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Exhibit No. 110
Issues: Revisions to Rate Base, Revenue, and
Expense Items
Witness: Joan E. Land
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Empire District Electric
Case No. ER-2014-0351
Date Testimony Prepared: March 2015

**Before the Public Service Commission
of the State of Missouri**

Rebuttal Testimony

of

Joan E. Land

March 2015



Empire Exhibit No. 110
Date 4-14-15 Reporter KF
File No. ER-2014-0351

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JOAN E. LAND
ON BEHALF OF
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
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REBUTTAL TESTIMONY
OF
JOAN E. LAND
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2014-0351

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. Joan E. Land. My business address is 602 S. Joplin Avenue, Joplin, Missouri.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by The Empire District Electric Company (“Empire” or “Company”) as a
6 Regulatory Analyst.

7 **Q. ARE YOU THE SAME JOAN E. LAND THAT PREPARED AND FILED DIRECT**
8 **TESTIMONY IN THIS RATE CASE BEFORE THE MISSOURI PUBLIC**
9 **SERVICE COMMISSION (“COMMISSION”) ON BEHALF OF EMPIRE?**

10 A. Yes.

11 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

12 A. My rebuttal testimony addresses revisions made by the Staff of the Commission (“Staff”)
13 after its direct testimony was filed. These changes have been discussed with Staff and
14 were incorporated in a revised Staff EMS run (Accounting Schedules) dated February 26,
15 2015. I will also respond to the direct testimony of Office of the Public Counsel (“OPC”)
16 witness Keri Roth on the issue of the vegetation management tracker balance.
17 Specifically, the following items will be addressed:

- 18 • Regulatory plan accumulated depreciation balance,

- 1 • Operations & Maintenance (“O&M”) tracker base and amortization,
- 2 • Vegetation management tracker balance and amortization,
- 3 • Other revenues, Large Power and Special Lighting retail revenue, and
- 4 • Maintenance expense.

5 **II. REGULATORY PLAN ACCUMULATED DEPRECIATION**

6 **Q. PLEASE DISCUSS THE CORRECTION TO REGULATORY PLAN**
7 **ACCUMULATED DEPRECIATION.**

8 A. The Accounting Schedules filed by Staff omit the regulatory plan accumulated
9 depreciation balance resulting from Empire’s Regulatory Plan and the construction of
10 Iatan 2. Staff has corrected the omission in revised Accounting Schedules that have been
11 provided to the parties, which results in a reduction to rate base of \$37,312,953.

12 **III. O&M TRACKER**

13 **Q. WHAT ARE THE CORRECTIONS RELATED TO THE O&M TRACKERS?**

14 A. Staff’s original supporting workpapers provided in this case on the current level of
15 amortization cost in rates were not consistent with the O&M tracker balances establish in
16 the Nonunanimous Stipulation and Agreement in Case No. ER-2012-0345. In addition,
17 Staff’s calculation for the current level of amortization did not correctly account for the
18 amortization costs already included in the test year.

19 **Q. IS THERE ANOTHER CORRECTION TO O&M TRACKERS?**

20 A. Yes. Staff did not correctly use the tracker base established from the Global Agreement
21 in Case No. ER-2011-0004, for the periods July 2012 through March 2013, for Iatan
22 Common. These O&M tracker corrections are reflected in Staff’s revised Accounting
23 Schedules which result in an increase to rate base by \$2,249,878 and a decrease to

1 amortization expense by \$100,495.

2 **IV. VEGETATION MANAGEMENT TRACKER**

3 **Q. PLEASE DISCUSS THE CORRECTION REGARDING THE VEGETATION**
4 **MANAGEMENT TRACKER.**

5 A. Staff's calculation for the current level of amortization related to the vegetation
6 management tracker did not account for the amortization costs already recorded during
7 the test year. This correction is reflected in Staff's revised Accounting Schedules for a
8 decrease in vegetation management tracker amortization expense by \$1,503,719.

9 **Q. IS THERE A DIFFERENCE IN THE VEGETATION TRACKER BALANCE**
10 **BETWEEN OPC AND THE COMPANY?**

11 A. Yes. OPC witness Keri Roth stated in her direct testimony, "the accrual beginning date
12 for the tracker, as authorized in Case No. ER-2012-0345, was April 1, 2013". The
13 correct beginning date is July 2012, not April 1, 2013¹. The tracker base and
14 amortization cost in rates authorized in Case No. ER-2012-0345 are based on the
15 accumulation periods of April 2011 through June 2012. Empire's Vegetation Tracker
16 Balance is consistent with Case No. ER-2012-0345.

