

Exhibit No. 213P

Exhibit No.:
Issue(s):
Witness/Type of Exhibit:
Sponsoring Party:
Case No.:

Asbury
Robinett/Direct
Public Counsel
ER-2021-0312

DIRECT TESTIMONY

OF

JOHN A. ROBINETT

Submitted on Behalf of the Office of the Public Counsel

THE EMPIRE DISTRICT ELECTRIC COMPANY
D/B/A LIBERTY

FILE NO. ER-2021-0312

**

**

**Denotes Confidential Information
that has been Redacted**

October 29, 2021

PUBLIC

TABLE OF CONTENTS

Testimony	Page
History of Significant Investments at Asbury	2
Case No. ER-2019-0374 Timeline	5
Recovery Options	7

**DIRECT TESTIMONY
OF
JOHN A. ROBINETT
LIBERTY UTILITIES EMPIRE DISTRICT ELECTRIC COMPANY**

CASE No. ER-2021-0312

1 **Q. What is your name and what is your business address?**

2 A. John A. Robinett, PO Box 2230, Jefferson City, Missouri 65102.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Utility Engineering
5 Specialist.

6 **Q. Have you previously provided testimony before the Missouri Public Service
7 Commission?**

8 A. Yes. Both as a former member of Commission Staff and on behalf of the OPC.

9 **Q. What is your work and educational background?**

10 A. A copy of my work and educational experience is attached to this testimony as Schedule
11 JAR-D-1.

12 **Q. What is the purpose of your direct testimony?**

13 A. I address the history of the significant investments at the Asbury facility and its timeline
14 surrounding the last rate proceeding, ER-2019-0374 in support of OPC witness Dr. Geoff
15 Marke’s recommended treatment of Empire’s investment in Asbury for purposes of
16 Empire’s cost-of-service. OPC witness Mr. John S. Riley recommends what the
17 Commission should do with the Asbury AAO. Additionally, I provide the extremes in
18 recovery options for the undepreciated balance of Asbury the Commission may use. While
19 I support the recommendations of other OPC witnesses, I do not make any
20 recommendations.

1 **History of Significant Investments at Asbury**

2 **Q. Why is the history of Empire’s investments in Asbury important?**

3 A. The history shows the major investments that extended the useful life of the investments.
4 Simply put, ratepayers did not receive the full value of the assets they were promised and
5 expected.¹ This fact supports OPC witness Dr. Marke’s recommendation regarding
6 recovery of Asbury costs.

7 **Q. What is your understanding of the significant investments Empire made at its Asbury
8 generating facility prior to the year 2000?**

9 A. In 1966, Empire spent nearly \$70,000 to acquire the 20 acre building site for its new Asbury
10 plant.² That plant went on line on June 1, 1970.³ On June 1, 1973, Empire filed its first rate
11 case after placing Asbury in service, Case No. 17816. Both Staff and Empire utilized the
12 same original cost value of Asbury—\$25,907,435—to perform their trended original cost
13 less depreciation studies.⁴ Initially Empire fueled Asbury with coal mined nearby. Later
14 Empire switched to less corrosive western coal when it was more economical for Empire
15 to purchase and transport western coal than to continue to use local coal. To do that, in
16 1989, Empire secured coal purchase and rail contracts for supplying coal to Asbury and
17 the Riverton power plant; the coal contract provided for coal through 2004. Empire also
18 spent approximately \$13 million dollars for new rail facilities, burner modifications and

¹ OPC witness Lena Mantle describes these unrealized benefits within the context of resource adequacy.

² Belk, Brad: *Celebrating a Century of Service*; Pediment Publishing 2009 pg 106

³ Id. Pg. 112

⁴ Case No. 17816, Staff Schedule 1, and Empire exhibit 22 and 23

1 coal handling equipment as well as 125 rail cars to transport coal from Wyoming and to
2 prepare Asbury and Riverton for the conversion to Western coal.⁵

3 **Q. What large investments has Empire made at Asbury after 2000?**

4 A. Asbury has had three major investments since 2000. The first occurred in 2008 with the
5 addition of selective catalytic reduction (“SCR”). This project was also contemplated as
6 part of the Experimental Regulatory Plan approved by the Commission in Case No. EO-
7 2005-0263. The SCR project was completed to meet Empire’s requirements on NOx and
8 SO₂ emissions from the Clean Air Interstate Rule (“CAIR”) issued by the Environmental
9 Protection Agency on March 10, 2005. Empire’s investment in the SCR at Asbury is about
10 \$31 million (excluding AFUDC).⁶

11 **Q. Did the expected retirement date of the Asbury facility change after Empire installed
12 the SCR in 2008?**

13 A. The expected retirement date was extended from 2014 prior to SCR addition to 2030, a life
14 of 60 years as can be found in the depreciation study performed by Empire consultant Mr.
15 Thomas J. Sullivan in Case No. ER-2011-0004.

