BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Request of The Empire	)	
District Electric Company d/b/a Liberty for	)	
Authority to File Tariffs Increasing Rates	)	Case No. ER-2024-0261
For Electric Service Provided to Customers	)	
In its Missouri Service Area	)	

LIBERTY'S STATEMENT OF POSITIONS

COMES NOW The Empire District Electric Company d/b/a Liberty ("Liberty" or the "Company"), and, using the issues as set forth in the Amended List of Issues filed herein on September 30, 2025, presents Liberty's Statement of Positions. In this regard, the Company respectfully states as follows to the Missouri Public Service Commission ("Commission"):

Capital Structure/ROE/Cost of Debt

1) What is the appropriate rate of return?

a. Return on Common Equity – what return on common equity should be used for determining rate of return?

Response: The return on common equity for determining the rate of return should be 10.00%, which is at the lower end of an overall reasonable range of between 9.75% and 11.00%.

b. Capital Structure – what is the appropriate capital structure to use for ratemaking in this proceeding?

Response: Per the Commission's *Order* issued April 23, 2025, the Company was to update its capital structure and cost of debt through March 31, 2025. Liberty's proposed equity ratio was 53% and its debt ratio was 47% as of March 31, 2025. This compares to a proposed equity ratio of 53.10% and a debt ratio of 46.90%, as of September 30, 2024, included in the original filing. Per the terms contained in the Commission-approved Stipulation and Agreement in Case No. EM-2016-0213, as of March 31, 2025, Liberty's capital structure continued to be the "most economical" for purposes of determining fair and reasonable rates when compared to the capital structures of APUC and LUCo. Liberty's equity ratio is comparable to the actual equity ratios of the operating companies held by the proxy groups reviewed in determining a reasonable return on equity.

c. Cost of debt – what cost of debt should be used for determining rate of return?

Response: The Company's proposed cost of debt as of September 30, 2024, and included in its original filing was 4.22%. Per the Commission's *Order* issued April 23, 2025, the Company updated its cost of debt in its true-up filing to 4.53% to reflect the Company's planned 2025 debt issuance.

d. If the Commission adopts Staff's and Empire's recommended capital structure, is it appropriate to set a ratemaking capital structure and cost of debt based on projections beyond the true-up cut-off date of March 31, 2025?

Response: It is appropriate for the Commission to use the capital structure and debt cost through the true-up cut-off date of March 31, 2025. If the Commission wishes to incorporate into its decision the fact that Liberty is issuing additional debt in 2025, then it is appropriate for the Commission to do so.

Ex. 17, Emery Direct: p. 9; Direct Schedule CTE-8, p. 1; Direct Schedule CTE-9, p. 1.
Ex. 19, Emery Surrebuttal and True-Up Direct: True-Up Direct Schedule CTE-1, pp. 100-101.
Ex. 4, Dane Direct: pp. 4-7 and pp. 46-51.
Ex. 5P/5C, Dane Rebuttal: pp. 3-12; pp. 14-16; pp. 17-29.
Ex. 6P/6C, Dane Surrebuttal and True-Up Direct: pp. 2-14.
Ex. 7, Dane True-Up Rebuttal: pp. 1-4.

Rate Base Items

Plant & Accumulated Depreciation

2) What is the appropriate amount of plant in service and depreciation reserve to include in rate base?

Response: The appropriate Missouri plant in service balance is $3,933,520,170, and the Missouri depreciation reserve is $1,137,709,017.

Ex. 19, Emery Surrebuttal and True-Up Direct: True-Up Direct Schedule CTE-1, p. 2.

a. What is the appropriate amount of common plant removal for plant and accumulated depreciation?

Response: Certain general plant assets recorded on Liberty's books are shared between Liberty electric and other non-electric affiliated business entities; therefore, a portion must be removed from the cost of service to avoid subsidization by Missouri electric customers. The appropriate amount of common plant removal for the Missouri plant is ($13,322,332), with a corresponding accumulated depreciation removal balance of ($6,774,576), resulting in a net common plant removal balance of ($6,547,756) as of March 31, 2025. The Company's proposed methodology is the most appropriate, as Staff's true-up direct EMS run includes common plant adjustment balances that are unsupported and appear to be inadvertently carried over from an EMS run that has been superseded.

Ex. 17, Emery Direct: p. 12, line 17 through p. 13, line 14.
Ex. 18, Emery Rebuttal: p. 3, line 8 through p. 4, line 12.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 2, line 13 through p. 3, line 20; p. 22; p. 24, line 22 through p. 25, line 3.
Ex. 20, Emery True-Up Rebuttal: p. 4, lines 7-15.

b. Should the Commission order Empire to retire general plant assets that will exceed their amortization period before the effective date of new rates?

Response: No. The Commission should not order Empire to retire general plant assets that will exceed their amortization period before the effective date of new rates. If these general plant assets were to be retired, it would selectively modify 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. This is inconsistent with sound regulatory practices.

Ex. 19, Emery Surrebuttal and True-Up Direct: p. 5, lines 6-23.

c. Should Empire be allowed to earn a return on retired non-AMI meters that created a negative reserve balance?

Response: Yes. Full recovery of the prudently incurred costs associated with the deployment of its advanced metering infrastructure, including the recovery of legacy meters, is warranted. 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 of the legacy assets solely because they have been retired 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.

Ex. 19, Emery Surrebuttal and True-Up Direct: p. 6, line 1 through p. 7, line 15.
Ex. 59, Westfall Surrebuttal: p. 14, line 5 through p. 16, line 5.

d. Should Empire be allowed to earn a return on Empire's investment in non-AMI meters?

Response: Yes. Full recovery of the prudently incurred costs associated with the deployment of its advanced metering infrastructure, including the recovery of costs associated with legacy meters, is warranted. 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 of costs associated with the legacy assets solely because they have been retired 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.

Ex. 19, Emery Surrebuttal/True-Up Direct: p. 6, line 1 through p. 7, line 15.
Ex. 59, Westfall Surrebuttal: p. 14, line 5 through p. 16, line 5.

e. What is the appropriate balance of Iatan and PCB transformer costs to include as an offset to accumulated depreciation?

