

Exhibit No. 136P

Exhibit No.:

*Issue(s): Advertising, Amortization Expense,
Common Plant Depreciation Reserve,
SWPA Amortization,
Property Tax, Rate Case Expense*

Witness: Angela Niemeier

Sponsoring Party: MoPSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: ER-2021-0312

Date Testimony Prepared: January 20, 2022

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

SURREBUTTAL TESTIMONY

OF

ANGELA NIEMEIER

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

CASE NO. ER-2021-0312

Jefferson City, Missouri

January 2022

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OF

ANGELA NIEMEIER

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

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1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **ANGELA NIEMEIER**

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

6 **CASE NO. ER-2021-0312**

7 Q. Please state your name and business address.

8 A. Angela Niemeier, P.O. Box 360, 200 Madison Street Jefferson City, MO 65102.

9 Q. By whom are you employed?

10 A. I am employed by the Missouri Public Service Commission (“Commission”) as
11 a member of the Auditing Staff (“Staff”).

12 Q. Are you the same Angela Niemeier who contributed to Staff’s Cost of Service
13 Report filed October 29, 2021, in this case?

14 A. Yes, I am.

15 **EXECUTIVE SUMMARY**

16 Q. What is the purpose of your surrebuttal testimony?

17 A. The purpose of my surrebuttal testimony is to correct certain Staff adjustments
18 and to respond to the rebuttal testimony of The Empire District Electric Company, d/b/a Liberty
19 (“Empire” or “Company”) witness Charlotte T. Emery for various issues. Finally, my testimony
20 will address Staff’s updated adjustments to rate case expense.

1 **CORRECTIONS TO STAFF'S DIRECT FILING**

2 Q. In her Rebuttal testimony, page 26, line 14, Charlotte Emery states that
3 advertising adjustments should occur at a Total Company level and not a Missouri Jurisdictional
4 level. How does Staff respond?

5 A. Staff has made this correction to its current revenue requirement calculation.

6 Q. In her Rebuttal Testimony, page 3, line 13, Ms. Emery states that the amount of
7 common plant removed is overstated because Staff used the Missouri jurisdictional, instead of
8 the Total Company Jurisdictional allocation. How does Staff respond?

9 A. Staff has made this correction to its current revenue requirement calculation.

10 Q. In her Rebuttal Testimony, page 3, line 7, Ms. Emery notes an error was made
11 in entering account 391 in EMS run for common plant account. How does Staff respond?

12 A. Staff agrees that a number was transposed and has been corrected in its current
13 revenue requirement calculation.

14 Q. In her Rebuttal Testimony, page 26, line 19, Ms. Emery discusses an error
15 to Southwestern Power Administration ("SWPA") amortization. Does Staff agree with
16 the correction?

17 A. Yes. Ms. Emery points out that there is an additional line in the general ledger,
18 a year-end amount, that should not be included in test year calculation for SWPA amortization.
19 This has been corrected in Staff's current revenue requirement calculation. Since SWPA
20 amortization ended in September 2020, it is a removal from test year.

21 Q. In her Rebuttal, page 25, beginning line 7, Ms. Emery states that Staff did not
22 utilize the correct number of months in the calculation of Amortization Expense. How does
23 Staff respond?

1 A. In her Rebuttal testimony, Ms. Emery noted that as of June 30, 2021, North Fork
2 Ridge had booked five months of amortization expense, while Neosho Ridge and King's Point
3 had booked two months amortization. Staff has corrected its amortization expense to reflect the
4 proper number of months in its current revenue requirement calculation.

5 **PROPERTY TAX EXPENSE**

6 Q. What is the Company's position on property tax expense?

7 A. The Company uses expected property tax amounts of 2022 to determine property
8 tax expense.

9 Q. Does Staff agree with this methodology?

10 A. No. Staff uses the known and measurable 2020 plant in service balances to
11 determine property tax expense. Staff did include the \$1 million PILOT (Payment in Lieu of
12 Taxes) for Neosho Ridge Wind Farm because it is known and measurable going forward for
13 10 years. However, Staff did not include other wind property tax costs because they were not
14 known at the time of filing. This wind property was installed in early 2021 and property taxes
15 will not be billed or paid until later in 2022. Therefore, the amount of property tax expense costs
16 associated with Empire's new wind property are not known and measurable at this time.