16 **Q. What was Empire’s second major investment in Asbury after 2000?**

17 A. Empire constructed a new office and maintenance facility in 2012. This construction
18 replaced the original office and maintenance facility that were approximately 40 years old.

19 **Q. Did the expected retirement date of the Asbury facility change after Empire
20 constructed a new office and maintenance facility in 2012?**

21 A. No.

⁵ Belk, Brad: *Celebrating a Century of Service*; Pediment Publishing 2009 Pg. 130-131

⁶ ER-2008-0093, Mertens Direct, Page 6.

1 **Q. What was Empire’s third major investment in Asbury after 2000?**

2 A. Empire installed an Air Quality Control System (“AQCS”) in 2014 to meet the
3 requirements of the Mercury Air Toxic Standards (“MATS”) and the Clean Air Interstate
4 Rule (“CAIR”). The AQCS project involved installing a scrubber, fabric filter, and a
5 powder activated carbon injection system at Asbury

6 **Q. How much did Empire invest in the AQCS project?**

7 A. Empire’s total estimated cost of this project is \$122,412,831, which includes \$92,540,436,
8 expended through the end of April 2014, excluding AFUDC.⁷

9 **Q. Did the expected retirement date of the Asbury facility change after Empire added
10 the AQCS in 2014-2015?**

11 A. Yes, from 2030 to 2035. Empire’s outside depreciation consultant Mr. Sullivan testified
12 on direct in Case No. ER-2016-0023 as follows:

13 The retirement dates and resulting lifespan for Asbury 1 has been increase by 5
14 years, from a 60 year lifespan (in the 2010 Depreciation Study) to a 65 year lifespan.
15 The proposed change to the lifespan for Asbury 1 was recommended in my
16 testimony in Case No. ER-2012-0345; however, the lifespan underlying the current
17 depreciation rates for Asbury is 60 years.⁸

18 Schedule TJS-2, the depreciation study filed in Case No. ER-2016-0023 describes
19 the emission control additions and the need for future additions to reach 2035
20 retirement date.

⁷ ER-2014-0351, Mertens Direct, Pages 8-9, Schedule BAM-2.

⁸ ER-2016-0023, Sullivan Direct, Page 11.

1 **Case No. ER-2019-0374 Timeline**

2 **Q. What is the timeline of events regarding Empire’s retirement of Asbury from Empire’s**
3 **last general rate case?**

4 **A.** Following is a timeline of events:

- 5 • May 29, 2019 Empire filed its notice of intended case filing;
- 6 • August 9, 2019 Empire filed a notice that it planned to retire Asbury “no later than
7 June 2020.”
- 8 • August 14, 2019 Empire filed its rate case that included testimony of Mr. Timothy
9 N. Wilson who testified that Empire planned to retire Asbury “no later than June
10 2020,” and that Empire intended to notify the Southwest Power Pool of its Asbury
11 retirement date the week of August 12, 2019;^{9 **}
- 12 • _____
13 _____ 10
- 14 • _____ 11
- 15 • _____
16 _____
- 17 12 **
- 18 • November 13, 2019 Empire filed a notice that it anticipated it would retire Asbury
19 no later than March of 2020; **

⁹ Case No. ER-2019-0374 Empire/Liberty Direct Testimony of Timothy N. Wilson page 7

¹⁰ Case No ER-2019-0374 Supplemental Testimony of Charles T. Poston, PE Schedule CTPsup-1 page 2 of 5
Case No. ER-2019-0374 Supplemental Testimony of Aaron J Doll page 5

¹¹ Case No ER-2019-0374 Supplemental Testimony of Charles T. Poston, PE Schedule CTPsup-2 page 1 of 3

¹² Case No ER-2019-0374 Supplemental Testimony of Charles T. Poston, PE Schedule CTPsup-1 page 2 of 5

- 1 • _____ 13**
- 2 • December 9, 2019 OPC filed a motion to include isolated adjustments for the
- 3 retirement of Asbury; **
- 4 • _____ 14
- 5 • _____
- 6 _____ 15
- 7 • _____
- 8 _____ 16 **
- 9 • January 15, 2020 All non-utility parties filed direct testimony for revenue
- 10 requirement
- 11 • March 1, 2020 Empire's date for retiring Asbury assets for accounting purposes;
- 12 • March 3 2020 All parties filed rebuttal testimony;
- 13 • March 27, 2020 All parties filed surrebuttal and true-up direct testimonies.

