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**Before the Public Service Commission
of the State of Missouri**

Rebuttal Testimony

of

Timothy N. Wilson

on behalf of

The Empire District Electric Company d/b/a Liberty

August 18, 2025



TABLE OF CONTENTS
FOR THE REBUTTAL TESTIMONY OF TIMOTHY N. WILSON
THE EMPIRE DISTRICT ELECTRIC COMPANY D/B/A LIBERTY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
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TABLE OF CONTENTS

SUBJECT	PAGE
I. INTRODUCTION.....	1
II. CUSTOMER FIRST	2
III. THIRD PARTY AUDIT OF BILLING SYSTEM	17
IV. CAPITALIZATION ISSUES.....	18
V. ETHICAL STANDARDS.....	20
VI. OTHER AUDITS	21
VII. CONCLUSION	22

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1 **I. INTRODUCTION**

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

3 A. My name is Timothy N. Wilson. My business address is 602 South Joplin Avenue,
4 Joplin, Missouri.

5 **Q. Are you the same Timothy N. Wilson who provided direct testimony in this matter
6 on behalf of The Empire District Electric Company d/b/a Liberty (“Liberty” or
7 the “Company”)?**

8 A. Yes.

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

11 A. The purpose of my rebuttal testimony is to respond to policy positions presented in the
12 direct testimonies of Staff witness James Busch and Office of the Public Counsel
13 (“OPC”) witness Dr. Geoff Marke, particularly regarding the implementation of the
14 Customer First platform and the associated capital expenditures. I provide context
15 around the Company’s decision to adopt the SAP-based Customer First system as part
16 of a broader corporate initiative to consolidate legacy Information Technology (“IT”)
17 systems, improve operational efficiency, and better position Liberty to meet the
18 evolving needs of its customers and stakeholders. While the implementation has
19 presented challenges around customer billing, the Company has taken deliberate and
20 meaningful steps to restore trust and improve performance. This includes strategic
21 changes to the executive leadership team, bringing in individuals with deep experience

1 in regulated utility operations and a proven track record of successfully navigating
2 companies through challenges, such as post-SAP implementation environments. These
3 leaders are fostering a servant-leader culture focused on enhancing customer service,
4 maximizing customer value, and minimizing inefficiencies. In addition, I address Dr.
5 Marke’s comments regarding third-party audits and address portions of Staff witness
6 Matthew Young’s testimony related to internal policies and audit practices. My
7 testimony is intended to clarify the Company’s policy rationale, demonstrate
8 accountability, and reinforce our commitments to delivering reliable service and
9 improving overall customer service.

10 **Q. Will you respond to all of the items raised by the listed witnesses in regard to the**
11 **listed subjects?**

12 A. No. Many of the issues raised – particularly by Dr. Marke – either fall outside the
13 scope of this proceeding or have already been addressed and ruled on by the
14 Commission in prior cases. While I may not agree with all his characterizations, I do
15 not believe it is productive or appropriate to relitigate settled matters or engage in
16 extended discussion on topics that are not relevant to the issues under consideration in
17 this docket. My testimony focuses on the subjects that are directly tied to the
18 Commission’s decision making in this case.

19 **II. CUSTOMER FIRST**

20 **Q. What is Customer First?**

21 A. Customer First is a corporate-wide transformation initiative designed to replace and
22 consolidate multiple legacy information technology systems and business processes
23 used across the subsidiaries of Algonquin Power & Utilities Corp. (“APUC”). The
24 platform is built on SAP and serves as a backbone for managing customer service,

1 billing, metering, financial and operational data. The goal of Customer First is to
2 streamline operations, improve data integrity, and enhance the customer experience by
3 unifying disparate systems into a single, integrated platform. This modernization effort
4 positions Liberty to better meet the current and future needs of its customers and
5 stakeholders. To help illustrate the scope and functionality of the system, the following
6 diagram outlines the key modules within the Customer First platform and their
7 respective roles:



8
9 Prior to adopting this SAP-based Customer First platform, APUCs subsidiaries relied
10 on a patchwork of legacy systems that were incompatible and lacked integration
11 capabilities. This fragmentation made it difficult to analyze and reconcile data across
12 business functions, limiting operational efficiency and transparency. Additionally,

1 many of these systems were outdated and did not reflect the current technology
2 standards, exposing the Company to elevated risks of service disruption and data loss
3 – particularly concerning in today’s increasingly complex cybersecurity landscape.

