Exhibit No.: _____
Issue(s): Revenue Requirement
Witness: Charlotte T. Emery
Type of Exhibit: Surrebuttal and True-up Direct Testimony
Sponsoring Party: The Empire District Electric Company d/b/a Liberty
Case No.: ER-2024-0261
Date Testimony Prepared: September 2025

Before the Public Service Commission of the State of Missouri

Surrebuttal and True-Up Direct Testimony

of

Charlotte T. Emery

on behalf of

The Empire District Electric Company d/b/a Liberty

September 17, 2025

TABLE OF CONTENTS
FOR THE SURREBUTTAL AND TRUE-UP DIRECT TESTIMONY
OF CHARLOTTE T. EMERY
THE EMPIRE DISTRICT ELECTRIC COMPANY D/B/A LIBERTY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2024-0261

SUBJECT **PAGE**

SURREBUTTAL AND TRUE-UP DIRECT TESTIMONY OF CHARLOTTE T. EMERY
THE EMPIRE DISTRICT ELECTRIC COMPANY D/B/A LIBERTY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2024-0261

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Charlotte T. Emery. My business address is 602 South Joplin Avenue, Joplin, Missouri 64802.

Q. Are you the same Charlotte T. Emery who provided direct and rebuttal testimony in this matter on behalf of The Empire District Electric Company d/b/a Liberty ("Liberty" or the "Company")?

A. Yes.

Q. What is the purpose of your surrebuttal and true-up direct testimony in this proceeding before the Missouri Public Service Commission ("Commission")?

A. The purpose of my surrebuttal testimony is to respond to various adjustments, balances and methodologies proposed by the Staff of the Commission ("Staff") and the Office of the Public Counsel ("OPC") in their rebuttal filings. I will also address the Company's proposed Accounting Authority Order ("AAO") for natural gas investments and windfarm environmental cost tracker. The purpose of my true-up direct testimony is to support the Company's overall revenue requirement calculation and to discuss the March 2025 revisions to certain components of the Company's proposed revenue requirement in this case, as ordered by the Commission on April 23, 2025.[1]

[1] Order Establishing True-Up Period, Case No. ER-2024-0261, effective April 23, 2025.

II. SURREBUTTAL RATE BASE COMPONENTS

Q. What are the specific rate base issues being addressed by your surrebuttal testimony?

A. The table below outlines the rate base topics I will address in my surrebuttal testimony, along with the sponsoring party for each. To the extent I do not respond to a specific issue in this testimony, it should not be interpreted as agreement with the position of other stakeholders. Rather, the Company continues to support the September 2024 balances as discussed within my rebuttal testimony, and as updated for the March 2025 true-up period, which will be discussed later in my testimony. These balances represent the most accurate and appropriate foundation for calculating the revenue requirement — one that reflects the true cost of service necessary to serve our customers reliably and responsibly.

Rate Base	
Sponsoring Party	**Description**
Staff	Common Plant Adjustments (Plant and Accumulated Depreciation)
Staff	Onsolve Project Disallowance
OPC	Ozark Beach Crain Extension Project Disallowance
OPC	Isolated General Plant Adjustments
OPC	Stranded Meters
Staff	Cash Working Capital
Staff/OPC	Accumulated Deferred Income Taxes
Staff	Long-Term Maintenance Deferred Debits
Staff	SB-EDR Regulatory Assets

Q. Did Staff make changes to its common plant adjustments in their rebuttal testimony accounting schedules?

A. Yes. While Staff proposed an adjustment to remove the non-electric portion of certain general plant assets that are shared between multiple entities in their direct testimony, Staff erroneously did not include the adjustment within its direct accounting schedules.

Within the rebuttal accounting schedules, Staff has updated their plant and accumulated balances to reflect this adjustment.

Q. Does Staff's update to its common plant adjustment alter the Company's position as stated in rebuttal testimony?

A. No, the Company's position remains unchanged. As stated in my rebuttal testimony, I continue to have concerns regarding the methodology employed by Staff in calculating the mass rate used to allocate common plant to non-Empire electric entities. Staff's approach continues to omit other Liberty Central Region companies that should be included in the mass rate allocation for common plant assets.

The Company also identified inconsistencies in Staff's adjustment. Notably, Staff relies on common plant balances from the test year ending September 2023, rather than the more appropriate balances as of the September 2024 update period. This discrepancy in the time period raises concerns about the accuracy and reliability of the adjustment.

Moreover, Staff's adjustment also includes the removal of assets that were not identified as common plant, as notated in the Company's response to Staff data request 0099.[2] Including these non-common assets inflates the adjustment and results in an understatement of both proposed plant and accumulated depreciation.

For these reasons, the Company continues to recommend that the Commission reject Staff's proposed common plant adjustments.

[2] Refer to attachment "Common Property 09-30-2023 – Updated" in response to data request 0099 provided on January 23, 2025.

Q. Staff witness Young recommends that the costs associated with the Company's Onsolve text messaging system be excluded from rates. Is the Company in agreement?

A. Yes. The Company has concluded that its Onsolve text messaging system was not fully operational for its Missouri electric customers prior to the conclusion of the March 2025 true-up period. Accordingly, the Company is no longer pursuing cost recovery for Onsolve in this proceeding and intends to seek recovery in a future filing. This adjustment has been reflected in the Company's cost of service and is further detailed in the true-up direct section of my testimony.

Q. Did OPC propose a plant disallowance related to the Company's Ozark Beach crane extension project?

A. Yes. OPC witness Dr. Marke proposed a $2.9 million disallowance due to a discrepancy between the amount included for the initial budget and actual costs incurred for the project. He also goes on to state that the project is not eligible for Plant in Service Accounting ("PISA") treatment.

Q. Does the Company agree with Dr. Marke?

A. No. The Company respectfully disagrees with the assertion that the project is not eligible under Missouri's PISA framework. According to the statutory language governing PISA, Section 393.1400, RSMo., "Qualifying Electric Plant" includes *all rate-base additions*, with the exception of those related to:

- New coal-fired generating units;
- New nuclear generating units;
- New natural gas units; and
- Additions that increase revenues by enabling service to new customer premises.

The project in question does not fall under any of those exclusions. Therefore, based on the statute's inclusive structure—where all rate-base additions are presumed eligible unless specifically excluded— the project qualifies for PISA treatment.

For discussion regarding the difference between the budget and actual costs, refer to the surrebuttal testimony of Company witness Brian Berkstresser.