Response: The appropriate Missouri pro forma ending balance is $7,348,995. The Company's proposed adjustment reflects the total amount of capital expenditures related to Iatan and PCB Transformer/Sub Transformer environmental activities that have been settled and paid by the Company through the end of the March 2025 true-up period. These expenditures are being offset against the applicable accumulated depreciation accounts based on the language approved by the Commission in the Amended Report and Order in Case No. ER-2019-0374.

Ex. 17, Emery Direct: p. 30, lines 1-14.
Ex. 18, Emery Rebuttal: p. 19, lines 13-22.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22.
Ex. 20, Emery True-Up Rebuttal: pp. 2-3.

f. Should the Commission include depreciation reserve accumulated beyond the March 31, 2025 true-up date?

Response: No. The Commission should not adopt a discrete adjustment to include depreciation reserve accumulated beyond the March 31, 2025 true-up date. It selectively modifies accumulated depreciation without making corresponding updates to both plant balances and expenses. This creates an incomplete and unbalanced view of the Company's cost of service. From a ratemaking perspective, this raises a matching principle concern – adjustments should be applied consistently across interrelated components to ensure the revenue requirement reflects the true cost of providing service.

Ex. 18, Emery Rebuttal: p. 6, lines 3-20.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, line 13 through p. 4, line 2.

g. Should the Company recover reclassified Asbury stranded plant costs?

Response: Yes. 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 inadvertently allocated to the Company's wholesale customers at the time of the plant's retirement. Staff states that the balance should have been included in the securitization docket and including it in the Company's current cost of service calculation now is retroactive ratemaking. The Company is not seeking to retroactively change rates already charged or collected. Instead, the Company is recommending a forward-looking correction so that rates reflect actual costs and are consistent with regulatory intent.

Ex. 20, Emery True-Up Rebuttal: p. 4, line 16 through p. 5, line 5.

h. Should Empire recover the cost of repairs to Riverton 10?

Response: Yes. The Company's decision was thoughtfully made only after a robust analysis of the data and was based upon what was known at the time of its decision. A third-party review concluded that repairing Riverton 10 was the more economical option for customers, and continuing to operate Unit 11 without repair presented substantial safety risks.

Ex. 20, Emery True-Up Rebuttal: p.5, line 6 through p. 6, line 2.
Ex. 2, Berkstresser Rebuttal: p. 2, line 1 through p. 6, line 10.
Ex. 11, Doll True-Up Rebuttal: p. 2, lines 6 through p. 4, line 13.
Ex. 11, Doll True-Up Rebuttal: True-Up Rebuttal Schedule AJD-1.

i. Should the Commission order OPC's recommended disallowance of 2% of the rate base inclusion of transmission and distribution projects since Empire's last rate case over $1 million?

Response: No. The Company strongly disagrees with the proposal to disallow 2% of investment into distribution and transmission assets. The suggested 2% disallowance is arbitrary, lacking analytical basis or cost-of-service justification. The Company's distribution and transmission projects are designed to deliver long-term benefits by modernizing infrastructure, reducing outage risk, supporting load growth, and improving system resiliency. The benefits of these investments are realized over a multi-year horizon and provide the foundation for future reliability improvements. Disallowing recovery of a portion of these costs based on an arbitrary percentage would penalize the Company for making prudent investments that were necessary to meet customer needs.

Ex. 59, Westfall Surrebuttal: p. 6, line 16 through p. 8, line 12.

j. Should Empire be allowed to earn a return on Empire's investment in new AMI meters?

Response: Yes. The meters – accounted for in account 370 and 370.1 – have continued to perform their core functions reliably: measuring energy usage, supporting outage detection, and enabling time-of-use rate structures. From an operational standpoint, the meters were installed correctly, are functioning as intended, and continue to provide value to customers every day. Thus, to remove the return on the meters because of billing issues not associated with them is inconsistent with utility ratemaking principles and unnecessarily penalizes the Company.

Ex. 18, Emery Rebuttal: p. 5, line 11 through p. 6, line 2.

Ex. 58, Westfall Rebuttal: p. 3, line 13 through p. 4, line 7.

Cash Working Capital

3) What is the appropriate value for the income tax expense lag in the Cash Working Capital schedule?

Response: The appropriate amount of income tax expense lag in the cash working capital schedule is 39.38 days. This value is what the Company originally requested, and which was also approved by the Commission in the Company's general rate case, ER-2019-0374. Including a 365-day expense lead as proposed by Staff implies that the Company receives money on the first day of the year for its annual income tax expense which is not accurate as the Company receives money over the course of the year as it issues its invoices and receives respective payment from customers.

Ex. 34, Lyons Direct: p. 37, lines 1-9.

Ex. 18, Emery Rebuttal: p. 6, line 21 through p. 7, line 6.

Prepayments

4) What is the appropriate balance of prepayments?

Response: While the Company may not fully agree with the methodologies used by Staff for prepayments, the Company finds Staff's figure to be reasonable and acceptable for purposes of this rate case.

Ex. 18, Emery Rebuttal: p. 20, lines 10-22.
Ex. 19, Emery Surrebuttal and True-Up Direct: pp. 10-11.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 7-12.

Materials, Supplies, and Inventory

5) What is the appropriate amount of materials and supplies to include in Empire's rate base?

Response: The Company agrees that the 163 stores expense accounts should be included in the 13-month average adjustment for materials and supplies. However, the Company continues to include the FERC 184 clearing accounts, as they are an integral component of the Company's inventory account structure. Clearing accounts temporarily hold costs before they are reclassified to their appropriate functional accounts. The purpose of a clearing account is to ensure accurate allocation of expenses across various operational categories, supporting proper cost tracking. The temporary nature of this accounting treatment should not preclude the Company from recovering these legitimate costs. The appropriate amount of materials and supplies to include in rate base is $68,725,997.

Ex. 18, Emery Rebuttal: p. 7, line 7 through p. 8, line 4.

Ex. 19, Emery Surrebuttal and True-Up Direct: p. 25, lines 4-10.
Ex. 19, Emery True-Up Direct Schedule CTE-1: figure at p. 23, row 103, column (n) minus figure at p. 22, row 15, column (n).
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, line 13 through p. 4, line 2.

