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

)

)

)

In the Matter of the Request of The Empire District Electric Company d/b/a Liberty for Authority to File Tariffs Increasing Rates For Electric Service Provided to Customers In its Missouri Service Area

Case No. ER-2024-0261

### LIBERTY'S RESPONSE TO PUBLIC COUNSEL'S MOTION FOR RELIEF

COMES NOW The Empire District Electric Company d/b/a Liberty ("Liberty" or the "Company"), and for its Response to the Office of Public Counsel's ("OPC") Motion for Relief filed with the Missouri Public Service Commission ("Commission") in the above-captioned matter on March 19, 2025, Liberty respectfully states as follows:

### **Background Information**

1. Liberty initiated a rate case herein on November 6, 2024.<sup>1</sup> Premised on a total revenue requirement of \$668,375,888, the Company requested to increase its annual pro forma test year revenues by \$92,136,624 and move \$60,279,425 of test year Fuel Adjustment Clause ("FAC") and Energy Efficiency Cost Recovery ("EECR") revenues to general base rates.<sup>2</sup> The total revenue requirement request has not changed at any point in the proceeding, which is now going into its fifth month.

2. On November 8, 2024, the Commission issued its Order Giving Notice, Setting a Deadline to Respond to Test Year, and Setting a Procedural Conference.<sup>3</sup> The Commission noted Liberty proposed a "test year of the twelve months ending September 30, 2023, and further

<sup>&</sup>lt;sup>1</sup> Case No. ER-2024-0261, In the Matter of the Request of the Empire District Electric Company d/b/a Liberty for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in its Missouri Service Area ("Liberty Rate Case"), Filing Letter of November 6, 2024 (EFIS Item No. 10).

<sup>&</sup>lt;sup>2</sup> Liberty Rate Case, Emery Direct Testimony, page 33, lines 3-11 and Direct Schedule CTE-1, filed November 6, 2024 (Item No. 17).

<sup>&</sup>lt;sup>3</sup> Liberty Rate Case, Order Giving Notice, Setting a Deadline to Intervene, Setting a Deadline to Respond to Test Year and Setting a Procedural Conference, filed November 8, 2024 ("November 8, 2024 Order") (Item No. 32).

proposes the test year be updated through September 30, 2024."<sup>4</sup> The Commission ordered that "any party wising to respond to Liberty's proposed test year shall do so no later than December 5, 2024."<sup>5</sup> On December 9, 2024, having been granted an extension, the Commission Staff timely filed its response to the order in which it stated it did not oppose the requested test year but that it had concerns about the billing determinant data for the update period.<sup>6</sup> No other parties responded to Liberty's proposed test year. On December 13, 2024, Liberty informed the Commission it had reached an agreement with Staff that addressed Staff's concern regarding the billing determinants.<sup>7</sup> On December 13, 2024, the Commission issued its order finding the "unopposed test year to be reasonable" and ordering "the test year shall be the twelve month period ending September 30, 2023,"<sup>8</sup> No motion for reconsideration of the Commission's December 13, 2024, order was filed.<sup>9</sup>

3. On January 17, 2025, per the then approved procedural schedule, Liberty provided the parties with the update information through September 30, 2024.<sup>10</sup>

4. The minimum filing requirements and supporting direct testimony and schedules filed in November 2024 support the above-mentioned increase in revenues. However, the rate design model and the proposed rates in the tariff sheets filed with the rate case inadvertently failed to include the requested re-basing of the test year FAC and EECR revenues. In late January 2025, and during discovery in this case, this issue came to light. On February 3, 2025, Liberty

<sup>&</sup>lt;sup>4</sup> Id., page 1.

<sup>&</sup>lt;sup>5</sup> Id., page 2, ordering paragraph 4.

<sup>&</sup>lt;sup>6</sup> Liberty Rate Case, Staff Response to Liberty's Test Year and Update Period, filed December 9, 2024 (EFIS Item No. 50).

<sup>&</sup>lt;sup>7</sup> Liberty Rate Case, Response to Commission Order Regarding Liberty's Test year and Update Period, filed December 13, 2024 (Item No. 54).

