Exhibit No.: _____
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Witness: Charlotte T. Emery
Type of Exhibit: True-Up Rebuttal 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

True-Up Rebuttal Testimony

of

Charlotte T. Emery

on behalf of

The Empire District Electric Company d/b/a Liberty

September 22, 2025

Liberty™

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THE EMPIRE DISTRICT ELECTRIC COMPANY D/B/A LIBERTY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2024-0261

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THE EMPIRE DISTRICT ELECTRIC COMPANY D/B/A LIBERTY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
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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, rebuttal and surrebuttal and true-up direct 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 true-up rebuttal testimony in this proceeding before the Missouri Public Service Commission ("Commission")?

A. My true-up rebuttal testimony supports the Company's overall revenue requirement calculation and responds to various adjustments, balances, and methodologies proposed by the Staff of the Commission ("Staff") and the Office of Public Counsel ("OPC") in true-up direct testimony.

II. TRUE-UP RATE BASE COMPONENTS

Q. What are the specific rate base issues being addressed by your true-up rebuttal testimony?

A. Table 1 below outlines the rate base topics I address, along with the sponsoring party for each. To the extent I do not respond to a specific issue, it should not be interpreted as agreement with the position of other stakeholders. Rather, the Company continues to support the balances reflected within the revenue requirement filed with my true-up direct 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.

Table 1

Rate Base	
Sponsoring Party	**Description**
Staff	Customer Deposits*
Staff	Customer Advances*
Staff	Riverton Environmental Costs*
Staff	Riverton 12 Tracker*
Staff	Asbury Environmental Costs*
Staff	Critical Medical Needs*
Staff	Protected EADIT Regulatory Liability*
Staff	Plant/Accumulated Depreciation & Amortization Additions**
Staff	Onsolve Removal**
Staff	Iatan/PCB Environmental Costs**
Staff	Capitalized Severance Removal**
Staff	Fuel Inventory**
Staff	Prepayments**
Staff	Iatan 1, Iatan 2, and Plum Point Carryings Costs**
Staff	Solar Rebate Regulatory Asset**
Staff	Solar Initiative Regulatory Asset**
Staff	Low-Income Pilot Program (“LIPP”)**
Staff	Plant-in-Service Accounting (“PISA”)**
Staff	Pension/OPEB/Prepaid Pension Asset**
OPC	Isolated Accumulated Depreciation Adjustments***
Staff	Customer First Disallowance (Plant/AD/ADIT)***
OPC	Cybersecurity Program Removal***
Staff	Cash Working Capital***
Staff	Materials and Supplies***
Staff	Customer Program Collaborative (DSM)***
Staff	Common Plant Removal
Staff	Asbury Stranded Asset Removal
Staff	Riverton 10 Repair Cost Removal
Staff	PeopleSoft Regulatory Asset
Staff	PAYGO Regulatory Asset
Staff	Asbury AAO Liability

Staff	EADIT Tracker
Staff	Accumulated Deferred Income Taxes (“ADIT”)
Company	Deferred Long-Term Maintenance Costs (Riverton, StateLine, Wind)
Company	Property Tax Tracker Regulatory Asset
Company	SB-EDR Regulatory Asset

Q. Are there any rate base components included in Table 1 for which another party’s proposed March 2025 balance is the same as the Company’s proposed true-up balance?

A. Yes. The March 2025 balances for the adjustments identified in the table above and marked with a single asterisk (*) are the same as the proposed balances filed by the Company in true-up direct testimony. The Company takes no issue with these balances.

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 by the parties to reflect the ledger balances as of March 2025. While the Company may not fully agree with the methodologies used by Staff to derive the March 2025 balances, we find the resulting figures to be reasonable and acceptable for purposes of this rate case.

Q. Are there any rate base adjustments included in the table above in which the balances were updated as of March 2025, however, the Company continues to reject the balance proposed by the party for the same reasons as discussed in previous Company testimony?

A. Yes. These adjustments are listed in the table above and marked with three asterisks (***). The adjustments appear to have been updated by the parties to the March 2025 balance based on the same methodology used to formulate their September 2024 balances. After further review of the calculations and respective testimonies, the

Company continues to take issue with these balances for the reasons as described in the Company's direct, rebuttal, surrebuttal, and true-up direct testimonies.

Q. Are there any rate base adjustments included in the table above in which there appears to be a change in methodology, is a newly proposed adjustment, or has not been previously addressed by the Company?

A. Yes. These adjustments will be discussed in further detail below.

Q. Please describe the update made by Staff for common plant removal.

A. While the Company agrees with the adjustment balances as reflected in Staff witness Boronda's true-up workpapers, there appears to be an error in Staff's true-up EMS run. Specifically, adjustments labeled P-300, P-307, R-300, and R-307—described as "to correct omission of common plant adjustment"—do not appear in the true-up workpapers and lack supporting documentation. These adjustments were present in the EMS run submitted with Staff's rebuttal testimony and seem to have been inadvertently carried over into the true-up EMS. As a result, the EMS reflects an overstated common plant removal and understated balances in both plant and accumulated depreciation.

