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Electric Company d/b/a Liberty
Case No.: ER-2024-0261
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**Before the Public Service Commission
of the State of Missouri**

Surrebuttal Testimony

of

Timothy N. Wilson

on behalf of

The Empire District Electric Company d/b/a Liberty

September 17, 2025



Liberty™

TABLE OF CONTENTS
FOR THE SURREBUTTAL TESTIMONY OF TIMOTHY N. WILSON
THE EMPIRE DISTRICT ELECTRIC COMPANY D/B/A LIBERTY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
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SUBJECT	PAGE
I. INTRODUCTION.....	1
II. RESPONSE TO OPC WITNESS MARKE	1
III. RESPONSE TO OPC WITNESS SCHABEN.....	11
IV. CONCLUSION	16

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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 and rebuttal testimony**
6 **in this matter on behalf of The Empire District Electric Company d/b/a Liberty**
7 **(“Liberty” or the “Company”)?**

8 A. Yes.

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

11 A. I address portions of the rebuttal testimony of Office of the Public Counsel (“OPC”)
12 witnesses Geoff Marke and Angela Schaben as they relate to affordability and
13 economic development.

14 **II. RESPONSE TO OPC WITNESS MARKE**

15 **Q. OPC witness Marke reiterates his recommendation that there be “no increase to**
16 **rates until the Company, at a minimum, can demonstrate that they are capable of**
17 **accurately charging for their service today.” (Marke Reb., p. 12). Do you agree**
18 **with the supposition that Liberty is unable to accurately charge its customers?**

19 A. No. As described in my rebuttal testimony, as well as the rebuttal testimonies of Liberty
20 witnesses Amy Walt and Candice Kelly, while Liberty has had billing issues since the
21 cutover to its new billing system in April 2024, a significant number of those issues
22 have been corrected. Please refer to Ms. Walt’s surrebuttal testimony for discussion

1 on improvements in customer satisfaction and billing exceptions. The ongoing billing
2 issues relate to a small percentage of our customers that have “collective” accounts or
3 that are joint commodity customers meaning they get both electric service from us
4 and/or water service. As Ms. Walt explains in her surrebuttal testimony, the Company
5 is actively working to resolve these outstanding issues for impacted customers. While
6 I am not ignoring the poor customer experience for these impacted customers, I do
7 think it is important to also provide information and context on those customers that
8 have not had billing issues, as this is not a “one size fits all” situation.

9 **Q. What impact would a decision that there be “no increase to rates” have on**
10 **Liberty’s ability to provide service going forward?**

11 A. Setting aside for the attorneys as to how that result might relate to the legal standards
12 applicable to a rate case, it would create a significant obstacle to Liberty reaching the
13 destination Dr. Marke seeks. As stated in my rebuttal testimony:

14 The Commission should consider the broader impact such a decision
15 could have on Liberty’s ability to deliver safe, reliable service and
16 support the economic development priorities of the communities we
17 serve. While accurate billing is a critical part of customer service – and
18 we fully acknowledge the frustration and disruption caused by recent
19 issues – it is only one component of the essential service we provide.
20 Electric service must be dependable, especially when it comes to
21 maintaining and investing in infrastructure like generation,
22 transmission, substations, and transformers. These investments are
23 necessary so that the lights come on when customers flip the switch, and
24 that businesses and communities can grow with confidence in the
25 reliability of their utility service.

26

27 (Wilson Reb., pp. 12-13).

28 **Q. Dr. Marke references the average customer increase that would result from**
29 **Liberty’s original rate proposal in combination with the current securitization**
30 **charge that is in place and suggests that Liberty does not prioritize customer**

1 **impact, as was stated in your direct testimony. (Marke Reb., pp. 5-6). How do you**
2 **respond to that suggestion?**

3 A. We take rate impacts on our customers very seriously and want to work with parties on
4 how to find opportunities to make rates more affordable. We are actively seeking
5 opportunities to build load within our service territory, recognizing that more load
6 provides opportunities to spread our costs across a larger customer base in an already
7 very rural service territory. We will be filing a large load tariff for the Commission's
8 consideration in a separate docket so that we have the regulatory infrastructure in place
9 to serve any potential new customers that meet a certain profile. In addition, we are
10 working to further strengthen our relationships with economic development officials in
11 Missouri so that they are aware of our interest in serving new load and the unique
12 benefits of being located in southwestern Missouri, including an affordable housing
13 supply, a talented local workforce, and available land for development.

