

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

The Office of the Public Counsel and	)	
The Midwest Energy Consumers Group,	)	
	)	
Petitioners,	)	
	)	
v.	)	File No. EC-2019-0200
	)	
KCP&L Greater Missouri Operations Company,	)	
	)	
Respondent.	)	

**PUBLIC COUNSEL’S REPLY BRIEF**

Respectfully submitted,

Caleb Hall, Mo. Bar No. 68112  
Senior Counsel

September 10, 2019

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**PUBLIC COUNSEL’S REPLY BRIEF**

**I. Introduction**

The Office of the Public Counsel (OPC) and Midwest Energy Consumers Group (MECG) (collectively Petitioners) both demonstrate in their initial briefs why deferral accounting is justified to track the fictional costs customers are paying following KCP&L Greater Missouri Operation’s (GMO) abrupt termination of the Sibley Station. Such deferral accounting is warranted because, in line with the Uniform System of Accounts (USoA) and Public Service Commission (Commission) practice, GMO’s retirements of the Sibley units and common plant was extraordinary and material. Neither GMO nor the Staff of the Public Service Commission (Staff) dispute materiality in their briefs. Rather, they both attempt to argue that shuttering a coal plant decades before the end of its useful life, among other exigent circumstances, is not extraordinary. For the reasons describe below, GMO and Staff fail in this attempt.

## II. Reply to KCP&L Greater Missouri Operations

The fundamental failings of GMO's points to the contrary as to extraordinariness are its diversion from established precedent, use of red herrings, and misplaced reliance on a Wisconsin Commission Order.

### A. GMO Continues to Ignore the Commission's Deferral Accounting Standard and Instead Employs One that Effectively Eradicates All Future Deferral Accounting Requests

Just as it tried in rebuttal testimony, GMO presents a markedly different deferral accounting standard than that employed by the Commission. Whereas the Commission's Sibley test adopts the USoA's case-by-case analysis of the event in question relative to the experiences of the company in question,<sup>1</sup> GMO uses industry and national trends to judge its retirement of Sibley.<sup>2</sup> As OPC already addressed the fallaciousness of this tactic, no more focus is necessary other than to highlight the logical conclusion of GMO's position.<sup>3</sup>

GMO's position is that retiring Sibley is not extraordinary because it follows "the pace of coal plant retirement increase in the last decade compared to the prior 40 years."<sup>4</sup> GMO maintains that there has been a "significant increase" in the number of generation plant retirements across the United States due to consumer demand, economics, regulatory policy, and other factors.<sup>5</sup> In evaluating this trend, GMO employs a national scope of review. GMO's argument can thus be understood as if a category or type of event is occurring more often nationally, then it is de facto not extraordinary. However, consider how this syllogism approaches extreme weather events.

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<sup>1</sup> See 18 CFR Part 101 (1993); see also Exhibit 14, *Surrebuttal Testimony of Geoff Marke*, EC-2019-0200 GM-5 (July 7, 2019) (citing *Report and Order on Remand*, WO-2002-273 (Nov. 10 (2004))).

<sup>2</sup> *Initial Post-Hearing Brief of KCP&L Greater Missouri Operations Company*, EC-2019-0200 p. 8-11 (Aug. 29, 2019).

<sup>3</sup> See *Public Counsel's Initial Post-Hearing Brief*, EC-2019-0200 p. 16-18 (Aug. 29, 2019).

<sup>4</sup> *Initial Post-Hearing Brief of KCP&L Greater Missouri Operations Company*, p. 8.

<sup>5</sup> *Id.* at 9-10.

Staff describes extreme weather events as the “classical example” of an extraordinary event.<sup>6</sup> The Commission has indeed previously approved deferral accounting for lost revenues due to an ice storm that devastated Southeastern Missouri.<sup>7</sup> Following GMO’s logic, extreme weather events would then have to be continually infrequent in order to remain “extraordinary,” but that is not the case. Climate change is very much a reality, and a warming atmosphere retains ever more water. More water in the atmosphere increases the force and devastation of floods, hurricanes, tropical storms, and other weather events. We should therefore expect extreme devastating weather events to occur with an ever higher frequency in the future as climate change continues. If GMO’s logic is followed, the “classical example” for an accounting order can no longer receive deferral accounting.

