Exhibit No.:	
Issue(s):	*Policy*
Witness:	*Natelle Dietrich*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Rebuttal Testimony*
Case No.:	*EO-2018-0092*
Date Testimony Prepared:	*February 7, 2018*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

REBUTTAL TESTIMONY

OF

NATELLE DIETRICH

EMPIRE DISTRICT, A LIBERTY UTILITIES COMPANY

CASE NO. EO-2018-0092

Jefferson City, Missouri
February 2018

REBUTTAL TESTIMONY

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CASE NO. EO-2018-0092

Q. Please state your name and business address.

A. My name is Natelle Dietrich. My business address is 200 Madison Street, Jefferson City, Missouri 65101.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (Commission) as Commission Staff Director.

Q. Please describe your education and relevant work experience.

A. I received a Bachelor's of Arts Degree in English from the University of Missouri, St. Louis, and a Master's of Business Administration from William Woods University. During my tenure with the Commission, I have worked in many areas of telecommunications regulation. In October, 2007, I became the Director of Utility Operations. The division was renamed the Tariff, Safety, Economic and Engineering Analysis Department in August 2011. In October 2015, I assumed my current position as Commission Staff Director. In this position, I oversee all aspects of the Commission Staff.

My responsibilities include involvement in several activities related to implementing sound utility regulatory policy in Missouri. I am a member of the National Association of Regulatory Utility Commissioners Subcommittee on Rate Design and the Staff Subcommittee on Telecommunications. I serve on the Staff of the Federal/State Joint Board on Universal

Service, serve as lead Staff for the Missouri Universal Service Board, and was a member of the Governor's MoBroadbandNow taskforce.

Q. Have you previously testified before the Commission?

A. Yes. My Case Summary is attached as Attachment ND-r1.

EXECUTIVE SUMMARY

Q. What is the purpose of your Rebuttal Testimony?

A. My Rebuttal Testimony will respond to the policy aspects of The Empire District Electric Company's ("Empire") request for approval of its Customer Savings Plan ("CSP") and the Direct Testimony of Empire witnesses David R. Swain and Christopher D. Krygier. Specifically, I will provide Staff's recommendation as supported by the additional testimony of Staff witnesses Mark Oligschlaeger and John Rogers.

Q. Please summarize Empire's request.

A. According to various Empire witnesses, Empire is proposing to acquire up to 800 MW of wind generation in conjunction with tax equity partners and to retire its Asbury coal plant. Mr. Swain states that Empire is, "seeking approval of the fundamental concepts of the Customer Savings Plan given the magnitude of the investments involved." Mr. Swain explains that Empire "would not embark on such a significant proposal without first obtaining approval of this blueprint from its regulators." Similarly, Mr. Krygier states that Empire is seeking approval of certain regulatory treatment of costs associated with the CSP and "a finding that Empire's investment related to the Customer Savings Plan should not be excluded from Empire's rate base on the ground that the decision to proceed with the Plan was not prudent." In other words, Empire is seeking Commission pre-approval of its CSP.

Q. Is Staff opposed to the general concept of pre-approval?

A. No, as long as the pre-approval is limited to *decisional* pre-approval with post-project review of the costs and timeline to complete the project.

Q. In Staff's opinion, is Empire requesting decisional pre-approval?

A. No. In Staff's opinion, Empire is seeking pre-approval of more than just the decision to retire Asbury and procure wind assets. Part of the CSP is the construction of 800 MW of wind generation. Staff maintains Empire will have to apply for and be granted certificates of convenience and necessity ("CCNs") under Section 393.170 RSMo. for wind projects, which also may require new transmission facilities, both in Missouri and not in Missouri, if those projects will be paid for by Missouri ratepayers. Once constructed, the wind projects will have to be found by the Commission to be "fully operational and used for service" under Section 393.135 RSMo. before their costs may be recovered in rates. Empire may also need to seek Commission authorization for financing related to the wind projects under Sections 393.180 and 393.190. For these reasons, it is Staff's opinion, as further supported by discussions with Staff Counsel, that the Commission cannot make any finding regarding the prudence of costs that may be incurred to build the wind projects, the prudence of the management of the construction of the wind projects, or whether a wind project is "fully operational and used for service," because all of those actions are in the future. However, on the basis of the evidence presented, the Commission is being asked to find that the CSP is a reasonable plan for Empire to meet its capacity needs in the foreseeable future. The standards for Commission authorization of the various future actions are different. For example, the criteria the Commission typically employs for the granting of CCNs is the Tartan Criteria.

