

**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 3

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and hereby files the following response to the Commission’s Order dated August 3, 2022, directing Staff to work with other parties to file scenarios calculating the numbers for the following costs using the following positions:

1. Based on the assumptions reflected in the Commission’s August 3 Order, the total amount to be securitized would be \$292,858,817. This amount reflects \$199,561,572 in Winter Storm Uri qualified extraordinary costs, \$85,397,245 in Asbury energy transition costs, and \$7.9 million in up front financing costs. If updated to reflect decision items affecting depreciation and ADIT for Asbury energy transition costs identified in the Commission’s agenda discussions, the total amount to be securitized would be \$295,966,942.

2. The total amount of Winter Storm Uri qualified extraordinary costs, assuming application of the 5% percent adjustment proposed by Staff, with no other

disallowances, and carrying costs to be calculated using a rate of 4.65% would be \$199,561,572. (See, Attachment A page 1 lines 1-3, pages 2-5).

3. The total amount of Asbury energy transition costs, assuming no prudence disallowances and reflecting the other assumptions in paragraph 3 of the Commission's order, would be \$85,397,245. (See Attachment A at page 6 line Total Asbury Costs to Securitize). Staff notes that the initial assumed ADIT value of \$22,306,688, if updated to reflect an assumed amount of \$1,643,357 for Asbury Regulatory Assets, \$2,837,588 for Asset Retirement Obligations due to Asbestos, and \$18,445,096 for Asset Retirement Obligations for Combustion Residuals Impoundment, would result in an ADIT balance of \$20,415,283. (See Attachment A page 13 line 6). Staff additionally notes that the initial assumed depreciation expense of \$24,349,929, if updated to reflect an assumed amount of \$869,640 through May 2022, would result in depreciation expense of \$23,480,289. (See Attachment A at page 9, line 14). If updated to reflect the ADIT and depreciation amounts above, the total amount of Asbury energy transition costs would be \$88,505,370.

4. The Asbury AAO regulatory liability calculated for Issue 3I, would be \$78,691,414, reflecting the assumptions in the Commission's August 3 Order, or \$77,549,553 as updated to reflect the Commission's decisions on items in its Agenda Discussions. (See, Attachment A, page 9 lines 1-21 with depreciation expense and ADIT update reflected at line 14).

5. Calculations of these amounts are reflected in Staff's Attachment A.

6. The Commission's August 3 Order directed Staff to work with the parties to develop this filing. Between August 3 and August 8, Staff worked to develop the scenarios in Attachment A as best as it could, but understands that Liberty may not agree entirely

with the calculations involved. Given the deadline to issue a financing order, Staff wished to provide its calculations to the Commission as soon as possible.

WHEREFORE, Staff respectfully requests the Commission to accept the above response and Attachment as a response to the Commission's August 3 Order.

Respectfully submitted,

/s/ Curt Stokes

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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 8th 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. EO-2022-0040
PER ORDER**

Line No.

1	Storm Uri Costs	\$	183,732,088
2	Carrying costs based on FAC rates through Feb 2022	\$	15,689,363
3	Deferred legal costs as of December 31, 2021	\$	<u>140,121</u>
4	Total Storm Recovery costs	\$	<u>199,561,572</u>

Missouri Fuel Adjustment
Calculation of Interest on Cust
PER ORDER

WACC Annual Rate
WACC Monthly Rate

Note: Interest on Storm Uri deferred costs

Accumulation Period Ending Aug 2021

Year	2021	2021	2021	2021	2022	2022
Month	9	10	11	12	1	2
	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022
Activity (1)	\$ -	-	-	(8,632,928.26)	-	-
Principal Balance	\$ 192,365,016.27	192,365,016.27	192,365,016.27	183,732,088.01	183,732,088.01	183,732,088.01
Interest Rate (2)	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%
Monthly Interest	745,414.44	745,414.44	745,414.44	711,961.84	711,961.84	711,961.84
Cumulative Carrying Costs				7,145,820.94	7,857,782.78	8,569,744.62
Cumulative Securitization Balance				191,018,029.56	191,729,991.40	192,441,953.24

Prepared by: Amanda McMellen

Missouri Fuel Adjustment
 Calculation of Interest on Customers' 95% Share of Storm Uri Deferred Costs
PER ORDER

WACC Annual Rate 4.65%
 WACC Monthly Rate 0.39%

Note: Interest on Storm Uri deferred costs started March 1, 2021.