17 **RATE CASE EXPENSE**

18 Q. In Rebuttal testimony, does Ms. Emery discuss issues the Company has with
19 Staff's approach with Rate Case Expense?

20 A. Yes. Beginning on page 20 of her Rebuttal, Ms. Emery has noted several issues
21 concerning Rate Case Expense between Staff and the Company. Staff agrees that there are
22 differences and will explain Staff's positions.

1 Q. Did Staff exclude an amount of rate case expense from Case No. ER-2019-0374
2 from the current rate case?

3 A. Yes. Ms. Emery mentions in rebuttal testimony starting on page 20, line 15, that
4 Staff excluded the amounts of rate case expense and depreciation study costs that were approved
5 in Case No. ER-2019-0374. Staff included the line loss study because an amortization was
6 approved in the 2019 case and would extend through this case. The depreciation study was
7 approved in the 2016 rate case and Empire had 5 years to recover those costs in rates. A new
8 depreciation study was submitted with this case and those costs did get included in Staff's
9 revenue requirement.

10 Q. Did Ms. Emery express concern for 5-year amortization period for depreciation
11 study and Cost Benefit Analysis?

12 A. Yes. On page 22, line 20, of her Rebuttal Testimony, Ms. Emery expresses
13 concern with the proposed five-year amortization period for the depreciation study and the
14 one-time Cost Benefit Analysis being included in the next rate case. This is the typical recovery
15 period for depreciation studies and the one-time Cost Benefit Analysis should follow this same
16 recovery period

17 Q. Does Ms. Emery state Empire has another issue with Staff's calculation?

18 A. Yes. Ms. Emery states that the Company includes \$53,499 yearly from the 2019
19 rate case in rate case expense to be recovered in the current rate case. She states that the cost
20 will not be fully recovered in two years because Staff did not add the unrecovered rates from
21 ER-2019-0374 to the amounts for this case. It is true that when the new rates are expected to
22 take effect in April 2022, there will be an approximate amount not recovered of \$17,933 in
23 total. However, Staff does not control the timing of rate cases. Staff did work with the Company

1 to align the rate case expense from Case No. ER-2019-0374 to two years, not the usual three,
2 to best fit the timeline provided by the Company for when they expected to file the next rate
3 case. As it typically does, Staff normalized rate case expense in the 2019 rate case, and did not
4 propose to amortize this cost for potential recovery in subsequent rate case filings. If Staff
5 includes the \$53,499 in year one of this case, the Company will over recover these costs going
6 forward after August 2022.

7 Q. Does Empire have issue with Staff not including prior rate costs in the current
8 rate case expense?

9 A. Yes. Staff has not included rate case expense amounts for Case No.
10 ER-2019-0374, submitted with the ER-2021-0312 case. In the past, Staff allows known and
11 measurable costs through the true up period for rate case expense. Known and measurable costs
12 were included through the true up period in Case No. ER-2019-0374. Staff does not include
13 prior rate cases invoices in new rate cases. Staff included all invoices in Case No.
14 ER-2019-0374 up to the date agreed upon by Staff and Empire, which was through the end of
15 the true-up period. Including costs in Case No. ER-2019-0374 beyond that point would include
16 estimates and not actual costs incurred.

17 Q. In her Rebuttal Testimony, page 20, line 20, does Ms. Emery find issue with the
18 allocation factors that Staff applied to some rate case expense invoice amounts?

19 A. Yes. Ms. Emery notes that Empire has issue with the allocation factors that Staff
20 applied. Below, Staff will cite several areas of her concern and explain why Staff used a
21 particular allocation in each instance.

