

Exhibit No.:	
Issue(s):	Depreciation and O&M Expenses
Witness/Type of Exhibit:	Robinett/Surrebuttal And True-up Direct
Sponsoring Party:	Public Counsel
Case No.:	ER-2019-0374

**SURREBUTTAL TESTIMONY
TRUE-UP DIRECT TESTIMONY**

OF

JOHN A. ROBINETT

Filed on Behalf of the Office of the Public Counsel

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2019-0374

**

**

Denotes Confidential Information that has been Redacted

March 27, 2020

PUBLIC

**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)	<u>Case No. ER-2019-0374</u>
Service Provided to Customers in its)	
Missouri Service Area)	

VERIFICATION OF JOHN A. ROBINETT

John A. Robinett, under penalty of perjury, states:

1. Attached hereto and made a part hereof for all purposes is my surrebuttal and true-up direct testimony in the above-captioned case.

3. My answer to each question in the attached surrebuttal and true-up direct testimony is true and correct to the best of my knowledge, information, and belief.



John A. Robinett
Utility Engineering Specialist
Office of the Public Counsel

**SURREBUTTAL/TRUE-UP DIRECT TESTIMONY
OF
JOHN A. ROBINETT
THE EMPIRE DISTRICT ELECTRIC COMPANY**

CASE No. ER-2019-0374

1 **Q. Are you the same John A. Robinett who filed direct and rebuttal testimony on behalf of**
2 **the Missouri Office of the Public Counsel (“OPC”) in this proceeding?**

3 A. Yes.

4 **Q. What is the purpose of your surrebuttal/true-up direct testimony?**

5 A. I discuss the Asbury facility and how the Commission should treat it in this case. I
6 additionally address the rebuttal testimony of Empire witness Mr. Aaron J. Doll.

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

8 A. As I stated in my direct and rebuttal testimony in this case, I recommend that the
9 Commission remove all expenses and revenues associated with the Asbury facility from
10 the cost of service as the unit **_____

11 _____ **

12 **Q. Has Empire retired the Asbury generation facility?**

13 A. Yes. Empire witness Mr. Aaron J. Doll testifies at page 2 line 4 of his rebuttal testimony
14 that Empire retired Asbury on March 1, 2020.

15 **Q. When did Asbury last generate power?**

16 A. Based on the monthly fuel adjustment clause reports that Empire submits in the
17 Commission’s Electronic Filing Information System (EFIS) as required by Commission
18 rule 20 CSR 4240-3.190, Asbury generated in **_____

19 _____ ** Copies of the

20 Asbury specific monthly fuel report for December 2019 and January 2020 are attached as
21 Schedule JAR-S-1C.

1 **Q. Are you aware of any other reports that state similar information?**

2 A. I am aware of the Electric Net Fuel & Purchased Power reports submitted by Empire in its
3 required monthly FAC submissions. These reports for December 2019 and January 2020
4 are attached as Schedule JAR-S-2C and provide a little more detail than the footnote from
5 the monthly fuel reports.

6 ** _____
7 _____
8 _____
9 _____
10 _____
11 _____
12 _____

13 _____
14 _____
15 _____
16 _____
17 _____ **

18 In light of these two sets of reports submitted by Empire to the Commission, I urge the
19 Commission to remove Asbury-related expenses and revenues from rates in this case.

20 ** _____

21 _____ ** In light of this the Commission should remove
22 all costs related to Asbury from this case and then set up a deferral account to track
23 retirement and possible dismantlement costs for future consideration.

24 **Q. Has Staff identified that Asbury may not have generated since December?**

25 A. Based on data requests 0333 through 0341 Staff submitted to Empire on March 16, 2020,

26 ** _____
27 _____
28 _____

1 _____** These data request
2 responses are not due until March 31, 2020 after the filing of the final round of testimony.