Q. Please describe Staff's adjustment to remove Asbury stranded costs from Accumulated Depreciation.

A. In the Company's true-up direct testimony, the Company included a new balance within its accumulated reserve related to Asbury stranded costs that were inappropriately allocated to the Company's wholesale customers at the time of the plant's retirement. Staff witness Young states that the balances should have been included in the securitization docket and including them in the Company's current cost of service calculation now is retroactive ratemaking[1].

[1] Young surrebuttal/true-up direct, p. 22.

Q. How does the Company respond?

A. Staff's characterization of this inclusion as retroactive ratemaking is misplaced. The Company is not seeking to retroactively change rates already charged or collected. Instead, it is proposing a forward-looking correction so that rates reflect actual costs and are consistent with regulatory intent.

Q. Did Staff propose a new adjustment in their true-up direct revenue requirement disallowing the repair costs associated with Riverton 10?

A. Yes. Staff witness Brodrick Niemeier proposed a new adjustment in the true-up direct revenue requirement to disallow the repair costs associated with Riverton 10. He asserts that the Company did not include supporting testimony for these costs in its original filing, as required by the Commission's order in Case No. EA-2023-0131. Additionally, Mr. Niemeier expresses disagreement[2] with the justification provided in Company witness Berkstresser's rebuttal testimony and concludes that the repair costs are not prudent for recovery.

Q. Has OPC witness Robinett recommended a similar disallowance?

A. Yes.

Q. How does the Company respond?

A. The Company respectfully disagrees with the parties and continues to recommend the Commission approve the costs incurred for Riverton 10. While the Company acknowledges and regrets its misunderstanding of the stipulation provision – as addressed in Mr. Berkstresser's rebuttal testimony – this procedural oversight should not detract from the core issue: the prudence of the investment itself. Company witness Aaron J. Doll provides additional true-up rebuttal testimony demonstrating that the

[2] Niemeier surrebuttal/true-up direct, p. 5.

Riverton 10 costs were reasonably and prudently incurred to serve customers reliably and efficiently.

Q. Did Staff make a change to its proposed PeopleSoft regulatory asset at the true-up period?

A. No, Staff did not change its proposed balance. Staff witness Bailey continues to include a negative balance of $62,606, which is reflective of the monthly over-amortization since the account was fully amortized in September 2022.

Q. Does the Company agree with this balance?

A. No. The Company does not agree with Staff's inclusion of a negative $62,606 balance for the PeopleSoft regulatory asset, as it reflects an inconsistent and flawed approach to ratemaking.

For instance, Staff has excluded the Riverton 12 Tracker regulatory asset from rate base, assigning it a zero balance on the basis that it will be fully amortized by August 2025—prior to the effective date of rates in this proceeding. This demonstrates Staff's recognition that assets fully amortized before rate implementation should not be reflected in rate base. Yet, Staff continues to include the over-amortized PeopleSoft balance, which was fully amortized even earlier, in September 2022. This selective treatment is inconsistent and constitutes improper ratemaking.

Furthermore, in Mr. Bailey's direct testimony, Staff proposes a tracker mechanism to monitor over-amortizations of regulatory asset and liability accounts going forward, beginning at the conclusion of this case. This proposal acknowledges that such balances should be addressed prospectively. However, Staff has prematurely applied this tracking concept to the PeopleSoft account—despite the tracker not being approved—and is attempting to include the resulting balance in rate base now. This preemptive action not only contradicts the stated intent of the tracker but also violates the principle of regulatory consistency.

In summary, the Company maintains that including the over-amortized PeopleSoft balance while excluding others is inequitable and unsupported. All regulatory assets and liabilities should be treated uniformly, and until the proposed tracker is formally adopted, no tracked balances should be reflected in rate base.

Q. Did Staff witness Giacone change his position related to the PAYGO regulatory asset?

A. Yes, slightly. Previously he disregarded the regulatory asset balance for PAYGO tracked since the last rate case. In true-up direct testimony, Mr. Giacone is now allowing the Company to have the return of the balance of the regulatory asset as of December 2024, but not the return on that asset.

Q. Does the Company agree?

A. While the Company does not oppose using the balance as of December 2024 since the payments from the tax equity partners are only made on an annual basis, the Company does not agree with receiving no rate base treatment of the regulatory asset. Staff gives no indication or support of why the Company should not receive the return on the balance other than the apparent reason to reduce the Company's rate base balance.