6) What is the appropriate amount of fuel inventory to include in Empire's rate base?

Response: While the Company may not fully agree with the methodologies used by Staff for fuel inventory, the Company finds Staff's true-up period figure to be reasonable and acceptable for purposes of this rate case.

Ex. 18, Emery Rebuttal: p. 20, lines 10-21.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22, Table 1.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 7-12.

Customer Deposits

7) What is the appropriate amount of customer deposits to include in Empire's rate base?

Response: The appropriate balance as of the March 2025 true-up period for customer deposits is $15,461,733. This is consistent with Staff's proposed balance.

Ex. 18, Emery Rebuttal: p. 20, lines 10-24.
Ex. 19, Emery True-Up Direct: Schedule CTE-1, p. 24.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 1-6.

Customer Advances

8) What is the appropriate amount of customer advances to include in Empire's rate base?

Response: The appropriate balance as of the March 2025 true-up period for customer advances is $8,819,941. This is consistent with Staff's proposed balance.

Ex. 18, Emery Rebuttal: p. 20, lines 10-23.
Ex. 19, Emery True-Up Direct: Schedule CTE-1, p. 25.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 1-6.

Regulatory Assets/Liabilities

9) What is the appropriate rate base and amortization expense for Plum Point deferred carrying costs?

Response: While the Company may not fully agree with the methodologies used by Staff for Plum Point deferred carrying costs, the Company finds Staff's true-up period figure to be reasonable and acceptable for purposes of this rate case.

Ex. 17, Emery Direct: p.16, lines 10-20.
Ex. 18, Emery Rebuttal: p. 20 line 10 through p. 21, line 4.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22, Table 1; p. 27, Table 2.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 7-12.

10) What is the appropriate rate base and amortization expense for Iatan I deferred carrying costs?

Response: While the Company may not fully agree with the methodologies used by Staff for Iatan I deferred carrying costs, the Company finds Staff's true-up period figure to be reasonable and acceptable for purposes of this rate case.

Ex. 17, Emery Direct: p.16, lines 10-20.
Ex. 18, Emery Rebuttal: p. 20 line 10 through p. 21, line 4.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22, Table 1; p. 27, Table 2.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 7-12.

11) What is the appropriate rate base and amortization expense for Iatan II deferred carrying costs?

Response: While the Company may not fully agree with the methodologies used by Staff for Iatan II deferred carrying costs, the Company finds Staff's true-up period figure to be reasonable and acceptable for purposes of this rate case.

Ex. 17, Emery Direct: p.16, lines 10-20.
Ex. 18, Emery Rebuttal: p. 20 line 10 through p. 21, line 4.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22, Table 1; p. 27, Table 2.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 7-12.

12) What is the appropriate rate base and amortization expense for the Customer Program Collaborative (DSM) account?

Response: The appropriate rate base balance for the Customer Program Collaborative account as of the March 2025 true-up period is $643,291, with an associated amortization expense of $359,980. This balance currently includes pre-MEEIA demand-side management (DSM) costs and monthly interruptible service credits incurred by the Company. All post-MEEIA monthly interruptible service credits have been reclassed by the Company into their own interruptible service credit regulatory asset.

While Staff has proposed applying a new six-year amortization period to the entire remaining regulatory balance as of March 2025, the Company has instead requested continuation of the amortization methodology previously approved by the Commission in Case No. ER-2014-0351. Under this approach, each vintage year of incurred costs begins amortizing in the subsequent year.

Additionally, due to an inadvertent accounting error, monthly interruptible service credits for one customer were excluded from the DSM account until 2024. A correcting entry was made in 2024 to reclassify these balances appropriately. However, Staff has incorrectly included annual amortization of these credits starting in 2022, despite the fact that amortization did not commence until 2025, following their proper recording in 2024. As a result, the rates calculated by Staff do not accurately reflect the unamortized balance of the interruptible service credits, which should be recovered from customers.

Ex. 17, Emery Direct: p. 16, line 21 through p. 17, line 14; p. 40, lines 4-12.
Ex. 18, Emery Rebuttal: p. 12, line 15 through p. 13, line 6; p. 14, line 8 through p. 15, line 3.
Ex. 19, Emery Surrebuttal and True-up Direct: p. 15, line 18 through p. 16, line 7; p. 22, Table 1; p. 27, Table 2.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, line 13 through p. 4, line 2; p. 9, Table 2; p. 10, line 12 through p. 11, line 4.

13) What is the appropriate rate base and amortization expense for interruptible service credits incurred after the January 2022 implementation of the Company's MEEIA program? Should they be tracked separately from the Customer Program collaborative (DSM) vintage costs incurred prior to January 2022?

Response: The Customer Program Collaborative account was originally established to track pre-MEEIA demand-side management costs, along with monthly interruptible service credits provided to customers. Since the Company began its MEEIA program in 2022, the only activity remaining in the account relates to interruptible service credits and the remaining amortization of pre-MEEIA DSM vintage year costs. The Company has proposed to separately track the monthly interruptible service credits recorded to the DSM account post-MEEIA, with a proposed three-year amortization period, consistent with other amortization treatments proposed by the Company in this case. This approach provides regulatory consistency and accurate cost recovery.

Additionally, the Company's proposed regulatory asset for monthly interruptible service credits incorporates a correction for a prior accounting error. Specifically, credits associated with one customer were inadvertently omitted from the regulatory asset beginning in 2021. This oversight was addressed through a correcting journal entry in 2024, which appropriately reclassified the balances into the designated account.

This results in a rate base balance of $1,408,456 and an amortization expense balance of $469,485.

Ex. 17, Emery Direct: p. 24, lines 1-14; p. 43, lines 8-11.
Ex. 18, Emery Rebuttal: p. 13 line 23 through p. 14, line 7.
Ex. 19, Emery Surrebuttal and True-up Direct: p. 15, line 18 through p. 16, line 7; p. 22, Table 1; p. 27, Table 2.

14) What is the appropriate rate base and amortization expense balance for the PeopleSoft Costs?

