

Exhibit No.:	
Issue(s):	Rate Case Expense/ Management Expense Charges/ Credit Card Processing Fees
Witness/Type of Exhibit:	Conner/Direct
Sponsoring Party:	Public Counsel
Case No.:	ER-2019-0374

DIRECT TESTIMONY

OF

AMANDA C. CONNER

Submitted on Behalf of the Office of the Public Counsel

EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2019-0374

January 15, 2015

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


In the Matter of The Empire District)
Electric Company's Request for Authority)
to File Tariffs Increasing Rates for Electric) Case No. ER-2019-0374
Service Provided to Customers in its)
Missouri Service Area)

AFFIDAVIT OF AMANDA C. CONNER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Amanda C. Conner, of lawful age and being first duly sworn, deposes and states:

1. My name is Amanda C. Conner. I am a Public Utility Accountant I for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.


Amanda C. Conner
Public Utility Accountant I

Subscribed and sworn to me this 15th day of January 2020.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2021
Cole County
Commission #13754037


Jerene A. Buckman
Notary Public

My Commission expires August 23, 2021.

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DIRECT TESTIMONY
OF
AMANDA C CONNER
THE EMPIRE DISTRICT ELECTRIC COMPANY
CASE NO. ER-2019-0374

1 **I. INTRODUCTION**

2 **Q. What is your name and business address?**

3 A. Amanda C. Conner, P.O. Box 2230, Jefferson City, Missouri 65102.

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

5 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Public Utility
6 Accountant.

7 **Q. On whose behalf are you testifying?**

8 A. I am testifying on behalf of the OPC.

9 **Q. What is the nature of your duties at the OPC?**

10 A. My duties include performing audits, reviews, and examinations of the books and records of
11 public utilities operating within the state of Missouri.

12 **Q. Have you conducted a review of the books and records of The Empire District Electric
13 Company (Empire) in this rate case?**

14 A. Yes, with the assistance of other members of the OPC.

15 **Q. What is your educational background?**

16 A. I earned a Bachelor of Science degree in Accounting from Columbia College in May 2012.

17 **Q. Would you please briefly describe your work experience?**

18 A. I began my employment with the OPC in February of 2016. Prior to my current position, I
19 was employed by the Missouri Department of Revenue, in both the Taxation Division
20 Collections Section and General Counsel’s Office, Bankruptcy Unit, where I worked with the
21 public addressing various types of tax issues.

1 **Q. Have you received specialized training related to public utility accounting and**
2 **ratemaking?**

3 A. Yes. I have received regulatory and ratemaking training as an employee of the OPC, working
4 with the OPC's experts including Certified Public Accountants. In addition, I attended the
5 Utility Ratemaking Fundamentals course sponsored by Brubaker & Associates, Inc. in the
6 spring of 2016. In the fall of 2016, I attended the NARUC Utility Rate School sponsored by
7 Michigan State University.

8 **Q. Have you previously filed testimony before the Missouri Public Service Commission**
9 **("Commission" or "PSC")?**

10 A. Yes. Please refer to Schedule ACC-D-1, attached to this testimony, for a list of cases in which
11 I have prefiled testimony.

12 **Q. What topics are you addressing in your direct testimony?**

13 A. I present the OPC's ratemaking positions on the following topics: 1) Rate Case Expense, 2)
14 Management Expense Charges, and 3) Fees associated with credit and debit card payments.

15 **II. RATE CASE EXPENSE**

16 **Q. What is the OPC's position regarding the amount of rate case expense that should be**
17 **included in Empire's revenue requirement the Commission uses for setting retail**
18 **customers' rates in this case?**

19
20 A. The OPC's position in this case, and in general, is that it is not reasonable to include 100% of
21 a utility's reasonable, prudently incurred rate case expense in its revenue requirement used for
22 setting its customers' rates because shareholder(s) also benefit from a rate case. Instead, the
23 utility should recover its rate case expense in proportion to how much of its revenue
24 requirement increase the Commission authorizes compared to what it requested, *i.e.*, in this
25 case that proportion is how much of the \$25,516,638 requested increase the Commission

1 authorizes divided by the \$25,516,638 requested. Further, rate case expense should also be
2 normalized based on the annual frequency with which a utility files rate cases.

3 At this time, Empire shows that it has incurred \$157,921.32 of rate case expense. However,
4 I have disallowed \$21,662.23 of that amount as imprudent or unreasonable; therefore, at this
5 time, I agree only with \$136,259.09 for Empire's rate case expense to date prior to making
6 the proportion adjustment. I acknowledge that this balance will grow during the pendency of
7 this case.

8 Assuming, only for purposes of illustration, that Empire's rate case expense at the end of the
9 true-up period is still \$136,259.09, Empire's rate case expense is normalized based on three
10 years, the Commission increases Empire's revenue requirement that the Commission uses to
11 set Empire's retail customer rates by \$13,258,319, fifty percent of its requested \$25,516,638,
12 then the Commission should normalize Empire's \$136,259.09 of rate case expense by
13 dividing it by three, and afterward multiply that result by fifty percent to calculate the amount
14 to include in Empire's revenue requirement the Commission uses to set Empire's retail rates
15 in this case.

16 Mathematically, the calculation in this example is the following:

$$17 \quad (\$136,259.09 \div 3) \times 50\% = \$22,709.85$$

18 While the OPC's methodology is known at this time, Empire's final prudent and reasonable
19 rate case expense is not.

20 **Q. How did you arrive at the OPC's position?**

21 A. First, rate case expense used in determining revenue requirement should only include
22 supported, prudent expenses. This is because the utility has both the authority and ability to
23 avoid incurring these expenditures.

1 In that regard, I support the methodology of sharing the rate case expense between Empire's
2 customers and its shareholder(s). The Commission ordered this same methodology in KCPL's
3 ER-2014-0370 rate case ("2014 Order") and it is OPC's position that this methodology is
4 appropriate for this case.

5 The Commission's methodology in its 2014 Order determines how rate case expense should
6 be shared between ratepayers and shareholders based on the ratio of Empire's Commission-
7 authorized revenue requirement increase to Empire's requested revenue requirement change.
8 Accordingly, the adjusted, allocated amount of Empire's share of the rate case expense should
9 be recovered over three years, because that is the average period between Empire's rate case
10 filings

11 **Q. Do you believe the Commission's methodology in its 2014 KCPL Order is reasonable?**

12 A. Yes. I agree with the Commission's approach, which is the methodology the Commission
13 Staff ("Staff") has applied in most, if not all, of its rate case Cost-of Service Reports since the
14 Commission's 2014 KCPL Order.

15 **Q. Is rate case expense significantly different from other types of utility operating
16 expenses?**

17 A. Yes. For example, Empire can only estimate rate case expense, which varies depending on
18 how its rate case proceeds. Other operating expenses such as prepayments, while subject to
19 updates, will not change directly because of the processing of the case. Furthermore, of the
20 rate case expenses incurred, a portion is exclusively for the benefit of Empire's shareholders.

21 **Q. What does Empire state for its rate case expense in its answer to Staff's data request 46?**

22 A. In its direct filing, Empire has an estimated rate case expense of \$445,472.

23 **Q. What is the amount of rate case expense of which you are aware that Empire has
24 charged on its books at this time?**

25 A. As of this filing, Empire's total claimed rate case expense is \$157,921.32.

1 **Q. Have you adjusted this amount, and, if so, why?**

2 A. Yes, I have adjusted as shown in attached Schedule ACC-D-2.

3 I removed \$21,662.23 from Empire's rate case charges. I disallowed \$15,999.38 in
4 consultant fees for Management Applications Consulting, Inc. (MAC) for \$15,999.38. The
5 description on Empire's invoices was Liberty Utilities - 2017 Loss Study. There is no
6 mention of this study in any of the testimony filed by Empire, nor did MAC file testimony
7 for this rate case.

8 I removed \$5,662.85 from charges made by Empire Employees. For example, \$3,357.50
9 for a round trip flight from Joplin, MO to Jefferson City, MO. The company has not shown
10 any evidence that this expense is reasonable. It also goes against the Algonquin and Liberty
11 Utilities Travel Policy (Travel Policy) provided in schedule ACC-D-3. That states, "The
12 traveler must use a rental car when driving is more cost effective than air travel and makes
13 good business sense."¹

14 Though Empire is not asking for as much as they have in the past for rate case expense, it
15 has a long history of having an extremely large amount of rate case expense. It has had
16 this issue brought up in Kansas, in Docket No. 19-EPDE-223-RTS, where the Kansas
17 Commission questioned the amount of money the company spent on consultants. Stating
18 that by doing this, Empire would recover \$100,000 in additional revenue from its
19 customers.² Though this is just one example, Empire has a history of excessive rate case
20 expense charges.

21 **Q. Aside from sharing of rate case expense between Empire and its customers, how much**
22 **of Empire's allowed rate case expense should be included in Empire's revenue**
23 **requirement the Commission uses for setting Empire's retail customers' rates in this**
24 **case?**

¹ ACC-D-3, Travel Policy for Algonquin and Liberty Utilities

² **THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS** Before Commissioners Docket No. 19-EPDE-223-RTS **ORDER APPROVING UNANIMOUS SETTLEMENT AGREEMENT WITH MODIFICATION**

1 A. The OPC's position is that rate case expense should be normalized, not amortized. I have
2 chosen a 3-year normalization, because Empire has not come in for a rate case in three
3 years. I used the sharing of 50/50 ordered by the Commission in the Spire Missouri, Inc.
4 rate cases Case Nos. GR-2017-0215 and GR-2017-0216, and the amount of OPC allowable
5 rate case expense of \$136,259.09. Presently, the annual normalized amount of rate case
6 expense is \$22,709.85.

7 **III. MANAGEMENT EXPENSE CHARGES**

8 **Q. What causes the OPC to have concerns with officer expenses?**

9 A. Among other things, a lack of formal policies and procedures for travel expenses, allowing
10 local meals, including inappropriate expenses, including undocumented expenses, and
11 including expenses for alcohol. Each are concerning.

12 **Q. Does the OPC have any of these concerns with regard to Empire in this case?**

13 A. Yes. My biggest concern is that Empire does not have a formal policy or procedure for
14 travel expenses. Empire did provide Algonquin and Liberty Utilities Procurement Policies
15 and Procedures (Policies & Procedures), which I have included as Schedule ACC-D-4 to
16 this testimony, as well as the Travel Policy that I mentioned in my rate case expense
17 testimony above. In the Travel Policy, documentation is required and cross-references are
18 to be used. As far as I could see in my audit, Empire has not followed the Travel Policy
19 directions.

20 Another concern is that two of Algonquin's officers whose expense charges are allocated
21 to Empire get a monthly amount that is allocated to each expense category, whether they
22 incur the expense or not, and without providing invoices to show their expenses. This
23 includes medical visits and expenses that definitely should not be charged to FERC
24 Account 923.

1 The data that Empire provided in response to my OPC data request 1214 lacked many of
2 the details which I requested; therefore, I had to rely on Empire provided invoices and
3 expense reports, for which some were lacking, either not provided or without detail.

4 **Q. Did you review expense charges of Empire's officers?**

5 A. Yes. I audited Empire's officers who charged expenses to Empire during the Test Year
6 and through the True-Up period cut-off.

7 **Q. Did you use different criteria for making disallowances to Empire's managers'
8 expenses than you used for making disallowances to Empire's officers' expenses in
9 your audit?**

10 A. Yes, my adjustment for manager's expense disallowance was reduced by half of the
11 percentage of disallowed expenses for the officer's expense charges to Empire. I allowed
12 this reduction because 1) The officers are in Canada and 2) I recognize that most managers
13 do not, in general, charge as many expenses as officers do.

14 **Q. Does the Empire's Expense Policy state anything regarding alcohol consumption?**

15 A. No, not that I could find.

16 **Q. What is OPC's position on recovering through retail rates the costs of alcohol
17 consumption?**

18 A. I follow OPC's policy to exclude alcohol expense. It is OPC's position that alcohol
19 consumption is not conducive to the electric utility business. All expense charges for alcohol
20 should be posted below-the-line.

