

Exhibit No.: 9
Issues: Various Rate Base and Income
Statement Issues
Witness: Leigha Palumbo
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: The Empire District
Electric Company
Case No.: ER-2019-0374
Date Testimony Prepared: March 2020

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

Rebuttal Testimony

of

Leigha Palumbo

on behalf of

**The Empire District Electric Company
a Liberty Utilities Company**

March 2020



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REBUTTAL TESTIMONY
OF
LEIGHA PALUMBO
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
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REBUTTAL TESTIMONY
OF
LEIGHA PALUMBO
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2019-0374

1 **I. INTRODUCTION**

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

3 A. My name is Leigha Palumbo. My business address is 602 South Joplin Avenue,
4 Joplin, MO, 64802.

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

6 A. I am employed by Liberty Utilities Service Corp. as a Regulatory Analyst for Liberty
7 Utilities Central Region, which includes The Empire District Electric Company, a
8 Liberty Utilities Company (“Liberty-Empire” or “Company”).

9 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

10 A. I am testifying on behalf of Liberty-Empire.

11 **Q. ARE YOU THE SAME LEIGHA PALUMBO THAT FILED DIRECT**
12 **TESTIMONY IN THIS RATE CASE BEFORE THE MISSOURI PUBLIC**
13 **SERVICE COMMISSION (“COMMISSION”) ON BEHALF OF LIBERTY-**
14 **EMPIRE?**

15 A. Yes.

16 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
17 **PROCEEDING?**

18 A. My rebuttal testimony will address adjustments to rate base and income statement
19 proposed by the Commission Staff (“Staff”).

20

1 **II. RATE BASE ADJUSTMENTS**

2 **Q. DOES THE COMPANY AGREE WITH STAFF'S ADJUSTMENT TO**
3 **PREPAYMENTS?**

4 A. No. While the company agrees with the methodology to adjust prepayments to a 13
5 month average balance, the company disagrees with the exclusion of account 165352
6 KCP&L Land Lease. This is not a cash account as described by Staff witness
7 Niemeier. This is simply a prepayment of a land lease expense, much like a
8 prepayment for insurance premium expense. As such, it would be improper to
9 exclude account 165352 from the average.

10 **Q. DOES THE COMPANY AGREE WITH STAFF'S ADJUSTMENT TO**
11 **MATERIALS AND SUPPLIES?**

12 A. No, for a few reasons. The Company agrees it is reasonable to adjust the test year
13 electric material and supplies to reflect a thirteen month average. However, Staff did
14 not include clearing accounts in their thirteen month average. These accounts should
15 also be included in the average, since the balances fluctuate during the test year.
16 Second, Staff removed an incorrect amount for water inventory when calculating a 13
17 month average for account 154000. Staff inadvertently removed water customer
18 deposit balances instead of water inventory balances. The Company's calculated
19 adjustment to remove the actual water inventory of (\$63,399) as of September 30,
20 2019 is the appropriate adjustment balance. Staff also did not make an adjustment to
21 remove water inventory included in FERC accounts 163 from test year balances.
22 Similar adjustments at January 31, 2020 should also be made.

23 **Q. DOES THE COMPANY AGREE WITH HOW STAFF ADJUSTED FUEL**
24 **INVENTORIES?**

1 A. Yes. Upon review of Staff's methodology, the Company agrees with their fuel
2 inventory approach. However, the Company has a concern with the average daily
3 burn that Staff uses to calculate for the Plum Point generating unit and also disagrees
4 with the number of days used for Asbury inventory levels. See Company witness Mr.
5 Todd Tarter's rebuttal testimony for further discussion as it relates to these issues.

6 **Q. DOES THE COMPANY AGREE WITH STAFF'S ADJUSTMENT TO**
7 **CUSTOMER DEPOSITS AND ADVANCES?**

8 A. Yes. The Company agrees with the adjustments to update Customer Deposits and
9 Advances to a 13 month average as of September 30, 2019 and further that these
10 balances should be updated to January 31, 2020 for true-up calculations.

11 **III. INCOME STATEMENT ADJUSTMENTS**

12 **Q. ARE THERE INCOME STATEMENT ADJUSTMENTS PROPOSED BY**
13 **STAFF THAT THE COMPANY DOES NOT DISPUTE?**

14 A. Yes. The Company agrees with Staff's adjustment to remove franchise tax revenue
15 and expense. In addition, the Company does not oppose Staff's adjustment to
16 annualize customer deposit interest. However, please refer to the Rebuttal Testimony
17 of Company witness Ms. Richard for other proposed Staff income statement
18 adjustments the Company disputes.

19 **IV. CONCLUSION**

20 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

21 A. Yes.

AFFIDAVIT OF LEIGHA PALUMBO

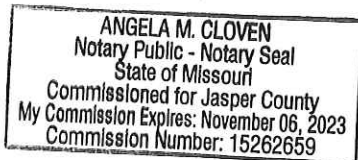
STATE OF MISSOURI)
) ss
COUNTY OF JASPER)

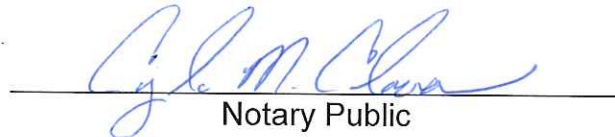
On the 2nd day of March 2020, before me appeared Leigha Palumbo, to me personally known, who, being by me first duly sworn, states that she is a Regulatory Analyst of The Empire District Electric Company – Liberty Utilities Central and acknowledges that she has read the above and foregoing document and believes that the statements therein are true and correct to the best of her information, knowledge and belief.



Leigha Palumbo

Subscribed and sworn to before me this 2nd day of March 2020.





Notary Public

My commission expires: 11/06/23.