Response: The appropriate rate base and amortization expense balance for PeopleSoft costs should be zero. The Company maintains that Staff including the over-amortized PeopleSoft balance in rate base, while Staff excludes other regulatory asset account balances (Riverton 12 Tracker, Stub Period EADIT, Riverton Environmental Costs) that will be fully amortized before the effective date of rates in this case, is inconsistent and a flawed approach. Staff recommends the establishment of a regulatory accounting methodology to track regulatory assets and liabilities, including those that expire between rate cases or in some cases during the time frame of the rate case. Staff is prematurely applying this tracking concept to the PeopleSoft account. This preemptive action for PeopleSoft costs violates the principle of regulatory consistency and the tracker, if approved, should only apply to accounts that over amortize after the effective date of new rates in this case.

Ex. 20, Emery True-Up Rebuttal: p. 6, line 3 through p. 7, line 6; p. 14, lines 6-23.

15) What is the appropriate rate base amount and amortization expense for the Low-Income Pilot Program to include in Empire's cost of service?

Response: While the Company may not fully agree with the methodologies used by Staff for the Low-Income Pilot Program balances, the Company finds Staff's rate base and amortization expense balances to be reasonable and acceptable for purposes of this rate case.

Ex. 17, Emery Direct: p. 17, line 15 through p. 18, line 2; p. 40, lines 4-12.
Ex. 18, Emery Rebuttal: p. 20, line 10 through p. 21, line 2; p. 48, line 1 through p. 49, line 20.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 16, line 22 through p. 17, line 15; p. 22, Table 1; p. 27, Table 2.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 7-12; p. 9, Table 2; p. 10, lines 6-11.

16) What is the appropriate rate base balance for the prepaid pension asset, pension tracker, and OPEB tracker?

Response: While the Company may not fully agree with the methodologies used by Staff for the pension and OPEB tracker and prepaid pension asset balances, the Company finds Staff's rate base balances to be reasonable and acceptable for purposes of this rate case.

Ex. 21, Fallert Direct: p. 4, line 25 through p. 5, line 8.
Ex. 22, Fallert Rebuttal: p. 5, line 17 through p. 6, line 6.
Ex. 23, Fallert True-Up Direct: p. 3, lines 3-18.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 7-12.

17) Should the solar initiative include rebates paid for systems that became operational after December 31, 2023?

Response: Yes. Many rebate commitments were made between the initial discussions about ending the program and the effective date of the new tariffs, and those commitments were honored and paid. Liberty believes its decision to involve solar advocates and installation contractors early in stakeholder conversations may have triggered a "doorbuster effect," prompting a surge of applications as customers rushed to secure rebates before the tariff change. It is important from a policy perspective to honor these commitments and include the rebates that have been paid as the Company was working in earnest with stakeholders.

Ex. 18, Emery Rebuttal: p. 8, line 22 through p. 9, line 12.

18) What is the appropriate rate base and amortization expense for the solar initiative and solar rebate regulatory assets?

Response: While the Company may not fully agree with the methodologies used by Staff for the solar rebate and solar initiative balances, the Company finds Staff's rate base and amortization expense balances to be reasonable and acceptable for purposes of this rate case.

Ex. 17, Emery Direct: p. 18, lines 8-12; p. 18, line 20 through p. 19, line 7; p. 40, lines 18-22; p. 41, lines 10-16.
Ex. 18, Emery Rebuttal: p. 8, line 22 through p. 9, line 12; p. 27, lines 5-10.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22, Table 1; p. 27, Table 2.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 7-12; p. 9, Table 2; p. 10, lines 6-11.

19) What is the appropriate rate base and amortization expense for the Riverton 12 tracker?

Response: The appropriate rate base and amortization expense balance for the Riverton 12 tracker is zero. The Company agreed with Staff's recommendation of excluding the Riverton 12 Tracker from rate base and expenses, using the methodology that it would be fully amortized by August 2025, which is prior to the effective date of rates in this present proceeding.

Ex. 17, Emery Direct: p. 18, lines 13-19; p. 39, line 21 through p. 40, line 3.
Ex. 18, Emery Rebuttal: p. 21, lines 11-24; p. 50, lines 3-7.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22, Table 1; p. 25, line 23 through p. 26, line 8; p. 27, Table 2.

20) Should the Riverton 12 O&M amortizations continue to be tracked through the effective date of rates in this case?

Response: The Company agreed with Staff's recommendation of excluding the Riverton 12 Tracker from rate base, using the methodology that it would be fully amortized by August 2025, which is prior to the effective date of rates in this present proceeding. Therefore, the Company also excluded any amortization expense associated with the tracker and agreed to no longer track any related amortization.

Ex. 17, Emery Direct: p. 18, lines 13-19; p. 39, line 21 through p. 40, line 3.
Ex. 18, Emery Rebuttal: p. 21, lines 11-24; p. 50, lines 3-7.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22, Table 1; p. 25, line 23 through p. 26, line 8; p. 27, Table 2.

21) What balance for the PISA regulatory assets and associated amortization expense should be included in the revenue requirement?

Response: While the Company may not fully agree with the methodologies used by Staff for the PISA balances, the Company finds Staff's rate base and amortization expense balances to be reasonable and acceptable for purposes of this rate case.

Ex. 17, Emery Direct: p. 19, line 18 through p. 20, line 15; p. 42, lines 1-7.
Ex. 18, Emery Rebuttal: p. 20, line 10 through p. 21, line 1; p. 48, line 1 through p. 49, line 19.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22, Table 1; p. 27, Table 2.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 7-12; p. 9, Table 2; p. 10, lines 6-11.

22) Should Empire's PISA assets be reduced for deferred costs related to Riverton 10 repairs?

Response: No. The Company's decision to repair Riverton 10 was thoughtfully made only after a robust analysis of the data and was based upon what was known at the time of its decision. A third-party review concluded that repairing Riverton 10 was the more economical option for customers, and continuing to operate Unit 11 without repair presented substantial safety risks.

Ex. 20, Emery True-Up Rebuttal: p.5, line 6 through p. 6, line 2.
Ex. 2, Berkstresser Rebuttal: p. 2, line 1 through p. 6, line 10.
Ex. 11, Doll True-Up Rebuttal: p. 2, line 6 through p. 4, line 13.
Ex. 11, Doll True-Up Rebuttal: Schedule AJD-1.