<sup>&</sup>lt;sup>8</sup> Liberty Rate Case, Order Establishing Test Year, issued December 13, 2024 (Item No. 55, at page 2, ordering paragraph 1): "Therefore, the Commission finds the unopposed proposed test year to be reasonable and will establish it as the test year. The test year shall be the twelve month period ending September 30, 2023, updated through September 30, 2024."

 <sup>&</sup>lt;sup>9</sup> Commission Rule 20 CSR 4240-2.160(2) provides that motions for reconsideration "of procedural and interlocutory orders may be filed within ten (10) days of the date the order is issued, unless otherwise ordered by the commission."
<sup>10</sup> Liberty Rate Case, Order Setting Procedural Schedule, issued December 20, 2024 (Item No. 58, page 2).

acknowledged the error, provided a reconciliation between the Company's revenue requirement and the corrected rate design model to the parties, and filed substitute tariff sheets with the corrected rates with the Commission.<sup>11</sup>

5. On February 5, 2025, OPC and Staff filed motions to dismiss the rate case due to the error in the rate design model and tariff sheets.<sup>12</sup> On February 14, 2025, Liberty filed its response and opposition to those motions to dismiss.<sup>13</sup> The Company explained how the overall revenue requirement calculation and the information provided to support that calculation was not impacted by the error in the rate design model and tariff sheets.<sup>14</sup> Notwithstanding the error, the evidence tendered by Liberty in support of its request remained valid.<sup>15</sup> The extensive discovery conducted by all parties in prosecuting this rate case (over 400 data requests issued in this case at that time) and Liberty's responses to that discovery continue to be relevant.<sup>16</sup> The Company further explained how the productive use of the parties' time and effort would be unnecessarily lost if the rate case was dismissed and how such would result in administrative inefficiency.<sup>17</sup>

6. In its response, Liberty proposed to replace the tariff sheets and any direct testimony and schedules to reflect the corrected rate design model and tariff sheets.<sup>18</sup> It suggested the Commission issue an order suspending the corrected tariff sheets, send out new notices, and for the parties to work on a revised procedural schedule that would move current dates out to

<sup>&</sup>lt;sup>11</sup> Liberty Rate Case, Substitute Tariff, filed February 3, 2025 (EFIS Item No. 73).

<sup>&</sup>lt;sup>12</sup> Liberty Rate Case, Public Counsel's Motion to Reject Tariff Sheets and Dismiss Application, filed February 5, 2025 (Item No. 74); Staff's Motion to Dismiss the Application of The Empire District Electric Company for a Rate Increase, filed February 5, 2025 (Item No. 75).

<sup>&</sup>lt;sup>13</sup> Liberty Rate Case, Response to Staff's and OPC's Motions to Dismiss Application, filed February 14, 2025 (Item No. 80).

<sup>&</sup>lt;sup>14</sup> Id., page 1, paragraph 1.

<sup>&</sup>lt;sup>15</sup> Id., pages 3-4, paragraph 6.

<sup>&</sup>lt;sup>16</sup> Id., pages 5-6, paragraphs 9-11.

<sup>&</sup>lt;sup>17</sup> Id., page 11, paragraph 26.

<sup>&</sup>lt;sup>18</sup> Id., page 12, paragraph 27.

account for the time in between the original filing date of the rate case and the date on which substitute tariff sheets were filed to correct the error.<sup>19</sup>

7. On February 20, 2025, OPC filed a reply to Liberty's response renewing its request that Liberty's case be dismissed.<sup>20</sup>

8. On February 26, 2025, Liberty filed the corrected tariff sheets, testimony, and schedules.<sup>21</sup>

9. On February 27, 2025, the Commission issued its order recognizing that Liberty had determined there was an error in its tariff sheets and had filed corrected tariff sheets.<sup>22</sup> The Commission also re-issued and sent out notice of the receipt of the corrected tariff sheets, testimony, and schedules, and provided for an additional intervention period.<sup>23</sup> On March 4, 2025, the Commission issued a corrected order and re-issued notice and extended the time for intervention.<sup>24</sup>

10. On March 5, 2025, the Commission issued its order suspending the tariff sheets filed on February 26, 2025, to January 2, 2026.<sup>25</sup> The January 2, 2026, suspension date was selected by the Commission in order to account for the 89 days in between when the tariff sheets were originally filed on November 6, 2025, and when the substitute tariff sheets were filed on February 3, 2025.<sup>26</sup> The Commission indicated it was extending the suspension date by the 89 days to provide additional review time for the parties.<sup>27</sup> It also ordered the parties to submit an

<sup>&</sup>lt;sup>19</sup> Id.