Q. Did Staff's Asbury AAO liability balance change from September 2024 to the March 2025 true-up period?

A. No.

Q. Did the Company's AAO liability balance change as of March 2025?

A. Yes. As outlined in the Company's true-up direct testimony, the AAO liability balance was updated to reflect additional Asbury inventory costs identified as obsolete after the balances were finalized for securitization in Case No. EO-2022-0193. These costs, incurred through March 2025, were not previously captured and represent legitimate stranded assets associated with the plant's retirement. Accordingly, the Company adjusted the AAO liability to include these amounts, ensuring a more accurate reflection of unrecovered costs. The Company recommends that the Commission approve the revised AAO liability balance inclusive of these additional inventory costs.

Q. Is the Company in agreement with Staff's EADIT tracker account balance?

A. No. For further discussion, please refer to Company witness Michael McCuen's true-up rebuttal testimony.

Q. Has Staff updated their ADIT balances?

A. Yes. For further discussion of ADIT, please see the true-up rebuttal testimony of Mr. McCuen.

Q. Are there any rate base balances that the parties continue to not include as part of their proposed cost of service?

A. Yes. Staff continues to exclude the following items from their proposed rate base:

- Deferred Long-Term Maintenance Costs (Riverton, StateLine, Wind)
- Property Tax Tracker Regulatory Asset
- SB-EDR Regulatory Asset

The Company continues to disagree with the exclusion of these balances as discussed in my rebuttal and surrebuttal testimony.

III. TRUE-UP INCOME STATEMENT COMPONENTS

Q. Which specific true-up income statement items will you be addressing in your true-up rebuttal testimony?

A. Table 2 below reflects the items as outlined in the Commission true-up order[3], which I will address, along with the sponsoring party for each. To the extent I do not respond to a specific issue, it should not be interpreted as agreement with the position of other stakeholders. Rather, the Company continues to support the balances reflected within the revenue requirement filed with my true-up direct 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.

Table 2

Income Statement	
Sponsoring Party	**Description**
Staff	Asbury Environmental Cost Amortization*
Staff	Riverton 12 Tracker Amortization*
Staff	Riverton Environmental Cost Amortization*
Staff	Customer Growth/Loss Revenue Annualization**
Staff	Amortization of Electric Plant**
Staff	PISA Amortization**
Staff	Solar Rebate Amortization**
Staff	Solar Initiative Amortization**
Staff	LIPP Amortization**
Staff	PAYGO Amortization**
Staff	Iatan 1, Iatan 2, and Plum Point Carrying Cost Amortization**
Staff	Protected EADIT Amortization**
Staff	Customer First Disallowance Depreciation Expense***
Staff	SB-EDR Amortization***
Staff	Customer Program Collaborative Amortization***
Staff	Property Tax Tracker Regulatory Asset Amortization***

[3] Case No. ER-2024-0261, Commission Order, Issued April 23, 2025.

Staff	Property Tax Expense***
Staff	Payroll and Payroll Taxes
Staff	Employee Benefits
Staff	Pension/OPEB/SERP Expense
Staff	Asbury AAO Liability Amortization
Staff/OPC	Rate Case Expense
Staff	Tornado AAO Amortization
Staff	PeopleSoft Amortization
Staff/OPC	Depreciation Expense
Staff/OPC	Fuel and Purchased Power Expense
Staff	Stub Period EADIT Amortization
Staff	EADIT Tracker Amortization
Staff	Income Tax Expense

Q. Are there any income statement components included in Table 2 for which the Company is in agreement?

A. Yes. The annualized March 2025 balances for the components identified in the table above and marked with a single asterisk (*) are the same as the proposed balances filed by the Company in true-up direct 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 by the parties to reflect the ledger balances as of March 2025. While the Company may not fully agree with the methodologies used by Staff to derive the March 2025 balances, we find the resulting figures to be reasonable and acceptable for purposes of this rate case.

Q. Are there any adjustments included in the table above in which the balances were updated as of March 2025, however, the Company continues to reject the balance proposed by the party for the same reasons as discussed in previous testimony?

A. Yes. These adjustments are listed in the table above and marked with three asterisks (***). The adjustments appear to have been updated by the parties to the March 2025 balance based on the same methodology used to formulate their September 2024 balances. After further review of the calculations and respective testimonies, the Company continues to take issue with these balances and/or adjustments for the reasons as described in my direct, rebuttal, surrebuttal, and true-up direct testimonies.

Q. Are there any income statement adjustments included in the table above in which there appears to be a change in methodology, is a newly proposed adjustment, or has not been previously addressed by the Company?

A. Yes. These adjustments will be discussed in further detail below.

Q. Please describe Staff's payroll and payroll tax adjustment as of the true-up period.

A As of the end of the true-up period, Staff revised its payroll adjustment to reflect active base salaries as of March 2025. The overtime rate was recalculated using the most recent 12 months of historical overtime data ending in March 2025. Staff maintained its approach of excluding labor costs associated with open positions, asserting that these roles were not actively filled during the true-up period. Staff also updated its CAM allocators to be the allocators in effect during the September 2024 update period.

