

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) **File 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) **File No. EO-2022-0193**
the Issuance of Securitized Utility Tariff)
Bonds for Energy Transition Costs Related)
to the Asbury Plant)

NOTICE REGARDING COMMISSION QUESTIONS AT HEARING

Issue Date: June 9, 2022

The Commission may have multiple questions for witnesses during the upcoming evidentiary hearing. The following are questions that may require additional preparation or calculations to be answered. The Commission is listing them in this notice to allow the parties an opportunity to be prepared to answer them at the hearing. The parties do not need to make any additional filings in response to these questions.

1. What are the costs or benefits of a combined bond offering?
2. What is the expected range or magnitude of savings expected from a combined bond offering? Provide estimates of initial financing costs, ongoing servicing costs, and bond price spreads.
3. Given the rising interest rate environment we are facing today and the need for relative bond pricing comparisons to similar bonds (a best practice), please provide financing scenarios that demonstrate (based on current market conditions, that the net present value of the cost to customers is less with

securitized tariff bonds versus traditional methods of financing. Within these financing scenarios and bond sizings (which would include costs of issuance to reflect an “all in interest rate”), please reflect comparisons of the interest rate spread (the difference between US Treasury rates and the interest rate on the securitized bonds for a given maturity) to similar top-rated corporate securities. Liberty should expect to provide this bond pricing and costs of interest comparison at the actual time of pricing.

4. This is a question for Staff. Staff’s statement of position indicates customary ratemaking absent securitization would use an AAO amortized over a ten-year period with carrying costs at Liberty’s short-term debt rate as reflected in Liberty’s Fuel Adjustment Clause or with carrying costs at Liberty’s long-term debt rate.
 - a. Please explain how the short-term debt rate or the long-term debt rate is reflected in the NPV calculation included in Davis’ rebuttal testimony.
 - b. If any of those conditions were not included in the NPV calculation included in Davis’s rebuttal testimony, please submit the NPV of those scenarios, and describe how it compares to the NPV of securitizing the Winter Storm Uri costs.
 - c. Given the potential differences in the short-term debt rate in Liberty’s FAC and Liberty’s long-term debt rate, what factors would drive which rate should be used in an analysis?
5. This is a question for Staff. Please provide a breakdown of how Staff calculated its net book value for Asbury.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive style with a large, prominent "M" and "W".

Morris L. Woodruff
Secretary

Dated at Jefferson City, Missouri,
on this 9th day of June, 2022.

Woodruff, Chief Regulatory Law Judge

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission,
at Jefferson City, Missouri, this 9th day of June, 2022.





Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

June 9, 2022

File/Case No. EO-2022-0040 and EO-2022-0193

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



Morris L. Woodruff
Secretary

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.