23) Should the Riverton Environmental Costs be reflected in rate base and amortization expense?

Response: No. This regulatory asset was approved for recovery in the Company's last general rate case, Case No. ER-2021-031 with an authorized three-year amortization. This regulatory asset will be fully amortized by the time new rates from the current case take effect. As a result, the Company is in agreement with Staff and has excluded the remaining March 2025 balance of this regulatory asset from rate base, along with any associated amortization expense.

Ex. 17, Emery Direct: p. 25, lines 8-15; p. 41, lines 17-22.
Ex. 18, Emery Rebuttal: p. 20, line 10 through p. 21, line 6; p. 48, line 1 through p. 49, line 22.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22, Table 1; p. 26, line 9-18; p. 27, Table 2.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 1-6; p. 9, Table 2; p. 10, lines 1-5.

24) In consideration of all relevant factors, what is the appropriate rate base and amortization expense balance for the tornado AAO?

Response: The appropriate rate base and amortization expense balance for the tornado AAO should be zero. The Company maintains that Staff including the over-amortized tornado AAO balance in amortization expense, while excluding the amortization related to other regulatory asset accounts (Riverton 12 Tracker, Stub Period EADIT, Riverton Environmental Costs) that will be fully amortized before the effective date of rates in this case, is inconsistent and a flawed approach.

Staff recommends the establishment of a regulatory accounting methodology to track regulatory assets and liabilities, including those that expire between rate cases or in some cases during the time frame of the rate case. Staff is prematurely applying this tracking concept to the tornado AAO account. This preemptive action for the tornado AAO costs violates the principle of regulatory consistency and the tracker, if approved, should only apply to accounts that over amortize after the effective date of new rates in this case.

Ex. 20, Emery True-Up Rebuttal: p. 14, lines 6-23.

25) What is the appropriate balance of the PAYGO tracker regulatory asset?

Response: Liberty is not opposed to using the December 2024 balance of $496,813 rather than the March 2025 balance, as proposed by Staff, since the payments from the tax equity partners are made on an annual basis.

Ex. 17, Emery Direct: p. 23, lines 13-22.
Ex. 18, Emery Rebuttal: p. 9 line 18 through p. 10, line 5.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22, Table 1.
Ex. 20, Emery True-Up Rebuttal: p. 7, lines 7-18.

26) How long should the PAYGO tracker regulatory asset be amortized?

Response: Liberty proposed a three-year amortization of the PAYGO tracker regulatory asset, which is consistent with other amortization periods proposed by the Company.

Ex.17, Emery Direct: p. 42, lines 12-16.
Ex. 18, Emery Rebuttal: p. 9 line 18 through p. 10, line 5.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 27, Table 2.
Ex. 20, Emery True-Up Rebuttal: p. 9, Table 2; p. 10, lines 6-11.

27) Should the Company be allowed a return on the PAYGO tracker regulatory asset balance?

Response: The PAYGO tracker was explicitly authorized by the Commission in the Company's last rate case, Case No. ER-2021-0312, and its purpose is to account for the volatility and unpredictability of PAYGO related transactions. Since that time, the Company has properly tracked and recorded the revenue impacts in accordance with the Commission's directive. Including the regulatory asset in rate base and earning a return on the balance is consistent with sound ratemaking principles and accounts for the financial impacts of revenue volatility in a fair and transparent manner.

Ex. 18, Emery Rebuttal: p. 9, line 18 through p. 10, line 5.
Ex. 20, Emery True-Up Rebuttal: p. 7, lines 7-18.

28) Should the Company be allowed to recover property tax expense that was tracked since the effective date of the applicable statute? If so, what should be the approved rate base and amortization period?

Response: Yes. The Company should be allowed to recover property tax expense that was tracked since the effective date of the statute, August 28, 2022. There is no language in the statute stating that the deferral is to begin only after a future general rate proceeding; thus, reading such language into the statute would be unsupported. Additionally, there have been other Missouri utilities that have been allowed the recovery of the property tax tracker expense since the August 2022 effective date. It would be discriminatory to treat Liberty differently. The approved rate base as of the March 2025 true-up period is $15,603,022 with an amortization period of three years.

Ex. 17, Emery Direct: p. 21, line 15 through p. 22, line 4; p. 42, lines 8-11.
Ex. 18, Emery Rebuttal: p. 15, line 4 through p. 18, line 10.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 16, lines 13-21; p. 22, Table 1.
Ex. 20, Emery True-Up Rebuttal: p. 8, lines 13-20.

29) Should the Company be allowed to include the deferred long-term maintenance prepayment costs in rate base? If so, what is the appropriate deferred long-term maintenance prepayment balances as it pertains to Riverton, StateLine, and the Wind SWMA?

Response: Yes. The Company changed its accounting methodology for long-term prepaid maintenance costs since the Company's last rate case. Instead of immediately expensing all the costs, the Company deferred the costs in FERC account 186 because their proper disposition is uncertain at the time of payment. Once the work is completed, the Company evaluates the nature of the expenditures, and any costs related to capitalized work are transferred to the appropriate plant account. Any non-capital costs are reclassified to the appropriate O&M account. This methodology has also been approved by the Arkansas Public Service Commission in the Company's last rate case, Docket No. 22-085-U. The Company should be allowed to include these deferred long-term maintenance costs in rate base and the deferred balances as of the March 2025 true-up period is $18,833,904 for Riverton and State Line and $5,749,158 for the Wind SWMA.

Ex. 17, Emery Direct: p. 22, lines 5-20; p. 24, line 15 through p. 25, line 7.
Ex. 18, Emery Rebuttal: p. 10, line 6 through p. 12, line 2; p. 37, line 19 through p. 38, line 5.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 8, line 11 through p. 9, line 20; p. 22, Table 1.
Ex. 20, Emery True-Up Rebuttal: p. 8, lines 13-20.

30) Is there a lawful SB-EDR regulatory asset? Should rates reflect the SB-EDR regulatory asset and respective amortization, including recovery of all SB-EDR discounts incurred since the Company's last rate case?

