

*Exhibit No.:*  
*Issue(s):* Depreciation  
*Witness:* Malachi Bowman  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Surrebuttal / True-Up Direct  
Testimony  
*Case No.:* ER-2024-0261  
*Date Testimony Prepared:* September 17, 2025

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**ENGINEERING DEPARTMENT**

**SURREBUTTAL / TRUE-UP DIRECT TESTIMONY**

**OF**

**MALACHI BOWMAN**

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

**CASE NO. ER-2024-0261**

*Jefferson City, Missouri  
September 2025*

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**TABLE OF CONTENTS OF**  
**SURREBUTTAL / TRUE-UP DIRECT TESTIMONY OF**  
**MALACHI BOWMAN**  
**THE EMPIRE DISTRICT ELECTRIC COMPANY,**  
**d/b/a Liberty**  
**CASE NO. ER-2024-0261**

Depreciation Rate Response..... 1  
Mr. McCuen’s Comment Regarding Cost of Removal Treatment ..... 5  
True-Up Direct FERC Order 898 Changes ..... 6  
Conclusion..... 6

1                                   **SURREBUTTAL / TRUE-UP DIRECT TESTIMONY**

2   **OF**

3   **MALACHI BOWMAN**

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

6                                   **CASE NO. ER-2024-0261**

7                   Q.     Please state your name and business address.

8                   A.     My name is Malachi Bowman and my business address is Missouri Public  
9     Service Commission, 200 Madison St., Jefferson City, Missouri, 65101.

10                  Q.     Are you the same Malachi Bowman that filed direct testimony for this case?

11                  A.     Yes, I am.

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

13                  A.     The purpose of my surrebuttal is to respond to Empire Witness Dane Watson  
14     regarding depreciation rates. Additionally, I will express concerns related to a statement made  
15     by Empire witness Mr. McCuen referring to vintage account data. Additionally, I will provide  
16     a new depreciation schedule that includes changes due to FERC Order 898 for true-up direct.

17     **DEPRECIATION RATE RESPONSE**

18                  Q.     What is Empire Witness Dane Watson’s position regarding depreciation rates?

19                  A.     In response to new depreciation rates proposed by OPC Witness John Robinett,  
20     Mr. Watson states Mr. Robinett’s proposed depreciation rate changes “do not adhere to  
21     standards outlined in 20 CSR 4240-3.175”,<sup>1</sup> are based on analysis using “incorrect remaining

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<sup>1</sup> Mr. Watson Rebuttal Testimony, Page 4, Line 6

1 life computations”,<sup>2</sup> and relies on “outdated data”.<sup>3</sup> Staff disagrees with some of Mr. Watson’s  
2 statements but agrees with others after further reviewing Mr. Robinett’s analysis.

3 Q. Did Mr. Watson elaborate on what he meant by saying Mr. Robinett’s proposed  
4 depreciation rate changes “do not adhere to standards outlined in 20 CSR 4240-3.175”?

5 A. Yes. Mr. Watson states “The proposed rate changes do not adhere to standards  
6 outlined in 20 CSR 4240-3.175, which governs submission requirements for electric utility  
7 depreciation studies. All electric utilities are required to follow this rule when proposing new  
8 deprecation rates.”<sup>4</sup>

9 Q. Does Staff agree with Mr. Watson?

10 A. No. Mr. Watson appears to be stating that no party can recommend new  
11 depreciation rates without a depreciation study because 20 CSR 4240-3.175 says so. But 20  
12 CSR 4240-3.175 sets forth “the requirements regarding the submission of depreciation studies  
13 by electric utilities”.<sup>5</sup> Mr. Robinett did not submit a new depreciation study and did not state  
14 that he performed a depreciation study, therefore 20 CSR 4240-3.175 is not applicable to his  
15 recommendation. Further, 20 CSR 4240-3.175 does not prohibit parties, that have not  
16 conducted an entirely new depreciation study, from proposing new depreciation rates. That  
17 being said, depreciation rate recommendations should be based on sound reasoning using  
18 valid data.