<sup>&</sup>lt;sup>20</sup> Liberty Rate Case, Public Counsel's Reply to Liberty's Response to Public Counsel's Motion to Reject Tariff Sheets and Dismiss Liberty's Application, filed February 20, 2025 (EFIS Item No. 83).

<sup>&</sup>lt;sup>21</sup> Liberty Rate Case, Tariff Revision, filed February 26, 2025 (Item No. 85).

<sup>&</sup>lt;sup>22</sup> Liberty Rate Case, Order Giving Notice and Setting Deadline to Intervene, filed February 27, 2025 (Item No. 109, page 1).

<sup>&</sup>lt;sup>23</sup> Id.

<sup>&</sup>lt;sup>24</sup> Liberty Rate Case, Corrected Order Giving Notice and Setting a Deadline to Intervene, filed March 4, 2025 (Item No. 113).

<sup>&</sup>lt;sup>25</sup> Liberty Rate Case, Order Suspending Tariff, filed March 5, 2025 (Item No. 114, page 1).

<sup>&</sup>lt;sup>26</sup> Id., page 2.

<sup>&</sup>lt;sup>27</sup> Id., page 2.

updated proposed procedural schedule incorporating the new suspension date no later than March 26, 2025.<sup>28</sup>

11. In accordance with the Commission's Order issued March 5, 2025, Liberty has been working with the Commission Staff and the parties on updating the procedural schedule, and the parties have exchanged proposed schedules.

12. On March 19, 2025, in the midst of the parties exchanging proposed procedural schedules, OPC filed a motion for relief in which it, among other things, asks the Commission to choose between three options ("stated sequentially in Public Counsel's order of preference") relating to the processing of this rate case.<sup>29</sup> Liberty addresses each of these options in the Argument section below.

13. In its Motion for Relief, OPC also claims Liberty has provided inconsistent information relating to billing impacts to customers and has made changes to its testimony and schedules that go beyond or are unrelated to simply correcting the proposed rate design model and rates in the tariff sheets to move the FAC and EECR revenues to base rates.<sup>30</sup> As set forth below, neither of those claims are true.

14. Finally, OPC asserts that because two of the Company's witnesses, who originally filed testimony, have since left the Company, Liberty should be required to have that testimony adopted and sponsored by current employees.<sup>31</sup> On this last issue, Liberty plans to have current Company witnesses adopt and sponsor the testimony filed by those employees who have since left

<sup>&</sup>lt;sup>28</sup> Id., page 2.

<sup>&</sup>lt;sup>29</sup> Liberty Rate Case, Motion in Relief in Response to Liberty's Refiled Case (Public and Confidential), filed March 19, 2025 (EFIS Item No. 127).

<sup>&</sup>lt;sup>30</sup> Id., at pages 8-11, paragraphs 21-24.

<sup>&</sup>lt;sup>31</sup> Id., page12, paragraphs 25-26.

the utility, as was noted in the Company's cover letter. This process is consistent with the Commission's practices, and no further response to this issue is required.<sup>32</sup>

#### Argument

### A. The Commission's Extension of the Tariff Suspension Date by 89 Days to Allow Parties Additional Time to Review the New Tariff Sheets Does Not Result in the Test Year Going from Reasonable to Unreasonable and Does Not Support the Dismissal of this Rate Case.

15. OPC's first option is, in essence, a renewal of its motion to dismiss the rate case – but this time based upon the argument that the additional 89 days granted by the Commission in extending the suspension date now results in an unreasonably "stale" test year and true-up period.<sup>33</sup>

16. OPC originally asked this Commission to dismiss this rate case because Liberty inadvertently did not include the result of re-basing the FAC and EECR revenues in the proposed rates included in the tariff sheets.<sup>34</sup> Liberty corrected and filed new tariff sheets and direct testimony and schedules in order to reflect that correction.<sup>35</sup> The Commission suspended those tariff sheets for 310 days (extending the suspension date in this rate case by 89 days) to allow parties additional time to review the new tariff sheets, and the Commission ordered the parties to propose a procedural schedule taking into account that extended suspension date.<sup>36</sup> None of the parties in this case, including OPC, filed a timely motion for reconsideration of this order. Notwithstanding the Commission's order, OPC seeks a delay in the implementation of a procedural schedule and continues to request that the Commission dismiss the rate case.<sup>37</sup>