14 **Q. OPC witness Marke further suggests that customers and communities will suffer**
15 **from the Company's proposed rate increase. (Marke Reb., pp. 6-7). On what basis**
16 **does he take this position?**

17 A. He recites various income statistics related to portions of the Liberty service territory.

18 **Q. Do those statistics surprise you?**

19 A. No. This is not a new situation. It is something that has existed for many years.

20 **Q. Dr. Marke further cites statistics related to average customer arrearages. (Marke**
21 **Reb., p. 11). Do you these figures concern you?**

22 A. It does. However, it can't be the only consideration. Liberty has an obligation to
23 provide safe and adequate service to many customers across its service territory and its
24 ability to do that must be the first consideration. As I describe further below, we

1 welcome the opportunity to work with Dr. Marke and others on how to address
2 customer affordability.

3 **Q. Does Liberty currently have any programs or mechanisms to help customers that**
4 **may be struggling to pay bills?**

5 A. In addition to the local, state, and federal programs in which Liberty cooperates with
6 administrative agencies to connect its challenged customers with services, Liberty
7 offers a portfolio of income-eligible programs on its own, which include:

- 8 • Critical Medical Needs Program
- 9 • Low-Income Weatherization Assistance Program
- 10 • Liberty's Action to Support the Elderly
- 11 • Project HELP
- 12 • Low-Income Pilot Program

13 **Q. Will the Commission have more options in the future to address rates to be paid**
14 **by low-income customers?**

15 A. It appears so. Senate Bill 4, which was signed into law by the Governor on April 9,
16 2025, and became effective on August 28, 2025, created Section 393.1680, RSMo, to
17 allow the Commission to approve a special alternative residential customer rate based
18 in part on household utility burden ("utility burden" means the percentage of income
19 paid by a customer to a utility company for the cost of electricity, natural gas, or water
20 service.). It is too early to know how this will eventually be applied. However, it does
21 provide the Commission with a statutorily based option for the customers highlighted
22 by Dr. Marke. Liberty is very interested in exploring options to assist those customers.

1 **Q. Dr. Marke indicates that Liberty’s most recent PISA filing indicates that it expects**
2 **to make capital investments of more than \$2 billion over the next four and a half**
3 **years. (Marke Reb., pp. 7-8). Is that an accurate interpretation of Liberty’s filing?**

4 A. Yes, that is what was filed in our most recent PISA filing. However, not all of those
5 projects will be recovered only from our retail customers. For example, the Grid
6 Resiliency – Transmission line sums up to almost \$800M of the approximately \$2
7 billion. A good majority of those costs will be spread across the entire Southwest
8 Power Pool (SPP) membership and not be recovered exclusively from our electric retail
9 customers.

10 **Q. How much of the transmission costs will be paid by SPP members?**

11 A. Due to the fact these projects are Base Plan Funded (BPF) (i.e., funded by all SPP
12 members), and depending on the voltage discretion of the line(s) to be built, SPP
13 members will pay approximately one third of the cost of any 161 kV line and roughly
14 97% of the cost if the line to be constructed is a 345 kV line. We only have engineering
15 estimates at this point, which is what is in the PISA plan Dr. Marke references, so those
16 numbers are very preliminary. But, based upon the transmission lines we are
17 constructing (82 miles of 161 kV and 80 miles of new 345 kV), if we used round
18 numbers and assumed the budgetary estimates, then roughly \$631M of the \$800M
19 would be spread across SPP members and not recovered from our electric retail
20 customers. Again, this is for illustrative purposes at this time.