21 **Q. What is the total amount of your adjustments to Empire's recorded management
22 expenses?**

23 A. The total amount of management expenses I disallowed that are recorded in Empire's
24 general ledger for the test year is \$3,745,101.61. The purpose of removing this amount is

1 to protect ratepayers from reimbursing Empire for expenses that do not help the company
2 provide safe and adequate service to its customers. These charges include:

- 3 1. Local meals.
- 4 2. Voluminous charges for travel.
- 5 3. Charges related to trips to London and Peru.
- 6 4. Gifts and celebrations for employees and the company.

7 **Q. Why did you disallow expenses for local meals?**

8 A. There are three reasons why the OPC's policy is to disallow expenses for local meals. The
9 first is that on a regular workday, Empire does not pay for employees' meals. Just because
10 the employees decide to have a meeting during mealtime does not change the fact that is still
11 a regular workday. The second reason is that there is no explanation given for why the same
12 meetings were not held in the company's offices without the added expense. ,

13 **Q. Have you documented your calculation?**

14 A. Yes. This calculation is attached to this testimony as Schedule ACC-D-5.

15 **Q. How did you calculate management expense?**

16 A. I first took all of the officer charges that Empire allocated to Empire during the test year, and
17 verified them with the invoices and reports that I received from Empire in response to my
18 OPC data request 1214, after I separated them by meal and all other expenses. The amount
19 charged for meals was \$33,902 and the amount for the other charges was \$112,235. This
20 totaled to \$146,138. I divided the amount of meals by the total amount to show the percentage
21 of charges for meals was 30.21%. The total amount of expenses charged to Empire by its
22 managers was \$8,513,610. I multiplied that amount by the 30.21% to separate meal charges
23 from all other charges. The breakdown of manager expenses comes \$2,571,665 for meals,
24 and the remaining charges for managers came to \$5,941,945.

1 I removed all the expenses that I found imprudent after verifying the spreadsheet that Empire
2 provided to the Expense Reports and invoices Empire provided. The disallowed amounts
3 came to \$9,403 for meals, and \$110,024 for all other charges. I did the same calculation as
4 above to come up with the percentage meals disallowed to be 27.73%, making the remaining
5 disallowable charges 98.03%. I took the 98.03% and halved it for the managers, for the
6 reasons I stated earlier.

7 **IV. CREDIT CARD PROCESSING FEES**

8 **Q. What is OPC's position on credit-card-processing fees?**

9 A. As I explain further below, those customers who benefit from using credit cards should pay
10 the fees associated with those cards.

11 **Q. Why?**

12 A. In short, customers who use credit cards would unduly benefit if all customers pay for the fees
13 associated with those credit cards.

14 **Q. Did you analyze the methods Empire's retail customers use to pay Empire?**

15 A. Yes.

16 **Q. What did you discover in regards to the number of customers that pay with a credit or
17 debit card?**

18 A. I requested the payment method options afforded to Empire customers, the associated fees
19 charged to customers, and the number of customers that use each payment method. When I
20 analyzed the data that I received, only 25% of Empire customers used credit cards to pay their
21 electric bill. That means 75% of customers did not use a credit card; therefore depending on
22 their payment method, if all of Empire's customers are required to pay for all credit card fees,
23 they will not only be paying for their own payment method, but also for those who choose to
24 pay by a credit and debit card.

1 **Q. What did you discover in regards to credit card users?**

2 A. I did an analysis of different benefits of ten of the most popular credit card companies, such
3 as monetary rewards to use their cards. In this analysis, I averaged the annual per customer
4 credit card benefit, which is \$18.76. The per customer average monthly benefit is a \$1.56
5 reduction in their payment. This gives each credit card user a big incentive to use a credit
6 card to pay his/her/its bills.

7 **Q. What are the fees associated with each of the different payment methods that Empire
8 offers to its retail customers?**

9 A. As of this filing, the fees associated with Empire's payment method options are as follows:
10

Credit/Debit Card - 25% of Customers with incentive	\$0.69
Kiosks – 4% of Customers	\$1.00
Postage – 37% of Customers	\$0.50
No Fees – 34% of Customers	\$0.00

11
12 Even though Empire's customers' charge for using a credit card for payment is \$2.25, I
13 subtracted the average monthly benefit of \$1.56 for using a credit card.

14 **Q. If the Commission were to allow Empire to socialize credit and debit card fees, how
15 would that impact Empire's customers?**

16 A. If Empire were to socialize credit card fees, the total impact per customer would be \$0.05.

17 **Q. How would that impact affect Empire's customers' bills?**

18 A. The impact per customer monthly payment is as follows:

Credit/Debit Card - 25% of Customers	(\$3.77)
Kiosks – 4% of Customers	\$1.05
Postage – 37% of Customers	\$0.55
No Fees – 34% of Customers	\$0.05

19
20 Allowing credit card fees to be socialized to all of Empire's customers would mean that all
21 but 25% of Empire's retail customers will end up with an increased monthly bill, all other
22 things being unchanged.

1 **Q. Are these amounts significant?**

2 A. Yes, based on my analysis of the poverty income, unbanked customers, and underbanked
3 customers in Empire's service area. My research came from the 2017 Banking Status in
4 Missouri ³(Banking Status) and the 2018 Missouri Poverty Report⁴. (Poverty)

5 **Q. What does the Banking Status provide?**

6 A. This report from the Federal Reserve Bank of St. Louis supplies the number of people that are
7 unbanked and underbanked.

8 **Q. What is the difference between unbanked and underbanked?**

9 A. Unbanked households do not have bank accounts at all.⁵ Underbanked households may have
10 a checking or savings account, but often rely on alternatives to traditional loans and credit
11 cards to fund purchases and manage their finances.⁶

12 **Q. What does your analysis show?**

13 A. First, the percentage of Empire customers in the poverty income class is 16%. The percentage
14 of Empire customers who are unbanked is 7% and, of that 7%, 19% survive on poverty
15 incomes. The percentage of Empire customers who are under banked is 19% and, of that
16 19%, 22% survive on poverty incomes.

17 To put this into perspective, 25% of Empires customers are unable to pay their bills with credit
18 cards, while 25% of Empire customers pay their bills by credit cards. This would mean that
19 Empire is willing to charge fees to 42,735 customers that do not have the ability to pay by
20 credit cards to help the 42,600 customers that not only pay in this method, but get benefits and
21 incentives to pay in this manner.

³ Sources: https://economicinclusion.gov/surveys/2017household/documents/tabular-results/2017_banking_status_Missouri.pdf

⁴ source: <http://www.caastlc.org/wpsite/wp-content/uploads/2018/03/MCAN-MEP-2018-MissouriPovertyReport-DigitalDownload.pdf>

⁵ <https://www.investopedia.com/terms/u/unbanked.asp>

⁶ <https://www.investopedia.com/terms/u/underbanked.asp>

1 **Q. Does this conclude your direct testimony?**

2 A. Yes, it does.

**CASE PARTICIPATION
OF
AMANDA C. CONNER**

<u>Company Name</u>	<u>Case No.</u>
Empire District Electric Company	ER-2016-0023
Kansas City Power & Light Company	ER-2016-0285
Laclede Gas Company	GR-2017-0215
Missouri Gas Energy	GR-2017-0216
Missouri American Water Company	WR-2017-0285
Liberty Utilities	GR-2018-0013
KCP&L Greater Missouri Operations Company	ER-2018-0146
Kansas City Power & Light Company	ER-2018-0145
Union Electric Company D/B/A Ameren Missouri	GR-2019-0077
Union Electric Company D/B/A Ameren Missouri	ER-2019-0335

The Empire District Electric Company

ER-2019-0374

AMANDA C. CONNER

Summary

Rate Case Expense

Consultant Totals	\$151,481.88
Legal	\$637.50
Empire Employees	\$5,801.94
Total	\$157,921.32

Disallowed Rate Case Expense

Consultant Totals	\$15,999.38
Legal	\$0.00
Empire Employees	\$5,662.85
Total	\$21,662.23

Total Allowable Expense

\$136,259.09




50/50 As of Now	\$68,129.55
3 year normalization	3
Total Annual Rate Case Expense	\$22,709.85

Percentage of Disallowed Rate Case Expense 13.72%

Empire Estimate

Total Estimated 2019 Rate Case Expense:	\$445,472.00
50/50 as of now	50%
Allowable Rate Case Expense	\$222,736.00
2-year normalization	2
Annual Allowable Rate Case Expense	\$111,368.00
Annual Depreciation Study	\$0.00
Rate Review Expense	\$111,368.00

Estimated Rate Case Expense with Disallowed Percentage	\$61,105.85
50/50 As of Now	50%
Allowable Estimated Rate Case Expense	\$30,552.93
3-year normalization	3
Total Annual Estimated Rate Case Expense	\$10,184.31

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Policy

Purpose:

This policy is intended to provide employees with guidance relating to business travel and associated expenses and has been developed in order to ensure safe and appropriate travel standards.

The Company reserves the right to amend, alter or terminate this Policy or any part thereof at any time for any reason at the sole discretion of the Company. Employees will be advised appropriately of any Policy updates.

Scope:

Applies to all employees who are travelling on Company business. This includes, full time, part time, temporary employees as well as independent contractors.

Associated process and procedure documents:

This policy works in conjunction with the Expense Policy.

Procedure and Specific Guidelines




The following procedures apply to business travel:

1. Telephone and Online Meeting Options

Before deciding to travel, consideration should be given to whether the use of virtual meeting software and conference calls would reasonably accomplish the same goals.

2. Corporate Travel Agent

- 2.1 All air, lodging and car rental must be booked through the online tool provided by the Corporate Travel Agent except in emergencies. To use the system first set up a profile. Consult with the Corporate Travel Program Administrator responsible for employee travel related questions / issues and the setting up of Concur accounts. The Travel Program administrator may be reached at Travel@algonquinpower.com
- 2.2 Changes and cancellations: In some instances changes and cancellations may be made through the online tool. If not, changes and cancellations must be made through the Corporate Travel Agent.
- 2.3 Travel Booked Outside the Corporate travel agent will not be authorized. In the unlikely event there is an issue with the self-booking site, a "Travel Request Form" may be obtained from Travel@algonquinpower.com. Once completed, send to Travel@algonquinpower.com. Employees should save a copy of this form to their hard drive for future use. The form **must** include:
 - FWO number (financial work order / cost coding number)
 - Project Name
 - Name of person approving the travel
 - The reason for travel

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3. Emergency Contact information

After hours please call McTavish or TASS for support services
McTavish – 8:30am to 5:30pm eastern - Mon to Fri – 1-866-457-6911
McTavish - Outside North America Collect – 905-827-1100
TASS – After Hours – 1-866-935-6924
TASS – Outside North America Collect – 647-724-8277
TASS email – callme@tass247.com
Quote Agency ID Code : MXOKC42100

4. Travel Authorization

All travel must be approved in accordance with the purchasing level approvals for the individual. Travel bookings should be made as early as possible to take advantage of any advance booking savings. Eleven (11) days or earlier is recommended, however, the milestones for advance booking is dependent on the actual flight booked.

5. Documentation




- 5.1 It is the the traveler’s responsibility to ensure they have or can obtain valid / current documentation for the destination prior to booking travel. This includes a passport which is valid for a minimum of six (6) months after the traveler’s return date as well as any required visas. Traveler’s must also be up to date with any vaccination / immunization required for the destination.
- 5.2 The Company will cover the cost of a Visa if it is required for business travel.
- 5.3 The employee is responsible for the cost of obtaining and maintaining a valid passport and/or Nexus card, unless the employee does not have a passport and the Company has requested the employee secure a passport for business travel.