<sup>&</sup>lt;sup>32</sup> See, Surrebuttal Testimony of Charlotte Emery in Case Nos. EO-2022-0040 and EO-2022-0193, filed May 2022, where Ms. Emery adopted the testimony of Karen S. Hall; See also, Rebuttal Testimony of Candice Kelly in Case No. WR-2024-0104 filed September 27, 2024, where Ms. Kelly adopted the direct testimony of Hayley Simon, who had left her position with Liberty Utilities Service Corp.

<sup>&</sup>lt;sup>33</sup> Id., page 12, paragraph 27; pages 2-7, paragraphs 1-14.

<sup>&</sup>lt;sup>34</sup> Liberty Rate Case, Public Counsel's Motion to Reject Tariff Sheets and Dismiss Application, filed February 5, 2025 (EFIS Item No. 74).

<sup>&</sup>lt;sup>35</sup> Liberty Rate Case, Substitute Tariff, filed February 3, 2025 (Item No. 73).

<sup>&</sup>lt;sup>36</sup> Liberty Rate Case, Order Suspending Tariff issued March 5, 2025 (Item No. 114, page 1).

<sup>&</sup>lt;sup>37</sup> Liberty Rate Case, Motion in Relief in Response to Liberty's Refiled Case (Public and Confidential), filed March 19, 2025 (Item No. 127).

17. OPC's option one request should be denied. OPC did not timely object to the Commission order finding that the test year selected by Liberty is reasonable.<sup>38</sup> The Commission's 89-day extension of the suspension date has no material impact on the Commission's original finding that the test year selected by Liberty was reasonable. That short extension period did not suddenly turn what was found by the Commission to be a reasonable test year into an unreasonable one. This is especially true given the fact that the Commission's reason for extending the suspension date was to provide the parties, including OPC, additional time to review the new tariff sheets.<sup>39</sup>

18. OPC was given the opportunity in this docket to challenge the reasonableness of the test year selected by Liberty and did not timely make any such challenge. The Commission ordered parties who wished to challenge the reasonableness of the test year selected by Liberty in this rate case to file those challenges no later than December 5, 2024.<sup>40</sup> OPC did not file a challenge to the reasonableness of the test year. On December 13, 2024, the Commission issued its order finding that the test year selected by Liberty was reasonable and that such would be used in this rate case.<sup>41</sup> No petition for reconsideration was filed. If OPC believed that the test year selected by Liberty was unreasonable, then it could have followed the Commission's order and timely filed its challenge. Its decision to not do so precludes OPC from now arguing that the test year is unreasonable.

<sup>&</sup>lt;sup>38</sup> Liberty Rate Case, Order Establishing Test Year issued December 13, 2024 (EFIS Item No. 55, page 2, ordering paragraph 1): "Therefore, the Commission finds the unopposed proposed test year to be reasonable and will establish it as the test year. The test year shall be the twelve month period ending September 30, 2023, updated through September 30, 2024."

<sup>&</sup>lt;sup>39</sup> Liberty Rate Case, Order Suspending Tariff issued March 5, 2025 (EFIS Item No. 11, p. 2).

 <sup>&</sup>lt;sup>40</sup> Liberty Rate Case, Order Giving Notice, Setting a Deadline to Intervene, Setting a Deadline to Respond to Test
Year and Setting a Procedural Conference issued November 8, 2024 (Item No. 32) ("November 8, 2024 Order").
<sup>41</sup> Id.