Q. Did OPC propose a general plant retirement adjustment within their rebuttal testimony?

A. Yes. OPC witness Robinett identified certain general plant assets—such as office furniture, lab equipment, and communication equipment—that will be fully amortized by the time new rates take effect for this case. To address this, Mr. Robinett recommends an isolated adjustment to remove these assets from the Company's cost of service, resulting in a reduction to plant of approximately $175,000.

Q. Does the Company agree with OPC's isolated adjustment?

A. No, the Company does not agree with the proposed adjustment as it goes past the March 2025 true-up period. In addition, it selectively modifies certain general plant retirements without making corresponding updates for the rest of the Company's plant asset balances. This creates an incomplete and unbalanced view of the Company's cost of service. From a ratemaking perspective, this raises a matching principal concern – adjustments should be applied consistently across interrelated components to ensure the revenue requirement reflects the true cost of providing service. Additionally, as discussed in my rebuttal testimony, no party has proposed including plant balances beyond the approved true-up period, and therefore is inconsistent with sound regulatory practice.

Q. Please describe OPC's position regarding the Company's non-AMI stranded meter costs.

A. OPC has raised concerns regarding the significant negative depreciation reserve associated with the Company's stranded non-AMI meters. To address this, OPC witness Mr. Robinett recommends the establishment of a non-rate base regulatory asset to reflect the reserve deficiency. This approach would allow Liberty to recover the original cost of these meters without earning a return on the investment. Additionally, OPC proposes a five-year amortization period of the regulatory asset, consistent with OPC's recommendations in prior proceedings involving Missouri American Water and Spire Missouri.

Q. In addition to the large negative depreciation reserve, does Mr. Robinett also discuss the Company's large plant in service balance for Account 370?

A. Yes. He states there is a large Missouri jurisdiction balance of plant in service in Account 370 of $9,039,074 at September 2024, despite the fact that most non-AMI meters have been either replaced or are no longer in active use.

Q. Is there anything you would like to clarify regarding Mr. Robinett's assumption?

A. Yes. While Account 370 is commonly associated with non-AMI meters, it also includes other property types such as current transformers, potential transformers, load research equipment, etc., which reflects assets that are still used and useful. Therefore, the remaining Missouri jurisdictional plant in service balance of $9,039,074 is not solely attributable to remaining non-AMI meters. The costs associated with the retired non-AMI meters have already been removed from plant and are reflected in the accumulated depreciation reserve. Mr. Robinett's assumption appears to conflate the total Account

370 balance with stranded meter costs, which does not accurately represent the composition of the account.

Q. Does the Company believe it should receive recovery on and of its stranded meter costs?

A. Yes. The Company believes full recovery is warranted for the prudently incurred costs associated with the deployment of its advanced metering infrastructure. This modernization effort replaced legacy meters with an industry-standard AMI solution, including advanced meters, communication networks, and data management systems—delivering immediate operational benefits for customers. Denying recovery solely because the legacy assets are retired and no longer "used and useful" would discourage future investments in technologies that enhance reliability, efficiency, and customer experience. Full recovery supports financial stability and enables continued investment in infrastructure improvements. Additional details regarding the prudency of the AMI project pertaining to the stranded meter asset recovery are provided in the surrebuttal testimony of Company witness Jeffrey Westfall.

Q. Did Staff's adjustment for accumulated deferred income taxes ("ADIT") change?

A. Yes, Staff updated their ADIT balance to be reflective of a Missouri jurisdictional ADIT balance rather than a Total Company balance.

Q. Is the Company now in agreement with Staff's balance?

A. No. While the Company agrees a jurisdictional allocation for calculating the ADIT balance is appropriate, I do not agree with the Missouri allocator applied by Staff. Specifically, Staff used a September 2023 test year period allocator in conjunction with September 2024 update period ADIT balances, which introduces an inconsistency in the calculation. Furthermore, as noted in the rebuttal testimony of Company witness

Michael McCuen, the Company's initial calculation did not fully capture the net ADIT balances associated with the Hypothetical Liquidation at Book Value ("HLBV") methodology, resulting in an overstatement of Staff's ADIT balance.

The Company recommends Staff's true-up ADIT balance be updated to capture this HLBV change, and that the Missouri allocator be applied consistently with the period used for the ADIT balances.

Q. Does OPC witness Riley have issues with the Company's ADIT balance as it relates to the Asbury securitized balance?

A. Yes. For discussion on that point, please refer to the surrebuttal testimony of Company witness Michael McCuen.

Q. Staff witness Boronda argues that the Company's maintenance expenses from its LTM contracts do not qualify to be recorded to FERC account 186 based on the USOA definition of the account.[3] Does the Company agree with this?

A. No, the Company does not agree. The costs associated with the long-term maintenance contracts do meet the criteria for inclusion in FERC Account 186 because their proper final disposition is uncertain at the time of payment. This uncertainty is precisely why the Company has recorded them in this account.

Historically, the Company recorded all LTM contract costs directly to expense, without considering whether portions of the work performed under the contract should be capitalized. However, because some of the maintenance activities extend the useful life of generation assets, it would be inappropriate to treat all such costs as operating expenses.

[3] Rebuttal testimony, Christopher L. Boronda, p. 2.

Given that the Company pays for the LTM contracts in advance of the actual work being performed, it is reasonable and consistent with the USOA to defer these costs in Account 186. Once the work is completed, the Company evaluates the nature of the expenditures:

- Capitalizable costs are transferred to the appropriate plant account and depreciated according to approved depreciation rates.
- Non-capital costs are reclassified to the appropriate O&M expense account.

This approach ensures accurate accounting treatment and aligns with regulatory expectations for prudence and transparency.

Q. Mr. Boronda also goes on to state that if Liberty's current treatment of contract costs is approved, the long-term effect will be an increased rate base that is not amortized or appropriately depreciated. What is the Company's response?

A. The Company respectfully disagrees with Mr. Boronda's assertion, which is unsupported by the facts and mischaracterizes the Company's accounting treatment. As previously stated, Liberty's approach to its LTM contract costs is both prudent and consistent with regulatory accounting principles.

Liberty's treatment does not result in an inflated rate base, nor does it bypass amortization or depreciation. Instead, it reflects a disciplined and transparent accounting methodology that aligns with both the Uniform System of Accounts and the principles of cost recovery approved by the Commission.

Q. Please describe Staff's position as it relates to the Senate Bill Economic Development Rider ("SB-EDR") and the related discounts.

A. Staff witness Tevie contends that Liberty is possibly not in compliance with Missouri statute Section 393.1640.1(2), which requires an analysis demonstrating that each customer receiving an SB-EDR discount continues to pay rates that are adequate to cover the electrical corporation's variable cost to serve the accounts in question and provide a positive contribution to fixed costs. Staff witnesses Lange and Lyons also challenge the regulatory asset Liberty established for economic development rider discounts, asserting that it is unauthorized under the statute and that Liberty failed to obtain Commission approval to defer these costs.