6. Points Program

The traveler may enroll in travel related points / preferential treatment programs, however, membership / annual fees are the responsibility of the traveler. Choices when booking **must** not be made based on the points program held by the traveler. Should any of these benefits be or become taxable, the the traveler will be responsible for any taxes that are applicable.

7. Air Travel

- 7.1 Air vs Rental Car: The traveler must use a rental car when driving is more cost effective than air travel and makes good business sense, i.e. less than hundred (100) miles or three (3) hours, one way. Employees with a car allowance are expected to use their own vehicle in such situations.
- 7.2 Airline Choice: All employees must use the most reasonable lowest cost airline, rather than personal favourites. The exception is if the traveler can get a lower cost ticket by using frequent flyer points to pay for a portion of the ticket and in this event, the Company will only reimburse the cash paid (no charge to the Company for use of the points).

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- 7.3 Types of Air Tickets: Fully flexible tickets are not allowed except for exceptional circumstances.
- 7.4 Unused Tickets / Flight Coupons / Missed Flights: The the traveler must notify the Corporate Travel Agent (if the travel is cancelled/postponed or if the ticketed flight has been missed) in order to retain as much value of the ticket as possible, even if the the traveler believes there is no value. The retained value of a ticket is to be used in accordance with the rules of the airline / ticket as soon as possible. To use retained values the the traveler must contact the Corporate Travel Agent directly as it cannot be used via the online booking tool.
- 7.5 Class of Service: All travel within North America must be booked in Economy or Coach. Flights that are eight (8) hours or more of actual flight time may be booked in Business Class. For connecting flights, each segment is considered separately to determine if it qualifies for Business Class.
Exceptions may be authorized for travelers with medical or other requirements which must be approved by a VP and confirmed with HR.
- 7.6 Limit of travelers per Flight: Every effort must be made to ensure no more than three (3) executive level and ten (10) employees travel together on the same flight.
- 7.7 Change Fee: Change fees are permitted when business reasons require change. Change fees can range from forty (\$40) to three hundred and fifty (\$350) plus the difference in the ticket price.
- 7.8 Lost Luggage: The airline is responsible for recovering the traveler’s lost luggage providing the traveler has utilized luggage tags. Without luggage tags the airline has no responsibility, however, airlines usually make every effort to assist. Loss of luggage must be reported before leaving the airport. Company owned lost or damaged equipment will be replaced by the Company. Personal items will not be reimbursed by the Company.
- 7.9 Excess Baggage Fee: The Company will reimburse the cost of one checked bag. Excess personal baggage fees will not be reimbursed. If the traveler is carrying business goods and/or materials, consideration should be given to sending them by courier in advance, if possible. If the traveler has to carry Company equipment and/or materials on a flight, a receipt is required for reimbursement together with details of the items.

8. Airport Parking / Transport

For transit to and from airports, train station or rental car agencies, the traveler should use the most cost effective method based on the length of travel, i.e. long term parking vs short term vs taxi, if cheaper than airport parking.

9. Lodging

- 9.1 Hotel: All accommodation should be booked through the online booking tool with priority given to the Company preferred hotels which are pre-loaded in the booking tool. If no Company preferred hotel is available for the traveler’s destination, a three (3) or four(4) star hotel should be selected, where available. For hotel booking as part of a

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conference or event, use the prescribed method for the event to take advantage of the event negotiated rates.




- 9.2 Late Arrival: All rooms will be guaranteed for late arrival with the the traveler’s credit card.
- 9.3 Cancellation: The traveler is responsible for cancelling hotel rooms through the Corporate Travel Agent or directly with the hotel. A cancellation number must be obtained and the name of the person with whom the traveler spoke.
- 9.4 Private Residence: The traveler is allowed to stay in a private residence with family or friends while traveling. The employee will be reimbursed for any receipted reasonable payment or gift given to show appreciation for the hospitality. As a guideline, the equivalent of up to one (1) night’s hotel accommodation is reasonable. If the the traveler requires further clarification of what is “reasonable” please contact the relevant Manager or the Travel Administrator to verify.

10. Ground Transport

The most cost effective method of transport must be used, including public transport, hotel shuttle and local staff.

11. Rental Cars

- 11.1 Reservations: Must be made through the online booking tool.
- 11.2 Avis is the Company’s preferred vendor. The corporate ID is **C322200**
- 11.3 Rental Agreement: The rental agreement must include the name of the Company to ensure that it is covered under the company’s umbrella insurance policy (Algonquin Power and Utilities Corp). The agreement and vehicle must be thoroughly checked prior to leaving the premises with the rental car. Any errors on the documentation and any car damage must be documented prior to departure.
- 11.4 Class of Car: The traveler may book up to a mid size / intermediate car. When picking up the the car, if the class of car booked is not available, the rental company is obliged to provide another vehicle at the next class up at no extra cost. Only standard vehicles may be rented. SUV’s (except in certain circumstances), luxury and specialty collection vehicles are not permitted, **even if there is no additional cost to the Company.**
- 11.5 Upgrades: are permitted to one (1) level higher when:
 - Three or more employees are traveling together
 - Transporting customers
 - The upgrade is at no cost to the company and the class of car is within policy limits
 - Weather / road conditions warrant a more robust vehicle
 - Visiting sites which are not accessible by a car; an intermediate SUV may be used
 - Transporting company owned bulky equipment or materials
 - A pre-approval has been obtained for a medical reason
- 11.6 Rental Company: Register for any preferential treatment program offered by the rental company and take advantage of any “perks” they offer, i.e. free upgrades, providing the upgrade falls within the “class of car” category, free extra miles, etc.

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11.7 Accident: In the event of an accident the traveler must contact the car rental company and the relevant Manager. The Manager will advise EHS, HR and Risk Management, as appropriate.

12. Insurance

- 12.1 The company has various forms of insurance in place to cover travel and car related risks. **No** other insurance will be reimbursed by the Company. The only exception is for rental cars where the insurance is mandatory by law. **Insurance which is “optional” is to be declined.** If the the traveler is unsure in any way about travel and car insurance, please contact Travel@algonquinpower.com.
- 12.2 Name on Rental Agreement: The company name “Algonquin Power & Utilities Corp.” must be on the rental agreement. It is important to check that the name is exactly as shown and have it corrected, if necessary, to ensure coverage under the company’s insurance. No abbreviated names may be used. This only covers rentals of less than 30 days.
- 12.3 Rentals 30 Consecutive Days or More: The traveler must verify with Travel@algonquinpower.com as to what insurance is required.
- 12.4 Note to Employees: Rental of a vehicle in the the traveler’s personal name only will require the traveler’s personal auto insurance to cover any damage or injury which occurs while the vehicle is in the the traveler’s care, custody or control.

13. Telephone

- 13.1 Contact with immediate family: The traveler should use the most cost effective means of maintaining contact with family, i.e. MSN, e-mail or phone. The company will reimburse reasonable personal phone calls.
- 13.2 Out of Country Phone Packages: Unless it is already part of the the traveler’s cellular package, employees must arrange for the appropriate phone and data package to be added to their phone. This will be determined by the desitation and duration of trip. Please arrange this via the IT helpdesk.

Responsibility

The traveler – Employees are responsible for complying with all guidelines and restrictions within the Travel Policy. The employee is responsible for using good judgment when making decisions regarding travel.

Managers – Managers are responsible for approving travel as well as providing clarification and guidance regarding the spirit of the Travel Policy.




Documentation / Cross Reference

Concur Travel Link – <http://www.concursolutions.com>

Concur Help Guide

Link:https://www.concursolutions.com/help/online/en/travel/emp_trav2/index.htm

Expense Policy – 2100-800-100-0001

  		354 Davis Road, Oakville, Ontario, L6H 2X1	
Document Type:	Policy	Doc #	2100-800-100-0002
Document Name:	Procedure for Business Related Travel	Revision #	2 Page 6 of 6

Created by:	Human Resources	Date Created:	11/1/2015		
Approved by Name/Title:	Greg Rooney, VP People & Culture	Date Approved:	11/13/2017		
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Liberty Utilities

Empire District

Procurement Policies and Procedures

Revised January 1, 2018



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LIBERTY UTILITIES – EMPIRE DISTRICT

Procurement Policies and Procedures

Guidelines to Ensure Ethical Conduct

Liberty - Empire employees performing a purchasing function for the Company shall adhere to the following ethics:

- Buy objectively on the basis of quality, delivery, service, initial price and total ownership cost.
- Your first loyalty is to Liberty-Empire. All decisions should be based on what is best for the Company. Buy without prejudice without favoritism, and without preconceived opinions. The Company is entitled to undivided loyalty and ethical conduct from all employees. Every action must be completely compatible with Liberty-Empire's over-all responsibility to its customers, suppliers and stockholders.
- You must remain impartial in all business phases of a supplier relationship. You have the following obligations to a supplier:
 - Not taking advantage of errors in quotations.
 - Not passing on confidential information to supplier's competitors.
 - Not divulging prices of bidders prior to awarding the order.
 - Avoiding sharp practices (abuse of buying power) by making misleading statements to the supplier.
- Refrain from the acceptance of other than token gifts or gratuities from business organizations or financial institutions which do business with Liberty-Empire.
- Reciprocity should be avoided where it removes the potential for competitive pricing and deprives Purchasing the right to carry out the purchasing function to the best of its ability.
- Avoid a conflict of interest. Conflict of interest exists when a buyer has direct/indirect interest in an outsider that inhibits impartiality of his judgment so that he could benefit personally through the purchase.

Procurement Objectives

The objective of this Procurement Policy and Procedure is to set guidelines for the purchase of materials and services for the Company so that maximum value is obtained for every dollar spent; the right quantity is purchased for the particular requirement; both quality and service as well as price are considered in selecting sources of supply; purchases are made without prejudice and all transactions are conducted on a strictly business basis.

Policies Governing the Procurement of Equipment, Materials and Supplies, Construction, Repair, Maintenance and Management Services, and Research and Development

The most commonly used method of procurement is the competitive bid. There are certain instances where partnering agreements are in the best interests of the Company and the use of single source quotations is necessary.

Notification to Prospective Vendors

Requests for bids are sent to approved vendors by the Director of Purchasing and Admin Services or other approved Company personnel as required. They are sent in sufficient time to permit preparation of complete and final proposals. The inquiry will be normally sent by mail or email, but

may be handled by fax or phone if time does not permit the use of mail. When handled by phone, the particulars of the conversation should be documented for the file. When the purchase requisition is written it should contain a copy of or make reference to the vendor's bid. Specifications, if necessary, accompany the inquiry and vendors are asked to quote on the same specifications.

Written bids are requested. It is recognized that submitting bids requires considerable time and expense on the part of the vendors. Therefore, suppliers are not asked to bid unless their products, equipment and/or services are acceptable.

The Extent of the Competition Required

In order to carry out these Procurement objectives, several sources of supply are needed. The number of approved vendors will vary depending on the nature of the material or services required. A minimum of three approved vendors should be used when possible.

Method of Approving the Vendors

Vendors will be approved on the basis of their ability to furnish material as per specification, on their frankness, fair dealing, maintenance of quality, good delivery, services both before and after the purchase, competitive prices and in the best interests of the Company. All vendor representatives who call on the Company for the first time are received and interviewed by the Director of Purchasing and Services and are referred to personnel in various departments depending on the products that they sell. Vendor representatives may contact approved personnel direct if requested by that person to do so. New sources, better equipment and better methods are constantly being sought. Vendors are encouraged to submit information concerning improved methods or substitute materials which would reduce cost or improve service. Bidders would be removed as an approved vendor if they do not maintain the standards above.

Procedure for Opening Bids and Criteria for Contract Award

When bids are received, they are opened and tabulated by Purchasing or the person requesting the bids. A copy of the bids will be forwarded to the proper personnel for evaluation. After the evaluation of the bids, the department recommendations are forwarded for approval or to the Purchasing Department in the form of a purchasing requisition in accordance with approval of Purchases Section. Documentation supporting vendor selection and pricing decisions shall be retained.