Accumulation Period Ending Aug 2021

Year	2021	2021	2021	2021	2021	2021
Month	3	4	5	6	7	8
	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021
Activity (1)	\$ 168,720,211.25	-	-	23,644,805.02	-	-
Principal Balance	\$ 168,720,211.25	168,720,211.25	168,720,211.25	192,365,016.27	192,365,016.27	192,365,016.27
Interest Rate (2)	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%
Monthly Interest	653,790.82	653,790.82	653,790.82	745,414.44	745,414.44	745,414.44

Cumulative Carrying Costs
 Cumulative Securitization Balance

Prepared by: Amanda McMellen

Missouri Fuel Adjustment
Calculation of Interest on Cust
PER ORDER

WACC Annual Rate
WACC Monthly Rate

Note: Interest on Storm Uri deferred costs

Accumulation Period Ending Aug 2021

Year	2022	2022	2022	2022	2022	2022
Month	3	4	5	6	7	8
	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022
Activity (1)	\$ -	-	-	-	-	-
Principal Balance	\$ 183,732,088.01	183,732,088.01	183,732,088.01	183,732,088.01	183,732,088.01	183,732,088.01
Interest Rate (2)	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%
Monthly Interest	711,961.84	711,961.84	711,961.84	711,961.84	711,961.84	711,961.84
Cumulative Carrying Costs	9,281,706.46	9,993,668.30	10,705,630.14	11,417,591.98	12,129,553.82	12,841,515.66
Cumulative Securitization Balance	193,153,915.08	193,865,876.92	194,577,838.76	195,289,800.60	196,001,762.44	196,713,724.28

Prepared by: Amanda McMellen

Missouri Fuel Adjustment
 Calculation of Interest on Cust
PER ORDER

WACC Annual Rate
 WACC Monthly Rate

Note: Interest on Storm Uri deferred costs

Accumulation Period Ending Aug 2021

Year	2022	2022	2022	2022
Month	9	10	11	12
	Sep 2022	Oct 2022	Nov 2022	Dec 2022
Activity (1)	\$ -	-	-	-
Principal Balance	183,732,088.01	183,732,088.01	183,732,088.01	183,732,088.01
Interest Rate (2)	0.39%	0.39%	0.39%	0.39%
Monthly Interest	711,961.84	711,961.84	711,961.84	711,961.84
Cumulative Carrying Costs	13,553,477.50	14,265,439.34	14,977,401.18	15,689,363.02
Cumulative Securitization Balance	197,425,686.12	198,137,647.96	198,849,609.80	199,561,571.64

Prepared by: Amanda McMellen

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)		(20,415,283)
7	Additional Asbury Decommissioning Costs (Phase 2)		3,541,054		3,541,054
8	Additional Asbury Decommissioning Costs (Phase 3)		5,665,687		5,665,687
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>	\$	79,908,798	\$	82,942,063
	Carrying charges		2,512,570		2,571,204
	<u>Total Asbury Costs to Securitize:</u>	\$	82,421,368	\$	85,513,267

Prepared by: Amanda McMellen

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

Line No.	Description	Total		Missouri Jurisdictional Allocation	Total Missouri	
		Asbury (Retired Plant) Proposed ER-2022-0193			Asbury (Retired Plant) Proposed ER-2022-0193	
	(a)					
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) (1)		4,000,000	88.53%		3,541,054
8	Additional Asbury Decommissioning Costs (Phase 3) (1)		6,400,000	88.53%		5,665,687
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	Total Asbury Energy Transition Costs to Securitize: (2)	\$	83,860,444		\$	79,908,798
12						
13	Carrying costs from May 2022 Through Bond Issuance Date Estimated to occur December 2022 @ 4.65 Long-Term Debt Rate		2,512,570	100.00%	\$	2,512,570

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)		

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	(77,549,553)	100.00%	(77,549,553)
Asbury ADIT	(22,306,688)	100.00%	(22,306,688)
Additional Asbury Decommissioning Costs (Phase 2) (1)	4,000,000	88.53%	3,541,054
Additional Asbury Decommissioning Costs (Phase 3) (1)	6,400,000	88.53%	5,665,687
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: (2)	\$ 85,002,305		\$ 81,050,659
Long Term Debt Rate (3)	4.65%		
Monthly Carrying Charge:	0.39%		
	May-22		\$ 314,071
	Jun-22		314,071
	Jul-22		314,071
	Aug-22		314,071
	Sep-22		314,071
	Oct-22		314,071
	Nov-22		314,071
	Dec-22		314,071
Total Additional Carrying Charge (Stub Period 2):			\$ 2,512,570
			\$ 86,444,039
Additional Stub Period			Cumulative Carrying
	Jan-23	314,071	2,826,642
	Feb-23	314,071	3,140,713
	Mar-23	314,071	3,454,784
	Apr-23	314,071	3,768,856
	May-23	314,071	4,082,927
	Jun-23	314,071	4,396,998
	Jul-23	314,071	4,711,070
	Aug-23	314,071	5,025,141
	Aug-23	314,071	5,339,212
	Sep-23	314,071	5,653,283
	Oct-23	314,071	5,967,355
	Nov-23	314,071	6,281,426
	Dec-23	314,071	6,595,497
			Cumulative Securitization
			86,758,110
			87,072,181
			87,386,253
			87,700,324
			88,014,395
			88,328,467
			88,642,538
			88,956,609
			89,270,681
			89,584,752
			89,898,823
			90,212,894
			90,526,966