3 **Q. Why do you think Staff is asking those types of questions?**

4 A. On page 106 of the Staff's Cost of Service Report, Staff indicates a willingness to make
5 adjustments related to Asbury, and its questions to Empire **_____

6 _____
7 _____
8 _____
9 _____

10 _____ **

11 **Q. Do you anticipate Staff making adjustments related to Asbury in this case?**

12 A. No. I say so because of the Commission's ORDER DENYING MOTION FOR
13 RECONSIDERATION issued February 19, 2020, in which the Commission states:

14 The Commission will not modify the test year, nor allow isolated adjustments for
15 Asbury's retirement to be addressed in this general rate proceeding. The
16 Commission will address the impacts of Asbury's retirement in Empire's next rate
17 proceeding, which Empire states it will file upon the conclusion of this proceeding.
18 Staff's recent data requests to Empire related to Asbury suggests the Staff shares many of
19 the same concerns as I do regarding the reasonableness of charging customers for Asbury
20 costs that Empire will clearly not incur and for plant that will never again be used to provide
21 service, but I do not know Staff's willingness to push the issue considering the
22 Commission's order.

1 **Q. Have you calculated an updated estimate of the reserve shortfalls for Asbury?**

2 A. Yes. I included it as part of my rebuttal testimony. I estimate a reserve shortfall for Asbury
3 based on the supplemental response of Empire to OPC data request numbers 8501 and
4 8500. The total reserve shortfall projection is \$198,258,730 at February 29, 2020.
5 However, this value does not contain any amounts related to the dismantlement costs of
6 the facility. Non-Air Quality Control Systems (AQCS) under-recovered plant is
7 approximately \$100,208,221 and under-recovered plant for AQCS equipment is
8 approximately \$97,807,254.

9 **Q. Do you have an updated estimate for how much depreciation expense should be**
10 **removed from this case related to Asbury?**

11 A. No. In my direct testimony I recommended a decrease in depreciation expense for Asbury
12 to reflect the retirement of the unit in rates going forward. That estimate was a decrease of
13 \$13,711,614 based on Empire's response to Staff data request number 0222 and utilization
14 of Commission-ordered depreciation rates for Empire from Case No. ER-2016-0023.

15 **Q. Will Staff's True-Up accounting schedules change this valuation?**

16 A. This estimate may change slightly, but since Asbury was set to retire, large plant additions
17 needed to keep Asbury operational should not be present in the true-up period, as it would
18 have been uneconomical to make that investment given the remaining life of that unit.

19 **Q. Do you have an update on the operations and maintenance costs at Asbury that you**
20 **recommended in your direct testimony?**

21 A. No. In my direct testimony I stated the following:

22 Based on the responses provided by Empire in response to my OPC data request
23 numbers 2037 and 8036, the total operations and maintenance ("O&M") expense
24 is between ** _____ **.

1 However, these numbers were estimates, and Staff will hopefully provide a separate value
2 for operations and maintenance that Staff allowed for Asbury, and how to distinguish it
3 between the retired coal unit and Empire’s future wind projects.

4 **Q. What do you mean by separate value for operations and maintenance expense at**
5 **Asbury between the coal unit and future wind farms?**

6 A. Empire’s confidential response to OPC data request number 8517 attached as Schedule
7 JAR-S-3C **_____

8 _____

9 _____

10 _____

11 _____ **

12 **Q. Did you attempt to provide a more accurate value for the Commission?**

13 A. Yes. I sent additional data requests to Empire to get a better value based on what was on
14 the Company’s books the day before, the day of, and day after the Asbury facility was
15 retired.

16 **Q. How did Empire respond?**

17 A. Empire’s Counsel sent an objection letter stating that the requests were unduly broad,
18 burdensome, and not relevant. The following is one of the data requests I submitted to
19 Empire, followed by its objection. Attached as schedule JAR-S-4 is the entire objection
20 letter related to my data requests for information the day before Asbury was retired, the
21 day of retirement, and the day after retirement.

22 8512. Please provide Empire’s unrecovered net plant investment balance
23 for the Asbury plant by account as of February 29, 2020, March 1, 2020, and March
24 2, 2020.

