

Exhibit No.:
Issue(s): Long Term Maintenance
Contract Accounting
Witness: Christopher L. Boronda
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2024-0261
Date Testimony Prepared: August 18, 2025

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS DIVISION

AUDITING DEPARTMENT

REBUTTAL TESTIMONY

OF

CHRISTOPHER L. BORONDA

**THE EMPIRE DISTRICT ELECTRIC COMPANY,
d/b/a Liberty**

CASE NO. ER-2024-0261

*Jefferson City, Missouri
August 2025*

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CHRISTOPHER L. BORONDA
THE EMPIRE DISTRICT ELECTRIC COMPANY,
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LONG TERM MAINTENANCE CONTRACT ACCOUNTING.....1

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Rebuttal Testimony of
Christopher L. Boronda

1 A. In my direct testimony,¹ pages 4-5, lines 21-1, Staff recommends that Empire
2 should continue with expensing contract costs as they did prior to this rate case.

3 Q. How is the Empire currently accounting for their LTM service contract costs?

4 A. In the Direct Testimony of Charlotte T. Emery, page 22, lines 6-20, she states
5 based on an accounting treatment evaluation, Empire created asset accounts where contract
6 costs would be placed until scheduled outage LTM service is performed. Once the scheduled
7 outage maintenance has been complete, Empire determines what portion of the deferred asset
8 account should be expensed and what portion of the account should be capitalized.

9 Q. Does Staff agree with maintenance expenses being maintained in a regulatory
10 asset (deferred asset) account and given rate base treatment?

11 A. No. According to the USOA² 186 Miscellaneous deferred debits A. “For Major
12 utilities, this account shall include all debits not elsewhere provided for, such as miscellaneous
13 work in progress, and unusual or extraordinary expenses, not included in other accounts, which
14 are in process of amortization and items the proper final disposition of which is uncertain.” The
15 maintenance expenses in the LTM contracts are none of these things.

16 To be consistent with Staff’s recommended treatment of LTM contract costs, Staff
17 recommends USOA³ account 553 Maintenance of Generating and Electric Equipment, or a
18 similar Operations and Maintenance (“O&M”) account, be used for LTM contract costs.

19 Q. Does Empire’s direct testimony appear to clearly detail the impact this change
20 had on expenses and rate base?

21 A. No.

¹ Direct Testimony of Christopher L. Boronda, pages 4-5, lines 21-1

² Electric USOA 18 CFR Part 101 pg. 365 (April 2004)

³ Electric USOA 18 CFR Part 101 pg. 422 (April 2004)

Rebuttal Testimony of
Christopher L. Boronda

1 Q. How does Empire's current accounting method affect the current case?

2 A. According the Direct Testimony of Charlotte T. Emery, page 22, lines 19-20,
3 Empire has recorded \$15,878,161 of contract expenses that have accrued since 2022 which
4 Empire is proposing to include in its rate base. This reduces the current average maintenance
5 expense and increases rate base.

6 Q. If Empire's new method of accounting for maintenance contract costs is
7 accepted, what will the impact be for future cases.

8 A. Empire provided a predictive model in Staff's Data Request ("DR") No. 0435.0
9 titled "OPSA to Capital Model DR Response.xlsx." Staff created Schedule CLB-r1 and added
10 highlighted rows which totaled key data provided by Empire. If Empire's current treatment of
11 contract costs is approved, the long-term effect will be an increased rate base that is not
12 amortized or appropriately depreciated.

13 Q. How does this differ from Staff's recommended treatment of contract costs?

14 A. Contract costs would be treated as an O&M expense and the average expense
15 would be calculated in accordance with my direct testimony⁴.

16 Q. Does Empire's current accounting method provide an added benefit to
17 the customers?

18 A. No. Empire's current method increases the amount of money Empire is allowed
19 to put into rate base but it does not provide the rate payers any increases in quality-of-service
20 provided benefits over their service in years prior.

21 Q. What does Staff recommend in this case?

⁴ Direct Testimony of Christopher L. Boronda, pages 6-7, lines 7-11

Rebuttal Testimony of
Christopher L. Boronda

1 A. Staff recommends that the Commission order the costs related to LTM contracts
2 be accounted for as 100% O&M expense. Staff has included O&M as a five-year average to
3 expense for Riverton expenses and a six-year average to expense for State Line expenses. Staff
4 also recommends deferred LTM balances are not included as a regulatory asset or liability
5 (rate base).