4 **Q. Was the decision to transition to a corporate-wide integrated platform purely**
5 **discretionary?**

6 A. No, it was not. At the time of the Customer First implementation, several key business
7 and accounting systems used by APUC subsidiaries were no longer supported by their
8 vendors. Continuing to operate with unsupported systems posed significant risks,
9 including data loss, security vulnerabilities, and system incompatibility. In today’s
10 cybersecurity environment, those risks are unacceptable for a regulated utility. The
11 decision to implement a modern, integrated platform was both necessary and
12 reasonable to ensure operational continuity, safeguard customer data, and support long-
13 term service reliability.

14 **Q. Is Customer First “In-Service”?**

15 A. Yes, Customer First is “in-service”. In utility operations, a system is considered “in-
16 service” when it is actively used to support core business functions and deliver value
17 to customers. Customer First serves as Liberty’s enterprise-wide backbone system.
18 Supporting critical functions such as financial management, procurement, employee
19 data, geographic information systems (“GIS”) outage management, metering, and
20 customer information and billing. Employees across the organization rely on Customer
21 First daily to perform their roles and deliver essential services to our customers. The
22 system is not only operational – it is integral to Liberty’s ability to manage its utility
23 responsibilities effectively. For these reasons, I consider Customer First to be both “in-
24 service” and “used and useful”, consistent with regulatory standards and utility

1 practice. From a utility operations perspective, Customer First is fully integrated into
2 nearly every aspect of our daily business functions and is essential to delivering service
3 to our customers. For example, all inventory – whether transformers, poles, wires, or
4 other materials – is procured through the Ariba module. Empire currently manages
5 approximately 780 vendors through Ariba, processing around 1,700 purchase orders
6 each month. Field crews use inventory to complete jobs planned in the Network Design
7 & Operations module, which allows us to configure and map assets as distribution and
8 service lines. These assets are then tagged and tracked in our GIS system within SAP.
9 Daily work orders are dispatched to crews through the SAP “Click” module, guiding
10 field operations with location-specific tasks. Capital projects and regulatory assets are
11 managed through the Powerplan module, which supports financial planning and asset
12 tracking. The Advanced Metering Infrastructure (“AMI”) module facilitates service
13 orders for customer move-ins and move-outs and generates billing determinants. Our
14 employees use the Employee Central module to record time, manage leave, and track
15 performance. Finally, all customer bills are generated through the eCustomer module,
16 as described in Ms. Amy Walt’s rebuttal testimony. In short, Customer First is not only
17 used every day – it is central to our ability to operate as a regulated utility. Under
18 established regulatory standards, a system is considered “used and useful” when it is
19 actively deployed in service of utility operations and provides tangible value to
20 customers. Customer First meets that standard and is foundational to our employees’
21 ability to deliver safe, reliable, and efficient service on a daily basis.

22 **Q. Has the deployment of the customer service and billing functions in Customer**
23 **First proceeded as you would have expected or preferred?**

1 A. No. From a customer impact perspective, the deployment has not met the standards
2 our customers deserve. Every customer should receive timely and accurate bills, and I
3 am fully committed to ensuring that outcome. While we have had significant
4 improvements in recent months, we recognize that even a small percentage of
5 unresolved billing issues can affect customer trust and satisfaction. We continue to
6 focus our efforts on identifying and resolving issues for the remaining customers to
7 provide consistent, reliable service across our entire customer base.

8 **Q. What position does Staff witness Busch take in regard to Customer First and the**
9 **related capital expenditures?**

10 A. Mr. Busch supports “Staff’s recommendation that the Commission reduce what would
11 have normally been its authorized revenue requirement by an amount that would be
12 equivalent to a reduction in ROE by 100 basis points.” (Busch Dir., p. 2). In the
13 alternative, Staff recommends that the Commission “authorize an ROE that matches
14 the low end of the ROE scale,” which would be an ROE of 9.0%. (Busch Dir., p. 12).