1
2 OBJECTION: Liberty-Empire objects to this DR on the bases that it is
3 overly broad and unduly burdensome and seeks information that is not relevant or
4 reasonably calculated to lead to the discovery of admissible evidence in this
5 proceeding. The Commission held it “will not modify the test year, nor allow
6 isolated adjustments for Asbury’s retirement to be addressed in this general rate
7 proceeding.” The Commission further directed the parties to “file a list of suggested
8 items or categories to address impacts resulting from Asbury’s retirement for
9 inclusion in an Accounting Authority Order, no later than April 3, 2020.” The
10 requested information is not relevant to the test year as updated and trued up nor to
11 the provision of suggested items or categories for an AAO.

12 **Q. Why are you making the Commission aware of this objection now?**

13 A. I want to bring this objection to the Commissions attention because the list of items for an
14 accounting authority order are to be filed by April 3, 2020. The Commission should know
15 that Empire in its objection states that the unrecovered original cost of Asbury is not
16 relevant to the provision of suggested items or categories for an AAO.

17 **Q. Do you have any items you believe should be excluded from an AAO for Asbury?**

18 A. Yes. The Company controls all of the information related to the retirement of the Asbury
19 unit, and yet Empire has not produced the information necessary to provide an estimate of
20 the value of the AAO. In light of this, I recommend that the Commission not allow the
21 unrecovered capital investment in the Asbury facility as a tracking item in the AAO, as
22 Empire’s counsel has said in her objection letter that Empire does not believe it is relevant
23 to the AAO.

24 **Q. Do you have concerns with Empire’s handling of the retirement of Asbury?**

25 A. Yes. While I appreciate Empire notifying parties during this case that the Asbury would be
26 retired earlier than the previously disclosed June date, it is unfortunate that Empire is not
27 taking the ratemaking position that Asbury should not be included in rates. Mr. Doll claims
28 on page two of his rebuttal testimony that, “The impact of Asbury’s retirement on the

1 Company's revenue requirement is not yet ripe for a ratemaking determination, because all
2 of the facts surrounding Asbury's retirement are not yet known and are very much under
3 development at this time. Although Asbury was formally retired on March 1, 2020, the cost
4 and expense impacts of the retirement of Asbury will not be known and measurable in time
5 to be adequately addressed in this case." Consider that within the last two years Empire
6 came to the Commission with the "Customers Saving Plan" that recommended projected
7 savings over 30 years for its customers. There is no reason to delay addressing Asbury now
8 in the current rate case, and there is no reason to repeat what happened with Evergy
9 Missouri West, where a known retirement was put off for consideration.

10 **Q. Do you think Empire's retirement study for Asbury should have been completed**
11 **prior to Empire ceasing to operate Asbury?**

12 A. Yes. Empire's retirement study is still not finished, and yet it retired Asbury. This is the
13 type of study that is typically done prior to closing a major generating resource such as
14 Asbury, as it produces important estimates like dismantlement costs, salvage estimates of
15 scrap metal, reclamation costs and remediation costs for the facility location. Because the
16 study is not complete, all parties and the Commission are left with a multitude of
17 unanswered questions about future plans for the site, dismantlement estimates, asbestos
18 abatement issues, environmental remediation, and estimated reclamation of soil costs for
19 Asbury's coal pile. However, as Empire witness Doll discusses at pages 6 and 7 of his
20 rebuttal testimony, the study will not be completed before mid-2020, leaving many
21 questions and valuations unanswered:

22 The operations and maintenance for the future wind farms will be based at
23 the Asbury facility, but the final plan for the Asbury facility and other
24 structures on the property is not known at this time. The Company is

1 actively exploring multiple opportunities to reuse the existing facility to
2 support ongoing customer and Company needs. For example, some large
3 pieces of equipment may be sold, rather than scrapped for salvage, there has
4 been interest expressed in repurposing the turbine deck and structure for the
5 placement of flow batteries, and the cooling tower and some associated
6 pumps may also be reused. The Company has been exploring all
7 opportunities related to the closure of the Asbury plant, including the sale
8 of the plant. However, the estimate on the financial worth of Asbury is still
9 being calculated by Black and Veatch as a part of the decommissioning
10 study. The study is expected to be complete by mid-2020.