Response: Yes, there is a lawful SB-EDR regulatory asset due to statutory authorization. The rates should reflect the SB-EDR regulatory asset and respective amortization. Further, the Company should be allowed recovery of all SB-EDR discounts incurred since the Company's last rate case through a regulatory asset and amortization. The SB-EDR regulatory asset was established pursuant to the provision of Senate Bill 564, codified at §393.1640, RSMo. This asset reflects the cumulative discounts provided to qualifying customers under the SB-EDR tariff in accordance with Senate Bill 564. The cost of providing these discounts must be recovered from all customer classes, as stated in the statute; therefore, regulatory asset treatment is appropriate.

Ex. 17, Emery Direct: p. 20, line 24 through p. 21, line 7; p. 40, lines 13-17.
Ex. 18, Emery Rebuttal: p. 18 line 11 through p. 19, line 12; p. 23, line 1 through p. 24, line 4.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 9, line 21 through p. 10, line 21; p. 22, Table 1; p. 27, Table 2.

Ex. 20, Emery True-Up Rebuttal: p. 8, lines 13-20; p. 9, Table 2; p. 10, line 12 through p. 11, line 4.

31) Should the over-amortization of Empire's unprotected Excess Accumulated Deferred Income Taxes (EADIT) be reflected in rate base and amortization expense?

Response: Yes. The EADIT tracker was established in the Company's last rate case, ER-2021-0312. The over-amortization of Empire's unprotected EADIT as of the March 2025 true-up period should be reflected in rate base and amortization. The Company also requests that the unprotected EADIT tracker mechanism remain in place until rates are effective from this case. Any additional over-amortization incurred in the regulatory asset account will be included for recovery in the Company's next general rate case.

Ex. 17, Emery Direct: p. 26, lines 3-14.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22, Table 1; p. 27, Table 2.
Ex. 38, McCuen Direct: p. 9, lines 5-14.
Ex. 39, McCuen Rebuttal: p. 1, line 17 through p. 2, line 18; p. 3, line 17 through p. 4, line 2; p. 9, lines 7-21.
Ex. 41, McCuen True-Up Rebuttal: p. 3, line 11 through p. 4, line 2.

32) What is the appropriate balance for the rate base recognition and amortization expense of the unprotected EADIT tracker?

Response: The appropriate rate base balance is $14,978,762 and amortization expense is $4,992,921 based on a three-year amortization period. It is appropriate to include both the tax amount and the associated gross-up balance as this is now a revenue/amortization adjustment above the line and should be the gross amount since it will be subject to income tax.

Ex. 17, Emery Direct: p. 26, lines 3-14.
Ex. 19, Emery Surrebuttal/True-Up Direct: p. 22, Table 1; p. 27, Table 2.
Ex. 38, McCuen Direct: p. 9, lines 5-14.
Ex. 39, McCuen Rebuttal: p. 1, line 17 through p. 2, line 18; p. 3, line 17 through p. 4, line 2; p. 9, lines 7-21.
Ex. 41, McCuen True-Up Rebuttal: p. 3, line 11 through p. 4, line 2.

33) What is the appropriate rate base and amortization expense balance for protected EADIT?

Response: While the Company may not fully agree with the methodologies used by Staff for protected EADIT, the Company finds Staff's true-up period figures for rate base and amortization expense to be reasonable and acceptable for the purposes of this rate case.

Ex. 17, Emery Direct: p. 27, lines 6-12; p. 39, lines 9-20.
Ex. 20, Emery True-Up Rebuttal: p. 2, Table 1; p. 3, lines 1-6; p. 9, Table 2; p. 10, lines 6-11.
Ex. 39, McCuen Rebuttal: p. 5, lines 12-17.

34) How should the deferred Asbury AAO costs be returned to customers?

Response: The Company is proposing an amortization period of three years for the over-recovered balance of the Asbury AAO liability. The AAO liability balance is comprised of the difference between the actual Asbury decommissioning costs incurred compared to the amount being recovered through the Company's Rider SUTC, and is offset with any Asbury incurred costs since the baseline was set in the Company's last rate case, ER-2021-0312.

Ex. 17, Emery Direct: p. 28, line 16 through p. 29, line 23; p. 43, lines 1-7.

35) What is the appropriate rate base and amortization expense balance for the Asbury AAO liability?

Response: During the true-up period, it was discovered that there were additional Asbury obsolete inventory costs that were incurred after the balances were established for securitization in Case No. EO-2022-0193. These costs were inadvertently excluded from the Company's direct filing, and therefore have been included as an offset of the Asbury AAO liability at the true-up period. The appropriate rate base balance for the Asbury AAO Liability is a Missouri pro forma ending balance of ($3,147,420). The appropriate amortization expense for the Asbury AAO liability is a Missouri pro forma ending balance of ($1,049,140).

Ex. 17, Emery Direct: p. 28, line 16 through p. 29, line 16; p. 43, lines 1-7.
Ex. 18, Emery Rebuttal: p. 20, line 10 through p. 11, line 7.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 22, Table 1; p. 25, lines 16-22; p. 27, Table 2.
Ex. 20, Emery True-Up Rebuttal: p. 7, line 19 through p. 8, line 6; p. 13, lines 7-11.

<u>ADIT</u>

36) What is the appropriate ADIT balance to be included in rate base?

Response: The appropriate March 2025 true-up balance of ADIT to be included in rate base is ($345,724,599). Staff has erroneously included ($25,678,825) in their ADIT balance that pertains to a regulatory liability account – specifically the gross-up associated with Missouri excess ADIT liability. While the Company and Staff arrive at the same total rate base impact when both balances are combined, the $(26 million) should be properly classified as a regulatory liability, not as a part of ADIT. This distinction is important for accurate categorization and compliance with regulatory account standards.

Ex. 17, Emery Direct: p. 15, lines 15-22.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 7, line 16 through p. 8, line 10; p. 22, Table 1.
Ex. 39, McCuen Rebuttal: p. 5, line 18 through p. 6, line 9; p. 6, line 21 through p. 7, line 16.
Ex. 40, McCuen Surrebuttal: p. 1, line 14 though p. 5, line 5.
Ex. 41, McCuen True-Up Rebuttal: p. 3, lines 3-10.