Q. Would Staff be opposed to a grant of decisional pre-approval for Empire?

A. Generally, no. Decisional pre-approval will provide Empire some assurance of recovery while maintaining the Commission's authority to review the implementation details in a future proceeding. In other words, if the Commission approves Empire's request for certain regulatory treatment or makes a finding that the investment related to the CSP should not be excluded from Empire's rate base on the ground that Empire's decision to proceed with the CSP was not prudent, Staff recommends the Commission also issue a finding that the Commission has not relinquished its responsibilities as arbiter in disputes regarding issues such as the prudency of cost expenditures, the siting of the wind projects, the management of the construction of the wind projects, and whether the wind project is "fully operational and used for service".

Q. Does Staff support Empire's CSP as proposed?

A. No. As discussed in Mr. Rogers' Rebuttal Testimony, Empire analyzed various resource plan scenarios through its Generation Fleet Savings Analysis ("GFSA"). Empire chose Plan 2 ("Preferred CSP"), which consists of a near term strategy to build 800 MW of wind in 2019, and retire the Asbury coal plant in 2018 or 2019.[1] According to Table 1 of Mr. Krygier's testimony,[2] customers will experience an estimated $325 million of savings on their overall bill (or an average of $9.33 per month for the average residential Missouri customer) over 20 years. However, as Mr. Rogers explains, little of this savings is realized during the first 10 years of the CSP while the equity partners achieve their anticipated returns, and after 10 years, the expected savings for customers are extremely uncertain. In contrast, Plan 10, one of the scenarios parties asked Empire to analyze, demonstrates there are other

[1] Direct Testimony of James McMahon, page 8, lines 2-4.
[2] Direct Testimony of Christopher D. Krygier, page 5, line 1.

plans Empire could consider that would allow it to invest $20 million to bring Asbury into compliance with Environmental Protection Agency regulations, provide more favorable customer savings, and have a lower annual revenue requirement when Asbury would be retired.

Mr. Oligschlaeger discusses Empire's request to receive regulatory asset accounting treatment for the unrecovered costs of the Asbury coal generating station at the time of retirement, and Empire's request for approval of the proposed affiliate contract agreement between Empire and Liberty Utilities Service Corp. As explained by Mr. Oligschlaeger, Staff is not opposed to Empire's request, but recommends conditions related to that request.

Q. Does Staff recommend the Commission reject, or at least not approve, Empire's application?

A. Not necessarily. As previously stated, Staff is not opposed to decisional pre-approval of a plan that balances the needs of Empire, its equity partners, and its customers. In Staff's opinion, the Commission has a few options to consider.

1. Reject the application outright.
2. Determine that Empire does not need the Commission's pre-approval to proceed with the CSP or some version of the plan.
3. Provide decisional pre-approval of the CSP with conditions.
    a) Clarify the Commission is only approving the decision to proceed with the CSP.
    b) Clarify the Commission is not making any ratemaking treatment decisions, including a statement that all ratemaking findings related to amounts booked to the Asbury regulatory asset are reserved to future general rate proceedings.
    c) Order Empire to reduce its regulatory asset each month by the full amount of its continued rate recovery of the return of and on Asbury plant

investment up to the point new customer rates are ordered for Empire.

4. Indicate the Commission would provide decisional pre-approval of a plan that provides greater benefits, with the same conditions as listed under Commission option 3, should Empire choose to pursue another plan.

Q. Does Staff have a recommendation?

A. Yes. Staff would recommend either option 2 or option 4 above. If the Commission grants Empire's application, or some version of that application, Staff further recommends the Commission limit any variance to the three affiliate agreements for which the variance has been requested.

Q. Does this conclude your testimony?

A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of The Empire District Electric Company for Approval of Its Customer Savings Plan	)))	**Case No. EO-2018-0092**

AFFIDAVIT OF NATELLE DIETRICH

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, Natelle Dietrich and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Rebuttal Testimony; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Natelle Dietrich

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 7th day of February, 2018.

Diana L. Vaught
Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377

Natelle Dietrich
Case Summary

Presented testimony or analysis through affidavits on the following cases and proceedings:

