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Witness: Peter Eichler
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Sponsoring Party: The Empire District
Electric Company d/b/a Liberty
Case No.: ER-2024-0261
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**Before the Public Service Commission
of the State of Missouri**

Rebuttal Testimony

of

Peter Eichler

on behalf of

The Empire District Electric Company d/b/a Liberty

August 18, 2025



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THE EMPIRE DISTRICT ELECTRIC COMPANY D/B/A LIBERTY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Peter Eichler. My business address is 354 Davis Road, Oakville, Ontario,
4 Canada.

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

6 A. I am Senior Vice President, Business and Financial Planning for Liberty Utilities
7 (Canada) Corp. which is a subsidiary of Algonquin Power & Utilities Corp. (“APUC”).
8 APUC owns Liberty Utilities Co. (“LUCo”), which owns regulated electric, natural
9 gas, water, and wastewater utilities in the states of Arizona, Arkansas, California, Iowa,
10 Illinois, Georgia, Massachusetts, Missouri, Kansas, New Hampshire, New York,
11 Oklahoma, and Texas.

12 **Q. On whose behalf are you testifying in this proceeding?**

13 A. I am testifying on behalf of The Empire District Electric Company d/b/a Liberty
14 (“Empire” or the “Company”), a LUCo subsidiary.

15 **Q. Please describe your educational and professional background.**

16 A. I am a designated accountant, having received the Certified Management Accountant
17 (“CMA”) designation in Canada, which is now referred to as a Chartered Professional
18 Accountant (“CPA, CMA”). That designation is similar to a Certified Public
19 Accountant designation in the United States. In addition, I hold a Master of Business
20 Administration degree from the University of Windsor in Ontario, Canada, and I have
21 a Bachelor of Commerce degree with a specialization in Finance from Toronto

1 Metropolitan University (formerly known as Ryerson University) in Toronto, Canada.
2 I have been employed by Liberty in various capacities since 2009, including most
3 recently as the Senior Vice President Business and Financial Planning. In addition, I've
4 held roles such as the Senior Vice President of Regulatory Strategy and Central
5 Services, and President of the Liberty gas distribution business in Massachusetts, a
6 utility which serves approximately 58,000 customers. Prior to that, I was Vice
7 President, Centralized Operations, for Liberty. Before joining Liberty, I spent four
8 years at regulated electric utilities in Ontario, Canada, working in the areas of corporate
9 finance, ratemaking, and regulatory affairs.

10 **Q. Are you adopting any direct testimony in this case?**

11 A. Yes. I am adopting the direct testimony of Jill Schwartz.

12 **Q. What is the purpose of your rebuttal testimony in this proceeding before the**
13 **Missouri Public Service Commission (“Commission”)?**

14 A. The purpose of my testimony is to respond to and refute the assertions made by Angela
15 Schaben, filed on behalf of the Office of the Public Counsel (“OPC”), regarding
16 Liberty’s administrative and general (“A&G”) expenses. I respectfully urge the
17 Commission to reject Ms. Schaben’s recommended A&G expense disallowances. Ms.
18 Schaben’s direct testimony also opines on fuel adjustment clause (“FAC”) reporting
19 requirements, cost trackers, and transmission congestion rights. Those portions of her
20 testimony are addressed in the rebuttal testimony of Company witnesses Aaron J. Doll,
21 Todd Tarter and Charlotte Emery.

1 **II. LIBERTY'S A&G AND O&M EXPENSES**

2 **Q. Did OPC provide supporting documentation for its recommended A&G**
3 **disallowances?**

4 A. No. The only support provided by OPC witness Angela Schaben for the recommended
5 disallowance is a high-level comparison of Empire's A&G expenses, as reported in
6 FERC Form 1, to those of other electric investor-owned utilities ("IOUs") operating in
7 Missouri. OPC did not submit any detailed supporting documentation, workpapers, or
8 analysis demonstrating that the costs incurred by Empire are inappropriate,
9 unreasonable, or inaccurately recorded. The proposed disallowance appears to be
10 based solely on generalized comparisons and subjective opinion, rather than
11 substantive evaluation of Empire's actual cost drivers or regulatory obligations. This
12 approach does not reflect the principles of cost causation or the established framework
13 for electric utility ratemaking in Missouri.

14 **Q. What is the Compound Growth Rate of Empire's A&G costs from June 30, 2015**
15 **to September 30, 2024?**

16 A. Empire experienced a 3.14% Compound Growth Rate ("CAGR") of its proposed A&G
17 costs from June 30, 2015 through September 30, 2024. The 3.14% CAGR is reasonable
18 and appropriate when viewed in context. First, much has changed in the last 10 years.
19 The world's economy endured many inflationary events including pandemics, rising
20 interest rates and changing trade dynamics. Second, while the 3.14% CAGR is slightly
21 above the typical industry benchmark range of 2% - 3%, it reflects Empire's unique
22 service territory that includes both rural and urban areas, requiring a flexible and
23 responsive operational model that can result in higher per-customer administrative
24 costs. Finally, the growth in A&G expenses also reflects changes in staffing levels and

1 wage pressures in a competitive labor market. Over the last decade, Empire has had to
2 navigate hiring employees in roles that command higher compensation due to market
3 conditions and specialized skill requirements. In summary, while 3.14% CAGR is
4 modestly above industry average, it is justified by Empire’s operational needs and
5 external cost pressures. The Company believes this level of growth is reasonable and
6 consistent with its obligations to provide safe, reliable, and high-quality service to its
7 customers.