17 **V. REVENUES**

18 **Q. PLEASE EXPLAIN THE CORRECTIONS RELATED TO REVENUE IN THE**
19 **STAFF'S ACCOUNTING SCHEDULES.**

20 A. For its recommended revenue requirement, Staff inappropriately included non-
21 jurisdictional revenues relating to return check charges in other states as well as non-
22 jurisdictional, Federal Energy Regulatory Commission ("FERC") transmission revenues.

¹ See Order Approving Stipulation and Agreement in File No. ER-2012-0345, Appendix B.

1 These non-jurisdictional revenues have been eliminated in Staff's revised Accounting
2 Schedules for a decrease in net revenue of \$1,501,710.

3 **Q. WHAT CORRECTION IS NEEDED TO LARGE POWER ("LP") RETAIL**
4 **REVENUE IN THE STAFF'S ORIGINAL ACCOUNTING SCHEDULES?**

5 A. Within the Large Power class, the Staff's annualized usage and revenues related to
6 customer expansions included the duplication of sales and revenue for one customer.
7 Staff acknowledged that this duplication was made in error. This duplication has been
8 corrected in Staff's revised Accounting Schedules for decrease in revenues by
9 \$1,658,392.

10 **Q. WHAT CORRECTION IS NEEDED TO SPECIAL LIGHTING ("LS") RETAIL**
11 **REVENUE?**

12 A. Staff's adjustment to current LS revenue doubled the minimum charge for energy,
13 overstating the revenue for this class in Staff's original Accounting Schedules. The
14 correction is reflected in Staff's revised Accounting Schedules which reduced revenues
15 by \$14,810.

16 **VI. MAINTENANCE EXPENSE**

17 **Q. PLEASE EXPLAIN THE CORRECTIONS TO MAINTENANCE EXPENSE.**

18 A. Staff's adjustment to normalize maintenance for Stateline Combined Cycle ("SLCC")
19 and Stateline Common ("SL") did not properly account for Empire's percent of
20 ownership in the unit. The Company's joint ownership percentage is 60 percent for SLCC
21 and 66.7 percent for SL Common. Therefore, Staff's normalization should not be
22 calculated at 100 percent. In addition, Staff used an incorrect test year amount for its
23 normalized maintenance adjustment at Empire's Ozark Beach unit. Overall, the revised

JOAN E. LAND
REBUTTAL TESTIMONY

1 adjustments increased annualized maintenance expense by \$184,560 on a total company
2 basis. Staff's corrections are reflected in the revised Accounting Schedules.

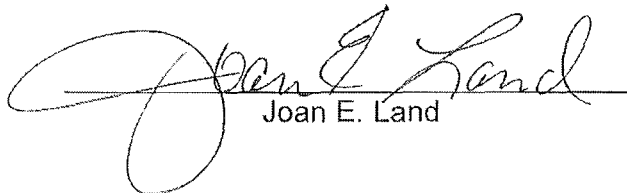
3 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

4 **A.** Yes, at this time.

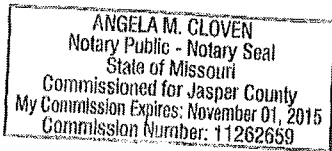
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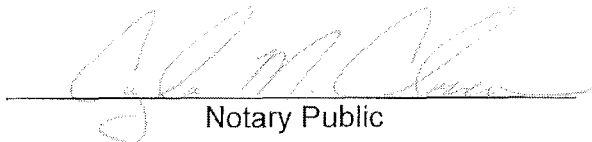
STATE OF MISSOURI)
) ss
COUNTY OF JASPER)

On the 6th day of March, 2015, before me appeared Joan E. Land, to me personally known, who, being by me first duly sworn, states that she is a Regulatory Analyst of The Empire District Electric Company and acknowledges that she has read the above and foregoing document and believes that the statements therein are true and correct to the best of her information, knowledge and belief.


Joan E. Land

Subscribed and sworn to before me this 6th day of March, 2015.




Notary Public

My commission expires: 11/01/2015