Q. How does the Company respond?

A. Liberty has submitted its response to MPSC data request 449, which includes analysis demonstrating that the cents-per-kilowatt-hour realization from discounted rates is sufficient to cover the variable costs of serving participating customers. In addition, these discounted rates contribute positively toward fixed costs, making them economically sustainable. Importantly, Section 393.1640, RSMo., requires that the cost of providing these discounts be recovered from all customer classes. To comply with this statutory directive and ensure the Company is made whole for offering the required discounts, it is essential that a regulatory asset be established. Without such treatment, the value of the discount between rate cases would be unrecoverable, effectively penalizing the Company for fulfilling its statutory obligation to support economic development. This approach ensures that Liberty can continue to offer growth project discounts in a financially responsible manner, while maintaining fairness across customer classes and preserving the integrity of its cost recovery framework.

Q. Are there rate base balances/adjustments Staff updated in its rebuttal that the Company does not oppose?

A. Yes. While the Company may not fully agree with the methodologies used by Staff for the Critical Medical Needs Regulatory Liability and Prepayments adjustments that were updated from their direct to rebuttal filing to derive certain September 30, 2024 balances, the Company finds the resulting figures to be reasonable and acceptable for purposes of this rate case. It is important to emphasize that this assessment applies solely to the September 30, 2024, update period. The Company intends to conduct a thorough review of the March 2025 true-up balances once they are presented.

III. SURREBUTTAL INCOME STATEMENT COMPONENTS

Q. Which income statement issues will you be addressing in your surrebuttal testimony?

A. The table below outlines the income statement topics I will address, along with the sponsoring party for each. To the extent that I do not respond to a specific issue, it should not be interpreted as agreement with the position of other stakeholders. Instead, the Company continues to support the September 2024 balances as discussed within my rebuttal testimony, and as updated for the March 2025 true-up period, which will be discussed later in my testimony. These balances represent the most accurate and appropriate foundation for calculating the allowed revenue requirement and should be relied upon unless compelling evidence supports an alternative approach.

Income Statement	
Sponsoring Party	**Description**
OPC	Fuel and Purchased Power Costs
Staff/OPC	Weather Normalization Adjustment
Staff	Energy Efficiency Adjustment
OPC	Bad Debt Expense
OPC	Customer First Roll-Out Costs
Staff	Customer First O&M Normalization
Staff	Payroll Taxes
Staff	Demand Side Management ("DSM") Amortization Expense

Staff	Property Tax Tracker Contra Expense Account
Staff	Low-Income Pilot Program Amortization Expense

Q. Would the Company like to address the comments made by OPC witness Lena Mantle regarding the FAC base model and the fuel and purchased power costs included in the Company's cost of service?

A. The Company takes great care in developing and maintaining our fuel model, ensuring it reflects a consistent and well-established methodology that we have applied reliably across prior cases. This approach is grounded in sound operational and financial principles, and we remain committed to its integrity. This approach has consistently been used in previous cases. For further discussion of the Company's FAC base model, please refer to the surrebuttal testimony of Company witnesses Todd W. Tarter and Aaron J. Doll.

Regarding the FERC allocations of the Company's fuel and purchased power revenue and expense adjustment, this process is simply an accounting mechanism—assigning costs and revenues to the most appropriate accounts in accordance with regulatory guidelines. As Ms. Mantle has noted, this allocation process ultimately has no impact on customers as there is no impact on the overall financial outcome of the Company's cost of service.

Q. Please describe OPC's position as it relates to weather normalization.

A. OPC witness Mantle contends that relying on a 30-year average for weather normalization conceals recent warming trends, resulting in distorted usage estimates. Specifically, she alleges it leads to underestimated summer consumption, which in turn drives up summer rate increases, and overestimated winter usage, causing inadequate rate recovery during colder months. This misalignment disproportionately affects weather-sensitive customer classes and skews both rate increases and cost allocations. Ms. Mantle recommends the Commission conduct workshops with the utilities to determine a fair and accurate time length to use to calculate normal weather than does not benefit one type of utility over the other.

Q. How does the Company respond?

A. The Company appreciates OPC's interest in ensuring that weather normalization methodologies reflect current climate trends and support equitable rate design. While the Company believes that the use of a 30-year average remains a well-established and statistically sound approach, it recognizes that evolving weather patterns may warrant further evaluation. If the Commission determines that workshops or collaborative discussions are appropriate, the Company is fully willing to participate and contribute constructively. Liberty supports a transparent, data-driven process that ensures weather normalization practices are fair, consistent across utilities, and aligned with customer usage realities.

Q. Please describe Staff's position related to the Company's proposed weather normalization process.

A. Staff witness Stahlman discusses an error in his direct workpapers where he inadvertently combined the Large General Service ("LGS") and Small Primary ("SP") customer class load data in the LGS weather normalization process. Staff now states these two customer classes should be evaluated separately due to operational differences where LGS uses secondary voltage, and SP uses primary voltage.

Q. Does the Company agree with Staff's position?

A. While the Company still believes the weather normalization adjustment included in its cost of service is appropriate, the Company does not necessarily oppose Staff's position regarding the separation of the LGS and SP customer classes in the weather normalization process. This position is based on the following considerations:

- Staff's revised approach continues to rely on the same underlying data set used by Company witness Eric Fox in his weather normalization proposal, ensuring consistency in the analytical foundation.
- Both the LGS and SP customer classes exhibit relatively low sensitivity to weather fluctuations, which minimizes the potential impact of normalization adjustments.
- The difference calculated by Staff separating the LGS and the SP classes is minimal, making the impact of Staff's approach relatively minor.

Q. Please describe Staff's recommendation as it relates to the energy efficiency adjustment.

A. Staff takes issue with Liberty's use of a dollar-based methodology to remove test year revenues related to its MEEIA tariff, arguing it deviates from standard industry practices. Instead, Staff recommends an energy efficiency adjustment methodology based on kilowatt-hour (kWh) savings, as filed in Staff witness Poudel's direct testimony. Mr. Poudel asserts this approach aligns with methodologies used by other Missouri utilities, promoting consistency across the state.

Q. Does the Company agree with Staff's adjustment for energy efficiency?

A. As stated in my rebuttal testimony, the Company does not oppose the adjustment proposed by Staff.

Q. Please describe Staff's concern with the Company's Customer First O&M normalization adjustment.

A. Staff describes the Company's Customer First O&M adjustment as a discrete adjustment because the normalized balance used by the Company was based on a 2025-2028 budget, which is outside of the Company's update period.