Similarly, taking a national view of events effectively makes any event non-extraordinary. Any single death is a tragedy, but a national view of them is mere statistics. This flippancy and arbitrariness of a macro scale analysis of events is precisely why the USoA and Sibley test use a case-by-case review; in order for each event in question to be judged on its own particular circumstances and relative to the experiences of the utility company in question. If the Commission had used the methodology proposed by GMO, none of the Commission’s previously determined extraordinary events such as life extension and coal conversion upgrades,<sup>8</sup> security upgrades,<sup>9</sup> property taxes,<sup>10</sup> and electric vehicle programs,<sup>11</sup> would have resulted.

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<sup>6</sup> *Post Hearing Brief*, EC-2019-0200 p. 1-2 (Aug. 29, 2019).

<sup>7</sup> *Report and Order*, EU-2012-0027 (Dec. 26, 2013).

<sup>8</sup> *Report and Order*, EO-91-358 (Dec. 20, 1991).

<sup>9</sup> *Report and Order*, WO-2002-273 (Dec. 10, 2002).

<sup>10</sup> *Report and Order* GR-2009-0355, (Feb. 10, 2010) (approving a partial stipulation and agreement granting Missouri Gas Energy an accounting authority order for property taxes paid to Kansas).

<sup>11</sup> *Report and Order*, ET-2018-0132 (Feb. 6, 2019).

## B. GMO's Appeals to Prudency and Planning are Irrelevant

Another tactic GMO employs to dispute its retirement of Sibley being extraordinary is to portray the retirement as the result of prudent actions and planning. Both portrayals are ultimately irrelevant as to whether or not GMO's retirement of the Sibley Station was extraordinary.

GMO begins its brief with its view that GMO decided to retire the Sibley units as a "benefit to customers."<sup>12</sup> For this point, rather than relying on the record, GMO attaches a portion of its 2017 integrated resource plan filing and uses it to support nearly a quarter of its brief.<sup>13</sup> For argument's sake, OPC notes that even if prematurely retiring Sibley was prudent that does not matter. GMO's point is not relevant because a request for deferral accounting is not ratemaking, and no prudency determinations are at issue. Prudency is simply not an element of the Commission's Sibley test.

This is not to say that prudency is not implicated by extraordinary events, but that deferral accounting in and of itself is not a prudency determination or even a guarantee of future ratemaking treatment. Staff even goes so far as to say that accounting orders are not the proper "avenue" for prudency arguments.<sup>14</sup> If Staff is correct on this point, then GMO is wrong as to its own.

Furthermore, GMO's arguments as to prudency leads one to wonder why the Company was so antagonistic to having its rates set to reflect the soon-to-be retirement in its recent rate case. Even if GMO was to retire the Sibley Station outside of the test year, the Company could have easily advocated for an isolated adjustment to capture the future retirement for consideration in a future rate case. However, GMO witness Darrin Ives testified in this case that GMO would have

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<sup>12</sup> *Initial Post-Hearing Brief of KCP&L Greater Missouri Operations Company*, p. 4.

<sup>13</sup> *See id.* at 4-8.

<sup>14</sup> *Post-Hearing Brief*, EC-2019-0200 p. 8 (Aug. 29, 2019).

even opposed an isolated adjustment if parties had offered it in its last rate case.<sup>15</sup> If indeed retiring the Sibley units and common plant is a “benefit” for customers, why delay passing the “benefit” to the customers and why would GMO be so obstinate in having its rates accurately reflect that the plant is shuttered? If the retirement is truly beneficial to Missouri customers, then that is all the more reason for the Commission to issue an accounting order now so that customers have the chance to actually see all the benefits in future rates.

