

Exhibit No.:  
Issue: Pension and OPEB Expenses  
Witness: Jeffery P. Lee  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Empire District Electric  
Case No.: ER-2016-0023  
Date Testimony Prepared: October 2015

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

**Direct Testimony**

**of**

**Jeffery P. Lee**

**October 2015**



**SERVICES YOU COUNT ON**

Empire Exhibit No. 11  
Date 10-2-16 Reporter KKF  
File No. ER-2016-0023



DIRECT TESTIMONY  
OF  
JEFFERY P. LEE  
THE EMPIRE DISTRICT ELECTRIC COMPANY  
BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION  
CASE NO. ER-2016-0023

1     **INTRODUCTION**

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

3     A. My name is Jeffery P. Lee. My business address is 602 S. Joplin Avenue, Joplin,  
4     Missouri, 64801.

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

6     A. I am the Manager of General Accounting for The Empire District Electric Company  
7     ("Empire" or "Company").

8     **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**  
9     **BACKGROUND.**

10    A. I received a Bachelor of Business Administration degree in management from  
11    Pittsburg State University, Pittsburg, Kansas, in 2002, and a Masters of Business  
12    Administration degree from Pittsburg State University, Pittsburg, Kansas, in 2007. I  
13    was employed as a staff auditor with BKD, LLP, from 2007 until late 2008, when I  
14    joined Empire. I have been a licensed Certified Public Accountant ("CPA") in the  
15    state of Missouri since 2008.

16    **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

17    A. I support the Company's request for the amount of Pension and Other Post-  
18    Retirement Welfare ("OPEB") costs to be included in the revenue requirement for  
19    this case before the Missouri Public Service Commission ("Commission") and the

1 continuation of the pension and OPEB tracker as modified in Commission Case No.  
2 ER-2011-0004.

3 **PENSION AND OPEB EXPENSES**

4 **Q. WHAT AMOUNT OF PENSION EXPENSE IS EMPIRE REQUESTING IN**  
5 **THIS CASE?**

6 A. At this time, Empire is requesting total annual Missouri pension expense of  
7 \$8,374,395, which represents an increase of \$1,126,729 to the amounts recovered in  
8 rates pursuant to Case No. ER-2014-0351. This total includes actuarially determined  
9 expense of \$7,226,856 and five-year tracker amortization of \$495,855 for the pension  
10 plan, as well as actuarially determined expense of \$651,684 for the Supplemental  
11 Executive Retirement Plan (“SERP”).

12 **Q. WHAT AMOUNT OF OPEB EXPENSE IS EMPIRE REQUESTING IN THIS**  
13 **CASE?**

14 A. At this time, Empire is requesting total annual Missouri OPEB expense of  
15 \$2,412,401, which represents an increase of \$1,529,257 to the amounts recovered in  
16 rates per Case No. ER-2014-0351. This total includes actuarially determined expense  
17 of \$2,663,976 and negative five-year tracker amortization of (\$251,575).

18 **Q. ARE THESE THE FINAL EXPENSES FOR BOTH PENSION (“FAS 87”)**  
19 **AND OPEB (“FAS 106”) COSTS FOR 2015?**

20 A. No. The 2015 actuarial valuation of the plans, which provides the cost, is not yet  
21 complete. The amounts set forth above represent the actuary’s estimates of the final  
22 amounts.

23 **Q. WILL UPDATED EXPENSE AMOUNTS BE AVAILABLE FOR A TRUE-UP**  
24 **AS OF MARCH 31, 2016, IN THIS CASE?**

1 A. Yes. The final 2015 annual expense will be known once the actuarial valuation is  
2 completed, and will be provided in true-up testimony.

3 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

4 A. Yes, it does.

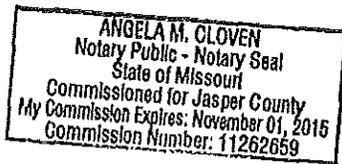
AFFIDAVIT OF JEFFERY P. LEE

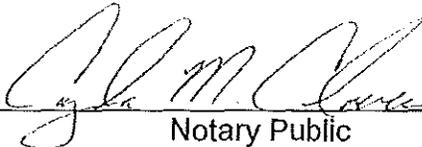
STATE OF MISSOURI    )  
                                  ) ss  
COUNTY OF JASPER    )

On the   14th   day of October, 2015, before me appeared Jeffery P. Lee, to me personally known, who, being by me first duly sworn, states that he the General Accounting Manager of The Empire District Electric Company and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
Jeffery P. Lee

Subscribed and sworn to before me this   14th   day of October, 2015.



  
\_\_\_\_\_  
Notary Public

My commission expires   11/01/2015