Q. Does the Company agree with Staff's position?

A. No. As discussed in my rebuttal testimony, the Company disagrees with Staff's approach to normalizing Customer First O&M expenses. Staff's approach overlooks seasonable variations, implementation ramp-up, and other cost dynamics that occurred outside the six-month window Staff is proposing.

Q. Did Staff update the allocation factor used for payroll taxes in their rebuttal testimony?

A. Yes. Staff updated their Missouri jurisdictional allocation factor from 56.8604% to 88.07%.

Q. Does the Company now agree with Staff's payroll tax adjustment?

A. No. While the Company agrees that the jurisdictional allocator was incorrect in Staff's direct filing, this update does not change the Company's position. The Company does not agree with Staff's proposed payroll tax expense due to the issues described in my rebuttal testimony regarding the Staff's calculation of normalized payroll expense.

Q. Did Staff's proposed DSM amortization expense adjustment change?

A. Yes, Staff is now including the test year balance associated with the amortization expense to calculate their expense adjustment.

Q. Does the Company now agree with Staff's adjustment?

A. No. While the Company does not necessarily oppose Staff's revised approach to calculating amortization expense, I do not agree with the proposed balance. As outlined in my rebuttal testimony, Staff's methodology deviates from the long-standing

Commission-approved framework and results in an understated regulatory asset due to a miscalculation of amortized interruptible service credits. Liberty maintains that amortization for pre-MEEIA incurred costs should continue in accordance with the methodology approved in Case No. ER-2014-0351. Additionally, any interruptible service credits recorded to the DSM account post-MEEIA should be amortized over a three-year period, consistent with other amortization treatments in this case. This approach ensures regulatory consistency and accurate cost recovery.

Q. Did Staff update their cost of service to reflect a different jurisdictional allocation factor for account 408611, which reflects the contra expenses for the property tax tracker that have been reclassed by the Company into a regulatory asset?

A. Yes, Staff is now applying a 100% allocator to calculate the Missouri jurisdictional amount within their EMS run.

Q. Does the Company agree with Staff's update?

A. While I agree that this specific account should have a jurisdictional allocation of 100% and am in agreement with Staff's proposal of this contra expense account, I am not in agreement with Staff's treatment of the associated property tax tracker regulatory asset. As stated in my rebuttal testimony, there is no language in Section 393.400.2 that supports any form of disparate treatment between Liberty and Missouri's other largest public utilities or the Company's Missouri affiliates. The Company's calculation of the property tax regulatory asset balance in this case is reasonable, consistent with the statute's intent, and should be approved by the Commission.

Q. Did Staff's proposed Low-Income Pilot Program ("LIPP") amortization expense change?

A. Yes, the jurisdictional adjustment amount for the LIPP amortization expense account changed in Staff's rebuttal EMS run.

Q. Does the Company agree with Staff's proposed adjustment?

A No. The Company disagrees with Staff's method of calculating the jurisdictional adjustment for the LIPP amortization expense. Staff's calculation appears to compare their proposed September 2024 amortization expense income statement balance to the test year balance of the regulatory liability, rather than comparing to the test year amortization expense balance, which is the appropriate basis for determining the adjustment.

According to the workpapers provided in the direct testimony of Staff witness Ferguson, her proposed annual LIPP amortization is $53,819. However, in the EMS run provided with Staff's rebuttal testimony, the pro forma balance for LIPP amortization is a negative value, which is inconsistent with the intended amortization treatment in Staff's workpapers. This discrepancy suggests that Staff's EMS does not accurately reflect the expense level that should be included in rates.

Q. Of the adjustments that Staff updated in their rebuttal filing, are there income statement adjustments Staff has recommended that the Company does not oppose?

A. Yes. While the Company may not fully agree with Staff's methodology for the following adjustments that were updated from their direct to rebuttal filing in deriving certain balances, it finds the proposed September 2024 figures reasonable and acceptable for purposes of this case.

- Removal Franchise Tax Expense,

- Asbury Accounting Authority Order and Environmental Costs Amortization Expense,
- Miscellaneous Revenues – Transmission Credits for Plum Point,
- Depreciation Expense,
- Retail Rate Revenues

However, this acceptance applies only to the September 2024 balances. The Company will closely review any March 2025 true-up adjustments to ensure the revenue requirement reflects accurate and supportable levels.

IV. ADDITIONAL SURREBUTTAL ITEMS

Q. Please describe Staff and OPC's position on the Company's proposed AAO for natural gas investments.

A. Staff and OPC have taken the position that the Company's proposed AAO for natural gas investments is no longer necessary due to the enactment of Senate Bill 4. This legislation permits utilities to defer 85% of the depreciation and return on new natural gas generation investments under the PISA mechanism. As a result, both parties believe the Company's original AAO request has been rendered moot.

Q. Does the Company agree with the parties' position on this item?

A. Yes. In light of the provisions established under Senate Bill 4, the Company agrees that its proposed AAO for Natural Gas investments is no longer needed and is therefore formally withdrawing the request.

Q. Were there any additional proposals raised by OPC regarding this item?

A. Yes. OPC has recommended that any revenues generated from the new natural gas units during testing—prior to their inclusion in rate base—should be credited to the accumulated depreciation reserve. This treatment would serve to reduce the capital investment ultimately included in rate base, thereby mitigating the financial impact on customers.

Q. Does the Company agree with OPC's proposal of the revenues for the new natural gas units?

A. No. The Company respectfully disagrees with OPC's recommendation to credit revenues generated during the testing phase of the new natural gas units to the accumulated depreciation reserve. Senate Bill 4 does not contain any provisions requiring such treatment.

Q. Did the parties agree with the Company's proposal for an environmental cost tracker for its windfarms?

A. No, the parties did not agree with the Company's proposal. They expressed concerns that the costs identified for tracking were not sufficiently known or measurable, and additionally the costs did not meet the qualification for a tracker mechanism. OPC noted that the Company has the option to pursue cost recovery through an Environmental Cost Recovery Mechanism ("ECRM") as authorized under Missouri law, Section 386.266, RSMo, and PSC rules, 20 CSR 4240-20.091 and 20 CSR 4240-3.162.

Q. What is the Company's stance on this item?

A. After further consideration, the Company has decided to withdraw this proposal from the case.

Q. OPC recommends the Company update its FAC tariff to include language that states the energy, capacity, and transmission costs incurred due to each large load customer be excluded from the costs that flow through the Company's FAC. Isn't that premature and improper?