37) Should a net operating loss (NOL) deferred tax asset balance be included in rate base?

Response: The Company's NOL carryforward balance should be included in its rate base as a deferred tax asset. In a year in which Liberty generates an NOL for tax purposes that is carried forward, the NOL carryforward reduces the amount of cost-free capital it received. Therefore, Liberty has correctly reflected in its rate base computation the actual impact its NOL has had on the amount of cost-free capital that it received.

Ex. 39, McCuen Rebuttal: p. 7, line 17 through p. 9, line 6.

<u>Income Statement Issues</u>

38) What is the appropriate balance of retail revenues?

Response: The appropriate balance of retail revenues that should be included in the revenue requirement is $514,444,495, prior to the requested rate increase. This balance incorporates Staff's billing determinants except for the Economic Development Rider revenues (Issue 107) and Staff's revenue imputation adjustment.

The Commission should reject Staff's EDR revenue adjustment. The Company has included the SB-EDR discounts in a regulatory asset. This regulatory treatment was established to isolate the financial impact of SB-EDR related discounts from operating revenues, thereby preserving revenue neutrality and enabling recovery through rate proceedings.

The Commission should also reject Staff's imputed revenue adjustment. Staff applied a 15 percent adjustment to the normalized off-peak credit revenues to reflect the revenue impact of estimated TOU billing intervals that do not align perfectly with actual customer usage patterns. For the April 2024 through March 2025 time period, the total estimated intervals for the Missouri time-of-use tariff classes amounted to only 0.82% of all intervals. Staff's application of 15% significantly overstates the proportion of estimated intervals and does not align with the Company's actual operational experience.

Ex. 17, Emery Direct: p, 33, line 6 through p. 34, line 15; p. 34, line 21 through p. 35, line 11.
Ex. 18, Emery Rebuttal: p. 23, line 1 through p. 24, line 4.
Ex. 19, Emery Surrebuttal/True-Up Direct: p. 12, line 17 through p. 14, line 21.
Ex. 20, Emery True-Up Rebuttal: p. 24, line 18 through p. 25, line 14; p. 27, line 15 through p. 28, line 16.
Ex. 37, Lyons True-Up Rebuttal: p. 1, line 13 through p. 2, line 13.
Ex. 55, Walt True-Up Rebuttal: p. 1, line 16 through p. 3, line 20.

39) What level of PAYGO revenue should be included in the revenue requirement?

Response: The PAYGO revenue baseline should remain at zero, and the PAYGO tracker should remain in place. The tracker was authorized by the Commission in the Fourth Partial Stipulation and Agreement in Case No. ER-2021-0312 and set a $4 million base PAYGO revenue to address the inherent volatility of PAYGO related revenues.

If the Commission chooses to include PAYGO revenues in base rates, the Company strongly recommends using a three-year average of $3.71 million, which more accurately reflects the variability and avoids overstatement of expected revenues.

Ex. 18, Emery Rebuttal: p. 24, line 9 through p. 25 line 9.

40) What is the appropriate level of miscellaneous revenues to be included in Empire's revenue requirement?

a. What is the appropriate balance of forfeited discount revenues?
b. What is the appropriate balance of reconnect/misc revenues?
c. What is the appropriate balance of rent revenues?
d. What is the appropriate balance of other electric revenues?
e. What is the appropriate balance of Plum Point Transmission revenues?

Response: While the Company may not fully agree with the methodologies used by Staff for miscellaneous revenues, the Company finds Staff's balances to be reasonable and acceptable for the purposes of this rate case.

Ex. 17, Emery Direct: p, 33, line 6 through p. 34, line 15; p. 34, line 21 through p. 35, line 11.
Ex. 18, Emery Rebuttal: p. 23, line 1 through p. 24, line 4.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 12, line 17 through p. 14, line 21.

41) Renewable Energy Credits ("RECs")

a. What amount of revenues from the sale of RECs should be included in Empire's revenue requirement?
b. What amount of revenues from the sale of RECs should be included in Empire's FAC base factor?

Response: A REC is a tradable certificate that represents the environmental benefits of one megawatt-hour ("MWh") of electricity generated from a renewable energy source. In the Company's calculation of net REC revenue, a base rate $/REC was established based on history and the current market. Broker fees and agreements with the Empire Wind Holdings Company were also considered. This rate was applied to the normalized and annualized number of RECs that was assumed to be available for sale. It is important to note that not all RECs generated by the Company's renewable resources can be sold. Some of the Company RECs are needed to meet RPS requirements and some are associated with capacity and energy sales. The remaining number of RECs that can be sold is based on market demand.

a. The amount of revenues from the sale of RECs that should be included in Empire's revenue requirement is $5,120,902.
b. The amount of revenues from the sale of RECs that should be included in Empire's FAC base factor is $5,851,899.

Ex. 19, Emery True-Up Direct: Schedule CTE-1, p. 48, lines 12-13.
Ex. 50, Tarter Rebuttal: p. 4.
Ex. 51P/51C, Tarter Sur. and True-Up Direct: p. 4.

42) What level of TCR/ARR revenues should be included in Empire's revenue requirement and for calculating Empire's FAC base factor?

Response: In its updated FAC base factor proposal, the Company has proposed to use TCR revenue offset in the amount of $38,197,084. TCRs are financial instruments subject to market conditions, allocation rules, and availability. Their value depends on how effectively they hedge congestion, not simply on the presence of congestion itself. The Company considered historical experience but also applied an understanding of the complexity of transmission congestion in the electricity markets and accounted for critical factors such as changes in grid topology, shifts in generation mix and evolving market conditions.

Ex. 50, Tarter Rebuttal: pp. 9-13.
Ex. 51P/51C, Tarter Surrebuttal and True-Up Direct: p. 4.
Ex. 52, Tarter True-Up Rebuttal: pp. 4-6.

43) What is the appropriate balance of net fuel and purchased power costs?

Response: The appropriate balance of net fuel and purchased power that should be included in the revenue requirement is $103,194,167. This represents balances calculated in the production cost run provided by Company witness Todd W. Tarter.