6 Q. Does this conclude your rebuttal testimony?

7 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Request of The Empire)	
District Electric Company d/b/a Liberty for)	Case No. ER-2024-0261
Authority to File Tariffs Increasing Rates)	
for Electric Service Provided to Customers)	
in Its Missouri Service Area)	

AFFIDAVIT OF CHRISTOPHER BORONDA

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

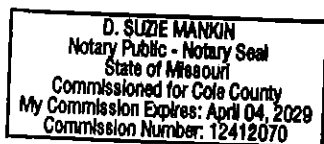
COMES NOW CHRISTOPHER BORONDA and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Christopher Boronda*; and that the same is true and correct according to his best knowledge and belief.

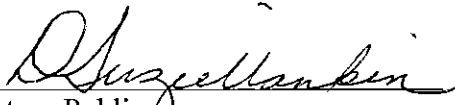
Further the Affiant sayeth not.


CHRISTOPHER BORONDA

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of August 2025.




Notary Public

		2025	2027	2029	2031	2033	2035	2036	2037
SLCC Unit 2-1, 2-2 Contract		3,571,860	3,752,686	3,942,666	4,142,263	4,351,965	4,572,283	4,686,590	4,803,755
	Deferred Asset (186)	4,235,214	11,278,365	-	7,774,320	4,762,403	13,343,798	17,796,059	-
	"Routine" Maintenance (553)	178,593	187,634	197,133	207,113	217,598	228,614	234,330	240,188
	"Major" Maintenance (553)	933,904		1,867,807		1,117,981			2,235,963
	Placed-in-Service (107)	8,405,134		16,810,267		10,061,832			20,123,663
	Plant	8,405,134	8,405,134	25,215,401	25,215,401	35,277,232	35,277,232	35,277,232	55,400,896
	Accum. Depr.	230,301	690,902	1,612,105	2,993,909	4,651,407	6,584,599	7,551,195	9,069,180
	Net Book Value	8,174,833	7,714,232	23,603,296	22,221,492	30,625,826	28,692,633	27,726,037	46,331,716
Riverton 12-1 Contract - Variable		5,090,586	5,612,371	6,187,639	6,821,872	7,521,114	8,292,028	8,706,630	9,141,961
	Deferred Asset (186)	3,627,043	13,236,655	23,913,252	6,480,778	20,430,654	35,810,392	44,081,690	52,766,553
	"Routine" Maintenance (553)	254,529	280,619	309,382	341,094	376,056	414,601	435,331	457,098
	"Major" Maintenance (553)	1,011,141	400,000	400,000					
	Placed-in-Service (107)	9,100,266	-	-	-	-	-	-	-
	Plant	9,100,266	9,100,266	9,100,266	36,177,146	36,177,146	36,177,146	36,177,146	36,177,146
	Accum. Depr.	249,347	748,042	1,246,736	3,229,244	5,211,752	7,194,259	8,185,513	9,176,767
	Net Book Value	8,850,919	8,352,224	7,853,530	32,947,902	30,965,394	28,982,887	27,991,633	27,000,379
Riverton 12-2 Contract		630,700	662,629	696,174	731,418	768,446	807,349	827,532	848,221
	Deferred Asset (186)	1,144,522	2,353,618	1,633,133	0	1,396,275	1,353,907	2,059,565	1,270,411
	"Routine" Maintenance (553)	100,000	100,000	-	-	121,875	-	121,875	-
	"Major" Maintenance (553)	-	-	-	297,813	-	-	-	163,737
	Placed-in-Service (107)	-	-	-	2,680,316	-	-	-	1,473,637
	Plant	488,024	488,024	2,374,293	5,054,609	5,054,609	6,528,246	6,528,246	8,001,882
	Accum. Depr.	39,969	66,615	196,252	399,061	675,042	1,031,485	1,209,706	1,428,157
	Net Book Value	448,055	421,409	2,178,041	4,655,548	4,379,566	5,496,761	5,318,540	6,573,725
Added Calculation:									
Combined NBV		17,473,807	16,487,865	33,634,867	59,824,942	65,970,786	63,172,281	61,036,210	79,905,820
Current Combined Deferred Assets		9,006,779	26,868,637	25,546,384	14,255,099	26,589,332	50,508,097	63,937,313	54,036,964
projected LTM Rate Base by year		\$ 26,480,586	\$ 43,356,502	\$ 59,181,251	\$ 74,080,041	\$ 92,560,118	\$ 113,680,378	\$ 124,973,523	\$ 133,942,785