11 **Q. Do you have any recommendations?**

12 A. I recommend the Commission treat Asbury as retired in this case. Including it as operating
13 for purposes of setting Empire's rates going forward will result in unjust and unreasonable
14 rates, regardless of timeframe they will be in effect because those rates will be based on
15 the existence of known and measurable expenses and revenues that it is known that Empire
16 ceased incurring **_____** Additionally, I recommend that the
17 Commission not allow for the unrecovered original cost of the Asbury facility be included
18 as an item in any Asbury AAO, as Empire stated in its objection to OPC data requests
19 seeking to quantify items for that AAO—Empire states unrecovered original cost or net
20 book value of Asbury is not relevant to the AAO.

21 **Q. Does this conclude your surrebuttal/true-up direct testimony?**

22 A. Yes, it does.

Case No. ER-2019-0374

Schedule JAR-S-1 to
John A. Robinett's
Surrebuttal Testimony
True-Up Direct Testimony
has been deemed
“Confidential”
in its entirety

Case No. ER-2019-0374

Schedule JAR-S-2 to
John A. Robinett's
Surrebuttal Testimony
True-Up Direct Testimony
has been deemed
“Confidential”
in its entirety

Case No. ER-2019-0374

Schedule JAR-S-3 to
John A. Robinett's
Surrebuttal Testimony
True-Up Direct Testimony
has been deemed
“Confidential”
in its entirety

**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) Case No. ER-2019-0374
Service Provided to Customers in its Missouri Service Area)

OBJECTIONS TO OPC DATA REQUESTS (8509-8521)

8509. Please provide Empire's Plant-in-Service and accumulated depreciation reserves for Empire's Asbury Facility as of February 29, 2020, March 1, 2020, and as of March 2, 2020.

OBJECTION: The Empire District Electric Company ("Liberty-Empire") objects to this data request ("DR") on the bases that it is overly broad and unduly burdensome and seeks information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence in this proceeding. These amounts have been provided as of the end of the true-up period, and the Commission held it "will not modify the test year, nor allow isolated adjustments for Asbury's retirement to be addressed in this general rate proceeding." The Commission further directed the parties to "file a list of suggested items or categories to address impacts resulting from Asbury's retirement for inclusion in an Accounting Authority Order, no later than April 3, 2020." The requested information is not relevant to the test year as updated and trued up nor to the provision of suggested items or categories for an AAO. Liberty-Empire further notes that the entries have not been made for March.

8510. Please provide a separate breakdown of Asbury for plant-in-service and accumulated depreciation reserves for "PRE-Air Quality Control System" investment and the Air Quality Control System investment by FERC USoA account or sub-account as of February 29, 2020, March 1, 2020, and as of March 2, 2020.

OBJECTION: Liberty-Empire objects to this DR on the bases that it is overly broad and unduly burdensome and seeks information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence in this proceeding. A DR was answered on this topic as of the end of the true-up period, and the Commission held it "will not modify the test year, nor allow isolated adjustments for Asbury's retirement to be addressed in this general rate proceeding." The Commission further directed the parties to "file a list of suggested items or categories to address impacts resulting from Asbury's retirement for inclusion in an Accounting Authority Order, no later than April 3, 2020." The requested information is not relevant to the test year as updated and trued up nor to the provision of suggested items or categories for an AAO.

8511. Please provide Empire's plant-in-service and accumulated depreciation reserve balances at February 29, 2020, March 1, 2020, and March 2, 2020, in a consistent format and form as your reply to OPC data request number 8509.

