

**Exhibit No:**  
**Issue(s):** Retirement Benefits  
Monitoring and  
Documentation  
**Witness:** William L. Gipson  
**Sponsoring Party:** The Empire District  
Electric Retirees and  
Spouses Association,  
LLC  
**Type of Exhibit:** Direct Testimony  
**File No.:** ER-2019-0374  
**Date Testimony Prepared:** January 15, 2020

**MISSOURI PUBLIC SERVICE COMMISSION**

**FILE NO. ER-2019-0374**

**DIRECT TESTIMONY OF**

**WILLIAM L. GIPSON**

**ON BEHALF OF**

**THE EMPIRE DISTRICT ELECTRIC RETIREES AND SPOUSES ASSOCIATION, LLC**

**JANUARY 15, 2020**

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

2 A. My name is William L. Gipson. My address is 299 Oak Tree Point Lane, Shell Knob,  
3 Missouri 65747.

4 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?**

5 A. I am testifying on behalf of The Empire District Electric Retirees and Spouses  
6 Association, LLC. ("EDERA"). As the name implies, EDERA is an association of  
7 approximately 700 retirees of The Empire District Electric Company ("Empire",  
8 "Company") and their spouses.

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

10 A. I hold a Bachelor of Science Degree in Business Management Technology and an  
11 Associate Degree in Computer Science from Missouri Southern State College (now  
12 University) in Joplin, Missouri.

13 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

14 A. I have 30 years of experience in the electric industry with The Empire District Electric  
15 Company. From 2002 until my retirement in 2011, I was the President and Chief  
16 Executive Officer of Empire. Prior to that role, I held various roles with Empire  
17 including Executive Vice President and Chief Operating Officer and Vice President of  
18 Commercial Operations.

19 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THIS OR ANY OTHER**  
20 **REGULATORY BODY?**

1 A. Yes, I have presented testimony before the Missouri Public Service Commission  
2 (“Commission”); the Kansas Corporation Commission, the Oklahoma Corporation  
3 Commission, and the Arkansas Public Service Commission.

4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 A After the effective date of Empire’s merger with Algonquin, EDERA established a  
6 Benefits Committee (“Committee”) to monitor the various plans affected by the  
7 Stipulation – principally health care, pension and life insurance (“Plans”) – and the  
8 financial condition of the Company. I chair that Committee. The Committee, and  
9 thus, EDERA, would like Empire to provide the documentation necessary – in a  
10 timely fashion – for the Committee to fulfill its monitoring function. This  
11 recommendation is consistent with the EDERA stipulation provision from Case No.  
12 EM-2016-0213.

13 **Q. YOU MENTION A STIPULATION PROVISION FROM CASE NO. EM-2016-0213.**  
14 **PLEASE DISCUSS THAT DOCKET.**

15 A. On February 9, 2016, Empire announced an agreement by which it would be  
16 acquired by Algonquin Power & Utilities Corp. (“Algonquin”). Specifically, Empire  
17 would be acquired by Liberty Utilities (Central) Company which is owned by Liberty  
18 Utilities Company which is an indirect wholly-owned subsidiary of Algonquin. On  
19 March 16, 2016, Empire and various other Algonquin companies (the “Merger  
20 Applicants”) sought Commission approval for the transaction in Case No. EM-2016-  
21 0213. From July 19, 2016 through August 26, 2019, the Merger Applicants executed  
22 a series of stipulations with the various parties to the merger docket. Relevant to

1 the issue discussed in this testimony, Empire executed a stipulation with EDERA  
2 which was filed on July 19, 2016, and approved by the Commission on August 10,  
3 2016 (“EDERA Merger Stipulation”).

4 **Q. WHAT DOES THE EDERA MERGER STIPULATION PROVIDE?**

5 A. For the purposes of my direct testimony, the EDERA Merger Stipulation generally  
6 provides for Empire to continue to provide retiree life insurance benefits, not  
7 change retiree health benefit design and cost sharing mechanism for a period of ten  
8 (10) years and continue to fund its pension plan in accordance with the procedures  
9 found in Appendix C to the Unanimous Stipulation and Agreement filed on May 12,  
10 2010, in Case No. ER-2010-0130, and approved by Commission order issued May 19,  
11 2010. Such annual contributions to the pension plan are at least equal to the greater  
12 of either minimum funding requirements of ERISA, or the accrued cost of the  
13 pension plan, as required by the Commission.

14 **Q. HOW ARE THE COMMITTEE MEMBERS QUALIFIED TO PERFORM THIS MONITORING**  
15 **FUNCTION?**

16 A. All Committee members held management positions with Empire prior to their  
17 retirements. As stated above, I am the former Chief Executive Officer of the  
18 Company. Other members include two former Chief Financial Officers, a former  
19 Director of Human Resources, a former Benefits Manager, a former Vice President of  
20 the Company that chaired the Company’s Health Care Trustees, a former generating  
21 plant manager that was a principal in negotiations with Empire’s labor union, a

1 former line operations manager and a former engineering manager. Two of the  
2 members are the current president and past-president of EDERA.

