

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: Surrebuttal Testimony
File No.: ER-2019-0374
Date Testimony Prepared: March 27, 2020

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2019-0374

SURREBUTTAL TESTIMONY OF

WILLIAM L. GIPSON

ON BEHALF OF

THE EMPIRE DISTRICT ELECTRIC RETIREES AND SPOUSES ASSOCIATION, LLC

MARCH 27, 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. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS CASE?**

5 A. Yes. On January 15, 2020, I filed Direct testimony on behalf of the Empire District
6 Retired Members and Spouses Association ("EDRA").

7 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

8 A. I will respond to the Rebuttal testimony of Empire District Electric Company
9 ("Empire" or "Company") witness Sheri Richard on the issue of Retirement Plans
10 Documentation. I will also discuss an issue that has arisen from Empire's response to
11 EDRA Data Request 6.1.

12 **Q. PLEASE SUMMARIZE MS. RICHARD'S REBUTTAL TESTIMONY REGARDING**
13 **RETIREMENT PLANS DOCUMENTATION.**

14 A. Basically, Ms. Richard's response is that the Company is willing to provide a contact
15 person (Director of Human Resources for the Central Region), but will not agree to
16 provide the actuarial valuation reports. She said that all of the other requested items
17 are either already provided or are easily available from a public source.

18 **Q. IN HER REBUTTAL TESTIMONY, MS. RICHARD STATES "THE IRS 5500 REPORT**
19 **INCLUDES ACTUARIAL SCHEDULES AND SUMMARIES." ARE THE SUMMARIES**
20 **INCLUDED IN THE IRS 5500S SUFFICIENT FOR EDRA'S NEEDS?**

21 A. No. As I included in my Direct testimony, the Benefits Committee is comprised of
22 former managers and executives who commissioned, reviewed and approved

1 actuarial valuation reports. The summaries Ms. Richard proposes for EDRA are – by
2 their very definition – summaries and not the full reports needed by EDRA for the
3 reasons stated in my Direct testimony.

4 **Q. DID MS. RICHARD PROVIDE A REASON FOR OBJECTING TO PROVIDE THE**
5 **ACTUARIAL VALUATION REPORTS TO EDRA?**

6 A. No. As I stated in my Direct testimony, EDRA requested and received actuarial
7 valuation reports in this case and none were flagged as “Confidential.”

8 **Q. HAS MS. RICHARD INDICATED THAT THE PROVISION OF ANY OF THE DOCUMENTS**
9 **EDRA REQUESTS WILL BURDEN THE COMPANY IN ANY WAY?**

10 A. No.

11 **Q. WHAT DID YOU DISCOVER IN REVIEWING EMPIRE’S RESPONSE TO EDRA DATA**
12 **REQUEST 6.1?**

13 A. EDRA Data Request 6.1 referenced Paragraph (2) of the Stipulation and Agreement
14 as to EDRA from case EM-2016-0213. It states, in part, "After ten (10) years following
15 the close of the transaction, retirees shall be given the same benefit offering as
16 similarly situated retirees of Liberty Utilities." The Data Request asked for Empire to
17 provide documentation of the current benefit offerings for retirees of Liberty
18 Utilities.

19 **Q. WHAT WAS EMPIRE’S RESPONSE?**

20 A. Empire’s response was, “There are no such benefits offered to Liberty Utilities
21 retirees.”

22 **Q. WHAT DOES THIS RESPONSE MEAN?**

1 A. EDRA negotiated Paragraph (2) of the stipulation with the understanding that Liberty
2 Utilities retirees are offered such benefits, and that Empire Retirees would be
3 eligible for those benefits 10 years after the close of the merger transaction.

4 **Q. IS EDRA CONCERNED BY EMPIRE'S RESPONSE?**

5 A. Yes. If Empire's response is correct, then the Empire Retirees could lose the
6 anticipated benefits for which they negotiated in good faith with Empire during the
7 merger case.