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)		(20,415,283)	100.00%		(20,415,283)
7	Additional Asbury Decommissioning Costs (Phase 2) (1)		4,000,000	88.53%		3,541,054
8	Additional Asbury Decommissioning Costs (Phase 3) (1)		6,400,000	88.53%		5,665,687
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	Total Asbury Energy Transition Costs to Securitize: (2)	\$	86,893,710		\$	82,942,064
12						
13	Carrying costs from May 2022 Through Bond Issuance Date Estimated to occur December 2022 @ 4.65 Long-Term Debt Rate		2,571,204	100.00%	\$	2,571,204

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	(20,415,283)	100.00%	(20,415,283)
Additional Asbury Decommissioning Costs (Phase 2) (1)	4,000,000	88.53%	3,541,054
Additional Asbury Decommissioning Costs (Phase 3) (1)	6,400,000	88.53%	5,665,687
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: (2)	\$ 86,893,710		\$ 82,942,064

Long Term Debt Rate (3) 4.65%
 Monthly Carrying Charge: 0.39%

May-22	\$ 321,400	
Jun-22	321,400	
Jul-22	321,400	
Aug-22	321,400	
Sep-22	321,400	
Oct-22	321,400	
Nov-22	321,400	
Dec-22	321,400	
Total Additional Carrying Charge (Stub Period 2):	\$ 2,571,204	\$ 88,394,077

Additional Stub Period		Cumulative Carrying	Cumulative Securitization
Jan-23	321,400	2,892,604	88,715,478
Feb-23	321,400	3,214,005	89,036,878
Mar-23	321,400	3,535,405	89,358,279
Apr-23	321,400	3,856,806	89,679,679
May-23	321,400	4,178,206	90,001,080
Jun-23	321,400	4,499,607	90,322,480
Jul-23	321,400	4,821,007	90,643,881
Aug-23	321,400	5,142,408	90,965,281
Aug-23	321,400	5,463,808	91,286,682
Sep-23	321,400	5,785,209	91,608,082
Oct-23	321,400	6,106,609	91,929,483
Nov-23	321,400	6,428,010	92,250,883
Dec-23	321,400	6,749,410	92,572,284

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)	6,400,000	88.53%	5,665,687	23.8401%	(1,350,705)
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>\$ 119,482,182</u>		<u>\$ 115,530,536</u>		<u>\$ (27,542,595)</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**

15 year

Projected 4/30/2022
Asbury ADIT **(27,542,595)**

Year	Estimated Total Deferred Taxes	Balance ADIT	Plant Retirement Customer Net Tax Benefit
	(27,542,595)	(27,542,595)	
1	(1,836,173.03)	(25,706,422)	(1,836,173)
2	(1,836,173.03)	(23,870,249)	(1,836,173)
3	(1,836,173.03)	(22,034,076)	(1,836,173)
4	(1,836,173.03)	(20,197,903)	(1,836,173)
5	(1,836,173.03)	(18,361,730)	(1,836,173)
6	(1,836,173.03)	(16,525,557)	(1,836,173)
7	(1,836,173.03)	(14,689,384)	(1,836,173)
8	(1,836,173.03)	(12,853,211)	(1,836,173)
9	(1,836,173.03)	(11,017,038)	(1,836,173)
10	(1,836,173.03)	(9,180,865)	(1,836,173)
11	(1,836,173.03)	(7,344,692)	(1,836,173)
12	(1,836,173.03)	(5,508,519)	(1,836,173)
13	(1,836,173.03)	(3,672,346)	(1,836,173)
14	(1,836,173.03)	(1,836,173)	(1,836,173)
15	(1,836,173.03)	(0)	(1,836,173)
	(27,542,595.41)		

Total NPV ADIT (20,415,283)

15 year

Prepared by: Kim Bolin