22 Q. Did Staff apply an allocation to Charles River Associates (CRA) invoices for
23 rate case expense?

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Angela Niemeier

1 A. Yes. Staff reviewed the contract for CRA. ** [REDACTED]

2 [REDACTED]

3 [REDACTED] ** Staff's position is that it is
4 appropriate to spread the cost of that report across all states, based on the number of AMI meters
5 placed that were included in the report. Staff spent significant time separating the expenses of
6 the Cost Benefit Analysis from other CRA invoices by individual personnel involved. Once
7 those hours were separated out, Staff then applied an allocation based on AMI meter numbers
8 to spread the costs across all states benefiting from the report. The Cost Benefit Analysis was
9 allowed for rate case recovery because it was recommended by the Office of the Public
10 Counsel's ("OPC") witness Geoff Marke in his Direct Testimony on page 44, line 19 in Case
11 No. ER-2019-0374. There were also two addendums to contract for additional work. Staff's
12 position is that these additional costs associated with the addendums should not be borne by the
13 ratepayers because only the Cost Benefit Analysis was recommended by OPC witness Geoff
14 Marke. ** [REDACTED]

15 [REDACTED]

16 [REDACTED] ** Staff believes that CRA did perform additional work,
17 beyond the Cost Benefit Analysis, for Empire, but that additional cost should not be included
18 in rate case expense because it benefits only Empire, not the ratepayers. ** [REDACTED]

19 [REDACTED]

20 [REDACTED] **

21 Q. Did Staff notice multiple states mentioned on multiple invoices?

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1 A. Yes. Staff noted several states mentioned in descriptions on invoices. In Staff
2 DR No. 0044.1, Staff asked for a breakdown by state for each invoice supplied in response to
3 Staff DR No. 0044. The Company did not provide a break down for each invoice by state.

4 Q. Did Staff allocate rate case invoices involving services received from
5 Mr. Wayne Watkins?

6 A. Yes. ** [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED] **

21 Q. Did Staff apply an allocation percentage to The Brattle Group, Inc. and
22 Anderson & Byrd LLP rate case invoices?

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1 A. Yes. ** [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED] **

12 Q. Did Staff apply an allocation to the Itron rate case invoices for work performed
13 on behalf of Empire?

14 A. Yes. ** [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED] **

21 Q. Did Staff apply an allocation to the Brydon, Swearengen & England rate case
22 expense invoices?

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Angela Niemeier

1 A. Yes. ** [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED] ** The timing of the initial direct filing in the current case was May 2021.
5 This implies that Brydon, Swearngen & England reviewed testimony almost a year in advance
6 of filing direct testimony for this case. To Staff, the timing of these invoices seems off,
7 especially considering the fact that Empire Electric planned to file multiple cases in multiple
8 states during the past year. ** [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED] ** For these reasons, Staff felt it was appropriate to apply an allocation
14 percentage based on customer numbers to these invoices.

15 Q. Did Staff apply an allocation to all rate case invoices?

16 A. No. Staff only applied allocations discussed above to invoices where there was
17 evidence of work in multiple states. As stated above, in DR No. 0041.1, Staff requested Empire
18 Electric divide each invoice by state. Staff was unable to pull out all costs because not all were
19 identified in the vague descriptions discussed above. Staff believes an allocation was the best
20 remedy to rectify the issue based on the information at hand. Staff applied an allocation to
21 ensure that Missouri ratepayers pay for only the current Missouri Rate Case.

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Angela Niemeier

1 Q. On page 23, line 8, of Rebuttal Testimony, Ms. Emery references my direct
2 testimony regarding an issue concerning rate case expense sharing. Did you address this matter
3 in your testimony?

4 A. No. Staff witness Amanda C. McMellen addresses the rate case expense sharing
5 mechanism testimony.

6 Q. Did Staff update rate case expense?

7 A. Yes. Staff updated rate case expense to include the appropriate rate case invoices
8 submitted through December 30, 2021.

9 Q. Does this conclude your surrebuttal testimony?

10 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)
Authority to File Tariffs Increasing Rates)
for Electric Service Provided to Customers)
in its Missouri Service Area)

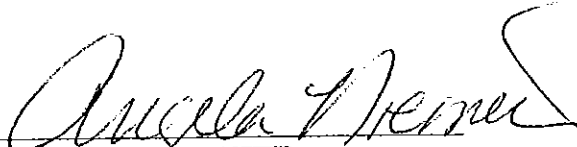
Case No. ER-2021-0312

AFFIDAVIT OF ANGELA NIEMEIER

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

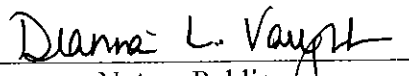
COMES NOW ANGELA NIEMEIER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Angela Niemeier*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


ANGELA NIEMEIER

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 12th day of January, 2022.


Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2023
Commission Number: 15207377