8 **Q. WAS EDRA SURPRISED BY EMPIRE'S RESPONSE?**

9 A. Yes, because EDRA has documents from Empire showing that a Liberty Retiree
10 medical plan benefit was in place in May of 2019, at the start of union labor contract
11 negotiations (attached hereto as Attachment A). We have submitted an additional
12 Data Request to Empire to attempt to clarify the inconsistent information, but we
13 remain concerned that Empire retirees could lose negotiated-for medical plan
14 benefits once the 10-year period expires.

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

16 A. Yes.

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

In the Matter of The Empire District)
Electric Company's Request for Authority)
to File Tariffs Increasing Rates for Electric)
Service Provided to Customers in its)
Missouri Service Area)

Case No. ER-2019-0374

VERIFICATION OF WILLIAM L. GIPSON

William L. Gipson, under penalty of perjury, states:

1. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony in the above-captioned case.

3. My answer to each question in the attached surrebuttal testimony is true and correct to the best of my knowledge, information, and belief.


William L. Gipson

Dated: March 27, 2020

Liberty Benefits Information



May 2019

Retiree Medical

Empire

- HealthScope

Liberty

- The Hartford (post-65 Medicare supplemental coverage)

Transition Plan

- No change to Empire retiree medical plan through December 31, 2026
- Post 2026 – any employee already retired will continue to be eligible for retiree medical under the legacy Empire medical plan

Retiree Health Plan Comparison

	Liberty National Plan		EDEC	
	Excellus Blue Cross Pre-65 Retiree	The Hartford Post-65 Retiree	HealthSCOPE Pre-65 Retiree	HealthSCOPE Post-65 Retiree
<u>Total 2019 Monthly Premium</u>				
Employee	\$829	\$501	\$1,123	\$562
2 Person	\$1,658	\$1,002	\$2,245	\$1,123
Family	\$2,363	N/A	N/A	N/A
	Self-Insured	Insured/Medicare Supplement	Self-Insured	Self-Insured
	In Network / Out of Network	National Medicare Network	In Network / Out of Network	In Network / Out of Network
Coordination with Medicare	No Medicare Coordination	Medicare Primary Payor	No Medicare Coordination	Medicare Primary Payor
Annual Deductible	\$250 Per Person <small>(\$500 2 Person Max./\$750 Fam Max.)</small>	None	\$300 Per Person <small>(\$550 2 Person Max./\$800 Fam Max.)</small>	\$100 Per Person <small>(\$200 2 Person Maximum.)</small>
Per Person Max Out-of-Pocket	\$1,000 (Medical & Rx)	\$0 (Medical Only)	\$1,500 In / \$3,000 Out (Medical Only)	\$1,500 In / \$3,000 Out (Medical Only)
Coinsurance	20% In / 30% Out	N/A	10% In / 40% Out	10% In / 40% Out
Prescription Retail (30 Day Supply)	\$10 /\$30 /\$50 (\$0 Generic Kids)	\$10 /\$25 /\$40	\$5 - \$25 Generic /\$20-\$50 Brand <small>(\$5100 Per Person Max Out-of-Pocket)</small>	\$5 - \$25 Generic /\$20-\$50 Brand <small>(\$5100 Per Person Max Out-of-Pocket)</small>
Prescription Retail (90 Day Supply)	N/A	\$10 /\$25 /\$40	N/A	N/A
Prescription Mail (90 Day Supply)	\$20 /\$60 /\$100 (\$0 Generic Kids)	\$10 /\$25 /\$40	\$12 - \$50 Generic /\$50-\$100 Brand <small>(\$5100 Per Person Max Out-of-Pocket)</small>	\$12 - \$50 Generic /\$50-\$100 Brand <small>(\$5100 Per Person Max Out-of-Pocket)</small>
Network of Providers	Regional & National BCBS	National Medicare	Mercy & First Health	Mercy & First Health