Policy and Procedure with Respect to Type of Contracts

A fixed price contract is normally requested; however, in some instances there are escalation clauses for equipment covered by a long delivery period—usually over one year. In some cases, incentive type contracts are used. Cost-plus may be used on small jobs where unpredictable physical conditions or other unusual situations exist, or with alliance partners. Consideration should be given to a legal and/or accounting review of all contracts prior to signing.

Blanket orders are issued for certain type of materials and supplies for delivery as the item is required. Releases specifying the quantity and shipping information are issued against these blanket orders.

Single-Supplier Negotiations

Negotiations with only one vendor may be used in the following cases:

- Emergencies when time does not permit normal procurement procedure
- Renewal parts which can only be obtained from one source
- Match-up of existing equipment
- Where only one qualified vendor is available for the product or service required
- Where the expense of the normal procedure is not justified for purchases under \$5,000

When purchases are made for one of the five reasons above, it should be so noted on the purchase requisition.

Partnering Agreement

Partnering agreements are long-term negotiated purchasing agreements with a single vendor for materials or services. Purchasing Agreements should benefit the Company. Consideration should be given to the following:

- Standardization and reliability of equipment
- Less inventory of repair parts
- Preferred customer status with vendor for better availability and delivery of material, services and repair parts
- Improved pricing and total ownership cost
- Additional services such as training and testing at no additional cost

The following is to be taken into consideration for partnering agreements:

- Required expiration date in agreement
- Terminate for cause clause
- Termination for convenience by Liberty-Empire clause
- Agreements should comply with all terms and conditions of Liberty-Empire's standard purchase order
- Delivery schedules
- Basis of price such as fixed price or price adjustment based on specified indices
- Clause for vendor to make available parts, drawings and related services after expiration or termination of partnering agreement
- Agreement to be governed by the laws of the state of Missouri
- Agreement to be reviewed by a Company attorney
- Appropriate Vice President must approve and be the Company official who signs the agreement

Special Procurement Policies

Local suppliers operating in our service area are preferred for materials and supplies. Local vendors must compete on price, quality, delivery and service with vendors outside of the service area.

Approval or Control of Subcontractors

Except in unusual cases the judgment and discretion of vendors or contractors are relied upon to select competent subcontractors when required, and to rely upon the prime contractor to control the activities of subcontractors in the performance of required work.

Applicable Laws and Regulations Which Might Affect the Procurement Policy

All contractors are expected to comply with all applicable laws and regulations.

Approval of Purchases

All purchase orders require approval through PeopleSoft Financials workflow based on the following thresholds:

- Up to \$2,500 – Requestor
- Over \$2,500 – Supervisor (but still requires Manager approval)
- Up to \$49,999.99 - Manager
- Up to \$50,000 – Sr Manager
- Up to \$249,999.99 – Department Head, Assistant Department Head
- Up to \$250,000 – Sr Department Head
- Up to \$499,999.99 – Vice President
- Up to \$500,000 – Sr Vice President
- Everything over \$500,000 – Unlimited level (President and VP-Finance and Admin)

All signature invoices over \$2,500 require approval of the appropriate department head. This is not subject to change by individual vice-presidents and/or department heads. (This is not intended to include voucher check orders for corporate type expenditures such as payroll deposits, tax payments, wire transfers, purchased power, etc.)

The Director of Purchasing and Admin Services signature is applied through the PeopleSoft Financials system on all purchase orders.

Purchasing Methods

Materials or services purchases will be made in one of the following ways:

- Purchasing cards are available for small purchases and travel expenses. They are intended as an alternative to purchasing processes such as signature invoices, monthly orders, purchase orders, cash advances and expense statements. The Purchasing Card Procedures Guide is made a part of the Company's Procurement Policies and Procedures by reference.
- Purchase Requisition for all other purchases. A properly approved requisition will initiate the writing of a purchase order and it being sent to the vendor after processing through PeopleSoft Financial workflow.
- A Voucher Check Order shall be used where payment to the vendor or supplier is required in advance or where payment is required to the vendor or supplier on receipt of the services or materials.
- If purchases are authorized without using a Purchasing Card or Purchase Requisition/Purchase Order, the Invoice Control Procedure will be followed, to accomplish payment for these materials or services.

Conflict of Interest

Employees responsible for the purchasing function should be especially cognizant of Liberty-Empire's "Conflict of Interest Policy" as stated in the Employee Information Guide and Liberty-Empire's Code of Business Conduct.

Attachments

- Purchasing Guidelines (dated 1/1/208) [Appendix A]
- Purchasing Card Procedures Guide (dated 2/1/2018) [Appendix B]
- Contractor Qualification and Selection Policy (dated 10/13/2015) [Appendix C]
- Responsible Contractor Policy for Large Construction & Maintenance Projects (dated 12/2017) [Appendix D]

APPENDIX A

Liberty Utilities Empire District

Purchasing Guidelines *Revised January 1, 2018*



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Liberty Utilities – Empire District Purchasing Guidelines

These guidelines are provided so employees can gain a better understanding of Liberty-Empire's purchasing process. These guidelines should be read in conjunction with the *Procurement Policies and Procedures* document, which is Liberty-Empire's official purchasing policy.

Request for Quotation (RFQ)

For most procurements, competitive bids are required. As a service to requisitioners, the Purchasing Department can obtain the necessary bids for you. To utilize this service, send a list of bidders along with copies of specifications and drawings to the Purchasing Department. Purchasing can help you with a bidder's list should you need assistance.

When RFQs have been received back from the bidders, Purchasing will send you copies of the quotations for your evaluation. Purchasing is available to assist in the evaluation of the vendor's terms and conditions. Terms and conditions in conflict with our purchase order's standard terms and conditions must be resolved with the vendor prior to issuance of a purchase order.

An evaluation of bids received will aid in determining the best purchase option for Liberty-Empire. All quotations should be evaluated fairly on the basis of quality, delivery, service, initial price and total ownership cost. Your evaluation should include as many of these factors as possible. All of these factors should be given equal consideration during the evaluation process.

Purchasing will retain a copy of bids they obtain and requisitioners who seek their own bids are responsible for maintaining their own files for audit purposes.

Purchase Requisition

Purchase requisitions are completed online in either Maximo or PeopleSoft Financials. As a major requirement, requisitions must contain a precise and clear description of the elements required in the purchase order such as the terms of the purchase, the time, manner and place of delivery.

Maximo approved requisitions are interfaced to PeopleSoft at the top of the hour Monday – Friday 8 am – 7 pm. Purchasing processes the requisition information and generates a purchase order that is sent to the vendor and the requestor.

When Should a Purchase Order be Used?

Purchase orders should be used for most purchases except for small dollar purchases. (Purchasing cards are available for small dollar transactions and travel.) This includes contracts and agreements for outside professional services. Employees as a normal practice should not directly enter into purchasing agreements with vendors. Without a purchase order, Liberty-Empire is subject to the vendor's terms and conditions with no written contract that documents the transaction.

A purchase requisition should be created so Purchasing can create a purchase order and send it to the vendor. The terms and conditions of our purchase order form provides legal protection to Liberty-Empire. The purchase order also records the required financial expenditure commitment in the Company's financial records. (See purchase order in next section.)

Purchase Order

A purchase order is a legal document governed by the Law of Contracts and the Uniform Commercial Code of Law (UCC). The purchase order constitutes the final and entire agreement between the vendor and the company. It may be either an offer to buy, an acceptance of an offer to sell, or a confirmation of a verbal agreement between the company and the supplier. Usually it is an instrument for an offer to buy, and when formal acceptance is received from the vendor it becomes a legal contract. As a legal contract, the purchase order gives the vendor authority to ship and to invoice the ordered goods and, thereby, becomes the company's commitment for the amount and value of those goods.

When we issue a purchase order as an **acceptance** of the vendor's offer, a contractual relationship arises immediately; otherwise our purchase order constitutes an **offer** to create a contractual relationship, which can be completed either by the vendor's acknowledgement or acceptance.

Due to legal implications with purchase orders, it is important to limit verbal orders to **only when time, delivery and availability are extremely important factors** in getting the needed materials or services.

Additions to Orders, Order Revisions, Cancellations (Change Order)

The same approvals are required for each change order as were required for the original order.

When Purchasing receives the change request, a change order will be issued to the vendor using the formal purchase order. The normal distribution steps as used for the original order will be followed.

For cancellation of a purchase order, a memo is to be prepared and emailed to Purchasing.

Contracts

Contracts should be processed through the purchasing system where it is appropriate. Some contracts such as purchased power would not be practical to track through the purchasing system. If there are concerns that contract terms could be in conflict with the PO terms and conditions, the following statement can be placed on the PO: "Contract agreement supersedes any terms and conditions pre-printed on this Purchase Order."

All contracts with values estimated to be greater than \$5,000,000 is subject to the "Contractor Qualification and Selection Policy." All bidders must complete the statement of qualifications form that is required by this policy.

Receiving

It is important that receiving is completed as soon as the material is received. Our vendors cannot be paid and cash discounts taken for early payment until Accounting has your receiving information. When you enter your receiving you are stating that the material has been received and is in good order.

When material is received the receiver should follow the following steps:

- Verify the delivery address with the physical site address. If a delivery is made to an incorrect address, the truck should not be unloaded.

- Complete a physical inspection of the shipment. If the material is damaged, note the damage on the freight bill and have the driver sign the note. Notify the Director of Purchasing and Services who will then contact the freight carrier to file a claim.
- Count the delivered number of items and verify with the freight bill. Any difference should be noted on the freight bill.
- Sign the freight bill.
- Verify that a purchase order number is present on the shipment packing slip. If no purchase order is found, notify the Purchasing department for instructions.
- Pull the filed purchase order copy.
- Verify the received quantity and description with the purchase order quantity and description.
- Record the quantity and date received on the purchase order copy, initial and attach the packing slip to the purchase order copy.
- If the material is an inventory item, store the material in the proper item location.
- Enter the quantity received and the quantity accepted into the computer for all stock and non-stock material received. The software will automatically update and notify Accounts Payable that the material has been received which permits the invoice to be paid.
- The hard copy purchase order and packing slip should be maintained at the receiving location by the receiver organized by calendar years.

Freight Damage

All material at time of delivery must be inspected for damage. Before it is accepted from the truck driver, any damage is to be noted on the freight bill and signed by the driver. **If not noted, Liberty-Empire may lose its right to file a claim against the carrier.** Notify Purchasing or its representative immediately about damaged material so that an inspection report can be requested from the carrier. Purchasing or its representative have the responsibility to file freight claims. Do not dispose of damaged freight until approved by the Purchasing Department or its representative. Motor freight claim rules require us to hold goods involved in damage claims until the carrier's investigation has established liability, and the carrier determines whether it will take possession of the goods for salvage.

Returned Material

As a part of the terms and conditions of our purchase order form, material is subject to our inspection and approval within a reasonable time after delivery. If our specifications were not met, the material may be returned at seller's expense. To return material, the vendor must be contacted for a return authorization.

Due to special manufacturing, or other reasons, some vendors may have special terms and conditions limiting returns, or charging for restocking. Requisitioners should evaluate vendor's proposals in advance of issuance of a purchase order to determine if their conditions are acceptable.

Purchasing Cards

Purchasing cards are available if you make small purchases or travel. A request form is available from Treasury or on Liberty-Empire's ePortal under Employee Resources/Forms. This form must be signed by your approving manager. The form includes dollar limits for single, daily and monthly transactions. You will be provided with the Procurement Policies and Procedures packet when you receive your card.

Purchasing Ethics

Employees making purchases are expected to conduct the business affairs of the company according to the guidelines stated in the following documents:

- Liberty-Empire Code of Business Conduct
- Liberty-Empire Employee Information Guide
- The Liberty Utilities – Empire District Electric Company Procurement Policies and Procedures

Should you have questions, please contact your supervisor or the Director of Purchasing and Admin Services.