Related but separate from GMO’s prudency argument, GMO’s invocation of planning as a way of discrediting the extraordinariness of retiring Sibley is unsound for two reasons. First, as OPC already discussed in its initial brief, and as Staff witness Mark Oligschlaeger expressed, planned events can be extraordinary.<sup>16</sup> This is also why Staff Counsel’s reliance on the “planned” nature of retirements bears no weight.<sup>17</sup>

Second, GMO’s narrative of the Sibley retirement being planned only succeeds if one ignores GMO’s inconsistent narrative, and the surrounding circumstances of the retirement. As OPC’s initial brief also already discussed, GMO witness Darrin Ives knew that Sibley’s retirement was certain, and yet continued to represent throughout GMO’s last rate case that the retirement was an unknown assumption.<sup>18</sup> GMO’s brief now continues this pretense when it contends that GMO’s Vice President of Generation Operations Duane Anstaett only “advised” GMO’s leadership with a mere “recommendation” as to how to respond to Sibley unit 3 experiencing a forced outage.<sup>19</sup> That is not accurate.

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<sup>15</sup> Transcript of Proceedings, Evidentiary Hearing, EC-2019-0200 p. 381.

<sup>16</sup> *Public Counsel’s Initial Post-Hearing Brief*, p. 18.

<sup>17</sup> *Contra Post-Hearing Brief*, p. 5.

<sup>18</sup> *Public Counsel’s Initial Post-Hearing Brief*, p. 12-16.

<sup>19</sup> *Initial Post-Hearing Brief of KCP&L Greater Missouri Operations Company*, p. 7

Mr. Anstaett's email to Mr. Ives is not a recommendation on how to proceed, but a statement of fact as to "the direction being taken" by GMO following the forced outage.<sup>20</sup> GMO was treating the Sibley units as retired as early as October 2, 2018, when GMO personnel directly informed Southwest Power Pool and the local union workforce of the closure.<sup>21</sup> GMO's presentation that the Company actually continued to deliberate following Mr. Anstaett's October 2<sup>nd</sup> emails is only accurate as to when GMO decided to officially record the units as "retired" on the Company's accounting books. However, retirement is not mere ministerial action. GMO had for all intents and purposes retired the Sibley Station once it experienced the forced outage, and when Mr. Anstaett informed everyone else what had been decided. Marks in a log book two months after the forced outage did not shutter Sibley's generation; GMO's decision to not revive the units did.

If the event was truly planned and forthrightly disclosed as GMO now describes it, then there was also no reason for the Company to oppose setting future rates accordingly in its rate case. There would have also been no reason for Mr. Ives to describe the retirement as an "assumption", and instead he could have solely argued that the event was certain but nonetheless should be excluded because it fell outside of the test year.

If GMO had employed such transparency, it could claim consistency now, but such openness would have also undermined its entitlement to charging customers fictional costs. OPC would have also been in the position to contest GMO's perceived entitlement during the rate case as opposed to contending with GMO's position that the Sibley Station could remain operational past 2018. So instead GMO exchanges masks repeatedly, switching from "assumptions" to "planned" as the circumstances best suits GMO.

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<sup>20</sup> Exhibit 6, *Surrebuttal Testimony of Robert Schallenberg*, RES-S-1 p. 75; Exhibit 26.

<sup>21</sup> Exhibit 6, RES-S-1 p. 76.



### C. GMO's Complaints as to Earnings and Rate Regulation are Also a Distraction

Similar to GMO's misdirection towards prudence or inconsistency, but deserving special attention due to its absurdity, is GMO's position that an accounting order, even if warranted, would unduly lower GMO's earnings.<sup>22</sup> In response, the OPC reminds the Commission that deferral accounting is not ratemaking, and that an accounting order takes no actual money out of GMO's revenue stream.<sup>23</sup> All an accounting order requires GMO to do is transparently record the contributions customers are giving for a fictional plant separately from GMO's income. Therefore, the doomsday scenario proffered by GMO where capitalists will be reluctant to invest in GMO is unlikely.<sup>24</sup> Investors are concerned that the company they are taking stock in will have current cash flows, but do not necessarily care about the accounting thereof.