19. OPC's option one request misses the mark with its analysis of days in between the end of the test year and the suspension date, or the end of the test year and the true-up period in previous rate case filings made with this Commission. OPC spends a considerable time in its motion, and clearly did quite a bit of research on reviewing past rate cases to determine in each of those rate cases the number of days in between the end of the test year and the suspension date, the end of the test year and the end of the true-up period, etc., in order to compare the number of days in those cases to the number of days in this case.<sup>42</sup> However, all of that information and research is made irrelevant by the fact OPC did not timely file any challenge to the test year within the time frame ordered by the Commission in this rate case and the Commission has already found that the test year selected by Liberty is reasonable.<sup>43</sup>

20. Because OPC did not timely file any challenge to the test year, the only number of days that really matters with respect to OPC's claim is the 89-day extension of the suspension date approved by the Commission and whether that additional 89 days turns what the Commission has already found to be a reasonable test year into an unreasonable test year. The fact that rates could potentially go into effect 89 days later than what was originally contemplated is immaterial as it relates to the reasonableness of the test year.

21. OPC's second option is for Liberty to change the test year to the 12-months ended September 30, 2024, with a true-up of specific listed items through June 30, 2025, and to order Liberty to file direct testimony and all true-up information by August 29, 2025.<sup>44</sup> Under this

<sup>&</sup>lt;sup>42</sup> Liberty Rate Case, Motion in Relief in Response to Liberty's Refiled Case (Public and Confidential), filed March 19, 2025 (EFIS Item No. 127, pages 2-7, paragraphs 3-14).

<sup>&</sup>lt;sup>43</sup> Liberty Rate Case, Order Establishing Test Year issued December 13, 2024 (Item No. 55, page 2, ordering paragraph 1): "Therefore, the Commission finds the unopposed proposed test year to be reasonable and will establish it as the test year. The test year shall be the twelve month period ending September 30, 2023, updated through September 30, 2024.".

<sup>&</sup>lt;sup>44</sup> Liberty Rate Case, Motion in Relief in Response to Liberty's Refiled Case (Public and Confidential), filed March 19, 2025; Id., at pages 12-13, paragraph 28 (Item No. 127).

option, it is unclear as to whether Public Counsel is again, in effect, requesting dismissal of the case, or if OPC proposes that the existing suspension date remain in place with its option two.

22. As with OPC's first option, this second option is an improper and untimely request regarding the Commission's previous order where it found the test year selected by Liberty to be reasonable. As set forth above, the 89-day extension of the suspension date approved by the Commission is not a reasonable basis for changing the test year. It is unclear in OPC's motion if changing the test year would change the current suspension date. It is also unclear on how changing the test year at this stage in the proceedings would impact other issues and procedures in the case. This is likely the very reason why the Commission has required all challenges to the reasonableness of the test year selected by the utility to be filed and decided upon in the early stages of a rate case, including this rate case. In Case No. ER-2019-0335 referenced by OPC in its motion, the Commission, as it did in this rate case, determined early on in the proceeding whether the test year was reasonable. That case was filed on July 3, 2019. The Commission made its decision on the reasonableness of the test year and true-up period by August 15, 2019.<sup>45</sup> In addition to OPC's second option being an untimely request for reconsideration, it is not workable on an administrative basis and should be rejected by the Commission.

23. OPC's third option is to retain the current test year and update period and require a true-up through June 30, 2025, and for Liberty to provide all true-up information by August 30, 2025. The current suspension date would stay the same.<sup>46</sup> Liberty is willing to work with the parties regarding the true-up portion of this option.

24. OPC's third option, however, also contains a request for relief regarding OPC's claim that Liberty's updated information relating to projected fuel, purchase power and SPP costs

<sup>&</sup>lt;sup>45</sup> Id., pages 3-4, paragraphs 5-6; Appendix 2.

<sup>&</sup>lt;sup>46</sup> Id., at page 13, paragraph 29.

and revenues went beyond September 30, 2024, to include 2025 information, including a power purchase agreement ("PPA") contract with Missouri Joint Municipal Electric Utility Commission ("MJMEUC") that begins on June 1, 2025.<sup>47</sup>

25. As outlined in Company witness Todd Tarter's direct testimony, the Company's proposed FAC base factor is based on annualizing and normalizing fuel and purchase power components utilizing known and measurable amounts for fuel, purchased power, market revenue, transmission costs, and other components. Liberty's proposed new FAC base factor in this case was developed with the same hourly cost production model that it used in the past three Missouri rate cases. However, if parties dispute the approach proposed by the Company in determining a normalized amount of fuel and purchase power components, the appropriate avenue for those parties to express their concerns with the Company's proposal would be through the testimony and hearing process.