21 **Q. So, is it correct to assume that a return on and of these investments will be**
22 **recovered exclusively from Liberty’s Missouri electric customers?**

23 A. No, it is not.

24 **Q. How will Liberty’s customers benefit from these investments?**

1 A. The addition of new transmission lines, for example, is something we have needed in
2 southwest Missouri for decades and they provide many benefits to customers. Grid
3 reliability and resiliency, access to lower cost generation, better price stability, local
4 jobs and investment and attracting industry and large loads are just some examples of
5 benefits to customers.

6 **Q. Could Empire have built these transmission lines without going through the SPP**
7 **Integrated Transmission Plan (ITP) process?**

8 A. Yes, it was possible to do so.

9 **Q. Why did the Company choose not to build these lines on its own outside of the SPP**
10 **ITP process?**

11 A. The Company made a conscious decision not to build these lines on its own for one
12 reason, and one reason only - For our customers.

13 **Q. Can you expand on this?**

14 A. Yes. The Company has fought for many years at the SPP for these transmission lines
15 because we did not think our customers should have to pay for them in their entirety.
16 Our customers will receive many of the benefits previously discussed, but others in the
17 region will as well. Therefore, instead of building them on our own outside of the SPP
18 ITP process, we fought to get them BPF, thereby significantly reducing costs to our
19 customers and improving affordability.

20 **Q. Are there any other examples of the Company fighting for its customers with**
21 **respect to affordability?**

22 A. Yes. As referenced in the direct testimony of Dmitry Balashov, we fought for and won
23 the Grid Resilience and Innovation Partnerships (“GRIP”) program grant administered
24 by the U.S. Department of Energy (“DOE”) and enabled by the 2021 Infrastructure

1 Investment and Jobs Act (“IIJA”). This was a promise by the federal government of
2 \$47 million that will go directly toward grid resiliency for our customers. In other
3 words, that is \$47 million in upgrades for which our customers will not have to pay.

4 **Q. Was the Company required to apply for this highly competitive Federal Grant?**

5 A. No. The Company made a discretionary decision to expend time and effort seeking
6 this benefit for the customers. We even received a letter of support from the OPC that
7 was part of our submission package for the grant.

8 **Q. Can you provide a few examples of actions the Company has taken since its last**
9 **rate case to support customer affordability?**

10 A. Yes. Two recent examples include the extension of the agreement with the Missouri
11 Joint Municipal Electric Utility Commission (MJMEUC), as noted in Company
12 witness Tarter’s direct testimony and the extension of the Elk River Wind Farm
13 contract. Both actions reflect the Company’s ongoing efforts to secure cost-effective
14 energy resources and help keep rates affordable for customers.

15 **Q. So, do you agree with OPC witness Marke that the Company doesn’t prioritize**
16 **customer impact/affordability?**

17 A. No, I do not.

18 **Q. OPC witness Marke also references a work order justification list that a Liberty**
19 **project manager must answer. (Marke Reb., pp. 8-9). Do you recognize that**
20 **criteria list?**

21 A. Yes. The form included in Dr. Marke’s Schedule GM-1 is a screen shot of the
22 Company’s PowerPlant property accounting system’s work order justification form
23 that is to be filled out during the intake of the workorder request to open a new capital

1 project. This is used to represent the Capital Project Expenditure Form included in
2 Appendix A of Liberty's Capital Approval Policy.

3 **Q. What is the purpose of that list?**

4 A. The work order justification list referenced by Dr. Marke is designed to ensure that
5 every proposed capital investment is reviewed, consistently documented, and properly
6 authorized before approval. It also identifies key accounting requirements at the intake
7 stage, such as PISA eligibility. Because Liberty operates across multiple jurisdictions
8 —each with distinct accounting and cost-recovery rules—it is critical to capture this
9 information early in the process.