APPENDIX B

Liberty Utilities

Empire District

Purchasing Card Procedures Guide

Revised February 1, 2018



Program Administrator: Jackie Roberts – Treasury Services Department
Card Provider - Wells Fargo Bank

Immediately Report Lost or Stolen Cards to Wells Fargo Bank at 1-800-932-0036.
Notify Jackie Roberts, Program Administrator, at Ext. 5991
or a designated Alternate (see B-8) during normal business hours. For issues at night, or over
weekends and holidays, contact Mark Timpe at 417-483-9370.

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THE EMPIRE DISTRICT ELECTRIC COMPANY

Purchasing Card Procedures Guide

General Overview

This document provides the guidelines under which you may utilize your purchasing card. Please read it carefully. As you use the card, please contact Empire's Program Administrator (or Alternate – see page B-8) if you have any questions.

Card users should become familiar with the Company's existing Procurement Policies and Procedures. The use of the purchasing card is not intended to avoid or bypass appropriate procurement or payment procedures; it is meant to complement the existing processes. This policy and the purchasing card are not intended to replace other Company policies or guidelines (such as the Policy for Flowers, Capitalization Guidelines, Retirement Party Guidelines and Rental Car Policy, etc.).

All purchasing cards are the property of the Empire District Electric Company and will have no impact on your credit card history or credit rating. As a Cardholder, you do not pay your monthly statement. All charges are paid monthly by the Company's Accounts Payable department.

Record keeping is essential to ensure the success of this program and for audit by regulators and federal and state tax authorities. Therefore, retention of all receipts is necessary for your protection as well as the Company's. Remember, you are committing the Company's funds each time you use the purchasing card.

Charging personal expenses to the card is prohibited. See the section on page B-7 titled Accidental and Personal Purchases for further guidance.

Obtaining a Card

All cards are issued with approval of the respective supervisor. To obtain a card, the Department Head/Officer and employee must complete and forward the "Purchasing Card Account Maintenance Form" (Attachment 2) to Empire's Program Administrator. The Program Administrator will provide instructions, a copy of the Procurement Policies and Procedures Packet, the Purchasing Card and the "Cardholder User Agreement" (Attachment 1) to the cardholder. The Cardholder User Agreement must be completed and returned to the Program Administrator.

Credit Limits

Credit limits are established by the supervisor but will not exceed the transaction limits established by the employee's approval level noted in the general Procurement Policy, unless approved by the President, Controller and Director of Purchasing. There is also a single and daily transaction limit placed on the purchasing cards, which means your card will be declined if you attempt to purchase more than this set amount at one time. **Do not split a purchase to avoid the single transaction limit.** If you have an unusual, one-time transaction, which exceeds the limit, notify your supervisor, and if appropriate, they can notify the Program Administrator by email to temporarily change the cardholder's credit limit.

Account Maintenance

If there is a need to change any information regarding your account, such as your email address, please complete the Purchasing Card Account Maintenance Form (Attachment 2) and forward to the Program Administrator.

Default Account

Each card will be assigned a single default distribution account number. To change the default account number, the supervisor must e-mail the request to Empire's Program Administrator or complete an updated Purchasing Card Account Maintenance Form. The entire month's purchase activity will be charged to the default account if the purchasing card statement is not received timely in the accounts payable department.

Security

As a cardholder, you must sign the back of the card immediately upon receipt. The card is issued in your name, and you are responsible for the security of your card and the transactions made against the card. Therefore, you should always keep your purchasing card in a secure place and treat it with the same level of care you would treat your own personal credit cards. It will be assumed any purchases made against the card were made by you. **Do not give the credit card number or any part of the number to anyone calling to ask for the number. Do not post it or write it in any location that is accessible to others.** Improper use of your card may result in suspension of your card or disciplinary action.

Reporting Lost or Stolen Cards

If you believe you have lost your card or that it has been stolen, immediately report this information to Wells Fargo Bank Purchasing Card Center at 1-800-932-0036. You will no longer be able to use the account number after notifying the bank. A new card should be issued within 48 hours of notice to Wells Fargo Bank. Immediately after reporting to Wells Fargo Bank Purchasing Card Center, you must inform Empire's Program Administrator. It is extremely important to act promptly in the event of a lost or stolen card to avoid company liability for fraudulent transactions.

Card Renewal

Renewal cards will automatically be renewed by Wells Fargo Bank. New cards will be mailed to the cardholder. Old cards are to be given to Empire's Program Administrator or cut in pieces and discarded. The same account number will be retained for the cardholder, but the expiration date should have changed on the newly issued card.

Separation of Employment

All cards must be surrendered to the cardholder's supervisor or the Director of HR upon separation from the Company, whether for retirement, voluntary or involuntary reasons. Supervisors will return cards to the Program Administrator for destruction.

Compliance

Random audits will be conducted to ensure compliance with the program requirements. Audit will review card activity, receipt retention, and managerial approval. Areas of interest will include: non-approved transactions, split transactions, unauthorized and unusual transaction patterns, inadequate descriptions, and uncompleted logs. If an audit is conducted on an account, the Cardholder is responsible for providing receipts or records on disputed items.

Supervisor Responsibilities

Supervisors **must** notify the Program Administrator when employees terminate, transfer departments or when new dollar limits are needed. It will be each supervisor's responsibility to review employee purchasing card transactions to make certain they are following the guidelines. This review will also help to ensure the correct account codes are being used.

Acceptable Purchases Include But Are Not Limited To:

- Non-stock materials and supplies
- Small Tools - unique one-of-a-kind tools or small tools not stocked in the storeroom needed to complete a job
- Books and professional publication's (periodicals, bulletins, newspapers, newsletters, subscriptions)
- Catering service for business related functions
- Flowers for business associates
- Membership dues
- CPE activities
- Seminars/conferences/training registration; meeting/conference room fees
- Computer/phone accessories (mouse, flash drive, chargers)
- Travel related expenses (hotel, air fare, ground transportation, taxi, tolls, rental car and fuel, parking)
- Meals (business related)
- Minor office supplies
- Car washes (company vehicles)
- Emergency use to maintain continuity of service for our customers (storms, outages, timely purchase of materials and supplies)
- Postage and shipping
- Rentals and services
- Time sensitive purchases for continuation of plant operations
- Time sensitive purchases when the vendor will not accept a PO
- Donations (donations greater than \$500 require a tax receipt from the receiving organization) *(approved and added 2/1/17)*

NOTE: Items purchased with the Company's Purchasing Card will not be reflected in Maximo Total Work Order Costs.

Unacceptable Uses of the Purchasing Card Include:

- Cash advances
- Flowers for employees (see Flower Policy - HR)
- Stock/Inventory items (e.g. materials maintained at Company Service Centers) - except during emergencies
- Small tools - except when purchase is necessary to complete a job, and it is not cost effective to drive back to the storeroom (supervisor approval is required prior to purchase)
- Computer purchases except for the IT department
- Personal purchases
- Fuel for personal vehicles
- Unauthorized purchases of all non-emergency vehicle related expenses (e.g. new tires) - the Transportation Department must be contacted before the purchase of such items in order to ensure the best price and department budget are considered
- Tax-exempt purchases requiring a tax-exempt form should be completed on purchase orders rather than purchasing cards

Receipts and Monthly Reconciliation of Purchasing Card Statements/Logs

You must obtain a receipt for any monetary amount when using the purchasing card. If you purchase via phone or mail, ask the vendor to fax the receipt to you or to include the receipt with the goods when the product is shipped. Individual receipts typically itemize merchandise purchased. The receipt is also the only documentation specifying whether sales tax has been paid against the purchase.

Each month, if you've had purchasing card transactions, you will be required to provide a statement/log to Accounts Payable by the 28th of each month.

Cardholders that reconcile their statement on-line should forward a printed copy of the "Reclassify All" screen in landscape view and your receipts to the Accounts Payable department after all information has been input and you have completed your review.

Cardholders not utilizing on-line data entry will receive a pre-printed statement/log sheet from Accounts Payable.

The statement/log should be compared to your receipts for accuracy. Use the receipts to complete the columns on the purchasing card log as follows:

- Description: Explain the business purpose of the expense.
 - For hotel bills, separate meals onto a different line. This is necessary for budgeting purposes and to prevent required correction from Accounts Payable.
 - For meals, the receipt must contain the following: name and location of the restaurant, the date, amount of the expenditure, and the individuals served. If the receipt does not indicate this information, the information should be noted on the statement/log.
 - For overtime meals, the words "overtime meal" should be noted on the purchasing statement/log.
- Department ID and Account: Indicate the department and account to be charged. If multiple departments or accounts are to be charged, separate the transaction as necessary.
- Dollar amount of line item: If using multiple department IDs or accounts, allocate the amount charged to each department and account.
- Project ID: List the project ID if the purchase is associated to a project.
- Tax Included: Indicate if sales tax was charged for the purchase.
- Receipt Attached: Indicate if a receipt is attached supporting the transaction.
- Supervisor Approval: Verify that all credit card charges incurred by the cardholder are appropriate, all required receipts and proper supporting documents are attached, and the coding and business reason are properly reported.

Once completed and approved by the supervisor, the purchasing card log and attached receipts should be immediately forwarded to Accounts Payable for processing and payment of the purchases and for retention of the log. It is important that all statements and receipts are submitted timely to accounting.

Online Charges

In certain instances, online purchases may require use of the purchasing card. The cardholder should take reasonable actions to insure the online retailer is reputable. The cardholder should never allow "online storage" of purchasing card information. Some retailers use this feature as a convenience for future orders (Amazon, PayPal, etc.), but it exposes the card information to unnecessary security threats.

Missing Charges

If a purchase does not appear on the log, retain the receipt until the following month. If the log does not reflect the purchase the following month, notify Empire's Program Administrator.

Disputed/Fraudulent Charges

A disputed charge may result from failure to receive the materials or services ordered, fraud or misuse, altered charges, duplicate charges, incorrect amounts, credits not processed, etc. Immediately report any charge appearing on your statement which you did not authorize to Empire's Program Administrator and to Wells Fargo Bank by calling 1-800-932-0036 and completing the Purchasing Card Dispute form (Attachment 3). If necessary, complete the Declaration of Forgery or Unauthorized Use Form (Attachment 4). Wells Fargo Bank must receive any charge dispute within **60 days** of the transaction date. The billed amount will be paid and any erroneous charges will be credited on subsequent billings. If a credit does not occur within a few months, contact Empire's Program Administrator to follow up on the disputed item. Prompt reporting of any such charge will help to prevent the company from being held responsible.

Accidental and Personal Purchases

In rare situations, personal charges may be unavoidable during a business trip (e.g. movies on hotel bills, spousal meals, etc.). These expenses are to be coded to Department #000 / Account #143201 (Electric) or Department #740 / Account #143203 (Gas). In such circumstances, the Company must be reimbursed for the personal items as soon as possible upon your return.

Accidental and personal use of the Company Purchasing Card must be immediately reported to the cardholder's supervisor and be reimbursed to the Company prior to the next billing cycle. Obtain and complete a Cash Receipt Form (GO8) and provide the appropriate accounting (as specified above), or the departmental default code. Submit the completed Cash Receipt Form and your repayment of the purchase to a Company Cashier. Employees should identify and note personal charges, using the accounting specified above, on their statements they turn in to accounting. Once the statements are received, Accounts Payable will identify these items and ensure they are charged to the appropriate account (143201 Electric, or 143203 Gas) even if reimbursement has not yet been made by the employee. If Accounts Payable does not receive notification on the statements, the departmental default code will be used instead and you will need to use the default code for repayment.

Split transactions

The practice of committing multiple purchasing card transactions or multiple transactions on multiple purchasing cards to bypass the cardholder's transaction limit is prohibited. See "Credit Limits" section for further discussion.