GMO's complaint that an accounting order would reduce its earnings "below the levels reasonably expected to result from the 2018 rate case" is also odd.<sup>25</sup> Of course accounting for customer's contributions for fictional costs to GMO would reduce GMO's earnings below those expected from the 2018 rate case because GMO premised its 2018 rate case on an operational Sibley Station. Once it decided to shut down the plant during the pending rate case, GMO's earnings have since surpassed the level contemplated in its prior rate case.<sup>26</sup> Furthermore, GMO's rate case was not settled on the conceit that the Company had to retire a major baseload generation facility in order to remain financially solvent.<sup>27</sup>

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<sup>22</sup> *Initial Post-Hearing Brief of KCP&L Greater Missouri Operations Company*, p. 17-19.

<sup>23</sup> *See State ex rel. MO Gas Energy v. Pub. Serv. Comm'n*, 210 S.W.3d 330, 335-36 (Mo. App. W.D. 2006).

<sup>24</sup> *Contra Initial Post-Hearing Brief of KCP&L Greater Missouri Operations Company*, p. 19.

<sup>25</sup> *Id.* at 17.

<sup>26</sup> In response to questions from MEEG, Mr. Oligschlaeger explained at the evidentiary hearing that he "expect[s]" GMO's earnings to rise above the level authorized by the Commission because the Company retired the Sibley Station. Transcript of Proceedings, Evidentiary Hearing p. 302-03.

<sup>27</sup> *Id.* at 235.

This Commission should also bear in mind the research presented by OPC witness Dr. Geoff Marke demonstrating that issuing an accounting order against GMO will not send a chilling effect throughout the investment community. According to economists Thomas Lyon and John Mayo, writing in the RAND Journal of Economics, cost disallowances ordered in the 1980s by state commissions against utilities had no material impact upon other utilities in the same state “indicating that disallowances were interpreted as punishment of company-specific managerial excess rather than abrogation of the regulatory compact.”<sup>28</sup> Therefore, this Commission need not fear that an accounting order would somehow harm GMO or other Missouri utility investment opportunities.

#### D. GMO’s Reliance on a Wisconsin Public Service Commission Order is Misplaced and Faulty

Seemingly due to there being no Missouri Commission case of denying deferral accounting for the retirement of a unique baseload generation asset, GMO retreats northward for a Wisconsin Public Service Commission proceeding. GMO argues that the Wisconsin Commission has definitively ruled that retiring a generation plant does not merit deferral accounting. However, this logic fails for two reasons.

First and primarily, Wisconsin is not Missouri. This Commission is not bound by any precedent of the Badger State, and need not accordingly limit its imagination.

Secondly, the Order GMO relies upon does not provide the foundation GMO purports it to have. GMO claims that the Wisconsin Commission “found that the retirement of the plant did not meet is criteria regarding deferral accounting.”<sup>29</sup> That is not true though. The only finding that the Wisconsin Commission came to was to dismiss the pleading filed by the State’s ratepayer advocate

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<sup>28</sup> Exhibit 14, p. 7.

<sup>29</sup> *Initial Post-Hearing Brief of KCP&L Greater Missouri Operations Company*, p. 27.

and two industrial energy user groups. The language GMO relies on is nothing more than dicta.<sup>30</sup> The only substantive impact of the Wisconsin Order was to rule in favor of a motion to dismiss; a matter that is not a ruling on the merits.<sup>31</sup> The Wisconsin Order is then something that this Commission has already distinguished itself from when it denied GMO's Motion to Dismiss in this case.<sup>32</sup>

GMO's reliance on the Wisconsin Order is further undermined by considering context. GMO is correct that Petitioners' requested accounting order is superficially similar to circumstances recently entertained by the Wisconsin Commission: the State's ratepayer advocate and two industrial energy user groups requested deferral accounting treatment soon after Wisconsin Electric Power Company's (WEC) electric rates were set because the Company subsequently retired a coal-fired generation facility.<sup>33</sup> Furthermore, WEC is also subject to a rate freeze analogous to the base rate freeze undergone by GMO by the latter's election of plant-in-service accounting.<sup>34</sup> However, the similarities between WEC and GMO stop there.