OBJECTION: Liberty-Empire objects to this DR on the bases that it is overly broad and unduly burdensome and seeks information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence in this proceeding. These amounts have been provided as of the end of the true-up period, and the Commission held it "will not modify the test year, nor allow isolated adjustments for Asbury's retirement to be addressed in this general rate proceeding."

The Commission further directed the parties to “file a list of suggested items or categories to address impacts resulting from Asbury’s retirement for inclusion in an Accounting Authority Order, no later than April 3, 2020.” The requested information is not relevant to the test year as updated and trued up nor to the provision of suggested items or categories for an AAO. Liberty-Empire further notes that entries have not been made for March.

8512. Please provide Empire’s unrecovered net plant investment balance for the Asbury plant by account as of February 29, 2020, March 1, 2020, and March 2, 2020.

OBJECTION: Liberty-Empire objects to this DR on the bases that it is overly broad and unduly burdensome and seeks information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence in this proceeding. The Commission held it “will not modify the test year, nor allow isolated adjustments for Asbury’s retirement to be addressed in this general rate proceeding.” The Commission further directed the parties to “file a list of suggested items or categories to address impacts resulting from Asbury’s retirement for inclusion in an Accounting Authority Order, no later than April 3, 2020.” The requested information is not relevant to the test year as updated and trued up nor to the provision of suggested items or categories for an AAO.

8513. Please provide all invoices for January and February of 2020 for fuel handling services at Asbury from Savage Services as identified in Empire’s response to OPC data request Number 8050.

OBJECTION: Liberty-Empire objects to the portion of this DR regarding invoices beyond the test year on the bases that it is overly broad and unduly burdensome and seeks information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence in this proceeding. The Commission held it “will not modify the test year, nor allow isolated adjustments for Asbury’s retirement to be addressed in this general rate proceeding.” The Commission further directed the parties to “file a list of suggested items or categories to address impacts resulting from Asbury’s retirement for inclusion in an Accounting Authority Order, no later than April 3, 2020.” The requested information is not relevant to the test year as updated and trued up nor to the provision of suggested items or categories for an AAO.

Subject to this objection and without waiving the same, the requested invoices will be provided for the test year.

8514. Please provide non-fuel operations and maintenance expenses for Asbury for January and February of 2020.

OBJECTION: Liberty-Empire objects to the portion of this DR regarding invoices beyond the test year on the bases that it is overly broad and unduly burdensome and seeks information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence in this proceeding. The Commission held it “will not modify the test year, nor allow isolated adjustments for Asbury’s retirement to be addressed in this general rate proceeding.” The Commission further directed the parties to “file a list of suggested items or categories to address impacts resulting from Asbury’s retirement for inclusion in an Accounting Authority Order, no later than April 3, 2020.” The requested information is not relevant to the test year as updated and trued up nor to the provision of suggested items or categories for an AAO.

Subject to this objection and without waiving the same, the requested information will be provided for the test year.

8515. Identify each and every component of Empire's existing assets at Empire's Asbury generating station that is in-service after March 1, 2020, and identify the account where that component is recorded and the amount for that component in that account.

OBJECTION: Liberty-Empire objects to this DR on the bases that it is overly broad and unduly burdensome and seeks information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence in this proceeding. The Commission held it "will not modify the test year, nor allow isolated adjustments for Asbury's retirement to be addressed in this general rate proceeding." The Commission further directed the parties to "file a list of suggested items or categories to address impacts resulting from Asbury's retirement for inclusion in an Accounting Authority Order, no later than April 3, 2020." The requested information is not relevant to the test year as updated and tried up nor to the provision of suggested items or categories for an AAO. Liberty-Empire further notes that entries have not been made for March and again notes that final decisions have not yet been made in this regard.

8516. Identify each and every component of Empire's existing assets at Empire's Asbury generating station that is not in-service after March 1, 2020, and identify the account where that component was/is recorded and the amount for that component in that account.