A. Yes. As stated in Liberty's *Response to Intervention Application and Motion for Expedited Treatment*, the Company intends to propose a framework for serving large loads within its service territory that is consistent with the provisions of Section 393.130.7, RSMo.

In the Commission's Order issued on August 8, 2025, the Commission acknowledged that the other investor-owned utilities in Missouri have pursued stand-alone cases to address large load tariffs and not within a general rate case.[4] The Commission found that Liberty should be afforded the same procedural treatment.

Liberty remains committed to working within the established regulatory framework to ensure equitable and efficient service to large load customers while protecting its existing customers.

V. <u>TRUE-UP DIRECT REVENUE REQUIREMENT</u>

Q. How did Liberty determine its annual revenue deficiency for true-up direct?

A. Liberty's request is based on a true-up period ending March 31, 2025. The Company's proposed overall revenue requirement calculation at true-up direct is presented in <u>**True-Up Direct Schedule CTE-1**</u>. Chart 1 below shows a calculation of the annual revenue deficiency. The primary difference between the Company's original direct filing and the true-up direct filing stems from two factors:

- The original direct filing did not include a true-up component through March 31, 2025.
- The Company is proposing a revision to its fuel run, which is further described in the true-up direct income statement component section of my testimony below.

[4] Order Granting Liberty's Motion, Case No. ER-2024-0261, at p. 4.

Chart 1

Line No.	Revenue Requirement Component	Reference Schedule	Dollar Amount
1	Total Rate Base	True-Up Direct Schedule CTE-1	$2,697,983,913
2	Required Rate of Return	True-Up Direct Schedule CTE-1	7.43%
3	Required Net Operating Income	Line 1 x Line 2	$200,433,775
4	Operating Income Deficiency	True-Up Direct Schedule CTE-1	$125,609,187
5	Gross Revenue Conversion Factor	True-Up Direct Schedule CTE-1	1.3130
6	Total Revenue Deficiency	Line 4 x Line 5	$164,928,245

VI. TRUE-UP DIRECT RATE BASE COMPONENTS

Q. Please describe the adjustments made by the Company to true-up its rate base components.

A. The table below provides a listing of all the rate base adjustments made by the Company to true up the rate base components of its revenue requirement as of March 31, 2025, based on the Commission Order[5] issued on April 23, 2025.

[5] Order Establishing True-Up Period, Case No. ER-2024-0261, Issued & effective April 23, 2025.

Table 1

Rate Base			
Adjustment No.	Description	Missouri March 2025 Pro Forma Adjustment	Missouri March 2025 Pro Forma Ending Balance
RB ADJ 9*	Asbury Stranded Assets Regulatory Assets	$ (176,234,553)	$ -
RB ADJ 9*	Covid 19 Deferred Debit	(14,798)	-
RB ADJ 9*	MEEIA Regulatory Asset	(3,756,314)	-
RB ADJ 9*	Missouri Securitization Deferred Asset	(4,121,334)	-
RB ADJ 9*	Rate Case Expense Regulatory Asset	(949,689)	-
RB ADJ 9*	Storm Uri Regulatory Assets	(216,896,455)	-
RB ADJ 9*	TEPP Regulatory Assets	(186,330)	-
RB ADJ 10*	Asbury Excess ADIT Liability	12,173,188	-
RB ADJ 10*	Critical Medical Needs Liability	33,333	-
RB ADJ 7**	Fuel Inventories	(1,535,079)	18,499,563
RB ADJ 9**	Customer Programs Collaborative (DSM)	(947,961)	643,291
RB ADJ 9**	HLBV Paygo	(4,279,934)	(1,006,227)
RB ADJ 9**	Iatan, Iatan2, Plum Point Deferred Charges	(197,316)	5,509,197
RB ADJ 9**	Interruptible Service Credits	1,408,456	1,408,456
RB ADJ 9**	LIPP Regulatory Asset	(11,630)	317,397
RB ADJ 9**	PISA Regulatory Assets	91,483,797	210,003,840
RB ADJ 9**	SB-EDR Regulatory Asset	2,599,570	7,901,681
RB ADJ 9**	Solar Initiative Regulatory Asset	951,880	6,326,514
RB ADJ 9**	Solar Rebate Regulatory Asset	(3,367,373)	10,076,039
RB ADJ 9**	Missouri Property Tax Tracker	10,369,282	15,603,022
RB ADJ 9**	Riverton & Stateline LTM Deferred Assets	9,438,437	18,833,904
RB ADJ 9**	Wind SMWA Deferral	5,749,158	5,749,158
RB ADJ 9**	Missouri Excess ADIT Tracker	14,978,762	14,978,762
RB ADJ 9 & 10**	Tax Reform Excess ADIT Liability	564,516	(81,610,216)
RB ADJ 10**	Asbury Environmental Costs Regulatory Asset	(1,006,152)	(1,006,152)
RB ADJ 11**	Iatan/PCB Transformer Environmental Costs	7,348,995	7,348,995
RB ADJ 10**	EADIT Gross-Up Liability	(25,678,825)	(25,678,825)
RB ADJ 5**	Cash Working Capital	(6,846,041)	(6,846,041)
RB ADJ 1***	Plant Additions	292,018,522	3,947,036,624
	Accumulated Reserve	(108,875,507)	(1,151,859,205)
RB ADJ 13***	Onsolve Project Removal	(167,505)	(167,505)
RB ADJ 12***	Removal of Severance Costs	(55,929)	(55,929)
RB ADJ 2***	Common Plant	(6,547,756)	(6,547,756)
RB ADJ 6***	13-Month Average Balances	10,243,148	53,466,548
RB ADJ 9 & 10***	Pension & OPEB Regulatory Asset/Liability	6,576,361	(2,069,203)
RB ADJ 10***	Asbury AAO Liability	70,465,503	(3,147,420)
RB ADJ 9***	Riverton 12 Tracker Regulatory Asset	(5,424,767)	-
RB ADJ 9***	Riverton Environmental Costs Regulatory Asset	(1,888,791)	-
RB ADJ 8***	ADIT	$ (28,666,111)	$ (345,724,599)

Q. Are there any rate base components included in Table 1 for which the March 2025 balance is the same as the Company's proposed update period balances?

A. Yes. The March 2025 balances for the adjustments identified in the table above and marked with a single asterisk (*) remain unchanged from the Company's proposed balances in its direct filing. This is because the purpose of the adjustments was to remove the test year balances from the cost of service. As such, the resulting pro forma ending balance of zero is consistent with the Company's position as presented in both its direct and rebuttal testimony.

