



**The Empire District Electric Company**

**A Liberty Utilities Company**

Case No. ER-2019-0374

OPC Data Request – 1037

Data Request Received: 04/03/20

Request No. 1037

Date of Response: 4/13/2020

Respondent: John Cochrane

Submitted by: Robert Schallenberg

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**REQUEST:**

Please provide a copy of the “basic principles of financing” Mr. Cochrane references in his Surrebuttal Testimony on page 11, line 15.

**RESPONSE:**

The phrase “basic principles of financing” is a general term Mr. Cochrane uses to describe the financial knowledge he acquired from over 30 years of experience in the utility industry, specifically in the area of finance. The broader context of the phrase “basic principles of financing”, found on page 11, lines 14-23 and on page 12, lines 1-8 of his surrebuttal testimony, illustrates that, based on Mr. Cochrane’s expertise in financial principles, the act of financing long lived assets that have long-term cash flow recovery by continuously rolling over short-term debt creates both rollover risk, which may restrict the Company’s ability to raise debt in the future, and interest rate risk, which may make borrowing more expensive in the future. As he explained in his surrebuttal testimony, this action does not make financial sense.