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<sup>2</sup> Mr. Watson Rebuttal Testimony, Page 4, Line 18

<sup>3</sup> Mr. Watson Rebuttal Testimony, Page 4, Line 9

<sup>4</sup> Mr. Watson Rebuttal Testimony, Page 4, Line 5-8

<sup>5</sup> 20 CSR 4240-3.175, Submission Requirements for Electric Utility Depreciation Studies

1 Q. Did Mr. Watson elaborate on what he meant by stating Mr. Robinett's  
2 recommendations are based on analysis using "incorrect remaining life computations" and  
3 "outdated data"?

4 A. Yes. Mr. Watson provides a table<sup>6</sup> in his rebuttal testimony showing that many  
5 of the plant balances have increased since the last depreciation study conducted based on  
6 plant-in-service data as of December 31, 2019, which is to be expected. But Mr. Watson also  
7 points out that Mr. Robinett "simply took the difference between December 31, 2024, and the  
8 proposed retirement dates"<sup>7</sup> to determine the remaining lives of the various generating units.  
9 Mr. Watson states that this method ignores "the reality that components within generating units  
10 are routinely retired and replaced throughout the facility's life. This resulted in inflated  
11 remaining life estimates and understated depreciation rates."<sup>8</sup>

12 Mr. Watson points out that Mr. Robinett's analysis recognized that plant balances  
13 increased in these accounts but his calculation of the remaining lives for the various generating  
14 units did not factor in the changes in service life associated with the addition of new plant in  
15 these accounts. His analysis assumes that the average remaining service lives for these accounts  
16 have not changed since 2019 even though assets have been added, retired, and transferred to  
17 and from these accounts since 2019.

18 Q. After reviewing Mr. Robinett's analysis more, does Staff view this as a  
19 reasonable concern?

20 A. Yes.

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<sup>6</sup> Mr. Watson Rebuttal Testimony, Page 12, Line 1

<sup>7</sup> Mr. Watson Rebuttal Testimony, Page 12, Lines 3-4

<sup>8</sup> Mr. Watson Rebuttal Testimony, Page 12, 12-14

1 Q. Can you explain this concern further?

2 A. Yes. Mr. Robinett used responses from data requests to determine current  
3 plant-in-service and accumulated depreciation reserves based on data through  
4 September 30, 2024.<sup>9</sup> But he uses the depreciation study conducted in 2019 which used data  
5 that was through December 31, 2019, to determine projected retirement dates for Empire's  
6 generation accounts. Using this data, he used the remaining life formulas,<sup>10</sup> as shown below,  
7 to calculate his recommended depreciation rates:

8 
$$[Eq\ 1]\ Annual\ Depreciation$$
  
9 
$$= \frac{Total\ Initial\ Asset\ Value - Total\ Net\ Salvage - Reserve}{Average\ Remaining\ Service\ Life}$$

10 
$$[Eq\ 2]\ Depreciation\ Rate\ (\%) = \frac{Annual\ Depreciation}{Total\ Initial\ Asset\ Value}$$

11 But it is not reasonable to use data through September 2024 to obtain "Total Initial Asset  
12 Value" and "Reserve" values while using a dataset through December 2019 to determine the  
13 "Average Remaining Service Life" value. We can see that the "Total Initial Asset Value" and  
14 "Reserve" values have changed since 2019, therefore we should assume the "Average  
15 Remaining Service Life" value for the accounts have also changed. Therefore, it would not be  
16 reasonable to use these different values in the same formula to determine a depreciation rate.

17 Q. What is the more reasonable method for determining depreciation rates?

18 A. When determining depreciation rates, all of the variables included in equation 1  
19 above should be re-evaluated from a consistent depreciation study dataset.

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<sup>9</sup> Mr. Robinett Direct Testimony, Page 5, Lines 8-11

<sup>10</sup> USAID Depreciation Expense: A Primer for Utility Regulators, Page 25

1 Q. Has Empire indicated when it would be conducting its next depreciation study?

2 A. Yes. Mr. Watson stated in his testimony that he would be filing a depreciation  
3 study in the coming weeks<sup>11</sup> which Staff and OPC will be able to review and recommend  
4 updated depreciation rates in the next rate case.