Q. Please describe the adjustments marked with two asterisks (**) in the table above.

A. The adjustments listed in the table above and marked with two asterisks have been updated to reflect the ledger balances as of March 2025. There were no changes to the methodology of these adjustments compared to the Company's direct filing other than to update for the additional months of account activity.

Q. Are there any rate base adjustments included in the table above in which the balances were updated as of March 2025, however, there was also a change in methodology and/or other required updates to reflect the true-up balances?

A. Yes. These adjustments are listed in the table above and marked with three asterisks (***). These adjustments will be discussed in further detail below.

Q. Please describe rate base ("RB") adjustment ("ADJ") 1 for plant and accumulated amortization/depreciation additions.

A. RB ADJ 1 reflects an adjustment to bring the September 30, 2023 test year balances to the actual plant in service balances which are deemed used and useful as of March 31, 2025. The adjustment also updated the respective accumulated amortization and depreciation to the true-up period. On January 1, 2025, FERC Order 898 took effect.

In Order 898 issued in Docket RM21-11-000, the Federal Energy Regulatory Commission amended the Uniform System of Accounts for public utilities and licensees to: create new accounts for wind, solar and other renewable generating assets; create a new functional class for energy storage accounts; codify the accounting treatment of environmental credits; and create new accounts within existing functions for computer hardware, software, and communication equipment. The changes discussed in FERC Order 898 were reflected by the Company in the March 2025 balances of its plant in service and accumulated amortization/depreciation.

Q. Please describe RB ADJ 13 for the removal of the Company's Onsolve project.

A. As discussed above in the surrebuttal section of my testimony, the Company has concluded that its Onsolve text messaging system was not operational for its Missouri electric customers prior to the conclusion of the March 2025 true-up period. Accordingly, the Company is no longer pursuing cost recovery for Onsolve in this proceeding and intends to seek recovery in a future filing. This adjustment is to remove out any plant and associated accumulated depreciation related to the Onsolve system from its cost of service.

Q. Please describe RB ADJ 12 for removal of severance costs.

A. As stated in my rebuttal testimony, the Company agrees with Staff's position that severance costs should not be recovered from customers and should be excluded from the revenue requirement. Therefore, RB ADJ 12 is being made to remove any capitalized severance costs from the Company's cost of service.

Q. Please describe RB ADJ 2 for common plant.

A. RB ADJ 2 removed the portion of certain common plant assets on Liberty's books which relates to non-electric service as of March 31, 2025. As explained above, the FERC 898 accounting change also impacted the RB ADJ 2.

Q. Please describe RB ADJ 6 for 13-month average balances.

A. RB ADJ 6 is a normalization adjustment that utilizes a 13-month average to reduce fluctuations in certain costs and is used to provide a more representative measure of costs for inclusion in rate base. As stated in my rebuttal, Staff included a 13-month average balance of FERC 163 store expense accounts, and after further review, the Company agrees that these accounts should be included in the rate base calculation for materials and supplies and has updated the Company's cost of service accordingly.

Q. Please explain RB ADJ 9/RB ADJ 10 for Pension and OPEB regulatory accounts.

A. The Company is adjusting its pension and OPEB regulatory assets/liabilities to reflect the balances in the pension and OPEB rate base accounts at the end of the March 2025 true-up period. For further discussion of these adjustments, refer to the true-up direct testimony of Company witness James A. Fallert.

Q. Please explain the true-up update to RB ADJ 10 Asbury AAO liability.

A. There have been no additional decommission costs incurred since the Company's September 2024 update period. However, during the true-up period, it was discovered that there were additional Asbury obsolete inventory costs that were incurred after the balances established for securitization in Case No. EO-2022-0193. These additional costs were inadvertently excluded from the Company's direct filing and therefore, a balance of $78,224 was included as an offset to the Asbury AAO liability balance.

Q. Please describe RB ADJ 9 for the Riverton 12 tracker regulatory asset.

A. Per the Order Approving the Stipulations and Agreements in Case No. ER-2021-0312, this tracker ceased on June 1, 2022. As stated in my rebuttal testimony, Staff proposed that the regulatory asset balance be excluded from rate base, based on their determination that the asset will be fully amortized by August 2025 – prior to the effective date of rates in this proceeding. After reviewing Staff's workpapers and calculations, the Company agrees with the exclusion of this regulatory asset from rate base, along with any amortization expense associated with the tracker. This adjustment is to bring the pro forma rate base balance to zero.

Q. Please describe RB ADJ 9 for the Riverton environmental costs regulatory asset.

A. RB ADJ 9 pertains to the regulatory asset associated with Riverton environmental costs, which were approved for recovery in the Company's general rate case, Case No. ER-2021-0312; a three-year amortization period was authorized for this asset, beginning in June 2022.

Consistent with the treatment of the Riverton 12 tracker account discussed above, the Company has determined that this regulatory asset will be fully amortized by the time new rates from the current case take effect. As a result, the Company is updating its cost of service to exclude the March 2025 balance of this regulatory asset from rate base, along with any associated amortization expense.

Q. Please describe RB ADJ 8 for ADIT.

A. The Company updated its ADIT balances as of March 2025. As mentioned in Company witness Michael McCuen's rebuttal testimony, the Company's initial calculation did not fully capture the net ADIT balances associated with the Hypothetical Liquidation at Book Value ("HLBV") methodology. The Company has updated its true-up ADIT adjustment to now fully capture the balance associated with HLBV.

VII. TRUE-UP DIRECT INCOME STATEMENT COMPONENTS

Q. Please describe the adjustments made by the Company to true-up the income statement items in its cost of service.

A. The table below provides a listing of all the income statement true-up adjustments made by the Company to true up the income statement components of its revenue requirement as of March 31, 2025, based on Commission Order issued April 23, 2025.[6]