15 **Q. Does Staff recommend other adjustments associated with the Customer First**
16 **matters?**

17 A. Yes. Staff witness Young proposes a disallowance of various capital costs and
18 operations and maintenance expenses and Staff witness Marek proposes a disallowance
19 of certain compensation regarding incentives related to customer billing. (Busch Dir.,
20 p. 2). These proposals will be addressed by Liberty witnesses John J. Reed and
21 Charlotte T. Emery.

22 **Q. What position does OPC witness Marke take in regard to Customer First and the**
23 **related capital expenditures?**

1 A. Dr. Marke recommends there be no return on or of for Liberty’s “Customer First”
2 billing program; a disallowance of “the return on” portion of the meter accounts and
3 O&M expenses related to contractual customer service representatives, contractual
4 meter readers and postage billing. He also recommends the Commission make an
5 additional 25-basis point reduction to its allowed ROE. (Marke Dir., pp. 2, 54-56).

6 **Q. To which of these recommendations will you be responding?**

7 A. I will be addressing the proposed disallowances of the Customer First investment and
8 the proposed reduction to the Company’s authorized return on equity (“ROE”). Liberty
9 witnesses Reed, Jeffrey Westfall and Candice Kelly will respond to the remaining
10 recommendations.

11 **Q. Staff witness Busch indicates that with his ROE recommendation he wants to**
12 **“send an appropriate signal to Empire, its shareholders, and most importantly,**
13 **Empire’s customers.” (Busch Dir., pp. 3-4). Does Liberty need a “signal”?**

14 A. No, Liberty does not need a signal – we are already living with the impact of these
15 issues every day, alongside our customers and stakeholders. I’ve attended numerous
16 public hearings and town halls across our service territory, and I’ve heard firsthand the
17 frustration, confusion, and hardship caused by the billing problems. These are not
18 abstract concerns; they are real experiences affecting families, seniors, and small
19 businesses. Internally, we’ve invested significant resources to assess our performance
20 and drive improvements. The message from our customers has been clear and deeply
21 felt. We are committed to earning back their trust – not because we were signaled to,
22 but because it's the right thing to do.

23 **Q. How has Liberty responded to the concerns raised by stakeholders – including its**
24 **customers?**

1 A. As mentioned earlier, the impact on customers has been deeply felt – and so has the
2 urgency to act. In response, the APUC Board of Directors made significant leadership
3 changes, starting at the very top. In addition, our new Chief Executive Officer has
4 brought leaders with strong backgrounds in the public utility sector and a proven track
5 record of restoring customer trust and improving service. These changes reflect a clear
6 understanding: our customers deserve better, and we are committed to delivering.

7 **Q. What changes are you referring to?**

8 A. First, the Board brought in Rod West as Chief Executive Officer, effective March 7,
9 2025. Prior to that, Mr. West served as Group President, Utility Operations for Entergy
10 since 2017. In that role, he was responsible for the operational and financial
11 performance of Entergy’s five operating companies. He oversaw the Company’s
12 electric and natural gas distribution, customer service operations, the utility’s
13 engagement with state and local regulators, and regulated retail commercial
14 development and innovation.

15 Mr. West previously served as Executive Vice President and Chief
16 Administrative Officer at Entergy from 2010-2017, where his responsibilities included
17 the company’s shared services functions supporting utility, nuclear and wholesale
18 operations, including finance operations, supply chain, business processes,
19 administrative services, information technology, human resources and administration,
20 federal policy, regulatory and governmental affairs, and corporate communications.
21 West also led the development and execution of the company’s environmental strategy.
22 As president and CEO of Entergy New Orleans from 2007-2010, Mr. West led the
23 company out of its post-Hurricane Katrina challenges and back to profitability. He
24 helped lead Entergy’s ongoing effort to replace nearly 850 miles of underground pipe

1 damaged after Hurricane Katrina, an effort recognized as the 2009 Global
2 Infrastructure Project of the Year by Platts Global Energy Awards.