- Case No. TA-99-405, an analysis of the appropriateness of a "payday loan" company providing prepaid telecommunications service.
- Case No. TX-2001-73, In the Matter of Proposed New Rules on Prepaid Calling Cards.
- Case No. TO-2001-455, the AT&T/Southwestern Bell Telephone Company arbitration, which included issues associated with unbundled network elements.
- Case No. TX-2001-512, In the Matter of Proposed Amendments to Commission Rule 4 CSR 240-33.010, 33.020, 33.030, 33.040, 33.060, 33.070, 33.080, 33.110, and 33.150 (telecommunications billing practices).
- Case No. TO-2002-222, the MCI/SWBT arbitration.
- Case No. TR-2002-251, In the Matter of the Tariffs Filed by Sprint Missouri, Inc. d/b/a Sprint to Reduce the Basic Rates by the Change in the CPI-TS as Required by 392.245(4), Updating its Maximum Allowable Prices for Non-Basic Services and Adjusting Certain Rates as Allowed by 392.245(11) and Reducing Certain Switched Access Rates and Rebalancing to Local Rates as Allowed by 392.245(9).
- Case No. TX-2002-1026, In the Matter of a Proposed Rulemaking to Implement the Missouri Universal Service Fund End-User Surcharge.
- Case No. TX-2003-0379, In the Matter of Proposed Amendments to Commission Rule 4 CSR 240-3.545, formerly 4 CSR 240-30.010 (tariff filing requirements).
- Case No. TX-2003-0380, In the Matter of Proposed Amendments to Commission Rules 4 CSR 240-2.060, 4 CSR 240-3.020, 4 CSR 240-3.510, 4 CSR 240-3.520, and 4 CSR 240-3.525 (competitive local exchange carrier filing requirements and merger-type transactions).
- Case No. TX-2003-0389, In the Matter of Proposed Amendment to Commission Rules 4 CSR 240-3.530 and 4 CSR 240-3.535, and New Rules 4 CSR 240-3.560 and 4 CSR 240-3.565 (telecommunications bankruptcies and cessation of operation).
- Case No. TX-2003-0445, In the Matter of a Proposed New Rule 4 CSR 240-33.160 Regarding Customer Proprietary Network Information.
- Case No. TX-2003-0487, In the Matter of Proposed Commission Rules 4 CSR 240-36.010, 36.020, 36.030, 36.040, 36.050, 36.060, 36.070, and 36.080 (arbitration and mediation rules).
- Case No. TX-2003-0565, In the Matter of a Proposed Rulemaking to Codify Procedures for Telecommunications Carriers to Seek Approval, Amendment and Adoption of Interconnection and Resale Agreements.
- Case Nos. TX-2004-0153 and 0154, in the Matter of Proposed Rule for 211 Service (emergency and permanent rules).

- Case Nos. TO-2004-0370, IO-2004-0467, TO-2004-0505 et al, In the Matter of the Petition of various small LECs for Suspension of the Federal Communications Commission Requirement to Implement Number Portability.
- Case No. TX-2005-0258, In the Matter of a New Proposed Rule 4 CSR 240-33.045 (placement and identification of charges on customer bills).
- Case No. TX-2005-0460, In the Matter of the Proposed Amendments to the Missouri Universal Service Fund Rules.
- Case No. TO-2006-0093, In the Matter of the Request of Southwestern Bell Telephone, L.P. d/b/a SBC Missouri, for Competitive Classification Pursuant to Section 392.245.6, RSMo (2205) – 30-day Petition.
- Case Nos. TC-2005-0357, IR-2006-0374, TM-2006-0306, the complaint case, earnings investigation and transfer of assets case to resolve issues related to Cass County Telephone Company, LP, LEC Long Distance, FairPoint Communications, Inc., FairPoint Communications Missouri Inc. d/b/a FairPoint Communications and ST Long Distance Inc. db/a FairPoint Communications Long Distance.
- Case No. TC-2006-0068, FullTel, Inc., v. CenturyTel of Missouri, LLC.
- Case No. TX-2006-0169, In the Matter of Proposed New Rule 4 CSR 240-3.570 Regarding Eligible Telecommunications Carrier Designations for Receipt of Federal Universal Service Fund Support.
- Case No. TX-2006-0429, In the Matter of a Proposed Amendment to 4 CSR 240-3.545 (one day tariff filings).
- Case No. TX-2007-0086, In the Matter of a Proposed Rulemaking to Create Chapter 37 – Number Pooling and Number Conservation Efforts
- Case No. TA-2009-0327, In the Matter of the Petition of TracFone Wireless, Inc. for Designation as an Eligible Telecommunications Carrier in the State of Missouri for the Limited Purpose of Offering Lifeline and Link Up Service to Qualified Households.
- Case No. RA-2009-0375, In the Matter of the application of Nexus Communications, Inc. dba TSI for Designation as an Eligible Telecommunications Carrier in the State of Missouri for the Limited Purpose of Offering Wireless Lifeline and Link Up Service to Qualifying Households.
- Case No. AX-2010-0061, Office of Public Counsel's Petition for Promulgation of Rules Relating to Billing and Payment Standards for Residential Customers.
- Case No. GT-2009-0056, In the Matter of Laclede Gas Company's Tariff Revision Designed to Clarify its Liability for Damages Occurring on Customer Piping and Equipment Beyond the Company's Meter.
- Case No. ER-2012-0166, In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its Revenues for Electric Service. Energy Independence and Security Act of 2007 (EISA).
- Case No. ER-2012-0174, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service. Energy Independence and Security Act of 2007 (EISA).