Table 2

Income Statement				
Ordered Components	Adjustment No.	Description	Missouri March 2025 Pro Forma Adjustment	Missouri March 2025 Pro Forma Ending Balance
Amortization Expense	EXP ADJ 7*	Customer Programs Collaborative	$ (450,482)	$ 359,980
Amortization Expense	EXP ADJ 7*	HLBV Paygo	(335,409)	(335,409)
Amortization Expense	EXP ADJ 7*	Iatan, Iatan2, Plum Point Deferred Charges	-	131,544
Amortization Expense	EXP ADJ 7*	Interruptible Service Credits	469,485	469,485
Amortization Expense	EXP ADJ 7*	LIPP	(10,234)	52,900
Amortization Expense	EXP ADJ 7*	PISA	9,959,555	10,589,423
Amortization Expense	EXP ADJ 7*	Riverton 12 Tracker	(1,571,163)	-
Amortization Expense	EXP ADJ 7*	Riverton Environmental Costs	(1,133,275)	-
Amortization Expense	EXP ADJ 7*	SB-EDR	1,580,336	1,580,336
Amortization Expense	EXP ADJ 7*	Solar Initiative	632,651	632,651
Amortization Expense	EXP ADJ 7*	Solar Rebate	-	2,244,915
Amortization Expense	EXP ADJ 7*	Missouri Property Tax Tracker	5,201,007	5,201,007
Amortization Expense	EXP ADJ 7*	Asbury AAO Liability	(1,049,140)	(1,049,140)
Amortization Expense	EXP ADJ 7*	Asbury Environmental Costs	(335,384)	(335,384)
Amortization Expense	EXP ADJ 7*	Excess ADIT Tracker	4,992,921	4,992,921
Customer Growth/Loss	REV ADJ 15	Revenue Customer Annualization	2,935,313	2,935,313
Fuel and Purchase Power Expense	EXP ADJ 1/REV ADJ 11	Fuel and Purchased Power Expense	(19,737,972)	103,194,167
Amortization Expense	EXP ADJ 7	Tax Reform Excess ADIT - Stub Period	2,345,691	-
Rate Case Expense	EXP ADJ 8	Rate Case Expense	(860,893)	479,297
Payroll and Associated Items	EXP ADJ 12	Annualized Payroll and Payroll Taxes	12,489,286	42,919,622
Payroll and Associated Items	EXP ADJ 13	Employee Benefits	473,390	6,934,986
Depreciation Expense	EXP ADJ 15	Plant Depreciation Expense Annualization	22,144,771	127,005,756
Amortization Expense	EXP ADJ 16	Plant Amortization Expense Annualization	(4,991,199)	1,964,039
Property Tax	EXP ADJ 17	Property Tax Expense	4,390,278	29,173,041
Pension and OPEB	EXP ADJ 22	Pension & OPEB Expense	$ (2,251,895)	$ (15,490,841)

[6] Order Establishing True-Up Period, Docket No. ER-2024-0261, Effective: April 23, 2025.

Q. Are there any income statement adjustments included in Table 2 above, for which the methodology has not changed and are only being updated to reflect the amortization associated with the regulatory asset and liability balances at the end of the March 2025 true-up period?

A. Yes. The amortization expense adjustments listed in the table above and marked with a single asterisk (*) have been updated based on the Company's true-up direct position of the associated regulatory assets and liabilities as discussed above. No changes in amortization periods have been proposed.

Q. Were the Company's retail revenue balances updated for customer growth/loss that occurred through the March 2025 true-up period?

A. Yes. In Revenue ("REV") ADJ 15, the Company updated retail revenues based on the active customer counts as of March 2025. Please see the true-up direct testimony of Company witness Timothy S. Lyon's for further discussion.

Q. Please explain REV ADJ 11 and Expense ("EXP") ADJ 1 for the Company's update to fuel and purchased power expenses.

A. REV ADJ 11 and EXP ADJ 1 adjustments normalize the applicable fuel and purchase power account balances based on the Company's production cost model. The purpose of the adjustment is to reflect an expected level of Fuel and Purchase Power balances in base rates. The net adjustment of REV ADJ 11 and EXP ADJ 1 results in a Total Company pro forma ending balance of Fuel and Purchase Power accounts of $112,225,857 and a Missouri jurisdictional pro forma ending balance of $103,194,167. The true-up direct testimony of Company witness Todd W. Tarter further discusses the production model and base fuel calculations.

Q. Please describe EXP ADJ 7 related to the stub period amortization associated with the tax reform for Excess ADIT.

A. The purpose of this adjustment is to remove the amortization expense associated with the stub period tax reform account as this account will amortize off by the effective date of new rates in this case. As I stated in my rebuttal testimony, Staff set the amortization expense associated with the stub period regulatory liability to zero. The Company considers Staff's approach appropriate and has incorporated these changes into EXP ADJ 7.

Q. Please describe EXP ADJ 8 for rate case expense amortization.

A. The pro forma amount of Missouri rate case expense being proposed as of the true-up period in this case is $479,297, which results in an adjustment of ($860,893) to the Missouri test year balance. The pro forma balance includes the following costs:

1) The remaining depreciation study costs from Case No. ER-2021-0312 being amortized over five years, which totals $19,213.

2) The costs related to the Company's new Line Loss Study, which the Company is proposing over a four-year period in the amount of $8,029.

3) The projected general rate case costs in the amount of $452,054 expected to be incurred for the entirety of this case amortized over three years.

Q. Please explain EXP ADJ 12 for annualized payroll expense.

A. EXP ADJ 12 reflects the Company's adjustment to annualize payroll and payroll tax expenses as of the end of the March 2025 true-up period. This adjustment ensures that the revenue requirement reflects the most current and representative level of payroll costs.

To calculate the adjustment, the Company:

- Obtained the annual salary for each employee as of March 31, 2025.
- Included annualized payroll related to overtime, based on an overtime rate using a two-year average as of March 2025 of actual overtime hours and dollars for union and non-union employees.
- Incorporated payroll costs for open positions as of March 2025 that have since been filled.

These components were compared to the test year payroll amounts, and the difference was used to determine the adjustment. The resulting Missouri jurisdictional pro forma payroll balances are:

- Base salaries: $34,725,296
- Overtime: $4,901,437
- Filled positions: $412,756

This yields a total Missouri jurisdictional pro forma payroll balance of $40,039,488, and a Total Company balance of $45,907,040. To align the test year with these updated figures, an adjustment of $13,482,286 Total Company or $11,588,953 Missouri jurisdictional was made.

Q. Please describe the update to payroll taxes.

A. The Company updated its payroll tax expense to reflect the pro forma true-up period payroll levels, applying the applicable 2025 payroll tax rates. Based on this calculation, the pro forma payroll tax expense included in the revenue requirement is $3,286,713 on a Total Company basis and $2,880,134 on a Missouri jurisdictional basis. This resulted in an adjustment to increase the test year payroll tax balances by $1,043,928 Total Company and $900,333 Missouri jurisdictional.

Q. Please explain EXP ADJ 13 for employee benefit expense.

A. EXP ADJ 13 reflects the Company's adjustment to annualize employee benefit expenses as of the end of the March 2025 true-up period. This adjustment ensures that the revenue requirement accurately reflects the ongoing level of benefit costs associated with current staffing levels.