¹³ Case No. ER-2019-0374 Staff Data Request number 0337

Case No ER-2019-0374 Supplemental Testimony of Charles T. Poston, PE Schedule CTPsup-1 page 4 of 5

¹⁴ Case No. ER-2019-0374 Staff Data Request number 0333 and Empire's Response

Case No. ER-2019-0374 Staff Data Request number 0338 and Empire's Response

Case No. ER-2019-0374 Staff Supplemental Testimony of Charles T. Poston, PE pages 5-6

Case No. ER-2019-0374 Reply to Testimony Responding to Commission Questions of OPC Witness Lena M Mantle page 2

Case No. Er-2019-0374 OPC Surrebuttal/ True-Up Direct Testimony of John A. Robinett pages 1-2

Case No. ER-2019-0374 OPC Surrebuttal Testimony of John A Robinett Schedule JAR-S-2C page 4

Case No. ER-2019-0374 Staff Data Request Number 0340 and Empire's Response

Case No ER-2019-0374 Supplemental Testimony of Charles T. Poston, PE Schedule CTPsup-1 page 4 of 5

Case No ER-2019-0374 Supplemental Testimony of Charles T. Poston, PE Schedule CTPsup-2 page 2 of 3

Case No. ER-2019-0374 OPC Data Request number 2099 and Empire's Response

¹⁵ Case No. ER-2019-0374 Staff Data Request number 0334 and Empire's Response

¹⁶ Case No. ER-2019-0374 Staff Cost of Service Report Fuel Inventories pages 23-24

Case No. ER-2019-0374 Staff Data Request number 0044 and Empire's Response and attachments

Case No ER-2019-0374 Supplemental Testimony of Charles T. Poston, PE Schedule CTPsup-1 page 5 of 5

Case No ER-2019-0374 Supplemental Testimony of Charles T. Poston, PE Schedule CTPsup-1 page 5 of 5

Case No ER-2019-0374 Supplemental Testimony of Charles T. Poston, PE Schedule CTPsup-2 page 1 of 3

1 **Q. Why are the Asbury timelines important for the Commission to see?**

2 A. The timelines for Asbury highlight the major investments that have been made to the unit that
3 have extended its useful life. The 2008 SCR addition extended the expected life of Asbury to
4 2030 from 2014 prior to its installation. The 2014 investment in the AQCS was to further
5 extend the expected useful life to 2035. Neither of those expected life dates were achieved by
6 the Asbury facility and rate payers did not and will not receive the full value of these additions.
7 The date of Asbury's final generation predated all of the interveners' testimony rounds in Case
8 No. ER-2019-0374 with the OPC being the only party to recommend revenue requirement
9 adjustments to account for Asbury being retired and no longer used and useful for rates going
10 forward.

11 **Recovery Options**

12 **Q. How could the Commission treat the remaining plant balance for Empire's Asbury**
13 **Generating Assets?**

14 A. The Commission has many options. The following are the two extremes. (1) The
15 Commission could disallow recovery of and on the unrecovered plant investment at the
16 time of the booked retirement, as the retired assets are no longer used or useful for the
17 benefit of rate payers. (2) The Commission also could allow full recovery of the remaining
18 undepreciated balance and apply a carrying cost for return on the investment as if the plant
19 was still operational through an amortization.¹⁷ The Commission would need to determine

¹⁷ My explanation of the range of extremes in the treatment of Asbury does not consider the lawfulness of either approach.

1 over what period of time the recovery is to take place. Please see the direct testimony of
 2 Dr. Geoff Marke for his specific recommendation on this issue.

3 **Q. What are the annual and monthly depreciation expense amounts for Empire’s 2015**
 4 **AQCS project investment?**

5 A. My best estimates are \$6,426,674 per year and \$535,556 a month.

6 **Q. How did you calculate these estimates?**

7 A. The monthly and annual depreciation expense estimates were calculated using the
 8 assumptions below.

Estimate of AQCS investment	122,412,831	ER-2014-0351 Merten Direct			
Estimated retirement date post AQCS investment	2035	ER-2016-0023 Thomas J. Sullivan direct testimony			
Net salvage percent	-5%	ER-2016-0023 Thomas J. Sullivan direct testimony			
In service date of	12/15/2014	2014 Annual Reoprt Empire District Electric to Investors			

9
 10 At the time of this filing I do not have the detailed account breakout of the AQCS
 11 investment by FERC account to perform a more accurate value for the annual and monthly
 12 depreciation expense for Asbury AQCS. This is an estimate for purposes of supporting Dr.
 13 Marke’s recommendations for Empire’s investment in the Asbury facility. Utilizing the
 14 assumptions above I calculated the needed net salvage to be collected over the remaining
 15 expected life and then add that value to the original cost to determine the total amount
 16 needed to be collected. The total to collect I have estimated as \$128,533,473. The
 17 remaining life I calculated to be 20 years since the investment came into service at the end
 18 of 2014 so I utilized 2035 minus 2015. To properly calculate the annual expense, one would
 19 take the total needed to collect and divide it by the remaining life to determine the annual
 20 accrual.

1 **Q. Does this conclude your direct testimony?**

2 A. Yes, it does.