10 While some of these questions may appear narrowly focused on recovery,
11 accurate accounting is essential to establishing the Company's cost of service and
12 ensuring that investments are treated appropriately for regulatory purposes. The intake
13 form provides a consistent framework for policy compliance, documentation, and
14 accounting. Every capital project must be supported by clear evidence of necessity,
15 scope, cost, and schedule. This documentation is retained in accordance with regulatory
16 requirements, and projects do not advance without the appropriate authorization to
17 ensure compliance and oversight.

18 **Q. Dr. Marke criticizes this list because it does not include various additional**
19 **considerations (competitive bids, impact on customer rates, emissions saved, etc.).**
20 **(Marke Reb., p. 9). Are there considerations for Liberty beyond those found on**
21 **the work order justification list?**

22 A. Yes. This is a form being reviewed in isolation without the context of the policies
23 applied by Liberty. The absence of these items on the intake form does not mean they
24 are ignored. Liberty considers a broader set of factors beyond those explicitly listed in

1 the work order justification form. Competitive Bidding, procurement policies and
2 guidelines require competitive sourcing and vendor evaluation for major projects,
3 ensuring cost-effectiveness and fairness. Customer rate impacts are assessed during the
4 budgeting and regulatory filing processes, not at the individual work order level,
5 because rate design involves system-wide considerations. Environmental and
6 Emissions compliance and sustainability objectives are addressed through permitting
7 requirements and corporate ESG commitments. These are only a few examples
8 illustrating that the work order form is only one component of a broader governance
9 framework that ensures projects are reviewed for cost-effectiveness, regulatory
10 compliance, and long-term customer benefit.

11 **Q. What policies are applied by Liberty when examining such potential capital**
12 **investment projects?**

13 A. Liberty applies several formal policies and frameworks when evaluating capital
14 investment projects, including:

- 15 • Capital Expenditure Planning and Management Policy
 - 16 ○ Defines the process for initiating, evaluating, approving, and closing capital
 - 17 projects.
 - 18 ○ Includes project justification templates, financial assessment requirements,
 - 19 and approval authority limits.
- 20 • Approval Limits and Delegation of Authority Policies
 - 21 ○ Establishes financial thresholds for project approvals at various
 - 22 management levels, ensuring oversight and accountability.
- 23 • Procurement Policies
 - 24 ○ Ensure compliance with internal controls and external regulations.

1 ○ Promote transparency and accountability in vendor selection and contract
2 management.

3 ○ Defines the competitive bidding process to obtain the best value for goods
4 and services.

5 These policies collectively ensure that Liberty’s capital investments are prudent,
6 justified, and aligned with customer, regulatory, and operational priorities. Again, the
7 intake form Dr. Marke references is not a document that is all encompassing of the
8 diligence and governance around Liberty’s capital investment programs.

9 **Q. Dr. Marke recommends that Liberty meet with Staff and OPC on at least a**
10 **quarterly basis to discuss affordability issues. (Marke Reb., p. 13). What is**
11 **Liberty’s position as to this recommendation?**

12 A. Liberty would welcome having such a meeting. Affordability is a challenge across the
13 industry and we welcome a collaborative effort to discuss these challenges, some of
14 which are within the utility’s control and some of which are not.

15 **Q. OPC witness Marke further recommends that Liberty “be required to file an**
16 **annual ‘Affordability’ plan with the Commission to address deliverable actions**
17 **with the expressed goal of lowering rates to be aligned with other electric utilities**
18 **in Missouri.” (Marke Reb., p. 13). What is your response?**

19 A. Liberty has no objection to filing an annual “Affordability” plan and routinely evaluates
20 cost-saving measures as part of its normal course of business. We welcome the
21 opportunity to share these efforts with the Commission and stakeholders in a
22 transparent, written format. However, the expressed goal of aligning rates with other
23 Missouri electric utilities may not be practical or achievable, given the fundamental
24 differences in utility size, service territory, and operating structure. For examples,

1 Liberty serves approximately 164,000 customers compared to Evergy's 650,000 and
2 Ameren's 1.25 million¹, with both peers operating in more urbanized areas. Ameren
3 also belongs to a different regional transmission organization, further complicating
4 direct comparisons. If the intent is to compare Liberty to municipal or cooperative
5 utilities, that would be even less appropriate due to distinctly different business models
6 and regulatory frameworks. With these considerations in mind, Liberty supports the
7 concept of an annual plan but cautions against using rate alignment as a benchmark
8 without accounting for structural differences.

