

Issue: Tax Reform
Witness: Charlotte T. North
Type of Exhibit: Affidavit in Support
Sponsoring Party: The Empire District
Electric Company
Case No: EO-2018-0092
Date: April 24, 2018

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

**AFFIDAVIT IN SUPPORT OF
NON-UNANIMOUS STIPULATION AND AGREEMENT**

OF

CHARLOTTE T. NORTH

APRIL 24, 2018

Affidavit of Charlotte T. North

STATE OF Missouri)
) ss.
COUNTY OF Jasper)

I, Charlotte T. North, first being duly sworn, on my oath state as follows:

1. My name is Charlotte T. North, and my business address is 602 Joplin Street, Joplin, Missouri, 64801. My employer is Liberty Utilities Service Corp., and I serve as the Supervisor of Rates and Regulatory Affairs for the Liberty Utilities Central Region, which includes The Empire District Electric Company (“Empire” or “Company”).

2. Attached hereto and made a part hereof for all purposes is a statement in support of the Non-Unanimous Stipulation and Agreement filed on April 24, 2018, in Case Nos. EO-2018-0092 and ER-2018-0228.

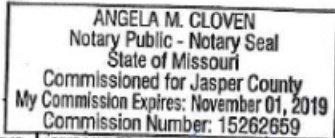
3. Also attached hereto and made a part hereof for all purposes is a description of my educational background and professional experience. I have not previously filed testimony in Case No. EO 2018-0092 (Empire’s Customer Savings Plan docket), nor in Case No. ER-2018-0228 (the rate case opened by the Commission to address the impact on Empire of the Tax Cuts and Jobs Act of 2017).

4. I hereby swear and affirm that the that the statements contained herein are true and correct to the best of my information, knowledge, and belief.

Charlotte T. North
Charlotte T. North, Affiant

Subscribed and sworn to before me by Charlotte T. North, who personally appeared before me and is known to me to be the person described in and who executed the foregoing affidavit, and acknowledged that she executed the same as her free act and deed.

In Witness Whereof, I have hereunto set my hand and affixed my official seal on this 24 day of April, 2018.



My Commission Expires: November 1, 2019

Angela M. Cloven
Notary Public

**STATEMENT IN SUPPORT OF
NON-UNANIMOUS STIPULATION AND AGREEMENT**

1. The purpose of this Affidavit is to provide support for the Non-Unanimous Stipulation and Agreement (“Stipulation”) executed and filed by the Signatories in these proceedings on April 24, 2018. My affidavit addresses the provisions of the Stipulation stemming from Missouri Public Service Commission (“Commission”) Case No. ER-2018-0228 (the rate case opened by the Commission to address the impact on Empire of the Tax Cuts and Jobs Act of 2017 (the “Act”)), including why those provisions of the Stipulation are reasonable and in the public interest.

2. Empire participated in the Commission’s working docket regarding “the effects upon Missouri utilities of the Tax Cuts of 2017” File No. AW-2018-0174. Empire filed its Response to Order in File No. AW-2018-0174 on January 31, 2018.

3. The Commission closed the working docket, and, on February 16, 2018, the Staff of the Commission (“Staff”) filed a Motion to Open Rate Case and to Require Company to Show Cause. Staff’s Motion opened Case No. ER-2018-0228. On February 21, 2018, the Commission issued its *Order Opening Rate Case, Directing Notice, Establishing Time to Intervene, and Requiring Company to Show Cause Why Its Rates Should Not Be Adjusted* in Case No. ER-2018-0228. Notice was sent to all parties to Empire’s last rate case, ER-2016-0023. The Midwest Energy Consumers Group, City of Joplin and Renew Missouri intervened in Case No. ER-2018-0228.

4. Currently, Empire’s customers are paying the Commission-authorized and legally established rates – no more and no less. It is my understanding that to effectuate a change in the Company’s rates for every class and category of electric retail service, there would need to be a litigated rate case or complaint case, or an agreement resulting in Empire voluntarily filing of revised tariffs.

5. Therefore, as part of the Stipulation filed in Case Nos. EO-2018-0092 and ER-2018-0228, and in conjunction with the provisions regarding wind generation, Empire has agreed to file revised tariffs reflecting a reduction in base rate revenue as the result of the implementation of the Act. If the Stipulation is approved, Empire will file revised tariffs which would reflect an annual base rate reduction in the total amount of \$17,837,022 so that the Commission may approve them to take effect as of October 1, 2018. (Stipulation, paragraph 24)

6. To determine the appropriate amount for the reduction in Empire's annual base rate revenue requirement, Empire started with the agreed upon revenue requirement utilized in its last completed rate case, ER-2016-0023, which included base rates utilizing a federal corporate income tax rate of 35 percent. Empire then recalculated the revenue requirement using the reduced federal corporate income tax rate of 21 percent under the Act.

7. Attached to the Stipulation as Appendix B is a spreadsheet displaying the annual reduction, along with the allocation of the reduced revenue requirement to the individual rate classes. In addition to the \$17,837,022 annual base rate reduction effective October 1, 2018, the tax reform provisions of the Stipulation provide that Empire shall establish a regulatory liability to account for the tax savings associated with excess Accumulated Deferred Income Taxes ("ADIT"). The calculation of the regulatory liability for excess ADIT shall begin as of January 1, 2018, the effective date of the Act, and will be valued in the Company's next general rate case preceeding. (Stipulation, paragraph 25)

8. If the Stipulation is approved by the Commission, the only issue remaining in File No. ER-2018-0228 is the design of the rate structure to flow back the annual tax savings to customers. (Stipulation, paragraph 24) All parties to Case No. ER-2018-0228 are also parties to Case No. EO-2018-0092 (Empire's Customer Savings Plan docket).

9. The tax reform provisions are an important part of the Stipulation. The annual base rate revenue requirement reduction and the excess ADIT provision, taken together, will provide the full benefits of the Act to Empire's customers. Also, the provision regarding the filing of revised tariffs to effectuate the annual revenue requirement reduction will provide certainty to Empire's customers regarding when and how they will receive the benefits of the tax reform legislation.

**SUMMARY OF EDUCATIONAL BACKGROUND
AND PROFESSIONAL EXPERIENCE**

1. I graduated from College of the Ozarks, Point Lookout, Missouri in 2000 with a Bachelor of Science degree with a major in Accounting.

2. I have been a Certified Public Accountant (“CPA”) in the State of Missouri since 2006.

3. I was hired by Empire in July 2016 as a Rates Analyst and promoted to my current position as a Supervisor in the Rates and Regulatory Affairs Department in May 2017.

4. Prior to joining Empire, I worked for six years in the regulated insurance industry in Springfield, Missouri as a Director of Accounting. In addition, I have nine years of public accounting experience working for both a national and big four accounting firm. My primary roles at these organizations included serving as a supervisor for financial statement audits and a tax consultant.

5. I testified on behalf of Liberty Utilities (Midstates Natural Gas) Corp. before the Missouri Public Service Commission in File No. GR-2018-0013.