

Exhibit No.:
Issue(s): Rate of Return (ROR)/
Capital Structure/Affiliate Transaction
Witness/Type of Exhibit: Murray/Response to
Commission Questions
Sponsoring Party: Public Counsel
Case No.: ER-2019-0374

**TESTIMONY IN RESPONSE TO
COMMISSION QUESTIONS**

OF

DAVID MURRAY

Submitted on Behalf of the Office of the Public Counsel

EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2019-0374

May 6, 2020

**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

VERIFICATION OF DAVID MURRAY

David Murray, under penalty of perjury, states:

1. Attached hereto and made a part hereof for all purposes is my testimony in response to Commission questions in the above-captioned case.

3. My answer to each question in the attached testimony in response to Commission questions is true and correct to the best of my knowledge, information, and belief.



David Murray
Utility Regulatory Manager
Office of the Public Counsel

TESTIMONY IN RESPONSE TO COMMISSION QUESTIONS

DAVID MURRAY

THE EMPIRE DISTRICT ELECTRIC COMPANY

FILE NO. ER-2019-0374

1 Q. What is your name?

2 A. My name is David Murray; the same David Murray who pre-filed direct, rebuttal,
3 surrebuttal, and supplemental surrebuttal testimony Public Counsel offered in this case,
4 and which are marked as exhibit nos. 210C, 211C, 212C, and 213, respectively.

5 Q. On April 28, 2020, the Commission posed a series of questions to the parties. Do you
6 have information for the Commission in response to those questions?

7 A. Yes. The Commission asked a question about my testimony under issue 18. Affiliate
8 Transactions.

9 Q. For Issue 18. Affiliate Transactions the Commission asks the following question
10 directed to Public Counsel:

11 9. OPC - In David Murray's direct testimony (Page 15 Line 1) he indicated
12 Empire's embedded cost of debt at the updated period (September 30, 2019) was
13 4.98% for its long-term debt and it included the \$90 million loan from LUCo.
14 What other long-term debt was used in this calculation and at what terms?
15

16 What is Public Counsel's response?

17 A. Exhibit 54C, which Empire has mislabeled "companys response to staff dr 3004"—it is
18 actually Empire's response to Public Counsel's data request no. 3004—provides the
19 information Public Counsel used to determine The Empire District Electric Company's
20 ("Empire") *consolidated* embedded cost of long-term debt of 4.98% (attached as Schedule
21 DM-CQ-1 to this testimony). My determination of Empire's *consolidated* embedded cost
22 of 4.98% includes the Empire District Gas Company's ("Empire Gas") first mortgage bond
23 originally issued in 2006 at a coupon of 6.82%. Empire's embedded cost of long-term
24 debt without the Empire Gas first mortgage bond is 4.84% (see Schedule DM-CQ-2).

25

1 **Q. Are there any other questions the Commission asked of other parties that you may be**
2 **able to provide useful information?**

3 A. Yes. The Commission asked its Staff some questions about issue **1. Rate of Return—**
4 **Return on Equity, Capital Structure, and Cost of Debt.** My testimony already filed in
5 this case demonstrates that LUCo's off-balance-sheet debt was used for LUCo's regulated
6 utility subsidiaries. If the Staff confirms this in its answers to the Commission's question,
7 then I do not believe I will need to provide additional information. However, if not, then I
8 may sponsor responsive testimony.

9 **Q. Does this conclude your answers to the Commission's questions?**

10 A. Yes.

Case No. ER-2019-0374

Exhibit No. 299-9

Schedule DM-CQ-1

has been deemed

“Confidential”

in its entirety

Case No. ER-2019-0374

Exhibit No. 299-9

Schedule DM-CQ-2

has been deemed

“Confidential”

in its entirety