OBJECTION: Liberty-Empire objects to this DR on the bases that it is overly broad and unduly burdensome and seeks information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence in this proceeding. The Commission held it "will not modify the test year, nor allow isolated adjustments for Asbury's retirement to be addressed in this general rate proceeding." The Commission further directed the parties to "file a list of suggested items or categories to address impacts resulting from Asbury's retirement for inclusion in an Accounting Authority Order, no later than April 3, 2020." The requested information is not relevant to the test year as updated and tried up nor to the suggested items or categories for an AAO. Liberty-Empire further notes that entries have not been made for March and again notes that final decisions have not yet been made in this regard.

8517. In response to Commission Staff data request no. 0224, subpart 3, Empire stated "Dependent on timing of transfers to other positions, up to 31 employees will be stationed at Asbury temporarily post retirement." How many employees are stationed at Asbury now? For each, provide the name, title, job duties, salary, overhead, and employer of the employee.

OBJECTION: Liberty-Empire objects to this DR on the bases that it is overly broad and unduly burdensome and seeks information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence in this proceeding. The Commission held it "will not modify the test year, nor allow isolated adjustments for Asbury's retirement to be addressed in this general rate proceeding." The Commission further directed the parties to "file a list of suggested items or categories to address impacts resulting from Asbury's retirement for inclusion in an Accounting Authority Order, no later than April 3, 2020." The requested information is not relevant to the test year as updated and tried up nor to the suggested items or categories for an AAO.

Subject to this objection and without waiving the same, Liberty-Empire will provide information regarding the employees currently stationed at Asbury.

8518. Provide the impact on each of the following due to Empire's retirement of Asbury on March 1, 2020:

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

OBJECTION: Liberty-Empire objects to this DR on the bases that it is overly broad and unduly burdensome and seeks information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence in this proceeding. The Commission held it "will not modify the test year, nor allow isolated adjustments for Asbury's retirement to be addressed in this general rate proceeding." The Commission further directed the parties to "file a list of suggested items or categories to address impacts resulting from Asbury's retirement for inclusion in an Accounting Authority Order, no later than April 3, 2020." The requested information is not relevant to the test year as updated and tried up nor to the provision of suggested items or categories for an AAO.

8519. Please describe and quantify each and every one-time cost that Empire incurred due to Empire retiring Asbury on March 1, 2020.

OBJECTION: Liberty-Empire objects to this DR on the bases that it is overly broad and unduly burdensome and seeks information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence in this proceeding. The Commission held it "will not modify the test year, nor allow isolated adjustments for Asbury's retirement to be addressed in this general rate proceeding." The Commission further directed the parties to "file a list of suggested items or categories to address impacts resulting from Asbury's retirement for inclusion in an Accounting Authority Order, no later than April 3, 2020." The requested information is not relevant to the test year as updated and tried up nor to the provision of suggested items or categories for an AAO.

8520. What are Empire’s off-system sales revenues, and net off-system sales revenues, attributable to Asbury from the test year as updated through September 30, 2019, and trued-up through January 31, 2020, as included in Empire’s cost of service for the test year, for the test year as updated and for the test year as trued-up.

(no objection)

8521. Please provide journal entries for the retirement of the Asbury facilities.

OBJECTION: Liberty-Empire objects to this DR on the bases that it is overly broad and unduly burdensome and seeks information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence in this proceeding. The Commission held it “will not modify the test year, nor allow isolated adjustments for Asbury’s retirement to be addressed in this general rate proceeding.” The Commission further directed the parties to “file a list of suggested items or categories to address impacts resulting from Asbury’s retirement for inclusion in an Accounting Authority Order, no later than April 3, 2020.” The requested information is not relevant to the test year as updated and trued up nor to the provision of suggested items or categories for an AAO. Liberty-Empire further notes that all entries have not yet been made.

/s/ Diana C. Carter

Diana C. Carter MBE #50527

THE EMPIRE DISTRICT ELECTRIC COMPANY

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