- Case No. ER-2012-0175, In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement A General Rate Increase for Electric Service. Energy Independence and Security Act of 2007 (EISA).
- Case No. ER-2012-0345, In the Matter of Empire District Electric Company of Joplin, Missouri Tariff's Increasing Rates for Electric Service Provided to Customers in the Missouri Service Area of the Company. Energy Independence and Security Act of 2007 (EISA).
- File Nos. EO-2013-0396 and EO-2013-0431, In the Matter of the Joint Application of Entergy Arkansas, Inc., Mid South TransCo, LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions; and In the Matter of Entergy Arkansas, Inc.'s Notification of Intent to Change Functional Control of Its Missouri Electric Transmission Facilities to the Midwest Independent Transmission System Operator Inc. Regional Transmission System Organization or Alternative Request to Change Functional Control and Motions for Waiver and Expedited Treatment, respectively.
- Case No. MX-2013-0432, In the Matter of a Proposed Rulemaking to Revise Manufactured Housing Rules Regarding Installation and Monthly Reporting Requirements.
- Case No. TX-2013-0324, In the Matter of a Proposed Rulemaking to the Missouri Universal Service Fund.
- Case No. EO-2014-0095, In the Matter of Kansas City Power & Light Company's Filing for Approval of Demand-Side Programs and for Authority to Establish Demand-Side Programs Investment Mechanism.
- Case No. EA-2014-0207, In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line.
- Case No. ER-2014-0370, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. WR-2015-0301, In the Matter of Missouri-American Water Company's Request for Authority to Implement a General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas.
- Case No. ER-2016-0156, In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. ET-2016-0246, In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of a Tariff Setting a Rate for Electric Vehicle Charging Stations.
- Case No. ER-2016-0285, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. ER-2016-0179, In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase its Revenues for Electric Service.

- Case No. EE-2017-0113, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company for a Variance from the Commission's Affiliate Transactions Rule, 4 CSR 240-20.015
- Case No. EA-2016-0358, In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing it to Construct, Own, Operate, Control, Manage and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood-Montgomery 345kV Transmission Line
- Case No. EM-2017-0226, In the Matter of the Application of Great Plains Energy Incorporated for Approval of its Acquisition of Westar Energy, Inc.
- Case No. GR-2017-0215, In the Matter of Laclede Gas Company's Request to Increase its Revenues for Gas Service.
- Case No. GR-2017-0216, In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to increase its Revenues for Gas Service.
- Case No. WR-2017-0259, In the Matter of the Rate Increase Request of Indian Hills Utility Operating Company, Inc.
- Case No. WR-2017-0285, In the Matter of Missouri-American Water Company's Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas

- Actively participated in or prepared comments on numerous issues on behalf of the Commission to be filed at the Federal Communications Commission.
- Prepared congressional testimony on behalf of the Commission on number conservation efforts in Missouri.
- A principal author on Missouri Public Service Commission Comments on the Reduction of Carbon Emissions in Missouri under Section 111(d) of the Clean Air Act.
- A principal author on Missouri Public Service Commission Comments on the Environmental Protection Agency's "Emission Guidelines for Existing Stationary Sources: Electric Generating Unity".

Commission Arbitration Advisory Lead Staff for the following cases:

- Case No. TO-2005-0336, Southwestern Bell Telephone, L.P., d/b/a SBC Missouri's Petition for Compulsory Arbitration of Unresolved Issues For a Successor Interconnection Agreement to the Missouri 271 Agreement ("M2A").
- Case No. IO-2005-0468, In the Matter of the Petition of Alma Telephone Company for Arbitration of Unresolved Issues Pertaining to a Section 251(b)(5) Agreement with T-Mobile USA, Inc.
- Case No. TO-2006-0147 et al, In the Matter of the Petition for Arbitration of Unresolved Issues in a Section 251(b)(5) Agreement with T-Mobile USA, Inc and Cingular Wireless.
- Case No. TO-2006-0299, Petition of Socket Telecom, LLC for Compulsory Arbitration of Interconnection Agreements with CenturyTel of Missouri, LLC and

Spectra Communications, LLC, pursuant to Section 251(b)(1) of the Telecommunications Act of 1996.

- Case No. TO-2006-0463, In the Matter of the Petition for Arbitration of Unresolved Issues in a Section 251(b)(5) Agreement with ALLTEL Wireless and Western Wireless.
- Case No. TO-2009-0037, In the Matter of the Petition of Charter Fiberlink-Missouri, LLC for Arbitration of an Interconnection Agreement Between CenturyTel of Missouri, LLC and Charter Fiberlink-Missouri, LLC.