Rental Car Policy

When renting a car with your Company purchasing card, the vehicle must be rented in your name, and you should sign the car rental contract. **You should decline the liability, the collision/loss damage waiver and the personal effect insurance offered by the car rental company. The rental car is covered by the Company purchasing card and the Company's insurance.** Before renting a car, review the Company Rental Car Insurance Policy and Procedures. This policy and a copy of the current insurance card may be obtained from the Company portal under Transportation or from the Treasury and Risk Manager - Senior.

Wells Fargo Bank Customer Service Information

Automated customer service assistance is available 24 hours/day, 7 days/week: **1-800-932-0036**. This menu prompts you with options that will provide the following information:

1. Current Balance
2. Available Credit
3. Outstanding Authorizations
4. Inquire About a Decline
5. Report a Lost/Stolen Card
6. Speak with a Customer Service Representative

You will need your 16 digit purchasing card number and/or your unique ID (in most cases this is the last 4 digits of your employee number).

Purchasing Card Administrator Contact Information

If you have any additional questions, please contact the following Treasury Services Department individuals:

Jackie Roberts, Program Administrator
Phone: 417-626-5991
jackie.roberts@libertyutilities.com

Amy Tatum, Alternate
Phone: 417-625-6535
amy.tatum@libertyutilities.com

Mark Timpe, Alternate☎
Phone: 417-626-5963
mark.timpe@libertyutilities.com

☎Mark Timpe is the contact for evenings, weekends and holidays.

**Purchasing Card Procedures Guide
Attachment 1**

Cardholder User Agreement

You are being entrusted with an Empire District Company purchasing credit card, issued by Wells Fargo Bank. The card is provided to you based on your need to operate locally on a daily basis and to purchase materials for The Empire District Company. It is not an entitlement nor reflective of title or position. The card may be revoked at any time without your permission. Your signature below indicates that you have read and will comply with the terms of this agreement.

- I understand that I will be making financial commitments on behalf of The Empire District Company and will strive to obtain the best value for The Empire District Company.
- I have read and will follow the Purchasing Card Policies and Procedures. Failure to do so could be considered a misappropriation of The Empire District Company funds. Failure to comply with this Agreement may result in either revocation of my use privileges or other corrective action including the company's progressive discipline policy.
- I understand that under no circumstances will I use the Purchasing Card to make personal purchases, either for myself or for others. Using the card for personal charges could be considered misappropriation of The Empire District Company funds and could result in corrective action, including the company's progressive discipline policy.
- I agree that should I violate the terms of this Agreement and use the Purchasing Card for personal use, The Empire District Company shall have the right to deduct any amounts owed, including but not limited to charges incurred from collection agencies, internal administration costs, court costs, etc., from my paycheck or final paycheck. The laws of the state of Missouri shall govern the enforceability of this agreement.
- The Purchasing Card is issued in my name. I will not allow any other person to use the card. I am considered responsible for any and all charges against the card.
- The Purchasing Card is company property. As such, I understand that I may be periodically required to comply with internal control procedures designed to protect The Empire District Company assets. This may include being asked to produce the card to validate its existence and account number.
- If the card is lost or stolen, I will immediately notify Wells Fargo Bank by telephone at 800-932-0036 and the Program Administrator at The Empire District Company.
- I will receive a monthly statement, which will report all purchasing activity during the statement period. Since I am responsible for all charges (but not for payment) on the card, I will reconcile the statement each month, provide receipts for each charge and make any coding changes to the expenses if needed, and resolve any discrepancies by either contacting the merchant or Wells Fargo Bank myself.
- I agree to surrender the Purchasing Card immediately upon termination of employment, whether for retirement, voluntary, or involuntary reasons.

Employee Name (Print)

Employee Signature

Date

Please return completed form to Jackie Roberts - Treasury

Purchasing Card Procedures Guide
Attachment 2

Purchasing Card Account Maintenance Form
Returned Completed Form to Jackie Roberts, Treasury, Corp. Office – 3rd Floor

TYPE OF REQUEST (Circle One)

- A. New Account
- B. Account Closure
- C. Name Change
- D. Transaction Limit Change(s):
 Increase _____ Decrease _____
- E. Staff Relocation – New GL: (9 Digits) _____
- F. Temporary Credit Limit Increase: \$ _____
 Reason for Increase/Date: _____
- G. Other:(Description) _____

TO ADD A NEW ACCOUNT (Request "A"):

1. Circle "New Account" under Type of Request above
2. Complete the section under "Card Information"

TO CHANGE INFORMATION ON AN EXISTING ACCOUNT (All Other Requests):

1. Indicate Type of Request above
2. Fill in last 8 digits of account number
3. Fill in current name on card
4. Complete only the fields to be changed in "Card Information" section

CARD INFORMATION (Complete all highlighted fields)

Name (Print Legibly) – 24 character maximum (To be embossed on card)	\$ Single Transaction Limit (Defaults: \$1,500 for employee level; \$2,500 for manager level) *
Business Unit Name, Job Title & Location (To send card)	\$ Daily Transaction Limit (Defaults: \$1,500 for employee level; \$2,500 for manager level) *
Last 5 digits of Cardholder's Employee Number	\$ Monthly Transaction Limit (Defaults: \$2,500 for employee level; \$5,000 for manager level) * *If higher levels are needed, please provide justification below:
*9 digit Dept./GL Information (Default Acct.)	_____ _____ _____

AUTHORIZATION

X Employee Signature	Date
X Purchasing Card Statement Approver Signature	Date
Approving Manager (Print Legibly)	Date
X Program Administrator Signature	Date

SPECIAL INSTRUCTIONS:

Email address for statement reminders:
 Examples: cardholder's email address, reconciler's email address, or edecard@libertyutilities.com (for statements sent by Accounts Payable)

Name of Reconciler (if none, leave blank):

OTHER:

**Purchasing Card Procedures Guide
Attachment 3**

Wells Fargo Bank Purchasing Card Dispute Form

Wells Fargo Bank must receive transaction dispute within 60 days of posting to your account.
Attn: Dispute & Loss Specialist

Date: _____

Company Name: _____

Account Number: _____

Transaction Date: _____ Amount: _____

Merchant Description: _____

Please take a moment and check the appropriate statement that validates your dispute. Please attach any supporting documentation that validates your dispute, such as: credit memos, letter to merchants, sales slips or proof of payments.

_____ I certify that the transaction disputed was not made by me or the person authorized by me to use the card, nor were the goods or services represented by this transaction received by myself or a person authorized by me.

_____ Although I did engage in the above transaction, I am disputing the entire charge, or a portion in the amount of \$_____. I have contacted the merchant and requested a credit to my account for the reason explained in the attached letter.

_____ The enclosed sales slip for \$ _____ appeared on my statement as \$ _____.

_____ The enclosed credit memo: _____ has not posted to my account OR was listed as a purchase on my statement/activity report.

_____ I did not receive the service and/or merchandise. I have contacted the merchant and they have not resolved my dispute. I expected to receive the merchandise/services on ____/____/____.

_____ I have already paid for the transactions shown above by:
_____ check _____ cash _____ money order _____ other credit card.

Signature

Date

Print Name

Phone Number

Please return this form immediately. Fax completed form to 415-975-6635.
We appreciate your cooperation and urge you to contact us at 800-932-0036 if you have any questions.

**Purchasing Card Procedures Guide
Attachment 4**

Declaration of Forgery or Unauthorized Use

Re: Wells Fargo Bank Visa Card® Purchase Card

Account Number: _____

I, _____, have reported that my above numbered card or account (please check and complete applicable section):

- _____ With an expiration date of _____ was not received by me
 - _____ Was discovered missing on _____
 - _____ Was stolen on _____, at _____
 - I have notified the _____ police, who took report # _____
 - _____ May have been used without my authorization, though valid card was in my possession at all times
- Additional information enclosed on separate sheet

I last used the said card on _____, 20____ in the city of _____. Any duplicate of such card has been destroyed. The transaction(s) listed below or on the attached sheet and/or transaction made after the date of the last usage were not made by me or by a person acting with my authorization. I received no benefit whatsoever from such use. I further authorize you to accept my telephone verification of any subsequent transaction(s).

Transaction Description	Transaction Date	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

I declare under penalty of perjury that the foregoing is true and correct, and I will testify, declare, depose or certify to the truth hereof before any competent tribunal, officer or person in any case now or hereafter pending in connection with the matters contained within this declaration.

Executed at (City/County and State) _____

Date _____

Signature of Cardholder _____

Signature of Other Authorized User _____

Signature of Other Authorized User _____

APPENDIX C

Liberty Utilities Empire District

Contractor Qualification and Selection Policy *October 30, 2015*



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The Empire District Electric Company Contractor Qualification and Selection Policy

General Overview

- All contracts with values estimated to be greater than \$5,000,000 shall be subject to this policy.
- All bidders must provide a Statement of Qualifications as requested by EDEC (see attached) in order to be considered for selection.
- Legal counsel must review all contracts. EDEC will consider advice before executing contract.
- EDEC will include a “right to audit” clause, when appropriate.
- An Officer of EDEC will be responsible for execution of all contracts.
- No contract shall become effective until a Surety Bond covering the entire contract value is in place unless EDEC President grants variance.
- No contract shall become effective until Certificates of Insurance are provided as evidence that required coverage for insurance is in force.
- Selection by EDEC will be based on qualifications, financial resources, bonding capacity, credit rating, personnel resources, safety record and fees.
- CEO can grant waivers based on sound business judgment.

Statement of Qualifications

(Pre-Contract and Diligence Enquirer)

All Vendors must submit the information requested in this form in order to be considered for this project. The contents of this questionnaire will be used to determine your company's qualifications. Please direct any questions and return the completed form to _____ at Extension .

PLEASE TYPE OR PRINT

Company Name	
Postal Addresses	Number Street City State Zip Code
Street Addresses	Number Street City State Zip Code
Phone	FAX
Office Alternate	
Company Email	Company Web URL

Key Contact Personnel

Name	Title	Years with Company	Phone Ext.	Email
Name	Title	Years with Company	Phone Ext.	Email
Name	Title	Years with Company	Phone Ext.	Email
Name	Title	Years with Company	Phone Ext.	Email
Name	Title	Years with Company	Phone Ext.	Email

Financial Statement

**Please attach your latest copy of a reviewed or audited Financial Statement with accompanying notes and supplemental information sufficiently detailed to permit an appraisal on the Company's financial condition.

NOTE: A FINANCIAL STATEMENT THAT IS NEITHER REVIEWED NOR AUDITED IS NOT ACCEPTABLE. A LETTER VERIFYING AVAILABILITY OF A LINE OF CREDIT MAY ALSO BE ATTACHED; HOWEVER, IT WILL BE CONSIDERED AS SUPPLEMENTAL INFORMATION ONLY AND IS NOT A SUBSTITUTE FOR THE REQUIRED FINANCIAL STATEMENTS.

Organization

How many years has your company been business as a contractor? _____

How many years has your company conducted business under its present name? _____

Has your company operated under any other names in the last five (5) years? If so, please specify the names.

Please state the type of business organization under which your company conducts business (i.e., Corporation, partnership, sole proprietorship, etc.). _____

Give the names of the officers/principals in your organization and their addresses.

List the experience of the individuals of your organization that will be responsible for this project (resume may be attached).

Individual name	Present Position/Office	Years of Experience	Work Type & Magnitude	In What Capacity

List any union trade agreements you presently have in effect. Are all your union benefits obligations current?

Licensing

List the jurisdictions and trade categories in which your organization is legally qualified to conduct business.

List the jurisdictions and trade categories in which your organization is legally qualified to conduct business.

If any of your organizations license(s) are held in the name of a corporation or partnership, list below the names of the qualifying individual(s) who meet(s) the experience and examination requirements for each license.

Has your organization been licensed in a different name or different license number in the last five (5) years? If yes, list name(s) and/or number(s).