3 The Chairman of the Board of Directors of APUC was quoted as saying that
4 they are confident that Mr. West’s “deep experience and track record of delivering
5 outstanding customer service and creating value in the regulated utility industry will
6 accelerate the Company’s transformation for the benefit of our customers,
7 shareholders, and the entire Algonquin team.”¹

8 **Q. Are there other changes in the executive team that have been made to better
9 address the Company’s regulated services?**

10 A. Yes, and they reflect a renewed focus and energy around improving our regulated
11 operations. With Mr. West now leading the organization, he has appointed Amy Walt
12 as Chief Customer Officer and Noel Black as Chief Regulatory and External Affairs
13 Officer, both effective June 30, 2025. These are exciting additions to our leadership
14 team. Ms. Walt brings a strong track record of transforming customer service and
15 tackling complex billing system challenges – details she outlines in her rebuttal
16 testimony in this case. These changes signal a clear commitment to delivering better
17 outcomes for our customers and strengthening our regulatory performance.

18 **Q. What is Mr. Black’s role?**

19 A. Mr. Black leads the Company’s regulatory strategy, government and stakeholder
20 relations, and external communications functions. Reporting directly to the Chief
21 Executive Officer, he will drive enterprise strategy and alignment, working closely with

¹ <https://investors.algonquinpower.com/news-market-information/news/news-details/2025/Algonquin-Power--Utilities-Corp.-Announces-Leadership-Transition/default.aspx>

1 regulatory commissions, policymakers, community leaders, and other external
2 stakeholders.

3 Mr. West indicated that Mr. Black’s “appointment reflects our commitment to
4 align our stakeholders around Algonquin’s customer-first pure-play utility value
5 proposition. Noel has built a distinguished career leading regulatory strategy, customer
6 engagement, and utilities operations, and his expertise will help us better align our
7 services with the needs of our customers, communities, and regulators. Noel’s
8 collaborative approach and proven track record of delivering constructive regulatory
9 outcomes will be instrumental as we advance our ‘Back to Basics’ customer-centric
10 plan—seeking to deliver safe, reliable, and affordable energy and water, while creating
11 customer value and driving performance, innovation, and trust across our four key
12 stakeholder groups.”²

13 Mr. Black previously spent over 30 years at Southern Company, one of the
14 largest U.S. utilities serving over nine million customers, where he most recently served
15 as Senior Vice President of Federal Regulatory Affairs. Throughout his career at
16 Southern Company and its affiliates, Mr. Black served in a wide range of leadership
17 roles across the business, to include regulatory policy, governmental affairs, strategic
18 planning, and as an area manager in one of Georgia Power’s significant service areas
19 where he was responsible for construction, engineering, customer service and storm
20 response.

21 **Q. How are these appointments related to the efforts to correct and improve the**
22 **billing systems?**

² <https://investors.algonquinpower.com/news-market-information/news/news-details/2025/Algonquin-Power--Utilities-Corp--Names-Noel-Black-Chief-Regulatory-and-External-Affairs-Officer/default.aspx>

1 A. Ms. Walt brings extensive experience in leading customer service and billing recovery
2 efforts following SAP implementations, including systems like Liberty’s Customer
3 First platform. At both Entergy and Consumers Entergy, she played a key role in
4 stabilizing operations post-implementation, restoring customer confidence, and driving
5 performance improvements. Her leadership contributed to transforming those utilities
6 into top-quartile performing companies in operation and customer satisfaction metrics.
7 This background gives her an in-depth understanding of the technical and operational
8 challenges involved, as well as the strategies needed to optimize system architecture
9 and deliver meaningful improvements for customers.

10 **Q. What is the overall goal of this process?**

11 A. At its core, the goal is to restore confidence by delivering accurate, timely bills and
12 rebuilding trust with our customers. We know that billing issues have caused real
13 frustration, and we are committed to resolving them – not just by addressing surface-
14 level symptoms, but by identifying and correcting the root causes. Our management
15 changes are centered on maximizing customer value and minimizing waste. With the
16 structured methodology we are aimed at improving the customer experience and
17 ensuring that our service meets the standards expected by both our customers and the
18 Commission.