B. OPC's Claims that Liberty has Provided Inconsistent Information Relating to Billing Impacts to Customers and has Made Changes to its Testimony and Schedules that Go Beyond or are Unrelated to Simply Correcting the Rate Design Model and Proposed Rates in the Tariff Sheets are Not True.

# 1. Liberty Has Provided Consistent Information Relating to Billing Impacts to Its Customers.

26. OPC claims Liberty's February 26, 2025, tariff filing included conflicting information about the rate impact to its residential customers.<sup>48</sup> OPC points to Ms. Palumbo's Schedule LP-2 (Liberty's website information about the rate case filing) as stating that the net bill impact to the average residential customer using 1,000 kWh per month would be an increase between \$33 and \$39 per month, and her Schedule LP-3 (proposed public hearing notice) as stating

<sup>&</sup>lt;sup>47</sup> Id., at pages 7-8, paragraphs 15-16.

<sup>&</sup>lt;sup>48</sup> Liberty Rate Case, Motion in Relief in Response to Liberty's Refiled Case (Public and Confidential), filed March 19, 2025, Item No. 127, at pages 8-9, paragraphs 21-22.

that a residential customer using 1,000 kWh per month would see a proposed increase of approximately \$47.41 per month.<sup>49</sup> However, the two statements are not inconsistent because they serve two different purposes.

27. The \$33-\$39 net bill impact relates to the "net" increase to the customers' total bill. The FAC and EECR charges that customers are already paying will be moved to base rates, so the \$33-\$39 amounts only reflect the requested increase in rates that are not being charged to customers. A range is used to reflect the fact that there are semi-annual changes in the FAC rate paid by customers, the last one being December 1, 2024.

28. On the other hand, the \$47.41 per month increase relates to the gross base rate increase, prior to reflecting any rebasing.

29. OPC's claim is at best misplaced because the two statements are not inconsistent with each other and, in fact, both are correct. One shows the customer the "net" increase to its total bill if the rate case was to be approved. The other shows the customer the "gross" increase to its bill. The difference between the "gross" increase and "net" increase is that the "net" increase is the real increase to the customer's total bill. The net increase reflects the reality that the customer is already paying for the FAC and EECR charges that are being moved into base rates. The "gross" increase, which is what OPC prefers to use, does not reflect the reality that the customer is already paying for the FAC and EECR charges. Liberty expects that customers want to know how much more their electric bill will be if/when the requested rate increase goes into effect. If that is the case, the "net" amount provides the answer.

# 2. Changes to Liberty's Rate Design Testimony and Schedules are Limited to Correcting the Error in the Rate Design Model and Proposed Rates in the Tariff Sheets.

30. OPC claims the changes to Liberty's rate design testimony and schedules filed on February 26, 2025, went beyond or were unrelated to just correcting the error in the rate design model and proposed rates in the tariff sheets.<sup>50</sup> Specifically, OPC claims Liberty made changes to "the rate revenue responsibilities among the rate classes."<sup>51</sup> OPC's claims are incorrect. There was no change to Liberty's approach or methodology to its proposed rate design in the testimony and schedules as claimed by OPC.

31. Liberty's original proposed rate design model used to calculate the respective tariff sheet base rates contained an error. The rate design model erroneously indicated that the test year revenue collected via the Company's FAC and EECR charges would continue to be collected from customers even though the Company's application clearly indicated these items would be moved and collected through base rates as part of this rate case. The rate design model did not properly shift the test year revenue that was collected through the Company's FAC and EECR charges to the proposed base rates. The error was limited to the rate design model and the base tariff rates. The correction of the error in the rate design model resulted in an increase in base rate revenues. This correction also resulted in a change to class revenue targets and the proposed rates. However, there was no change in the approach or methodology used by Liberty in its proposed rate design, as suggested by OPC.

32. The change in the class revenue targets that OPC points to does not show that Liberty's testimony and schedules go beyond or are unrelated to the correction. The changes in the class revenue targets are, in fact, the direct result of correcting the base rate revenues to include the FAC and EECR revenues that were inadvertently not included in the base rate revenues. As explained in Mr. Lyons' testimony starting at page 30 and as shown in his Direct Schedule TSL-4,

<sup>&</sup>lt;sup>50</sup> Id., at pages 9-11, paragraphs 23-24.