Additionally, Staff modified its treatment of employees on Short-Term Disability or Long-Term Disability. In prior filings, Staff included the full base salary for these employees. However, in the true-up adjustment, Staff now includes only the top-up amounts paid during their leave, excluding the remainder of their base compensation. This change marks a departure from previous methodology and reflects a narrower view of payroll obligations during periods of employee inactivity.

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

A. No. The Company continues to disagree with several aspects of Staff's payroll and payroll tax adjustment as of the true-up period. First, the Company maintains its objection to Staff's overtime calculation methodology and the exclusion of labor costs associated with open positions, as previously outlined in my rebuttal testimony.

The Company also disagrees with Staff's use of the 2024 CAM allocators, as they are not reflective of conditions as of March 31, 2025. Staff's reliance on outdated allocators introduces a misalignment between the cost allocation methodology and the actual operational and financial structure of the Company during the true-up period. The CAM allocators in effect as of March 31, 2025, more accurately represent the Company's current cost distribution across jurisdictions and functions, and therefore should be used to ensure precision in the revenue requirement.

Additionally, the Company disagrees with Staff's revised treatment of employees on Short-Term Disability (STD) or Long-Term Disability (LTD). By including only the top-up amounts paid during the true-up period—rather than the full base salaries—Staff's adjustment fails to represent the normal compensation levels for these employees. This is particularly problematic given that many of these individuals are expected to return to active employment. Excluding their full salaries distorts the payroll base and understates the Company's ongoing labor costs, leading to an inaccurate representation of the cost of service.

The Company believes that a more appropriate and consistent approach would be to include the full base salaries for temporarily inactive employees, as was done previously, and to recognize the labor costs associated with open positions that are necessary to maintain safe and reliable operations.

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

A. No. Similarly to payroll expense, the Company disagrees with the use of 2024 allocators being applied to 2025 expense, the calculation of the overtime rate, and the exclusion of employee benefits for open positions which have since been filled.

Q. Is the Company in agreement with Staff's March 2025 true-up period pension, OPEB, and SERP expense?

A. No. For further discussion see the true-up rebuttal testimony of James A. Fallert.

Q. Does the Company agree with the amortization expense for the Asbury AAO liability as proposed by Staff?

A. No, because of the issue previously discussed regarding Staff's AAO regulatory liability balance, the Company's disagrees with the amortization expense for the same reason.

Q. Did Staff update the balance included in their cost of service for rate case expense?

A. No. The Company continues to disagree with their balance as discussed in my rebuttal testimony.

Q. In their surrebuttal testimony, did OPC propose an adjustment for rate case expense?

A. Yes. Dr. Marke recommends the consulting costs for Company witness John J. Reed be disallowed from the case due to his "poorly" written rebuttal testimony regarding the Company's Customer First system.

Q. How does the Company respond?

A. The Company respectfully disagrees with Dr. Marke's recommendation to disallow consulting costs associated with Company witness John J. Reed. The basis for this proposed adjustment—that Mr. Reed's rebuttal testimony was "poorly" written—is inherently subjective and lacks any objective standard or evidentiary support.

Disagreement with the content or style of testimony does not constitute valid grounds for disallowing legitimate rate case expenses. Mr. Reed's testimony addressed complex issues related to the Company's Customer First system and provided valuable expert insight. The Company maintains that these consulting costs were reasonable, necessary, and properly incurred in support of its case.

Q. Has Staff included an amortization expense balance related to the Company's Peoplesoft costs and Tornado AAO regulatory assets?

A. Staff has included a regulatory liability balance for Peoplesoft costs in rate base, but no amortization expense and has included no rate balance for Tornado AAO costs, but has included a balance for over-amortization. It's my understanding Staff did this because these assets have become fully amortized since the Company's last rate case.

Q. Is this treatment consistent with Staff's treatment of the regulatory assets for the Riverton 12 tracker or the Riverton environmental costs?

A. No. Staff excluded both the rate base and expense balances for these accounts since they would be fully amortized by the date new rates take effect for this case.

Q. Is the Company in agreement with Staff's treatment of PeopleSoft and Tornado AAO costs?

A. No, as I discussed in the rate base section of my testimony, Staff has prematurely applied their proposed tracking concept to both the PeopleSoft and Tornado AAO account—despite the tracker not being approved—and is attempting to include the resulting balance in rate base and amortization expense now. This preemptive action not only contradicts the stated intent of the tracker but also violates the principle of regulatory consistency.

Q. Does the Company agree with Staff's true-up balance of depreciation expense?

A. Not entirely. While the Company and Staff are generally aligned on the depreciation rates used to calculate expense, the Company identifies two key areas of disagreement.