5 **MR. MCCUEN'S COMMENT REGARDING COST OF REMOVAL TREATMENT**

6 Q. What issue does Mr. McCuen discuss in his rebuttal testimony?

7 A. Mr. McCuen discusses a tax methodology related to cost of removal,  
8 a component of depreciation rates. Staff witness Matt Young fully responds to Mr. McCuen in  
9 regards to the methodologies used. However, Mr. McCuen states "if the taxpayer's regulatory  
10 books are not based upon the vintage account data that is necessary for ARAM, use of the  
11 alternative Reverse South Georgia Method or "RSGM" is allowed"<sup>12</sup>.

12 Q. What was Staff's concern with his proposal from the perspective  
13 of depreciation?

14 A. Staff was unsure whether Mr. McCuen's proposed approach would change how  
15 Empire is currently recording cost of removal data.

16 Cost of removal data assists all the parties in determining reasonable depreciation rates.  
17 Cost of removal is a transaction code used in Empire's plant accounting records<sup>13</sup> and is  
18 included in the depreciation study and database, which is required when a company is  
19 submitting a depreciation study for compliance with 20 CSR 4240-3.175.

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<sup>11</sup> Dane Watson Testimony, Page 15, Line 10

<sup>12</sup> Mr. McCuen Rebuttal Testimony, Page 4, Lines 15-17

1 Q. Did Staff receive any clarification from Empire regarding this issue?

2 A. Yes. Empire provided clarification in a data request stating that “There is no  
3 change to any data recording process” due to his proposal<sup>14</sup>.

4 **TRUE-UP DIRECT FERC ORDER 898 CHANGES**

5 Q. What changes have been made to your updated depreciation schedule?

6 A. Empire created new accounts for FERC Order 898 compliance and included  
7 these changes in True-Up. An updated depreciation schedule reflecting the new account  
8 numbers is attached to my testimony as Schedule MB-s1. It is Staff’s understanding that  
9 Empire transferred plant to new accounts while maintaining the currently ordered rates;  
10 however, Staff has not been provided sufficient detail at this time to confirm. Similar to the  
11 Stipulation and Agreement in Ameren Missouri’s rate case, Staff recommends the Commission  
12 order interested parties to meet and discuss impacts from FERC Order 898 in first quarter 2026.

13 **CONCLUSION**

14 Q. What are Staff’s recommendations for this case regarding depreciation rates?

15 A. Staff recommends the continued use of the depreciation rates currently in effect  
16 for Empire as ordered in Case No. ER-2021-0312. Staff continues to recommend the new  
17 depreciation rate for account 370.1 as described in my direct testimony. These rates are attached  
18 testimony under schedule MB-s1.

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

20 A. Yes, it does.

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<sup>14</sup> Data Request 0495



**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     )  
Authority to File Tariffs Increasing Rates     )  
for Electric Service Provided to Customers     )  
in Its Missouri Service Area                     )  
Case No. ER-2024-0261

**AFFIDAVIT OF MALACHI BOWMAN**

STATE OF MISSOURI     )  
                                      )  
COUNTY OF COLE     )     ss.

COMES NOW MALACHI BOWMAN and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal / True-Up Direct Testimony of Malachi Bowman*; and that the same is true and correct according to his best knowledge and belief.

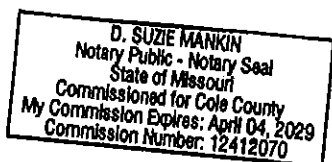
Further the Affiant sayeth not.