19 **Q. Do you believe that customers will see immediate improvement in service?**

20 A. Yes, and in many areas, they already have. We’ve made measurable progress in
21 stabilizing key aspects of the billing process, and customers should continue to see
22 improvements. That said, we recognize that some issues – such as collective billing
23 and billing for multiple commodities on a single statement – are more complex and will
24 take additional time to resolve. In some cases, we may need temporary waivers from

1 Commission rules to implement lasting solutions that truly meet customer needs.
2 Liberty witness Amy Walt provides further detail in her rebuttal testimony, outlining
3 the steps we're taking to ensure these improvements are not only effective but
4 sustainable. Our focus remains on delivering a service experience that is accurate,
5 timely, and worthy of our customers' trust.

6 **Q. How would you describe Mr. Busch's 100 point ROE reduction recommendation?**

7 A. From my perspective, the recommendation appears unusually severe and raises
8 concerns about its proportionality. While I am not the Company's expert on return on
9 equity, Liberty witness Mr. Reed – who provides expert testimony on regulatory
10 precedent and principles – addresses this issue in detail in his rebuttal. Based on his
11 analysis, the proposed reductions seem to exceed what has typically been applied by
12 this or other Commissions, even in cases involving significant customer impacts. I
13 understand the frustration that may have informed Staff's position, but I rely on Mr.
14 Reed's expertise in concluding that such a substantial adjustment may not be consistent
15 with established regulatory practice. Our focus remains on resolving the underlying
16 issues and continuing to improve service for our customers.

17 **Q. What does OPC witness Marke recommend in regard to ROE?**

18 A. He recommends that the Commission impose a 25-point basis reduction to whatever
19 ROE the Commission might otherwise award. (Marke Dir., p. 56). This
20 recommendation will be addressed by Liberty witness Daniel Dane.

21 **Q. If the Commission does decide to reduce Liberty's ROE in response to concerns
22 with the Customer First implementation, what does it need to keep in mind?**

23 A. The Commission should consider the broader impact such a decision could have on
24 Liberty's ability to deliver safe, reliable service and support the economic development

1 priorities of the communities we serve. While accurate billing is a critical part of
2 customer service – and we fully acknowledge the frustration and disruption caused by
3 recent issues – it is only one component of the essential service we provide. Electric
4 service must be dependable, especially when it comes to maintaining and investing in
5 infrastructure like generation, transmission, substations, and transformers. These
6 investments are necessary so that the lights come on when customers flip the switch,
7 and that businesses and communities can grow with confidence in the reliability of their
8 utility service. A significant reduction in ROE, particularly one applied broadly across
9 all investments, could limit Liberty’s access to the capital needed to fund these critical
10 improvements and/or increase the costs of such investments. That would not only
11 affect our ability to serve customers today, but also hinder long-term planning and
12 resilience. While we do not minimize the negative experiences some customers have
13 had, it’s important to recognize that many others have not encountered issues – and that
14 we are actively working to resolve the problems for those who have. Ultimately, any
15 regulatory response should balance accountability with the need to maintain a strong,
16 sustainable utility capable of meeting the expectations of all stakeholders – including
17 the many communities that we are privileged to serve.

18 **Q. Is this the only proceeding where Liberty’s actions regarding Customer First are**
19 **being reviewed?**

20 A. No. On February 27, 2025, the Commission issued its *Order Opening an Investigation*
21 directing Staff to conduct an investigation of all of the Liberty companies operating in
22 the state of Missouri, noting that the Commission has had numerous inquiries,
23 complaints, comments, and testimony about issues with Liberty Utilities’ billing and
24 customer service. That investigation is identified as File No. OO-2025-0233.

1 **Q. Has the investigation been completed?**

2 A. No. On July 30, 2025, Staff filed a Status Report and indicated, among other things,
3 that it “hopes to complete its investigation and submit its report to the Commission by
4 September 30, 2025.”