First, Staff applies a 0% depreciation rate to Account 315.01 (Computer Hardware) for Iatan Common, which the Company believes is incorrect. This account was newly established pursuant to FERC Order 898, and the plant balance is representative of a reclass from Account 391.3. Alternatively, the Company proposes a 20% depreciation rate for Account 315.01, consistent with the rate approved in the last rate case for general plant Account 391.3 (Computer Equipment).

Second, the Company disagrees with Staff's proposed 3.48% depreciation rate for Account 371.1 (EV Charges on Customer Premises). Although this account did not previously exist, the underlying balances were reclassified from Account 375 (Charging Stations). Therefore, the Company recommends a 5% depreciation rate, consistent with the rate approved for Account 375 in the prior case.

In both instances, the Company urges the Commission to adopt its proposed rates to ensure consistency with established precedent and accurate cost recovery.

Q. Does the Company agree with the depreciation expense proposed by OPC witness Robinett?

A. No. As described in the rebuttal testimony of Company witness Dane Watson, OPC's methodology is not consistent with the methodology used to formulate rates through a formal depreciation study. The Company continues to recommend the Commission reject OPC's proposed depreciation rates.

Q. Does the Company agree with Staff's updated fuel and purchased power costs included in their true-up schedules?

A. No. Please refer to the true-up rebuttal testimony of Company witness Todd W. Tarter for further discussion.

Q. Does the Company have concerns with OPC's updated Transmission Congestion Rights ("TCR") revenues?

A. Yes. Please refer to the true-up rebuttal testimony of Company witness Todd W. Tarter for further discussion.

Q. Please describe Staff's pro forma balance of the stub period EADIT and the EADIT tracker amortization?

A. Staff witness Matthew Young's workpapers reflect a zero pro forma balance for the stub period EADIT account, based on the expectation that this account will be fully amortized by the time new rates take effect in this case. Additionally, Mr. Young includes an annual amortization amount of $2,464,049 for the EADIT tracker account, which represents a five-year amortization of Staff's EADIT tracker regulatory asset.

Q. Is this what is reflected in Staff's EMS model?

A. No. Staff's model has an error, as it appears to combine the amortization for these items in their Account 403.014 and reflects a pro forma balance of ($2,227,333).

Q. Is the Company in agreement with Staff's EMS run balances?

A. No. The balances reflected in Staff's EMS run are not supported by the workpapers provided by Staff.

Q. Had Staff's EMS run correctly reflected the amortization of the Stub Period and EADIT tracker balance, would the Company be in agreement?

A. Partially. The Company agrees that the amortization associated with the Stub Period should be zero, as that balance will be fully amortized by the time rates take effect. However, the Company does not concur with Staff's treatment of the EADIT tracker rate base balance. As outlined in the true-up rebuttal testimony of Company witness Michael McCuen, the Company believes Staff's calculation understates the appropriate rate base balance, which in turn affects the accuracy of the resulting amortization expense. Therefore, while the Stub Period treatment is acceptable, the Company maintains its disagreement with Staff's overall approach to the EADIT tracker.

Q. Does the Company agree with Staff's true-up direct income tax pro forma balance?

A. No. See the true-up rebuttal testimony of Company witness Michael McCuen for further discussion.

Q. Was the Company also required to update its capital structure and cost of debt to March 2025?

A. Yes. See the true-up rebuttal testimony of Company witness Daniel S. Dane for further discussion.

IV. OTHER INCOME STATEMENT COMPONENTS

Q. Did any of the parties file corrections or propose new adjustments in their true-up direct testimony which were not included in the true-up list issued by the Commission on April 23rd and which the Company does not oppose?

A. Yes. Staff made corrections or proposed new adjustments for the following items, which the Company does not oppose.

- Customer Excess Facilities
- Advertising Expense
- Customer Deposit Interest
- Severance Expense
- MEEIA Revenues

- Weather Normalization Revenues

Q. Did any of the parties file corrections or propose new adjustments in their true-up direct testimony which were not included in the true-up list issued by the Commission on April 23rd and which the Company opposes?

A. Yes. Staff made corrections or proposed new adjustments for the following items, which will be discussed in further detail below.

- Generation Operation and Maintenance ("O&M") Expense
- Non-Wind Fuel Expense
- Dept 115 Expense
- State Line Water Expense
- Customer First O&M Expense
- Removal of certain allocated test year costs
- Cybersecurity Expense
- Imputed Revenues

Q. Did Staff's methodology change in their generation O&M adjustment?

A. Yes. Staff has revised its methodology related to the generation O&M adjustment for two reasons. The first is related to a clerical error for the State Line ownership percentage and the second change is to reflect a two-year average for the accounts that are impacted by the Company's requested Long-Term Maintenance ("LTM") deferred debits.