MALACHI BOWMAN

**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 10<sup>th</sup> day of September 2025.



  
Notary Public

**Liberty Empire Depreciation Rates - True-Up  
ER-2024-0261**

<b>Account Number</b>	<b>Description</b>	<b>Depreciation Rate</b>	<b>Note</b>
<b>Production Plant</b>			
<b>Iatan 1</b>			
311	Structures & Improvements	1.99%	
312	Boiler Plant Equipment	3.57%	
312	Unit Train	17.89%	
314	Turbo Generator Units	4.00%	
315	Accessory Electric Equipment	3.37%	
315.02	Computer Software-0%	0.00%	Footnote (1)
315.03	Communication Equipment	6.67%	
316	Misc. Power Plant Equipment	2.96%	
<b>Iatan 2</b>			
311	Structures & Improvements	2.08%	
312	Boiler Plant Equipment	3.10%	
314	Turbo Generator Units	2.58%	
315	Accessory Electric Equipment	2.56%	
315.02	Computer Software-0%	0.00%	Footnote (1)
315.03	Communication Equipment	6.67%	
316	Misc. Power Plant Equipment	0.00%	
<b>Iatan Common</b>			
311	Structures & Improvements	2.22%	
312	Boiler Plant Equipment	3.11%	
314	Turbo Generator Units	2.68%	
315	Accessory Electric Equipment	2.62%	
315.01	Computer Hardware	20.00%	
315.02	Computer Software-0%	0.00%	Footnote (1)
315.03	Communication Equipment	6.67%	
316	Misc. Power Plant Equipment	3.15%	
<b>Plum Point</b>			
311	Structures & Improvements	2.41%	
312	Boiler Point Equipment	3.23%	
312	Train Lease	7.98%	
312	Unit Train - Plum Point	8.45%	
314	Turbo Generator Units	2.84%	

315	Accessory Electric Equipment	2.72%	
315.02	Computer Software-0%	0.00%	Footnote (1)
315.02	Computer Software-10%	10.00%	Footnote (1)
315.03	Communication Equipment	6.67%	
316	Misc. Power Plant Equipment	3.01%	

#### **Hydro Plant**

331	Structures & Improvements	2.94%
332	Reservoirs, Dams, Waterways	2.15%
333	Water Wheels, Turbines & Generators	6.60%
334	Accessory Electric Equipment	2.72%
334.03	Communication Equipment	6.67%
335	Misc. Power Plant Equipment	3.56%

#### **Other Production Plant**

##### **Energy Center**

341	Structures & Improvements	7.33%	
342	Fuel Holders, Producers & Access.	0.00%	
343	Prime Movers	5.34%	
344	Generators	5.79%	
345	Accessory Electric Equipment	5.67%	
345.01	Computer Hardware-Energy	20.00%	
345.02	Computer Software-20%	20.00%	Footnote (1)
345.02	Computer Software-6.67%	6.67%	Footnote (1)
345.03	Communication Equipment	6.67%	
346	Misc. Power Plant Equipment	0.44%	

##### **Energy Center FT8**

341	Structures & Improvements	3.37%
342	Fuel Holders, Producers & Access.	2.95%
343	Prime Movers	4.06%
344	Generator	4.61%
345	Accessory Electric Equipment	3.45%
346	Misc. Power Plant Equipment	3.20%

##### **Riverton Common**

345.01	Computer Hardware	20.00%	
345.02	Computer Software-10%	10.00%	Footnote (1)
345.03	Communication Equipment	6.67%	

<b>Riverton 9, 10, 11</b>			
341	Structures & Improvements	6.57%	
342	Fuel Holders, Producers & Access.	4.18%	
343	Prime Movers	5.77%	
344	Generators	4.21%	
345	Accessory Electric Equip	5.45%	
345.01	Computer Hardware	20.00%	
345.02	Computer Software-10%	10.00%	Footnote (1)
346	Misc. Power Plant Equip	6.27%	

<b>Riverton 12</b>			
341	Structures & Improvements	2.57%	
342	Fuel Holders, Producers & Access.	2.20%	
343	Prime Movers	2.84%	
344	Generators	2.86%	
345	Accessory Electric Equipment	2.91%	
345.02	Computer Software-10%	10.00%	Footnote (1)
346	Misc. Power Plant Equipment	2.39%	

<b>State Line 1</b>			
341	Structures & Improvements	0.73%	
342	Fuel Holders, Producers & Accessories	1.51%	
343	Prime Movers	2.92%	
344	Generators	3.69%	
345	Accessory Electric Equipment	2.97%	
345.02	Computer Software-0%	0.00%	Footnote (1)
346	Misc. Power Plant Equipment	3.59%	

<b>State Line Common</b>			
341	ASDLStructures & Improvements	2.31%	
342	Fuel Holders, Producers & Accessories	0.00%	
343	Prime Movers	3.38%	
345	Accessory Electric Equipment	2.99%	
345.01	Computer Hardware	20.00%	
345.02	Computer Software-0%	0.00%	Footnote (1)
345.02	Computer Software-10%	10.00%	Footnote (1)
345.02	Computer Software-20%	20.00%	Footnote (1)
345.03	Communication Equipment	6.67%	