5 **Q. What is the likely outcome of that proceeding?**

6 A. At this time, Liberty cannot predict the outcome. OPC witness Marke has stated that
7 he is “confident [OPC] will be filing a complaint case based on the information we
8 have collected; however, we will not pursue that avenue until we have an opportunity
9 to review the Staff’s investigation report.” (Marke Dir., p. 58).

10 Given this position, it’s likely this rate case will not be the only opportunity for
11 the Commission to evaluate issues related to billing and customer service. Liberty is
12 committed to working constructively with Staff, OPC, and the Commission to address
13 concerns and implement lasting improvements. We view this process not as a single
14 event, but as a part of an ongoing collaboration to ensure our systems and service meet
15 the standards our customers – and the Commission- rightfully expect.

16 **Q. OPC witness Marke’s recommended disallowance of recovery related to the**
17 **Company’s Customer First investment is based on his opinion that it is not “used**
18 **and useful.” (Marke Dir., p. 54). How do you respond to that allegation?**

19 A. I respectfully disagree with Dr. Marke’s characterization. As I’ve described earlier, the
20 systems implemented under Customer First are actively in use and play a vital role in
21 Liberty’s daily operations. These systems have been in place for over a year and are
22 essential to delivering core utility services – from billing and customer support to
23 outage management and service restoration. While we acknowledge that the
24 implementation has not been without challenges, particularly in billing, it would be

1 inaccurate to suggest that the entire investment is not serving a useful purpose.
2 Dismissing the full value of the system overlooks the progress made and the critical
3 functions it supports. We believe a more constructive approach is to continue working
4 collaboratively with Staff, OPC, and the Commission to resolve the remaining issues
5 so that the system delivers the outcomes our customers deserve.

6 **Q. Are you concerned about the potential financial and other impacts on the Company**
7 **if the Commission adopts Staff's and/or OPC's recommendations to disallow**
8 **and/or penalize the Company related to the implementation of Customer First?**

9 A. Yes, I am very concerned. Liberty has a legal and moral obligation to provide safe,
10 reliable electric service to our customers, and the recommendations from Staff and OPC
11 – if adopted in full – would place unreasonable financial risk on a utility that must
12 continue to serve regardless of economic conditions. We fully acknowledge the
13 challenges and customer impacts associated with the Customer First implementation.
14 Those issues are real, and we are actively working to resolve them. However, the SAP
15 system is fully deployed and is being used every day to support essential utility
16 functions to serve customers. Disallowing recovery of this investment, along with the
17 proposed 100 basis point ROE reduction and other disallowances, could impair
18 Liberty's ability to access capital markets, maintain operational budgets, and invest in
19 the infrastructure needed to keep the lights on. As President, I am responsible for the
20 financial health of the Company, and I can say with certainty that the combined effect
21 of these recommendations could undermine our ability to fulfill our obligation to serve.
22 We've already taken steps to mitigate customer impacts – such as offering payment
23 plans, waiving late fees for bills impacted by billing issues, and suspending
24 disconnections – but penalizing the Company beyond the actual financial harm

1 experienced by customers risks destabilizing the very system we are working to
2 improve. Liberty witnesses Mr. Reed, Ms. Walt, and Mr. Dane speak to these concerns
3 in their rebuttal testimony, including the potential consequences for cost of capital and
4 investor confidence. We urge the Commission to consider the long-term implications
5 of these recommendations- not just for Liberty, but for the customers and communities
6 who depend on us every day.