9 **III. RESPONSE TO OPC WITNESS SCHABEN**

10 **Q. What subject in OPC witness Schaben's rebuttal testimony do you address?**

11 A. I will generally address those parts of her rebuttal testimony labeled affordability,
12 customer service, impacts on local economy and the Liberty rate comparison.

13 **Q. Upon what portions of the information in this case does Ms. Schaben rely?**

14 A. As to the first three subjects, she spends most of her testimony quoting from public
15 comments provided to the Commission either through the EFIS system or through local
16 public hearings.

17 **Q. Are you familiar with the nature and tone of public comments received in that**
18 **fashion?**

19 A. Yes. As stated in my rebuttal testimony, I attended numerous public hearings and town
20 halls across our service territory, and I heard firsthand the frustration and confusion
21 caused by the billing problems. These are not abstract concerns; they are real
22 experiences affecting families, seniors, and small businesses. We've invested

¹ MoPSC Annual Report, 2024 (2023 calendar year statistics).

1 significant resources to assess our performance and drive improvements so that
2 customers will be more satisfied with the service they receive. (Wilson Reb., p. 7).

3 **Q. OPC witness Schaben defines “affordability” as “the state of being cheap enough**
4 **for people to be able to buy.” (Schaben Reb., p. 23). Do agree with that definition?**

5 A. For general purposes, I would agree. However, for purposes of utility rate setting,
6 other, more quantitative definitions are often used. An example is the definition of
7 “utility burden” found in Section 393.1680, RSMo, cited above.

8 **Q. Ms. Schaben suggests that “affordability” should always be a factor when**
9 **evaluating the rate increase request of a regulated utility company. (Schaben Reb.,**
10 **p. 24). Does she provide an example as to how this would be applied?**

11 A. She does not.

12 **Q. In terms of choices between basic necessities and paying electric bills, for whom**
13 **does Ms. Schaben believe affordability concerns are most significant?**

14 A. She says this “concern is raised most by or behalf of customers on low fixed incomes,
15 such as elderly residential customers living month-to-month from social security
16 benefits.” (Schaben Reb., p. 24).

17 **Q. Are you also concerned about these low-income customers?**

18 A. I am. I hope that as we move forward, more options become available to specifically
19 address customers for whom affordability is a great concern.

20 **Q. OPC witness Schaben further suggests that customer service should be taken into**
21 **account by the Commission during the rate setting process. (Schaben Reb., pp. 36-**
22 **37). Do you have any suggestions as to how the Commission might do that?**

23 A. Yes. Because the comments provided by Ms. Schaben are almost exclusively related
24 to what I would describe as customer billing issues and not “reliability” as it relates to

1 keeping the lights on, I believe that the alternative discussed in rebuttal testimony by
2 myself and Liberty witnesses Walt and Reed would be well designed to address those
3 customer service issues.

4 **Q. What was that alternative?**

5 A. 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. Customers would see real improvements before any equity return is earned.
13 (Wilson Reb., p. 17).

14 **Q. OPC witness Schaben expresses her concern about the impact Liberty's rates may**
15 **have on the local economies in southwest Missouri. (Schaben Reb., p. 44) Do you**
16 **share that concern?**

17 A. I absolutely do. This is an area where our interests should be perfectly aligned. On a
18 macro level, growth of the local economy provides additional businesses, jobs, income,
19 and customer growth. All of which should be beneficial to both Liberty and its
20 customers.

21 **Q. Ms. Schaben focusses on utility rates in regard to economic development. Is this**
22 **the only factor that businesses review?**

23 A. No. When businesses evaluate where to locate, they typically weigh a mix of financial,
24 operational, workforce, regulatory, tax, and community factors. The priority of each

1 factor depends on the type of business (e.g., manufacturing, utilities, tech, retail).
2 Certainly, the cost of energy is a component but it's only a fraction of the entirety of
3 factors they consider.