To calculate this adjustment, the Company:

- Obtained the annualized 2025 benefit amounts for each employee active at the true-up date.
- Included benefit costs for open positions as of March 2025 that have since been filled, to reflect a fully staffed operation.
- Calculated the annualized 401(k) expense by applying the actual match rates received by employees at the true-up date to their pro forma salaries (as determined in EXP ADJ 12). For open positions, the Company's standard match rate was applied.

These benefit amounts were then compared to the test year values included in the original revenue requirement, and the difference was used to determine the adjustment. The resulting Total Company pro forma benefit balances are:

- Benefits for active employees: $7,800,821
- Benefits for filled positions: $113,154
- Total employee benefit expense: $7,913,975

On a Missouri jurisdictional basis, the pro forma benefit expense is $6,934,986, resulting in an adjustment of $594,063 (Total Company) or $473,390 (Missouri jurisdictional).

Q. Please explain the true-up update to EXP ADJ 15 to annualize depreciation expense.

A. EXP ADJ 15 reflects the Company's adjustment to annualize depreciation expense based on the level of plant in service as of the March 2025 true-up period. Because the Company is not proposing a new depreciation study in this case, the adjustment applies the currently approved depreciation rates to the updated plant balances.

This adjustment results in a total increase in operating expenses of $22,183,596, bringing the pro forma annual depreciation expense to $127,044,580 on a Missouri jurisdictional basis.

The increase in the true-up direct pro forma adjustment and the Company's direct filing is primarily driven by the additional six months of plant accounted for in the pro form balance and FERC Order 898, which was issued in January 2025. This order introduced new FERC account classifications that reclassified certain assets previously categorized as intangible plant into tangible plant accounts. As a result, costs that were previously subject to amortization are now subject to depreciation, contributing to the overall increase in depreciation expense.

Q. Please explain the true up for EXP ADJ 16 to annualize amortization expense.

A. EXP ADJ 16 reflects a net decrease in Missouri jurisdictional operating expenses of $4,991,199 for annual amortization expense and a pro forma true-up period balance of $1,964,039. This pro forma adjustment is based on plant in service true-up period balances as of March 31, 2025.

As previously discussed, the decrease in amortization expense is primarily driven by the reclassification of plant asset accounts pursuant to FERC Order 898. As a result, costs that were previously subject to amortization are now subject to depreciation, which is reflected in the Company's corresponding increase to depreciation expense under EXP ADJ 15.

Q. Please describe the true up to EXP ADJ 17 for property tax expense.

A. EXP ADJ 17 reflects the Company's adjustment to annualize non-wind property tax expense based on the level of Missouri electric plant in service as of the March 2025 true-up period. The property tax rate applied in this adjustment is derived from the Company's estimated 2025 property tax liability, which provides the most current and reasonable basis for projecting future costs.

This adjustment results in a Missouri jurisdictional pro forma property tax expense balance of $29,174,868, and a corresponding increase to operating expenses of $4,392,105 compared to the test year. The adjustment ensures that the revenue requirement accurately reflects the anticipated ongoing property tax obligations associated with the Company's updated plant investment.

Q. Please explain EXP ADJ 22 for Pension and OPEB Expense.

A. This adjustment is to reflect the annualized expense in the Pension and OPEB accounts as of the end of the true-up period. For further discussion of these adjustments, please see the true-up direct testimony of Company witness James A. Fallert.

VIII. CORRECTIONS OUTSIDE OF THE ORDERED TRUE-UP

Q. Are there any income statement adjustments the Company's is updating or proposing within its true-up direct testimony that are not included in the list ordered by the Commission on April 23, 2025?

A. Yes. The Company has revised two adjustments and is proposing a new adjustment due to changes in position as a result of data request responses and testimony provided by the Commission Staff during this proceeding.

Q. Has the Company made a revision to its EXP ADJ 26 for Customer First expenses?

A. Yes, as previously discussed in my testimony, the Company has determined that its Onsolve text messaging system was not operational for its Missouri electric customers as of the March 2025 true-up period. Accordingly, the Company is no longer pursuing O&M maintenance costs associated with the Onsolve project and has removed that portion from the total balance of Customer First expenses from its cost of service. Following this revision, EXP ADJ 26 reflects a Missouri pro forma adjustment and balance of $5,085,664 which represents the updated level of Customer First expenses appropriate for recovery.

Q. Has the Company made a revision to its EXP ADJ 27 for cybersecurity expenses?

A. Yes. In preparing the case, I initially understood that the amounts included in the Company's EXP ADJ 27 presented entirely new dollars associated with the cybersecurity program. However, during the process of responding to MPSC data request 0499, I became aware that my understanding was not accurate. The test year did, in fact, contain a level of cybersecurity-related costs.

Prior to 2024, Liberty recorded cybersecurity expenses within the same department code and project as other non-cybersecurity IT initiatives. At that time, there was no distinct product code to separately identify cybersecurity costs, making it difficult to isolate those expenses retroactively. To estimate the cybersecurity-related costs embedded in the test year, the Company analyzed actual 2024 non-labor cybersecurity expenses and compared them to total 2024 Information Technology costs. This analysis indicated that approximately 29.49% of total actual IT costs were attributable to non-labor cybersecurity activities. Additionally, as noted in the Company's response to MPSC data request 0493, cybersecurity non-labor costs are budgeted to escalate by approximately 5% annually. Using this escalation factor, the

Company applied a 24.49% allocation for 2023 actual costs and 19.49% allocation for 2022 —the year the cybersecurity program was initiated, as referenced in Company witness Eck's direct testimony.

Based on this methodology, Liberty estimates that $231,251 in non-labor cybersecurity costs were included in the Missouri test year. The Company has revised EXP ADJ 27 accordingly to reflect this updated understanding, resulting in a Missouri pro forma adjustment of $1,074,406, and a resulting pro forma balance of $1,305,657.

Q. Please describe the adjustment proposed by the Company for severance costs.

A. As noted above and in my rebuttal testimony, for purposes of this rate case the Company agrees with Staff's position that severance costs should not be recovered from customers.

Accordingly, the Company has removed capitalized severance costs, as detailed in RB ADJ 12 above. Additionally, a portion of the expensed severance costs has been removed from the Company's cost of service through its non-recoverable adjustment, EXP ADJ 11. However, upon further review, the Company determined that not all expensed severance costs were captured in that adjustment. To ensure full exclusion, the Company created EXP ADJ 29, which removes an additional $120,147 from the cost of service.

IX. CONCLUSION

Q. Does this conclude your surrebuttal and true-up direct testimony at this time?

A. Yes.

VERIFICATION

I, Charlotte T. Emery, under penalty of perjury, on this 17th day of September, 2025, declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Charlotte T. Emery