7 **Q. How would you summarize your position on the Staff and OPC recommendations**
8 **related to Customer First?**

9 A. Liberty fully acknowledges the shortcomings in the Customer First implementation and
10 the impact those issues have had on some of our customers. We are actively addressing
11 those concerns – bringing in experienced leadership, dedicating resources, and making
12 measurable progress. We understand the need for regulatory action and accountability.
13 However, any action taken must be carefully balanced to avoid jeopardizing the
14 Company’s ability to provide safe, reliable, and adequate service. Recommendations
15 that severely restrict Liberty’s financial resources – such as disallowing recovering a
16 fully deployed and operational system or posing a reduction of return on equity to all
17 rate base balances – pose an unreasonable risk to a utility with an obligation to serve.
18 The Commission’s role is not only to hold utilities accountable, but also to ensure they
19 remain capable of delivering the essential services that support public safety and
20 economic development. We are committed to working collaboratively with Staff,
21 OPC, and the Commission to resolve these issues and restore customer trust. But that
22 collaboration must also recognize the importance of maintaining financial stability so
23 that Liberty can continue to invest in the infrastructure and operations our customers
24 and communities depend on every day.

1 **Q. Do you have a suggestion for the Commission as to how it can both recognize the**
2 **billing issues that have been experienced by some of Liberty’s customers with the**
3 **need to provide Liberty with the resources it needs to continue to provide service**
4 **to its customers?**

5 A. Yes. I believe the Commission can take a balanced and constructive approach by tying
6 Liberty’s equity return on the Customer First billing module to the achievement of
7 clearly defined performance metrics. This would allow the Commission to hold the
8 Company accountable for improving customer outcomes, while preserving the
9 financial stability necessary to continue providing safe and reliable service. Under this
10 approach, once Liberty meets the specified metrics the Company would be allowed to
11 defer the associated equity return into a regulatory asset for recovery in a future rate
12 case. This ensures that customers see real improvements before any equity return is
13 earned. The specific metrics would need to be thoughtfully considered by input from
14 all parties but I believe this framework reflects a fair and forward-looking solution that
15 aligns with the Commissions’ dual goals of protecting customers and ensuring long-
16 term viability of the utility. Please refer to Company witness John Reed’s rebuttal
17 testimony for more detail regarding the proposed approach.

18 **III. THIRD PARTY AUDIT OF BILLING SYSTEM**

19 **Q. OPC witness Marke suggests that a third party audit of the Company’s billing**
20 **system would be appropriate. (Marke Dir., p. 57). Is that something the Company**
21 **has considered?**

22 A. Yes. As Dr. Marke indicates, we have begun exploring options for such a review.

1 **Q. Dr. Marke further states a concern regarding a third party audit where the firm**
2 **performing the audit is answering solely to the utility. How do you respond to**
3 **that concern?**

4 A. Dr. Marke has expressed concern and indicated that he is providing “notice” to the
5 Company, with the hope of engaging in further dialogue regarding the independence
6 of any future third-party reviews. Liberty welcomes that dialogue. We understand the
7 importance of transparency and credibility in any review process, especially when
8 customer trust is at stake. We are committed to working collaboratively with OPC,
9 Staff, and the Commission to ensure that any future reviews are structured in a way that
10 promotes confidence, accountability, and meaningful outcomes.

11 **IV. CAPITALIZATION ISSUES**

12 **Q. Staff witness Young indicates that Staff has received two communications from**
13 **former Empire employees regarding the choice to capitalize or expense costs as**
14 **they are incurred. (Young Dir., p. 25). What is your reaction?**

15 A. We take Staff’s testimony seriously. In response, we shared the concerns raised with
16 our Internal Audit team and requested a thorough review of the allegations. Liberty is
17 committed to integrity and continuous improvement, and we welcome the opportunity
18 to investigate and address any issues that may impact our service to customers and
19 regulatory obligations.

20 **Q. OPC witness Marke quotes from correspondence he received from a former**
21 **Empire employee. (Marke Dir., pp. 35-38). How would you respond to the issues**
22 **raised in this correspondence?**

23 A. Liberty takes these concerns seriously and remains committed to ethical operations,
24 regulatory compliance, and responsible investment in infrastructure. Regarding