4 **Q. What efforts has Liberty made in support of economic development?**

5 A. I describe earlier in my testimony steps we have been taking to pursue economic
6 development opportunities.

7 **Q. In terms of rates, Ms. Schaben provides what purports to be a comparison of**
8 **Liberty's Missouri per kWh residential electrical rates with local electrical**
9 **cooperatives; Missouri, Kansas and Oklahoma residential averages; and a**
10 **national average. (Schaben Reb., pp. 62-67). Do you have any observations about**
11 **Ms. Schaben's comparisons?**

12 A. Yes. First, she discounts the differences in customer charges between the providers.
13 There is a definite relationship in the rate design process between the amount of a
14 customer charge and the resulting kWh rate. Liberty's current residential customer
15 charge is \$13.00. The customer charges for Southwest Electric Cooperative, Ozark
16 Electric Cooperative and White River Valley Electric Cooperative are \$30, \$35 and
17 \$35, respectively. Ms. Schaben further makes references to Kansas, Oklahoma and
18 national residential per kWh rates without any reference to customer charges.

19 Second, Ms. Schaben appears to compare current and historical kWh charges
20 for these entities to Liberty's proposed kWh charges in this case.

21 **Q. What does a comparison of Liberty's current residential kWh rates/charges with**
22 **the statistics cited by Ms. Schaben reveal?**

23 A. It reveals that when you only look at one portion of a particular person or company's
24 bill, or current rates versus proposed rates, you can make comparisons that might not

1 show the entire picture. While Liberty's rates, on a \$/kWh perspective, are higher than
2 other area utilities one needs to look at the total bill to make a true comparison, not just
3 one component. Furthermore, it would be more appropriate to compare rates of similar
4 sized regulated electric utilities and not compare utilities with completely different
5 business constructs.

6 **Q. OPC witness Schaben states "I surmise that Liberty customers residing in**
7 **southwest Missouri do not agree with Ms. Schwartz that local management is**
8 **really in control or that customers are receiving advantages by being a part of a**
9 **larger utility organization." Does the Company have any observations about Ms.**
10 **Schaben's conclusion?**

11 A. As the President of The Empire District Electric Company, I can say with confidence
12 that our team is deeply embedded in the day-to-day operations of serving our customers
13 across southwest Missouri. Many of us live and work in the same communities we
14 serve, and we take great pride in being responsive, accountable, and accessible to our
15 neighbors. Ms. Schaben's conclusion does not reflect the reality I see every day. Local
16 management is not only in control – we are actively engaged in decisions that impact
17 our customers, from outage response to infrastructure planning to customer service
18 improvements. Being part of a larger utility organization has provided us with access
19 to enhanced resources, technology, and expertise that directly benefit our customers,
20 while preserving the local leadership and operational autonomy that our communities
21 expect. We recognize that the Customer First transition has presented challenges, and
22 we've worked tirelessly to address them. I'm incredibly proud of our employees who
23 have stepped up to restore trust and improve service.

1 **IV. CONCLUSION**

2 **Q. How would you summarize the Company's plans to address the customer service**
3 **issues?**

4 A. Serving our customers is a privilege – and one we don't take lightly. While we
5 acknowledge that we've stumbled in delivering the level of service our customers
6 expect and deserve, we have never lost sight of our responsibility to the communities
7 we serve. The Company has implemented meaningful solutions and continues to refine
8 processes to ensure lasting improvements. This journey will take time, but our
9 commitment is unwavering. I also want to express my deep gratitude to my colleagues
10 at Liberty, who have worked tirelessly and with integrity to restore trust. Their
11 dedication to our customers and to one another is inspiring, and I'm confident in our
12 collective ability to meet this challenge and emerge stronger.

13 **Q. Does this conclude your surrebuttal testimony at this time?**

14 A. Yes.

VERIFICATION

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