Q. Does the Company have concerns with Staff's updated ownership calculation for the State Line generating units?

A. No. The Company is not opposed to the updated ownership percentage calculation performed by Staff.

Q. Please explain the change Staff made related to the expense accounts associated with the LTM deferred debits.

A. As described in my previous testimonies, the Company started deferring the costs associated with the LTM contracts for Riverton and State Line Combined Cycle in October of 2022. Staff has acknowledged that including years prior to this shift into their average, would be overstating their generation O&M expenses. To resolve this issue, Staff is now calculating those expense accounts by utilizing a two-year average ending on September 30, 2024, to reflect a normalized balance of these accounts after the Company's shift to booking the costs into the deferred debit accounts.

Q. Does the Company agree with Staff's adjustment to the LTM expense accounts within the generation O&M adjustment?

A. No, as I stated in rebuttal testimony, the Company has made this update to its FERC accounting treatment to more accurately reflect the nature of these costs, recording them as deferred debits until the maintenance work is performed. This change is consistent with FERC guidance and improves the transparency of cost recovery. It appears that Staff may have misunderstood my rebuttal testimony where I point out that they are overstating their expenses. What I was attempting to show is that Staff should accept the Company's position, which would be to include the deferred debit accounts in rate base *and* reflect the lowered level of expense. If Staff's approach was to keep the maintenance work included in expenses, they should have taken an average prior to the accounting change to ensure the Company receives recovery. However, by Staff excluding the deferred debit accounts and including a lower level of normalized expense, they are inhibiting the Company from earning any type of recovery for these costs.

Q. Did Staff make changes to the non-fuel wind expenses?

A. Yes, Staff witness Giacone trued up a portion of his pro forma balance for the "O&M Service Fee – Vestas" account, as well as the wind "Administrative and General ("A&G")" account.

Q. Does the Company take issue with Mr. Giacone's update to the non-fuel wind expense adjustment for the Vestas agreement costs?

A. Yes. While Staff updated the Vestas agreement costs to "reflect Empire's revised substitute direct analysis for the wind O&M service fee,"[4] Staff continues to exclude the balance related to the Wind SMWA deferred debit account in rate base. Staff updated their adjustment to reflect a lower level of expenses related to this agreement to be consistent with the Company's adjustment; however the Company's reduction was made because those costs were reclassified into a deferred debit for services not yet performed by Vestas.

As outlined in the Company's direct, rebuttal, and surrebuttal testimonies, the deferred debit account represents legitimate costs incurred for future services and should be included in rate base for recovery. Similar to what I mentioned above, by excluding both the deferred debit and the associated expense, Staff's adjustment effectively denies the Company any recovery for these prudently incurred costs. The Company respectfully requests that the Commission adopt its proposed balances for the Wind SMWA deferred debit and the normalized expense level under the Vestas agreement to ensure fair and accurate cost recovery.

Q. Does the Company have any concerns with Staff's updated wind A&G elimination account?

[4] Giacone surrebuttal p. 14.

A. No. It appears Staff witness Giacone, was updating the property tax portion of the wind A&G elimination accounts to agree with the Company's pro forma ending balance. For that reason, the Company does not oppose Staff's update.

Q. Please describe the changes to Staff's adjustment for the Department 115 Expense Normalization.

A. Staff updated their approach to calculating an average level of expense. Instead of using a two-year average, Staff has updated their adjustment to normalize the expense for Department 115 using a three-year average. As a result, Staff's proforma ending balance increased from $454,479 to $530,899 at the true-up.

Q. Does the Company agree with Staff's change in methodology?

A. No. As asserted in my rebuttal testimony, the Company contends that the 2024 budget is more indicative of a normal level of expense for Department 115. Staff's update to a three-year average further supports the inclination that there is a general incline in the amount of O&M expense associated with Department 115.

Q. Please describe Staff's proposal for State Line Water Usage.

A. Staff witness Nieto indicated that, upon reviewing additional data not available during the initial filing, Staff determined it is appropriate to use a two-year average of historical water usage ending March 31, 2025. Staff does not support the use of water rates effective May 28, 2025, as those rates were implemented after the true-up cut-off date and therefore do not reflect costs applicable to the true-up period.

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

A. Not entirely. While the Company accepts Staff's use of a two-year average of historical water usage ending March 31, 2025, it disagrees with Staff's exclusion of the new water rates effective May 28, 2025. These rates are both known and measurable as of the true-up period and represent the actual costs the Company will incur during the rate-effective period. Excluding them would result in an understatement of the Company's operating expenses and fail to reflect the most accurate and forward-looking cost of service.