<sup>&</sup>lt;sup>51</sup> Id.

the class revenue targets are based upon a composite of (1) class revenues at equalized rates of return ("EROR") and (2) class revenues at a uniform increase in current base rates.<sup>52</sup> Consequently, the class revenue targets changed because current base revenues changed as a result of correcting the error in the rate design model. There was no change in the rate design methodology used by Liberty as suggested by OPC.

33. Similarly, the change in the proposed block rates pointed out by OPC occur because the class revenue targets changed as a result of correcting the error. The increase in class revenue targets coupled with no change in the customer charge resulted in higher kWh usage rates. The change in kWh usage rates was not uniform between the head block and the tail block because the Company proposed to increase block one by the amount of customer costs not recovered in the customer charge. As explained by Mr. Lyons beginning at page 31 of his testimony and as shown in his Direct Schedule TSL-5, and as noted in his rate design workpapers, customer costs not recovered in the customer charge are recovered in block one. The change in the block rates identified by OPC were the result of correcting the error and not evidence of any change to Liberty's rate design approach or methodology.<sup>53</sup>

#### **Conclusion**

34. OPC's Motion for Relief presents three alternative requests. The first option is, in essence, a renewal of its motion to dismiss the rate case – but this time based upon the argument that the additional 89 days granted by the Commission in extending the suspension date now results in an unreasonably "stale" test year and true-up period. The second option is for Liberty to change

<sup>&</sup>lt;sup>52</sup> Liberty Rate Case, Direct Testimony of Tim Lyons, pages 30-31; Direct Schedule TSL-4, filed February 26, 2025, (Item No. 99).

<sup>&</sup>lt;sup>53</sup> Id., pages 31-32; Direct Schedule TSL-5.

the test year to the 12-months ended September 30, 2024, with a true-up of specific listed items through June 30, 2025, and to order Liberty to file true-up information by August 29, 2025.

35. The first two options should be rejected outright. OPC did not timely object to the Commission order finding that the test year selected by Liberty is reasonable. The 89-day extension of the suspension date has no material impact on the Commission's original finding that the test year selected by Liberty was reasonable. That short extension period did not turn what was found by the Commission to be a reasonable test year into an unreasonable one.

36. OPC's third option is to retain the current test year and update period and require a true-up through June 30, 2025. Liberty is agreeable to the inclusion of a true-up on terms agreed to among the parties and/or as ordered by the Commission. OPC's third option also contains a request for relief regarding the FAC base factor proposed by Liberty in its direct filing. As discussed above, the appropriate avenue for parties to express concerns with the Company's FAC base factor proposal would be through the testimony and hearing process.

WHEREFORE, Liberty respectfully requests that the Commission deny OPC's Motion for Relief and grant such additional relief as is just and proper under the circumstances.

## ATTORNEYS FOR THE EMPIRE DISTRICT ELECTRIC COMPANY d/b/a LIBERTY

<u>/s/ Diana C. Carter</u> Diana C. Carter MBE #50527 Jermaine Grubbs MBE #68970 602 S. Joplin Ave. Joplin, Missouri 64801 Joplin Office Phone: (417) 626-5976 Cell Phone: (573) 289-1961 E-Mails: Diana.Carter@LibertyUtilities.com Jermaine.Grubbs@LibertyUtilities.com

/s/ Dean L. Cooper Dean L. Cooper MBE #36592 Brydon, Swearengen & England, P.C. 312 East Capital Avenue P.O. Box 456 Jefferson City, Missouri 65702 Phone: (573) 635-7166 E-Mail: dcooper@brydonlaw.com

/s/ James G. Flaherty James G. Flaherty, #11177 ANDERSON & BYRD, LLP 216 S. Hickory ~ P.O. Box 17 Ottawa, Kansas 66067 (785) 242-1234, telephone (785) 242-1279, facsimile jflaherty@andersonbyrd.com

### **CERTIFICATE OF SERVICE**

I hereby certify that the above document was filed in EFIS on this 28<sup>th</sup> day of March, 2025, with notification of the same being sent to all counsel of record, and I further certify that the above document was sent by electronic transmission to all counsel of record.

/s/ Diana C. Carter