savings associated with the retirement as the Company is still in the process of identifying this information. Furthermore, there likely is costs which have not been included in the Company's test year which will be incurred as a result of the retirement such as decommissioning, asset retirement obligations, cost of removal, etc.

In addition, if Asbury was removed from the Company's proposed FAC factor, irrespective of consumables and fuel administration costs, it would result in a \$.024/MWh increase in the FAC base. Adjustments for the consumables and fuel administration costs related to Asbury generation would further lower the FAC base factor by \$0.15/MWh, thereby creating a FAC base increase of \$0.09/MWh due to the removal of Asbury.



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MPSC Data Request – 0226

Data Request Received: 12/16/19

Request No. 0226

Date of Response: 01/06/20

Respondent: Drew Landoll

Submitted by: Kim Bolin (kim.bolin@psc.mo.gov)

REQUEST:

Please provide a description of and the estimated amounts of any one-time costs that will be incurred due to the retirement of Asbury.

RESPONSE:

The one-time costs to be incurred due to the retirement of Asbury are not yet known. Please also see the response to MPSC Staff DR 0227 for further explanation.



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MPSC Data Request – 0227

Data Request Received: 12/16/19

Request No. 0227

Date of Response: 01/06/2020

Respondent: Drew Landoll

Submitted by: Kim Bolin (kim.bolin@psc.mo.gov)

REQUEST:

What are the types of and the estimated amounts in total of any decommissioning/removal costs that will be incurred in relation to the retirement of Asbury? Please break out separately the annual amount of such costs for each of the three years after the retirement.

RESPONSE:

Empire is currently working with Black and Veatch on a Study which will identify certain costs to decommission and dismantle the facility. That Black and Veatch study is expected to be completed in mid-2020. Separately, the Company is also analyzing costs of decommissioning which include minor utility isolations as needed, removal of some of the CCR from boiler and ductwork, universal and hazardous waste disposal, ad-hoc testing and remediation of environmentally sensitive materials, Phase 2 of the Decommissioning Study and related plant personnel support, site visits for environmental, purchase of materials and safety equipment as needed for the work, development of plans and specifications by the Engineer.



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MPSC Data Request – 0228

Data Request Received: 12/16/19

Request No. 0228

Date of Response: 01/06/20

Respondent: Tim Wilson

Submitted by: Kim Bolin (kim.bolin@psc.mo.gov)

REQUEST:

As of current, what is the best estimated date of the retirement of Asbury?

RESPONSE:

Asbury will be retired on March 1, 2020.