Q. Please describe Staff's changes to their Customer First O&M adjustment.

A. Staff witness Young agrees that the Customer First O&M adjustment should be based on actual costs incurred during the 12-month ending period of March 31, 2025[5]. Staff has revised their adjustment to update with actuals and continues to exclude a portion of Customer First disallowance related to the Company's billing system.

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

A. Partially. While the Company does not oppose the normalization of costs based on the 12-months ending March 2025, the Company continues to reject the disallowance of the portion of costs related to the Company's billing system as described in my rebuttal testimony, as well as the rebuttal testimonies of Company witnesses Timothy Wilson and Amy Walt.

Q. Please explain the changes made by Staff in its adjustment to remove certain allocated test year costs.

A. As noted in her surrebuttal testimony, Staff witness Angela Niemeier agreed that it was more appropriate to remove any disallowances before restating the test year to bring all the transaction data into alignment. Additionally, Ms. Niemeier removed a duplicative disallowance from her workpaper.

Q. Did Staff make any other changes in its adjustment to remove certain allocated test year costs?

[5] Young surrebuttal/true-up direct, p. 13.

A. No. However, Ms. Niemeier addresses certain disagreements regarding the corporate allocations in her surrebuttal testimony. More specifically, Ms. Niemeier acknowledges that there was a change in the Empire allocation factors due to the January 2025 sale of Algonquin Power & Utilities Corp.'s non-regulated assets.

Q. Please elaborate on why Ms. Niemeier noted the discrepancies but did not account for them in her corrected workpaper.

A. Ms. Niemeier states that Staff has not received satisfactory documentation supporting the corporate allocation changes. Additionally, Ms. Niemeier notes that Staff is still reviewing the changes and that they will be addressed further in Staff's true-up rebuttal testimony, as needed[6].

Q. Does the Company agree with Staff's corrected adjustment to remove certain allocated test year costs?

A. While the Company appreciates the corrections made by Staff, the Company disagrees with the assertion that it did not provide adequate support for its corporate allocations. The Company included its March 2025 CAM allocators within its payroll and employee benefit adjustments which was filed on June 30, 2025. In addition, the Company included its 2025 CAM support within its response to MPSC Data Request 162.1.

Q. What is Staff's position related to cybersecurity expense?

A. Staff witness Karen Lyons states that to the extent that the Company incurred actual capital or expenses related to cyber security by the true-up period, they have included those, but she does not believe the Company should recover any additional costs.

Q. Do you agree with Staff's inclusion of cybersecurity?

[6] Niemier surrebuttal, p. 2.

A. No. As discussed in Company witness Eck's direct testimony, the Company's cybersecurity expenditures were and are still being incurred in response to evolving threat landscapes and are consistent with industry best practice. While the Company has included forward-looking expenses into its revenue requirement, cybersecurity is not a discretionary expense, it is a core operation necessity. Recovery at the proposed level ensures the Company can maintain compliance with evolving standards, respond to emerging threats, and avoid costly breaches. Denying recovery of those proposed levels would discourage proactive risk management and expose customers to greater long-term costs.

Q. What is OPC's position related to cyber security expense?

A. OPC witness Angela Schaben states that she does not believe the Company should receive recovery of any allocated cybersecurity program rate base or O&M expenses.

Q. Do you agree with OPC's position?

A. No. As mentioned above and in Company witness Eck's surrebuttal testimony, this program is a foundational component of Liberty's enterprise-wide risk management strategy and disallowing recovery of these costs would undermine the Company's ability to maintain secure and reliable service.

Q. Did Staff propose a new retail revenue adjustment in true-up direct testimony?

A. Yes. Staff witness Luebbert introduced a new imputed revenue adjustment in his true-up direct testimony to address estimated usage intervals that span multiple time-of-use ("TOU") periods. To correct for potential misalignment in revenue recognition, he applied a 15 percent factor to the normalized off-peak credit revenues included in the cost of service. He indicates that his adjustment is intended to more accurately reflect the revenue impact of estimated TOU billing intervals that may not align perfectly with actual customer usage patterns[7].

Q. Does the Company agree with this adjustment?

A. No. The Company does not agree with Staff's imputed revenue adjustment. As detailed in the Company's supplemental response to MPSC DR 481, the total estimated intervals for the Missouri TOU tariff class from April 2024 through March 2025 amounted to only 0.82% of all intervals.

In contrast, Staff's application of a 15% adjustment significantly overstates the proportion of estimated intervals and does not align with the Company's operational experience. The Company believes this inflated percentage introduces an unwarranted revenue imputation and misrepresents the true impact of estimated intervals on TOU billing. Therefore, the Company recommends that the Commission reject Staff's proposed adjustment. For further discussion regarding this topic, please refer to the true-up rebuttal testimony of Company witness Amy Walt.

Q. Were there any adjustments Staff included testimony on for the first time in its surrebuttal and true-up direct testimony?