Has any license been revoked at any time in the last five (5) years? _____

Experience

Attach to this sheet a list of projects completed in the past three (3) years involving work of a similar type and complexity. Also list projects that are presently under construction and the percentage complete. List the following data for each project:

- Project Owner name, address and telephone number
- Project Name and location
- Approximate Contract Value
- Name, address and telephone number of Owner’s representative for each project
- Name of architect or engineer
- Status as prime or subcontractor
- Type of project/Description
- Schedule for the project
- Start/Stop dates
- Bonding Agent/Amount/Cost per \$1000

Claims, Disputes, and Civil Suits

Has your organization failed to complete any work awarded to it in the last five (5) years?

Yes No

Has any officer, member, or partner of your organization ever been an officer, member, or partner in an organization that failed to complete any work awarded to it? If yes, state details naming the officers or persons and organizations and reasons for such failures and the names of the sureties.

Yes No

Has your organization filed any lawsuits or requested arbitration with regard to construction contracts within the past five (5) years?

Yes No

Are there any judgments, claims, disputes, suits pending or outstanding, or arbitration requests made by or against your Company within the past five (5) years? If yes, please complete the following:

The below judgments are outstanding against your Company:

Judgment Creditors	Where Docketed and Date	Amount
		\$
		\$
		\$
		\$
		\$
		\$
		\$
	<i>TOTAL JUDGEMENTS</i>	\$

Has your company experienced financial difficulties that resulted in declaring Bankruptcy or Chapter 11 in the last five (5) years? If yes, please attach a copy of the bankruptcy petition (showing the case number and the date on which the petition was filed), a copy of the Bankruptcy Courts discharge order, or any other document that ended the case if there was no discharge order issued.

Yes No

Have any vendors or subcontractors filed liens against your clients? If yes, please provide name and address of client.

Yes No

Has a surety firm completed a contract on your behalf, or paid for completion because your company was default terminated by the project owner within the last five (5) years?

Yes No

What were your general liability losses for the last three (3) years?

Has your company or any of its owners, officers or partners ever been convicted of a crime involving any federal, state, or local law related to construction? If yes, please explain who was involved, the name of the public agency, the date of the conviction and the grounds for the conviction.

Yes No

Has your company or any of its owners, officers or partners ever been convicted of a federal or state crime of fraud, theft, or any other act of dishonesty?

Yes No

References

Please attach the following:

- Trade references
- Bank references
- Surety / bonding company
- Experience resume of the person who will be designated as general construction superintendent or on-site construction manager for the contractor

Employees/Subcontractor(s)

What is the approximate number of personnel that will be utilized on this project? _____

Please provide a resume for the proposed project manager.

If known, please list the superintendents and supervisors who will be working throughout this project.

Does your Company plan to utilize Union or Non-Union labor for this project? Yes, Union Yes, Non-Union

If known, attach a list of other subcontractors to be employed by your company on this project.

Compliance With Occupational Safety and Health Laws and With Other Labor Legislation Safety

Does your Company have a written safety program? Yes No

Does your Company have a substance abuse program? Yes No

Does your Company have a new employee orientation program? Yes No Do

you hold safety meetings for:

	Yes	No	Frequency of Meetings
Supervisors			
Employees			

Do you hold site safety inspections? Yes No

Please use the OSHA 200 Log to fill in the number of cases for each of the following categories for the most recent three (3) years.

Description	Current Year	Year 2	Year 3
Number of fatalities			
Number of lost work date cases			
Number of lost time accident cases			
Number of restricted workday cases			
Number of medical attention cases			
Number of employee hours worked			

How many (State or Federal) OSHA “willful” or “repeat” citations have you received in the last three (3) years? If any, please attach a separate page describing the citation(s).

Has the EPA or any state agency cited and assessed penalties against either your company or the owner of a project on which your company was the contractor, in the past five (5) years? If yes, attach a separate signed page describing each citation.

Yes No

List your company’s Experience Modification Rate (EMR) (workers’ compensation insurance) for each of the past three (3) premium years:

NOTE: AN EXPERIENCE MODIFICATION RATE IS ISSUED TO YOUR COMPANY ANNUALLY BY YOUR WORKERS’ COMPENSATION INSURANCE CARRIER

	<u>EMR</u>
Current Year	
Year 2	
Year 3	

If your EMR for any of these three (3) years is or was 1.00 or higher, please attach a letter of explanation.

Within the last five (5) years has there ever been a period when your company had employees but was without workers' compensation insurance or state-approved self-insurance? If yes, please explain the reason for the absence of workers' compensation insurance.

Yes No

If no, please provide a statement by your current workers' compensation insurance carrier that verifies periods of workers' compensation insurance coverage for the last five (5) years. (If your company has been in the construction business for less than five (5) years, provide a statement by your workers' compensation insurance carrier verifying continuous workers' compensation insurance coverage for the period that your firm has been in the construction business.)

Bonding

In the event the contract is awarded to the Bidder provide the Surety Bond Company intended to be utilized by vendor.

Surety Company Name					
Postal Address	Number	Street	City	State	Zip Code
Street Address	Number	Street	City	State	Zip Code
Contact				Phone	

The Bidder hereby represents and warrants that all statements set forth herein are true and correct. (If the Bidder is a partnership, the partnership name must be signed, followed by the signature of at least one of the partners. If the Bidder is a corporation, the corporate name must be signed, followed by the signature of a duly authorized officer and the corporate seal affixed. A typewritten copy of all such names and signatures shall be appended. No alterations, erasures, corrections or interlineations will be permitted.)

(OFFICIAL SEAL)

Name of Bidder

Title

Date Signature Title

Date Signature Title

APPENDIX D

Liberty Utilities Empire District

Responsible Contractor Policy for Large Construction & Maintenance Projects *R0 - December 2017*



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General Overview

- All fixed-price contracts with values estimated to be greater than \$1,000,000 for construction and/or maintenance projects shall be subject to this policy.
- All bidders must provide a Statement of Qualifications as requested by EDEC (see attached) in order to be considered for selection.
- Legal counsel must review all contracts. EDEC will consider advice before executing contract.
- EDEC will include a “right to audit” clause, when appropriate.
- An Officer of EDEC will be responsible for execution of all contracts.
- No contract shall become effective until a surety bond covering the entire contract value is in place unless EDEC President grants variance.
- No contract shall become effective until Certificates of Insurance are provided as evidence that required coverage for insurance is in force.
- Selection by EDEC will be based on qualifications, experience with past projects, commitment to quality, financial integrity, bonding capacity, credit rating, skilled workforce, robustness of safety programs, safety record, fees, and local sourcing.
- President may grant waivers based on sound business judgment.

Guidelines to Ensure Ethical Conduct

Empire employees performing a purchasing function for the Company shall adhere to the following ethics:

- Buy objectively on the basis of quality, delivery, service, initial price and total ownership cost.
- Your first loyalty is to Empire. All decisions should be based on what is best for the Company. Buy without prejudice without favoritism, and without preconceived opinions. The Company is entitled to undivided loyalty and ethical conduct from all employees. Every action must be completely compatible with Empire’s over-all responsibility to its customers, suppliers and stockholders.
- You must remain impartial in all business phases of a supplier relationship. You have the following obligations to a supplier:
 - Not taking advantage of errors in quotations.
 - Not passing on confidential information to supplier’s competitors.
 - Not divulging prices of bidders prior to awarding the order.
 - Avoiding sharp practices (abuse of buying power) by making misleading statements to the supplier.
- Refrain from the acceptance of other than token gifts or gratuities from business organizations or financial institutions which do business with Empire.
- Reciprocity should be avoided where it removes the potential for competitive pricing and deprives Purchasing the right to carry out the purchasing function to the best of its ability.
- Avoid a conflict of interest. Conflict of interest exists when a buyer has direct/indirect interest in an outsider that inhibits impartiality of his judgment so that he could benefit personally through the purchase.

Procurement Objectives

The objective of this Policy is to set guidelines for the selection and purchase of services of large construction and maintenance projects (>\$1,000,000 fixed-price contract) for the Company so that maximum value is obtained for every dollar spent; the right quantity is purchased for the particular requirement; both quality and service as well as price are considered in selecting sources of supply; purchases are made without prejudice and all transactions are conducted on a strictly business basis.

Procurement of Large Construction and Maintenance Projects

The most commonly used method of procurement is the competitive bid. A general outline of the competitive bid process is described below. Specific projects may utilize outside consultants for the procurement process and may deviate from the general outline below.

Approved Bidders

Potential vendors can become Approved Bidders on the basis of their ability to furnish the scope of work as per specification, local sourcing, on their frankness, fair dealing, maintenance of quality, good delivery, services both before and after the purchase, competitive prices and in the best interests of the Company. All vendor representatives who call on the Company for the first time are received and interviewed by the Director of Purchasing and Admin Services and are referred to personnel in various departments depending on the products that they sell. Vendor representatives may contact approved personnel direct if requested by that person to do so. When working with outside consultation on large projects, the consultant intimate with the project may make suggestions on vendors. These recommendations should be considered by EDEC when developing the list of Approved Bidders. Vendors may also become Approved Bidders through a formal Request for Qualifications issued by the company, or an agent of. Approval of the vendor will be done by the Purchasing Department, or other approved Company personnel as required, on a project by project basis.

All bidders subject to projects falling under this policy must provide a statement of qualifications. Empire frequently solicits bids using outside consultants. The “Statement of Qualifications” form may vary slightly for individual projects, however the original intent shall remain.

The Extent of the Competition Required

In order to carry out these Procurement objectives, several sources of supply are needed. The number of approved vendors will vary depending on the nature of the material or services required. A minimum of three approved vendors should be used when possible.

Request for Quotation (RFQ) or Proposal (RFP)

For most procurement under this policy, formal competitive bids are required. It is recognized that submitting bids requires considerable time and expense on the part of the vendors. Therefore, vendors are not asked to bid unless their products, equipment and/or services are acceptable. Requests for bids are sent to Approved Bidders by the Director of Purchasing and Admin Services, or other approved Company personnel as required. They are sent in sufficient time to permit preparation of complete and final proposals. Typically the requests will be issued as a written RFP/RFQ clearly outlining the scope of work, materials required, and may include specifications when applicable. The inquiry will be sent by mail or email, but may be handled by phone if in emergency and time does not permit the use of mail. When handled by phone, the particulars of the conversation should be documented for the file.

The Statement of Qualifications may be asked for as part of the RFP/RFQ, if required and not previously provided.

As a service to requisitioners, the Purchasing Department can obtain the necessary bids. To utilize this service, provide the list of bidders, specifications and drawings to the Purchasing Department. Purchasing can help you with a bidder's list should you need assistance. When RFQs have been received back from the bidders, Purchasing will send you copies of the quotations for your evaluation. Purchasing is available to assist in the evaluation of the vendor's terms and conditions. Terms and conditions in conflict with our purchase order's standard terms and conditions must be resolved with the vendor prior to issuance of a purchase order.

Purchasing will retain a copy of bids they obtain and requisitioners who seek their own bids are responsible for maintaining their own files for audit purposes.

Procedure for Opening Bids

Bids are typically opened privately. Occasionally, vendors will provide confidential information within their bid. Empire acknowledges, but must allow for regulators to review bid documents when required. Bid solicitations from Empire should include a statement to notify bidders of this requirement.

Evaluation Criteria

An evaluation of bids received will aid in determining the best purchase option for Empire. All bids and proposals should be evaluated fairly on the basis of qualifications, commitment to quality, experience with past projects, financial integrity, bonding capacity, credit rating, skill of workforce, robustness of safety programs, safety record, delivery, service, local sourcing, initial price and total ownership cost. The evaluation should include as many of these factors as possible. When bids are received, they are to be tabulated by Purchasing or the person requesting the bids. A copy of the bids will be forwarded to the proper personnel for evaluation. Typically a ranking matrix is used during this evaluation; see Attachment 1 – Internal Contractor Selection Guidelines. This matrix shall be customized to each project by the requisitioner.

After the evaluation of the bids, the recommendations are summarized in a memo and circulated for final approval. This memo should include, when applicable; summary of the project; bid matrix, internal training consideration, summary of contractor-funded learning programs, and final recommendation.