In its response to the petition filed by the Wisconsin Industrial Energy Group, Inc., Citizens Utility Board, and Wisconsin Paper Council, WEC argued that:

"Granting [the Petitioners'] request would defeat the entire purpose of the rate freeze. It would also completely disrupt Wisconsin's Electric's ability to manage its business during the freeze by removing, for accounting and earning purposes, over \$200 million from the company's base rate revenues in addition to the revenue deficiency of over \$100 million it already faces this year and next [because of the retired electric plant]."<sup>35</sup>

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<sup>30</sup> "Dicta" refers to the non-binding remarks or language that accompany a ruling's holding, but is ultimately not essential to the case's determination. Dicta can be persuasive, but has limited precedential value.

<sup>31</sup> *See Order*, Wis. Pub. Serv. Comm'n 6630-AF-100 (Jun 6, 2018) ("This decision is without prejudice to any future action the Commission may take relating to the recovery of costs associated with the retirement of the Pleasant Prairie Power Plant").

<sup>32</sup> *Order Denying Motion to Dismiss*, EC-2019-0200 (Mar. 6, 2019).

<sup>33</sup> *Order*, Wis. Pub. Serv. Comm'n 6630-AF-100 (Jun 6, 2018).

<sup>34</sup> Section 393.1655.2, RSMo (2018) ("...an electrical corporation's base rates shall be held constant for a period starting on the date new base rates were established in the electrical corporation's last general rate proceeding concluded prior to the date the electrical corporation gave notice under subsection 5 of section 393.1400 and ending on the third anniversary of that date..."); *Notice*, EO-2019-0045 (Dec. 31, 2018).

<sup>35</sup> *Response of Wisconsin Electric Power Company*, 6630-AF-100 p. 2 (May 8, 2018).

WEC's logic was rooted in the context of its rate freeze being the result of a prior settlement entered into through discussions between WEC, Wisconsin Public Service Corporation, and several large energy consumers.<sup>36</sup> The Wisconsin Commission approved that stipulation because WEC's "base electric rates were likely too low, and that if it filed a rate case for the 2018 test year, it would likely have received a rate increase."<sup>37</sup> Thus, the allied industrial energy users and consumer advocate's request to subject WEC to deferral accounting after a rate freeze already negated a rate increase can be seen as inequitable.

Unlike WEC, GMO cannot claim unfair treatment. GMO received a rate reduction last year without the means of a rate freeze, and GMO only elected plant-in-service accounting, without any input from any of its industrial energy users, along with its associated base rate freeze after OPC and MCEG had filed their petition. Whereas WEC objected to having a rate freeze used against it after it negotiated that freeze with its consumers, GMO is simply complaining about the consequences of its own decisions.

### **III. Reply to Staff of the Public Service Commission**

Staff's arguments fall short for several of the same reasons described above. Therefore, OPC will only highlight certain unique aspects of Staff's presentation of the issues that deserve specific repudiation. Accordingly, Staff's rebuttal of Petitioners' case fails to consider several Commission and Staff opinions to the contrary, basic modicums of civil procedure, and mischaracterizations of evidence.

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<sup>36</sup> *Id.*

<sup>37</sup> *Id.* at 5.

#### A. Staff's Argument Overlooks Several Commission and Staff Opinions to the Contrary

Staff's brief attempts to portray GMO's retirement of Sibley as not extraordinary by comparing it to other events that did not qualify for deferral accounting before this Commission. However, Staff's analysis falls short in that it selectively picks certain cases, while neglecting to discuss those cases counter to its position.