A. Yes. Staff witness Matthew Young reviewed and addressed the Company's proposed vegetation management costs in his true-up direct testimony.

Q. Please summarize Mr. Young's findings.

A. Mr. Young analyzed vegetation management expenses for the twelve months ending September 30, 2024, using relevant O&M accounts. He then compared those expenses and concluded that the actual expenses during the 12-months ending September 2024 are 47% higher than the test year costs and 40% higher than the budgeted amounts

[7] Luebbert surrebuttal/true-up direct, p. 7.

proposed by the Company. Based on this analysis, Mr. Young states the test year is a more reasonable interpretation of ongoing costs[8].

Q. Does the Company agree with Mr. Young's findings?

A. No. The Company disagrees with Mr. Young's analysis. Mr. Young's comparison of 12-month ended September 2024 costs reflects the full account balances of the relevant O&M accounts to the budgeted vegetation management amounts, which are specifically tracked under department code 219 (pre-SAP) and cost center 1031961500 (post-SAP). A proper comparison requires a detailed review of the ledger entries tied to these specific departments/cost centers, in addition to the exclusion of labor-related costs, as labor is separately annualized in the payroll adjustment. As such, Staff's claim of a 47% increase in vegetation management costs is based on a misinterpretation of the general ledger and does not reflect an accurate assessment.

Q. What is the Company's recommendation with respect to vegetation management?

A. The Company recommends that the Commission approve its proposed vegetation management adjustment of $480,200 (Total Company) and $350,210 (Total Missouri) and a pro forma ending balance of $10,792,928 (Total Company) and $9,215,139 (Total Missouri), as supported by the 2024 budget. This amount reflects a reasonable level of ongoing vegetation management activity necessary to maintain system reliability and safety.

V. <u>JURISDICTIONAL ALLOCATIONS</u>

Q. Has the Company reviewed the surrebuttal testimony of Staff witness Angela Niemeier regarding jurisdictional allocations?

[8] Young surrebuttal/true-up direct, p. 19.

A. Yes. The Company has reviewed Staff witness Angela Niemeier's surrebuttal testimony concerning jurisdictional allocations. While the Company may not fully agree with the methodology used to derive each allocator, the resulting differences are minor and do not materially impact the overall revenue requirement. Therefore, in the interest of efficiency and resolution, the Company does not oppose the use of Staff's jurisdictional allocators for purposes of this rate case.

VI. TRUE-UP REBUTTAL REVENUE REQUIREMENT

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

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 rebuttal is presented in **True-Up Rebuttal Schedule CTE-1**. Chart 1 below shows a calculation of the annual revenue deficiency.

Chart 1

Line No.	Revenue Requirement Component	Reference Schedule	Dollar Amount
1	Total Rate Base	True-Up Rebuttal Schedule CTE-1	$2,697,983,913
2	Required Rate of Return	True-Up Rebuttal Schedule CTE-1	7.43%
3	Required Net Operating Income	Line 1 x Line 2	$200,433,775
4	Operating Income Deficiency	True-Up Rebuttal Schedule CTE-1	$128,636,432
5	Gross Revenue Conversion Factor	True-Up Rebuttal Schedule CTE-1	1.3130
6	Total Revenue Deficiency	Line 4 x Line 5	$168,903,100

The difference between the Company's true-up direct filing and true-up rebuttal is based on the Company's position to accept Staff's billing determinants and certain retail revenue adjustments as listed below:

- Adjust Test Year Retail Rate Revenues (Marek, Cox)
- Rate Switchers and LP Customer Annualization (Cox, Gonzales)
- Adjustment to Dec 19 Retail Rate Revenues (Cox, Gonzales)

- Community Solar Facility Charge (Cox)
- Community Solar Grid Charge (Cox)
- Customer Growth (Cox)
- To Adjust for Manual Adjustments (Cox, Gonzales)
- To Adjust to Update Period (Cox, Gonzales, Jennings)
- To Adjust Weather Norm & Days (Cox)
- To Include EECR Adjustment (Cox, Gonzales)
- To Include MEEIA Adjustment (Cox, Gonzales)
- To Remove Franchise Fee Revenues (Marek)
- To Remove Unbilled Revenues (Marek)
- To Remove FAC Revenues (Marek)
- To Remove MEEIA Revenues (Marek)
- To Adjust Excess Facilities Charge (Jennings)

Updating for the revenue adjustments listed above, the Company's proposed pro forma balance of retail revenues is now $514,444,495 (prior to proposed rate increase). For further discussion, see the true-up rebuttal testimony of Timothy S. Lyons.

VII. <u>CONCLUSION</u>

Q. Does this conclude your true-up rebuttal testimony at this time?

A. Yes.

VERIFICATION

I, Charlotte T. Emery, under penalty of perjury, on this 22nd day of September, 2025, declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Charlotte T. Emery