Contract Award

Upon approval of the recommended bidder and proposal, a final contract shall be executed. This may include, but is not limited by, an Independent Contractor Agreement, a specific project contract, a purchase order, and/or a Master Service Agreement. Execution of contracts in excess of \$1 million, and all purchases, must be performed in accordance with the Approval of Purchases within “Procurement Policies and Procedures.”

When vendor is selected the bid is forwarded to the Purchasing Department in the form of a purchasing requisition in accordance with the Procurement Policies and Procedures. Documentation supporting vendor selection and pricing decisions shall be retained.

Type of Contracts

Under this Policy only fixed price contracts for construction and/or maintenance projects apply. Should other forms of contract or other goods be sought, a separate Policy applies and is available from the Purchasing Department. Notwithstanding the above, certain instances may call for single-supplier or partnering agreements.

Single-Supplier Negotiations

Negotiations with only one vendor may be used in the following cases:

- Emergencies when time does not permit normal procurement procedure
- Renewal parts which can only be obtained from one source
- Match-up of existing equipment
- Where only one qualified vendor is available for the product or service required

When purchases are made for one of the four reasons above, it should be so noted on the purchase requisition. Approval of single-supplier negotiations shall be approved by the EDEC Vice President over the department making the purchase.

Partnering Agreement

Partnering agreements are long-term negotiated purchasing agreements with a single vendor for materials or services. Purchasing Agreements should benefit the Company. This policy applies to fixed-price construction and/or maintenance projects in excess of \$1 million. Should a single project's contract result in a partnering agreement, consideration should be given to the following:

- Standardization and reliability of equipment
- Less inventory of repair parts
- Preferred customer status with vendor for better availability and delivery of material, services and repair parts
- Improved pricing and total ownership cost
- Additional services such as training and testing at no additional cost

The following is to be taken into consideration for partnering agreements:

- Required expiration date in agreement
- Terminate for cause clause
- Termination for convenience by Empire clause
- Agreements should comply with all terms and conditions of Empire's standard purchase order
- Delivery schedules
- Basis of price such as fixed price or price adjustment based on specified indices
- Clause for vendor to make available parts, drawings and related services after expiration or termination of partnering agreement
- Agreement to be governed by the laws of the state of Missouri
- Agreement to be reviewed by a Company attorney
- Appropriate Vice President must approve and be the Company official who signs the agreement

Large Project Purchasing Guidelines

These guidelines are provided so employees can gain a better understanding of Empire's purchasing process. These guidelines should be read in conjunction with the entirety of the *Procurement Policies and Procedures* document, which is Empire's complete purchasing policy. Upon selection and approval of the vendor and final executed form of contract, the following purchasing activities may be performed.

Purchase Requisition

Purchase requisitions are completed online in either Maximo or PeopleSoft Financials. As a major requirement, requisitions must contain a precise and clear description of the elements required in the purchase order such as the terms of the purchase, the time, manner and place of delivery. Requisitions shall contain, or reference, the specifications and vendor's bid for the project.

Maximo Approved requisitions are interfaced to PeopleSoft at the top of the hour Monday – Friday 8 am – 7 pm. Purchasing processes the requisition information and generates a purchase order that is sent to the vendor and the requestor.

Purchase Order

A purchase order is a legal document governed by the Law of Contracts and the Uniform Commercial Code of Law (UCC). The purchase order constitutes the final and entire agreement between the vendor and the company. It may be either an offer to buy, an acceptance of an offer to sell, or a confirmation of a verbal agreement between the company and the supplier. Usually it is an instrument for an offer to buy, and when formal acceptance is received from the vendor it becomes a legal contract. As a legal contract, the purchase order gives the vendor authority to ship and to invoice the ordered goods and, thereby, becomes the company's commitment for the amount and value of those goods.

When we issue a purchase order as an acceptance of the vendor's offer, a contractual relationship arises immediately; otherwise our purchase order constitutes an offer to create a contractual relationship, which can be completed either by the vendor's acknowledgement or acceptance.

Due to legal implications with purchase orders, it is important to limit verbal orders to only when time, delivery and availability are extremely important factors in getting the needed materials or services.

Executed Contracts

Contracts should be processed through the purchasing system where it is appropriate. If there are concerns that contract terms could be in conflict with the standard PO terms and conditions, the following statement can be placed on the PO: "Contract agreement supersedes any terms and conditions pre-printed on this Purchase Order." A copy of the executed contract shall accompany the PO.

Additions to Orders, Order Revisions, Cancellations (Change Order)

The same approvals are required for each change order as were required for the original order/contract. When Purchasing receives the approved change request, a change order will be issued to the vendor using the formal purchase order form. The normal distribution steps as used for the original order will be followed. If the executed contract included language governing the change order process, that process shall be followed for execution of the change order.

For cancellation of a purchase order, a memo is to be prepared and sent to Purchasing.

Special Procurement Policies

Sourcing Local

Local vendors operating in our service area are preferred for services, materials, and supplies. Local vendors must compete on price, quality, delivery and service with vendors outside of the service area.

Internal Training Consideration

Consideration will be given to self-performing the scope of work identified within the RFP/RFQ given to bidders. The bid costs shall be compared to costs to train EDEC employees and perform the work. A worksheet is provided with this document and is intended to be filled out (added to and/or revised, if needed) for each project, see Attachment 2 – Additional Cost Savings Guidelines. The findings shall be summarized and reported with the bid tabulation and considered during the bid evaluation.

Contractor-Funded Learning Programs

Consideration will be given to contractors that propose the use of self-funded apprenticeships, training, and certification programs to provide a cost-savings to EDEC. If the scope of the contract allows for the contractor to bid with such programs enacted on the jobsite, the additional cost-savings shall be quantified within their bid. The cost-savings shall further be evaluated by EDEC to, at minimum, determine applicability to the project, additional company risk, and identify potential schedule impacts.

Applicable Laws and Regulations Which Might Affect the Procurement Policy

All contractors are expected to comply with all applicable laws and regulations.

Conflict of Interest

Employees responsible for the purchasing function should be especially cognizant of Empire's "Conflict of Interest Policy" as stated in the Employee Information Guide and Empire's Code of Business Conduct.

The Empire District Electric Company

Attachment 1 – Internal Contractor Selection Guidelines

Revised December 5, 2017

These guidelines are provided so employees can gain a better understanding of Empire’s contractor selection process. All projects are unique, and selection criteria are subject to change. Once all applicable information is gathered from several contractors via the bidding process, a matrix can be populated. This matrix will serve as the impartial selection vehicle for the project contractor. A sample matrix is provided below:

Sample Selection Matrix

<i>Weight (%)</i>	Evaluation Factor	Vendor 1	Vendor 2	Vendor 3
40%	Price	4	5	2
15%	Project Understanding	4	4	4
15%	Soundness of Approach	5	3	4
15%	Safety Record	5	3	3
15%	Consultant Qualifications	4.7	4.1	3.7
40%	Staff Experience	5	5	4
30%	Staffing Availability	4	3	4
30%	Recent Projects	5	4	3
100%	Project Evaluation Score	4.405	4.115	3.005

In this sample selection matrix, *Vendor 1* would be the preferred contractor because it earned the highest Project Evaluation Score.

When applicable, the costs of self-performing the work shall also be included within the matrix.

The Empire District Electric Company

Attachment 2 – Additional Cost Savings Guidelines

Revised December 5, 2017

These guidelines are provided to assist employees in evaluating whether to train EDEC employees or to hire an outside contractor to complete a given task/project. Once the analysis below has been completed, the lowest total cost option should be considered in conjunction with availability of workforce and the long-term need for such skills within the workforce.

Cost to Train and Perform with EDE Labor

For the cost to train calculation, the total labor cost to train internal employees plus the labor to perform the scope of work is calculated based on the average hourly labor cost of the workgroup. That figure is added to the material cost and other expenses to arrive at the total cost.

A	B	C	D	E	F	EDE
Training Hours Required	Project Hours Required	Average Hourly Labor Cost	Total Labor Cost (A+B)*C	Material Cost	Other Expenses	Total Cost D+E+F

Cost to Hire Externally

For the cost to hire calculation, the labor cost is added to the material cost and other expenses to arrive at the total cost.

A	B	C	HIRE
Labor Cost	Material Cost	Other Expenses	Total Cost A+B+C

Long Term Analysis

If the cost to train is more expensive than external, the purchaser should consider the following to determine if there is a long term savings to train.

- Will this scope of work be performed again in the near future? If so, determine the breakeven.
- Is this transferable knowledge to other areas of the company?
- Is there EDE labor available to perform?
- Are there schedule constraints?
- Take into consideration safety and overall risk to the company.
- Speak with your Director and/or Vice President.

These findings should be included in the bid analysis and summary, retained for audit purposes.

Management Expense Adjustment
Prepared By: Amanda Conner

Source: DR 1204 & 1214

	<u>Test Year</u>	<u>True-Up</u>
Total Meals	\$33,902	\$12,212
Total Other Officer Expenses	\$112,235	\$47,170
	\$146,138	\$59,382
Total Manager Expense	\$8,513,610	\$4,582,763
Total Expense	\$8,805,885	\$4,701,528
Percentage of Expenses that are meals	30.21%	25.89%
Local Meals/Meetings Disallowance	\$9,403	\$4,250
Percentage of Disallowed Meals	27.73%	34.80%
Other Officer Disallowed Expenses	\$110,024	\$21,441
Percentage of Other Expenses	98.03%	45.45%
Manager Meals	\$2,571,665	\$15,374
Other Manager Expenses	\$5,941,945	\$44,009
Manager Allowance 50%	49.02%	22.73%
Disallowed Manager Meals	\$713,230	\$5,350
Disallowed Other Manager Expenses	\$2,912,445	\$10,002
Total Manager Disallowance	\$3,625,675	\$15,352
Total Officer Disallowance	\$119,427	\$25,691
Total Disallowance	\$3,745,102	\$41,043

923 FERC Account Description

A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered as an employee of the utility.

B. This account shall be so maintained as to permit ready summarization according to the nature of service and the person furnishing the same.

Items

1. Fees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, public relations counsel, tax consultants, etc.

2. Supervision fees and expenses paid under contracts for general management services.

Note: Do not include inspection and brokerage fees and commissions chargeable to other accounts or fees and expenses in connection with security issues which are includible in the expenses of issuing securities.

ER-2019-0374

Sources: Empire's Website & Cash Transactions by Facility, company's direct filing workpaper

Prepared by: Amanda Conner

Total Customer # 169,583

Customer Type	% of Empire Ratepayers	Affected # of Ratepayers	Increase/Decrease to bill	Amount of Increase/Decrease
Poverty Income	16%	27,566		
Unbanked with Poverty Income	19%	5,238	\$0.55	\$2,865.49
Underbanked with Poverty Income	22%	5,968	\$0.55	\$3,265.15
Total of Unbanked & Underbanked		11,206		\$6,130.64
Kiosk with Poverty Income	4%	1,049	\$1.05	\$1,098.69
Postage with Poverty Income	37%	10,088	\$0.55	\$5,519.16
Non Fee Poverty Income	34%	9,504	\$0.05	\$447.66
Poverty Income Fees	75%	20,642	\$1.64	\$7,065.51
Average Increase			\$0.55	
Credit Card Poverty Income	25%	6,925	(\$3.77)	(\$26,081.40)
Empire Customer				
Kiosk	4%	6,455	\$1.05	\$6,758.95
Postage	37%	62,060	\$0.55	\$33,952.87
Non Fee	34%	58,469	\$0.05	\$2,753.90
Total Fees	75%	126,983	\$1.64	\$43,465.71
Credit Card Ratepayers	25%	42,600	(\$3.77)	(\$160,447.95)
Unbanked Ratepayers	7%	11,023		
Underbanked Ratepayers	19%	31,712		
Total	25%	42,735		