Staff's analysis begins by observing that under the USoA extraordinary events are those that are nonrecurring and otherwise not a regular business activity for the utility in question.<sup>38</sup> Staff then compares plant retirements to the property tax payments Missouri American Water Company (MAWC) sought to have deferred in Case No. WU-2017-0351. Since the Commission denied MAWC's accounting authority order request, Staff argues that retiring Sibley is then not extraordinary.<sup>39</sup> This analysis is shallow though because it fails to analyze the particular case-by-case circumstances of Case No. WU-2017-0351 and Sibley's retirement. Staff's analysis also ignores Commission orders approving deferral accounting for tax payments,<sup>40</sup> and even that Staff's sole witness in this case has personally supported accounting authority orders for property taxes.<sup>41</sup>

Staff's argument also fails by treating all electric plant as uniform. Staff quotes Mr. Oligschlaeger for the notion that electric utilities are "constantly adding" new assets and that all assets have a "finite service life."<sup>42</sup> According to Staff's broad view of "recurring," the building and retiring of electric plant then cannot be extraordinary. However, Staff can only reach that conclusion by ignoring this Commission's most recent deferral accounting request docket. In Case No. ET-2018-0132, this Commission approved such accounting for Union Electric d/b/a Ameren

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<sup>38</sup> *Post-Hearing Brief*, p. 3.

<sup>39</sup> *Id.* at 4.

<sup>40</sup> *Report and Order* GR-2009-0355.

<sup>41</sup> Transcript of Proceedings, Evidentiary Hearing p. 330 (quoting *Rebuttal Testimony of Mark L. Oligschlaeger*, GR-2009-0355 p. 6 (Sept. 28, 2009)).

<sup>42</sup> *Post-Hearing Brief*, p. 4.

Missouri's electric vehicle "Charge Ahead" program; an electric plant building and deployment program.<sup>43</sup> This prior Commission decision is notably one that Mr. Oligschlaeger did not consult when writing his testimony for this case.<sup>44</sup> Perhaps if he had, his recommendation may have supported Petitioners' request.

#### B. Staff's Claims of Inconsistency Among the Petitioners Neglects Elementary Civil Procedure Concepts

Staff next castigates the OPC and MECG for being allegedly inconsistent in presenting their case. Staff appears to follow the standard that petitioners in all cases must unite with one voice and display monochromatic uniformity. Regardless of Staff's standard, that is not the method required by Missouri's civil procedure rules. Missouri's Rules of Civil Procedure, which the Commission has incorporated, expressly entitle petitioners to "set forth two or more statements of a claim or defense alternately or hypothetically . . . regardless of consistency."<sup>45</sup> This rule does not insulate hypocrisy, but rather enables petitioners with slightly different yet complementary theories to unite under one banner. The two injured plaintiffs need not agree on when the defendant breached a duty, so long as they both together allege negligence. Likewise, MECG and the OPC are more than free to present separate theories for why an accounting order is justified.

#### C. Staff's Final Argument Relies on a Mischaracterization of Evidence

Staff ends its rebuke of Petitioners' claims by arguing that OPC has in actuality clothed a prudence argument within a deferral accounting request. This take is disappointing not only

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<sup>43</sup> ET-2018-0132.

<sup>44</sup> Mr. Oligschlaeger testified at the evidentiary that he did not consider the ET-2018-0132 order any more than other cases, but when OPC previously deposed Mr. Oligschlaeger he stated that he did not "specifically take this case into account." Transcript of Proceedings, Evidentiary Hearing, p. 336.