1 capitalization, Liberty strictly follows Generally Accepted Accounting Principles
2 (“GAAP”) and Federal Energy Regulatory Commission (“FERC”) accounting
3 standards. Since acquiring Empire in 2017, all capital expenditures have undergone
4 full prudency reviews in Missouri, Kansas, Oklahoma and Arkansas – with no
5 disallowances to date. Our use of contractors is governed by formal Procurement
6 Policies, including our Responsible Contractor Policy, which applies to all construction
7 and maintenance projects over \$1 million. These projects are competitively bid, with
8 contractor selection based on qualifications, safety, cost, and overall value. Internal
9 labor remains essential to our operations –approximately 70% of our line employee
10 time in 2024 was charged to O&M and they continue to work significant overtime.
11 While capital has increased since 2016, so have material costs and infrastructure needs.
12 Our system continues to age, and we are investing in replacements and upgrades to
13 maintain safety, reliability, and resiliency. For example, distribution transformer prices
14 have risen on average over 142% in the past decade due to global supply chain
15 constraints and rising commodity prices – an industry wide trend. In some instances,
16 certain transformers have risen over 342%, depending on type and size. Ultimately,
17 Liberty is focused on delivering safe, reliable service to our customers while
18 maintaining openness, accountability, and compliance with all regulatory standards.

1 V. **ETHICAL STANDARDS**

2 Q. **Staff witness Young expresses concern as to the Company's controls and policies**
3 **governing ethics. (Young Dir., p. 27). Does the Company have policies to govern**
4 **employee ethical conduct?**

5 A. Yes. Liberty's policies contain guidelines requiring employees to adhere to ethical
6 standards regarding disclosing confidential information, bribery, quid-pro-quo, conflict
7 of interests, and acceptance of gifts or gratuities from business organization or financial
8 institutions which do business with Liberty. (Young Dir., p. 28). In addition, the
9 Company conducts annual training on Algonquin's Code of Business Conduct and
10 Ethics and we maintain an ethics hotline where employees can report any concerns on
11 an anonymous basis if desired.

12 Q. **Does Mr. Young have any examples of where these policies have been**
13 **problematic?**

14 A. No. He acknowledges that Staff has no evidence of misbehavior. However, he
15 recommends that the Commission direct the Company to internally review its
16 operations to ensure ethical policies clearly communicate expectations and the policies
17 are enforced.

18 Q. **Is this direction necessary?**

19 A. While it may not be strictly necessary, out of abundance of caution, we have asked our
20 Internal Audit team to review the concerns raised in this case and determine whether
21 any further action is warranted. Liberty is committed to maintaining strong internal
22 controls and ensuring that any issues are thoroughly evaluated and addressed.

1 **VI. OTHER AUDITS**

2 **Q. OPC witness Marke implies that there is the possibility of third party audits of**
3 **customer service representatives, and solar net metering/billing practices in the**
4 **future. (Marke Dir., pp. 57-58). What is your understanding of possible audits in**
5 **these areas?**

6 A. We are not aware of any third party audits of these areas; however, we have recently
7 started reviewing solar net metering bills internally on a monthly basis.

8 **Q. Staff witness Matthew Young recommends that the Commission order Liberty to**
9 **initiate certain internal audits. (Young Dir., pp. 30-31). What subjects does Mr.**
10 **Young recommend the Company audit?**

11 A. Mr. Young suggests the Company be ordered to conduct internal audits of the following
12 subjects: the capitalization rate applied to Injuries and Damages and worker's
13 compensation costs; processes and controls over costs passing through clearing
14 accounts; ethical conduct policies; authorization procedures for capital projects; and
15 policies governing the procurement of labor and non-labor required for capital projects.

16 **Q. What timeline does Staff witness Young suggest for these audits?**

17 A. Staff witness Young suggests that Liberty complete all of these audits within one year
18 from the operation of law date in this rate proceeding and file the results of the internal
19 audits in this rate case docket for review by the parties to this case.

20 **Q. What resources and efforts would be required to complete internal audits of all of**
21 **these subjects on the suggested timeline?**

22 A. Liberty's Internal Audit department is prepared to conduct a review of our ethics and
23 capitalization policies and procedures within the timeline recommended by Staff. We

1 are committed to supporting this process and will allocate the necessary resources for
2 a thorough and timely evaluation of these areas.

3 **VII. CONCLUSION**

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

5 A. Yes.

VERIFICATION

I, Timothy N. Wilson, 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/ Timothy N. Wilson