3 **Q. WHAT ASPECTS OF THE PLANS DOES THE COMMITTEE MONITOR?**

4 A. Among other things, the Committee monitors funding for the Plans, actuarial  
5 valuation assumptions, Internal Revenue Service (IRS) filings, changes in health care  
6 coverage and premiums, various notices, annual reports, financial disclosures and  
7 footnotes, etc.

8 **Q. WHAT ASPECTS OF THE COMPANY'S FINANCIAL CONDITION DOES THE  
9 COMMITTEE MONITOR?**

10 A. The overall financial condition of the Company as well as any balance sheet and  
11 income statement items related to the Plans.

12 **Q. WHAT DOCUMENTS OR REPORTS DOES THE COMMITTEE MONITOR?**

13 A. IRS filings (specifically Form 5500 for each plan), actuarial valuation reports, financial  
14 disclosures, annual funding notice to pension plan participants, annual health care  
15 premium and coverage letter to retirees, FERC Form 1 and summary and full annual  
16 reports.

17 **Q. HOW DOES THE COMMITTEE MAINTAIN THIS DOCUMENTATION?**

18 A. The Committee utilizes a secure document or file sharing service (box.com) to store  
19 and share the documents. Each member of the Committee has a unique userid and  
20 password for secure access. EDERA pays for this service.

21 **Q. ARE ALL OF THE DOCUMENTS AVAILABLE FROM PUBLIC SOURCES?**

1 A. No. The IRS and FERC filings are public and can be accessed through the Department  
2 of Labor and FERC sites, respectively. However, accessing the FERC filings is a  
3 somewhat cumbersome and lengthy process. Summary annual reports, notices and  
4 letters are mailed to one or more Committee members as required. Other  
5 documentation, such as actuarial valuations, financial disclosures, and full annual  
6 reports must be provided by the Company.

7 **Q. ARE ANY OF THE DOCUMENTS CONSIDERED “CONFIDENTIAL?”**

8 A. Not to my knowledge. Full annual reports are provided only when requested and  
9 are not confidential. EDERA requested and received actuarial valuation reports in  
10 this case and none were flagged as “Confidential.” EDERA received a financial  
11 disclosures report in a data request and it, too, was not flagged as “Confidential.”

12 **Q. HAS EDERA SPOKEN TO COMPANY REPRESENTATIVES ABOUT PROVIDING THIS**  
13 **DOCUMENTATION?**

14 A. Yes, EDERA’s desire to receive this documentation has been discussed with several  
15 Company representatives. While at all not timely and never consistently, some  
16 documentation has been received by EDERA.

17 **Q. WHY DOES EDERA NEED TO MONITOR EMPIRE’S ACTIVITIES IN THIS BENEFITS**  
18 **AREA?**

19 A. It is an objective way for EDERA to assure Empire is meeting its obligations under the  
20 EDERA Merger Stipulation. Furthermore, I cannot stress how vitally important these  
21 earned benefits are to the individuals represented by EDERA. As mentioned above

1           there are literally hundreds of individuals relying on the availability of health care,  
2           life insurance and a monthly pension check.

3           **Q.    WHAT ELSE WOULD YOU LIKE TO REQUEST ON BEHALF OF EDERA?**

4           A.    From time to time questions arise as Committee members review the  
5           documentation outlined above. In addition, as noted, not all of the information is  
6           public, nor easily accessed. EDERA would like for Empire to identify an individual  
7           that can provide the information requested on a timely basis and who can facilitate  
8           answers to its questions.

9           **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

10          A.    Yes.

AFFIDAVIT OF WILLIAM L. GIPSON

STATE OF MISSOURI     )  
                                  )  
COUNTY OF Barry     )     ss.

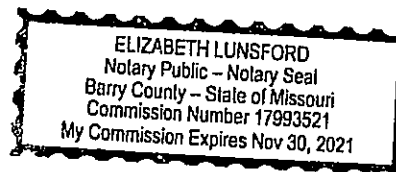
On the 15<sup>th</sup> day of January, 2020, before me appeared William L. Gipson, to me personally known, who, being by me first duly sworn, states that he is the Chair of the Benefits Committee of the Empire District Retirees and Spouses Association and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his knowledge, information and belief.

William L. Gipson  
William L. Gipson

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned Notary Public, on this the 15<sup>th</sup> day of January, 2020.

Elizabeth Lunsford  
Notary Public

My Commission Expires: Nov 30, 2021





**ERRATA SHEET  
FOR THE DIRECT TESTIMONY OF  
WILLIAM L. GIPSON**

Page	Line(s)	Error	Correction
1	Sponsoring Party, On Behalf Of	Empire District Electric Retirees and Spouses Association, LLC	Empire District Retirees and Spouses Association, LLC
2	5-6	Empire District Electric Retirees and Spouses Association, LLC	Empire District Retirees and Spouses Association, LLC
2	6	EDERA	EDRA
3	5,9,11	EDERA	EDRA
4	1,3,5	EDERA	EDRA
5	2,20	EDERA	EDRA
6	9,10,12,14, 16,17,19,20, 21	EDERA	EDRA
7	6	EDERA	EDRA