346	Misc. Power Plant Equipment	1.80%	
<b>State Line CC</b>			
341	Structures and Improvements	2.36%	
342	Fuel Holders, Producers & Accessories	0.00%	
343	Prime Movers	2.80%	
344	Generators	2.96%	
345	Accessory Electric Equipment	2.58%	
345.01	Computer Hardware	20.00%	
345.02	Computer Software-0%	0.00%	Footnote (1)
346	Misc. Power Plant Equipment	2.80%	
<b>Asbury Wind Services</b>			
338.21	Structures & Improvements	2.07%	
338.3	Computer Hardware	20.00%	
338.31	Computer Software-10%	10.00%	Footnote (1)
338.32	Communication Equipment	6.67%	
338.33	Misc Power Plant Eq	1.96%	
338.33	Misc Power Plant Eq-Lease	0.00%	
340	Land	0.00%	
341	Structures	2.07%	
342	Fuel Holders	1.29%	
345	Access. Electric	0.63%	
346	Misc. Equipment	1.96%	
<b>Wind Production</b>		3.33%	
<b>Solar Production</b>		4.00%	
<b>Transmission Plant</b>			
351.03	Communication Equipment	6.67%	
352	Structures & Improvements	1.07%	
353	Station Equipment	2.44%	
354	Towers and Fixtures	1.17%	
355	Poles and Fixtures	3.60%	
356	Overhead Conductors & Devices	1.82%	
<b>Distribution Plant</b>			
361	Structures & Improvements	1.94%	
362	Station Equipment	2.11%	
363.01	Computer Hardware	20.00%	

363.02	Computer Software-0%	0.00%	Footnote (1)
363.02	Computer Software-10%	10.00%	Footnote (1)
363.02	Computer Software-14.29%	14.29%	Footnote (1)
363.02	Computer Software-20%	20.00%	Footnote (1)
364	Poles, Towers, & Fixtures	5.05%	
365	Overhead Conductors & Devices	3.10%	
366	Underground Conduit	1.76%	
367	Underground Conductors & Devices	1.56%	
368	Line Transformers	1.88%	
369	Services	3.32%	
370	Meters	4.39%	
370.1	Meters-AMI	5.00%	
370.99	Distribution Unassigned	0.00%	
371	Meter Installations/Private Lights	3.48%	
371.1	EV Chargers on Cust Prem	3.48%	
371.2	EV Chargers Residential	0.00%	
371.3	EV Charges Ready	0.00%	
371.4	EV Charges Commercial	0.00%	
371.5	EV Charges School	0.00%	
373	Street Lighting and Signal Systems	3.90%	
375	Charging Stations	0.00%	

#### **General Plant**

389	Land/Land Rights	0.00%	
390	Structures & Improvements	1.73%	
391	Office Furniture & Equipment	5.00%	
391.1	Computer Equipment	20.00%	
391.2	Furniture Lease	0.00%	
392	Transportation Equipment	5.20%	
393	Stores Equipment	2.86%	
394	Tools, Shop, & Garage Equipment	5.00%	
395	Laboratory Equipment	5.00%	
396	Power Operated Equipment	4.62%	
397	Communication Equipment	6.67%	
397.01	Computer Hardware	20.00%	
397.01	Computer Hardware-Lease	0.00%	
397.02	Computer Software-0%	0.00%	Footnote (1)
397.02	Computer Software-10%	10.00%	Footnote (1)
397.02	Computer Software-14.29%	14.29%	Footnote (1)
397.02	Computer Software-16.67%	16.67%	Footnote (1)
397.02	Computer Software-20%	20.00%	Footnote (1)
397.02	Computer Software-25%	25.00%	Footnote (1)

397.02	Computer Software-33.33%	33.33%	Footnote (1)
397.02	Computer Software-5%	5.00%	Footnote (1)
397.03	Communication Equipment	6.67%	
398	Miscellaneous Equipment	2.94%	

**Footnotes:**

1. Amortization Schedule for Software Accounts Sponsored by Staff Witness Matthew R. Young.