<sup>45</sup> Mo. R. Civ. Pro. 55.10.

because it distorts OPC's case as presented, but also because OPC addressed this mischaracterization previously in the evidentiary hearing to seemingly no avail.<sup>46</sup>

Staff claims confusion as to OPC's theory on why the Sibley retirement is extraordinary because Dr. Geoff Marke looks at the size of the asset in question, and because OPC witness Robert Schallenberg considered the timing of this retirement versus how other retirements were addressed in immediately subsequent rate cases.<sup>47</sup> This is not confusing however, but rather demonstrates OPC's clear attempt to follow the case-by-case analysis prescription provided by this Commission and the USoA.

Continuing to claim confusion, Staff posits that OPC is actually making a prudence argument. Staff makes this claim by quoting Dr. Marke as saying "we would be arguing the prudence of shutting down the plant" and "we felt it was imprudent."<sup>48</sup> The latter quote was in response to a Commission question asking to distinguish retiring a baseload generation facility from a new software enabling a utility to cut thirty percent out of its workforce.<sup>49</sup> Stripped of context, it appears that Dr. Marke is arguing prudence now. With context we know that the first quote was in response to a Commission question as to what OPC's position *would have been*, had GMO's prior rate case gone to hearing,<sup>50</sup> and that Dr. Marke's second answer was reflecting on his *previous* positions, not any that OPC has staked now.<sup>51</sup> Relying on these quotes out of context is nothing more than a strawman argument, and the Commission should accordingly disregard it.

However, the Commission can consider the difference between the workforce efficiency software and plant retirement posited earlier. Commissioner Scott Rupp asked what is the

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<sup>46</sup> Transcript of Proceedings, Evidentiary Hearing, p. 369.

<sup>47</sup> *Post-Hearing Brief*, p. 6-7.

<sup>48</sup> *Id.* at 7-8.

<sup>49</sup> Transcript of Proceedings, Evidentiary Hearing, p. 254-55.

<sup>50</sup> *Id.* at 248-49.

<sup>51</sup> *Id.* at 255.

difference between retiring Sibley versus the hypothetical new software system that allows the Company to lay off thirty percent of its workforce and operate more efficiently.<sup>52</sup> Dr. Marke already explained that the generation asset has a remaining life and sunk costs that the software does not.<sup>53</sup> That difference also speaks to the amount of the stranded asset that the Company is asking customers to still bear despite shuttering the plant. Another key factor in Commissioner Rupp's hypothetical is whether the company in question claims that the software is unknown or disputes its existence, only for it to become active during a pending rate case and resulting in rates being set with inflated workforce numbers. In such a situation, the OPC may indeed consider such behavior to be extraordinary.

#### **IV. Conclusion**

Both MECG and the OPC demonstrated in their testimony and initial briefs why an accounting order is warranted for GMO's retirement of the Sibley Station. GMO and Staff's contrary positions do nothing to rebut Petitioners' arguments. GMO's arguments fail due to their foundation being on a wholly new deferral accounting standard that effectively forestalls any future accounting orders; by appealing to misdirection such as planning, prudence, and earnings; and misuse of an out-of-state commission order. Staff's position overlooks inconvenient Commission orders, basic civil procedure, and the actual evidence at issue.

**WHEREFORE**, the OPC renews its request for the Commission to order GMO to begin deferral accounting of the revenue and return on the Sibley units currently collected in rates for non-fuel operations and maintenance expense, taxes included accumulated deferred income taxes, and all other costs associated with Sibley units 1, 2, 3, and common plant.

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<sup>52</sup> *Id.* at 254.

<sup>53</sup> *Id.* at 255.



Respectfully,

OFFICE OF THE PUBLIC COUNSEL

/s/ Caleb Hall

Caleb Hall, #68112

Senior Counsel

200 Madison Street, Suite 650

Jefferson City, MO 65102

P: (573) 751-4857

F: (573) 751-5562

[Caleb.hall@ded.mo.gov](mailto:Caleb.hall@ded.mo.gov)

**Attorney for the Office of the Public  
Counsel**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this 10<sup>th</sup> day of September, 2019, with notice of the same being sent to all counsel of record.

/s/ Caleb Hall