8 **Q. How do you respond to OPC’s comparison of Liberty’s Operating and**
9 **Maintenance (“O&M”) expenses to those of other Missouri electric IOUs?**

10 A. The data set is quite limited, as OPC is looking to only a total of four utilities, and the
11 comparison is otherwise flawed. Although the two Evergy utilities and Ameren
12 Missouri are referred to as Liberty’s peers, Liberty serves a more rural and
13 geographically dispersed customer base, which inherently results in higher per-
14 customer costs. Comparing Liberty’s cost of service to that of other Missouri IOUs is
15 fundamentally flawed due to significant differences in operational scale, customer
16 density, geographic service territory, and legacy infrastructure. These differences
17 materially affect cost structures and invalidate simplistic per-customer or per-kWh
18 comparisons. A direct comparison without adjusting for these variables is misleading.

19 Furthermore, Ms. Schaben’s own analysis highlights an anomalous increase in
20 costs during 2018. She references a market report related to natural gas prices – yet by
21 her own definition, such costs should not influence A&G expenses. This inconsistency
22 further undermines the credibility of her cost comparison and analysis.

1 **III. MERGER-RELATED COST ALLOCATIONS AND ECONOMIES OF SCALE**

2 **Q. On page four of Ms. Schaben’s direct testimony, she points to the merger of the**
3 **two Evergy utilities, notes a decrease in O&M expense, and says Liberty**
4 **underwent a “similar merger.” How do you respond?**

5 A. There are obvious differences, such as the Evergy merger being between two
6 Commission-regulated electric Missouri utilities. More generally, each utility’s rates
7 and cost structures are shaped by decades of regulatory decisions, local economic
8 conditions, and various other factors. Empire’s integration into Liberty and its shared
9 services model is unique and was governed by specific Commission-approved
10 stipulations and cost allocation methodologies. These factors must be evaluated on their
11 own merits, rather than benchmarked against other utilities.

12 **Q. When was the merger between Empire and Liberty approved by the Commission?**

13 A. The merger was approved by the Commission in 2016 and completed in 2017. OPC’s
14 attacks on the merger are untimely and otherwise misplaced.

15 **Q. OPC argues that Liberty failed to achieve economies of scale post-merger. How**
16 **do you respond?**

17 A. The merger was never intended to be about economies of scale, but rather an
18 opportunity for both companies to gain benefits from diversification of customer bases
19 and geographies. As discussed in my testimony in the acquisition docket (Case No.
20 EM-2016-0213), administration costs were expected to be reduced by a modest amount
21 of approximately \$704,000, of which \$556,000 was attributable to Missouri electric
22 customers (Eichler Direct, pg. 13, lines 1-4). However, this amount of savings was
23 intended to be for the business structures in place at the time and did not consider the
24 factors listed above, including pandemics, inflation, tariffs, changing business

1 environments, and other future macro changes which could not have been known at the
2 time.

3 **Q. On page six of her direct testimony, Ms. Schaben asserts Empire’s post-merger**
4 **A&G costs per customer may have increased due to two factors: “the early**
5 **retirement of the Asbury coal plant” and “the subsidization of non-regulated**
6 **parent company assets through indirect cost allocations.” How do you respond?**

7 A. The concerns raised by Ms. Schaben regarding affiliate transactions and the retirement
8 of the Asbury plant have already been thoroughly addressed and resolved by the
9 Commission. In Case No. ER-2019-0374, OPC argued that Empire failed to comply
10 with the Commission’s Affiliate Transaction Rule and should therefore be disallowed
11 from recovering any costs allocated from its corporate affiliates. However, in its *Report*
12 *and Order* dated October 14, 2020, the Commission found no need for adjustments to
13 Empire’s revenue requirement beyond those identified in Issue No. 9, which pertained
14 solely to the interest rate of an affiliate note. Furthermore, the Commission explicitly
15 determined that Empire’s decision to retire the Asbury plant was prudent¹. OPC’s
16 continued attempts to challenge these settled findings are inappropriate and should be
17 disregarded.

18 Finally, following the sale of the non-regulated business, Empire customers will
19 continue to not subsidize non-regulated affiliates. Consistent with past practices, cost
20 allocations going forward will ensure that Empire customers are not burdened with
21 expenses unrelated to Empire’s utility operations.

22 **Q. Please explain.**

¹ Commission Case Nos. EO-2022-0040 and EO-2022-0193, *Order Nunc Pro Tunc*, effective November 29, 2023, pg. 49.

1 A. Algonquin Power & Utilities Corp. is now comprised of primarily regulated assets. As
2 a result, its costs are incurred only for the benefit of regulated utility customers, and
3 the Company will continue to follow its cost allocation process.

4 **Q. How has Liberty addressed the sale of Algonquin’s non-regulated assets in 2025?**

5 A. Liberty proactively reviewed and adjusted allocation factors to reflect the actual assets
6 owned.

7 **IV. CONCLUSION**

8 **Q. Is OPC’s recommended A&G expense disallowance based on particular costs**
9 **included in the Company’s test year expenses?**

10 A. No. In fact, on page ten of her direct testimony, Ms. Schaben explains that her
11 recommendations are “(f)or Liberty’s customers to achieve some sort of merger
12 benefits, rather than detriments.”

13 **Q. What is your overall response to OPC’s recommendations?**

14 A. OPC’s A&G expense recommendations are based on incomplete and sometimes
15 speculative analysis, and in some cases, an attempt to relitigate issues long decided by
16 the Commission. Their proposed disallowances would undermine past Commission
17 guidance and Liberty’s ability to provide safe, reliable, and modern electric service. I
18 respectfully urge the Commission to disregard OPC’s recommendations.

19 **Q. Does this conclude your rebuttal testimony at this time?**

20 A. Yes.

VERIFICATION

I, Peter Eichler, under penalty of perjury, on this 18th day of August, 2025, declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Peter Eichler