Ex. 17, Emery Direct: p. 36, line 18 through p. 37, line 3.
Ex. 18, Emery Rebuttal: p. 38, lines 6-21; p. 44, lines 3-6.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 12, lines 1-16; p. 20, lines 21-23; p. 28, lines 14-23.
Ex. 49P/49C, Tarter Direct: pp. 7-12.
Ex. 50, Tarter Rebuttal: p. 3, line 16 through p. 5, line 8; pp. 6-10.

a) Should the Commission set rates based on natural gas fuel costs based on natural gas fuel prices (actual and/or projected) for periods beyond the March 31, 2025 true-up cut-off date?
b) Should the Commission set rates based on energy market costs based on energy market prices (actual and/or projected) for periods beyond the March 31, 2025 true-up cut-off date?

Response:

a./b. Yes. The base fuel costs should consider all relevant factors that may affect the costs or overall rate and charges of Liberty. There is a correlation between natural gas prices and market prices that should be considered in setting an appropriate rate. The Company has utilized information provided by Horizons Energy, the Company's natural gas and market price consultant, Spring 2025 Reference Case. This is the third consecutive Missouri rate case that Liberty has utilized Horizons Energy's fuel and market price data.

Ex. 49P/49C, Tarter Direct: p. 10.
Ex. 50, Tarter Rebuttal: pp. 6-8.
Ex. 51P/51C, Tarter Surrebuttal and True-Up Direct: pp. 3-4.
Ex. 52, Tarter True-Up Rebuttal: p. 4.

44) What is the appropriate amount of long-term maintenance costs to include in Empire's cost of service?

Response: The appropriate amount of long-term maintenance costs related to Stateline Units 1 & 2 and Riverton Unit 12 is $628,849 which would represent a normalized balance of operating expenses related to the long-term maintenance costs. The appropriate amount of the Wind SWMA expenses is $8,013,381.

Ex. 17, Emery Direct: p. 22, lines 5-20; p. 24, line 15 through p. 25, line 7; p. 51, lines 5-10.
Ex. 18, Emery Rebuttal: p. 10, line 6 through p. 12, line 2.
Ex. 19, Emery Surrebuttal: p. 8, line 11 through p. 9, line 20.
Ex. 20, Emery True-Up Rebuttal: p. 8, line 16; p. 18, line 15 through p. 19, line 24.
EXP ADJ 23 – Riverton Stateline LTM Deferred Mtc Exp – Update workpaper supporting Exhibit 42, Emery True-Up Direct, at tab EXP ADJ 23.
EXP ADJ 20 – Non-Fuel Wind Expenses – Update workpaper supporting Exhibit 42, Emery True-Up Direct, at tab EXP ADJ 20.

45) What is the appropriate amount of non-wind generation operation and maintenance to include in Empire's cost of service?

Response: The appropriate amount of non-wind generation operations and maintenance to be included in Empire's cost of service is a Missouri pro forma ending balance of $15,813,719. This amount excludes the deferred debit balance of Riverton and State Line long-term maintenance contract costs.

Ex. 17, Emery Direct: p. 37, lines 4-13.
Ex. 18, Emery Rebuttal: p. 38, line 22 through p. 39, line 10.
Ex. 19, Emery True-Up Direct: p. 18, line 15 through p. 19, line 24.
EXP ADJ 2 – Generation O&M Normalization – Update workpaper supporting Exhibit 42, Emery True-Up Direct, at tab Adjustment Summary by Account

46) Excluding Riverton 10 and 11, what is the appropriate level of depreciation and amortization expense of plant to include in the cost of service?

Response: OPC has proposed that the stranded costs associated with Riverton Units 10 and 11 be removed from plant balances and reclassified into a regulatory asset, and amortized over five years, based on the assertion that OPC believes the Company will have a large stranded cost for these assets at the time of retirement. However, the Commission should reject OPC's claim that the Company faces a substantial stranded asset due to the retirement of these units. OPC's analysis is flawed, as it relies on plant balances that include Riverton 10 & 11 assets beyond those scheduled for retirement in 2026. OPC's analysis significantly inflates the undepreciated balance of the assets actually slated for retirement and is therefore unnecessary to reclassify into a regulatory asset. The appropriate amount of depreciation expense to include in the cost of service is $127,005,756.

Ex. 56, Watson Rebuttal: p. 4, line 21 through p. 5, lines 5.
Ex. 19, Emery True-Up Direct Schedule CTE-1: p. 94, row 318, column (i).

47) What is the appropriate level of depreciation and amortization expense of plant to include in the cost of service for Riverton 10 and 11?

Response: The appropriate level of depreciation and amortization expense to include in the cost of service for Riverton 10 and 11 at the March 2025 true-up period is $1,767,411. This balance includes both Riverton 10 and 11 assets that are slated to be retired in 2026, in addition to ones that will remain in service beyond that date.

Ex. 19, Emery True-Up Direct Schedule CTE-1: p. 89, row 142, column (i).

48) If Empire is not allowed to earn a return on retired non-AMI meters that created a negative reserve balance, how should the negative reserve balance be treated?

Response: The Company should be allowed to earn a return on the retired non-AMI meters that created a negative reserve balance. The Company carefully designed and planned its AMI system in 2019 and began installing the system by sectors. Moving through the Company's territory by sector allowed the Company to replace all in-scope meters in an area before moving onto the next. This was a more efficient approach than skipping the undepreciated meters in sectors and then travelling all over the service territory to replace those meters ad hoc as they depreciate.

Additionally, the AMI solution implemented by the Company relies on a mesh network. This means that each meter in the system acts as a repeater and forms a mesh network that communicates with the Company's meter data management system. When all the meters in a sector are AMI meters, they work in concert with each other to create a strong mesh network of two-way communication between the customers and the Company. However, if the Company were to only replace fully depreciated meters, there would be fewer AMI meters to act as repeaters, and the resulting mesh network would be weaker than the one described above. With reduced overlapping coverage, there is great risk of meters becoming stranded and unable to communicate with Company assets.

Furthermore, if the Company only replaced fully depreciated meters, this would have prevented some of the Company's customers from realizing the benefits of the AMI system at the same time as their neighboring customers, even though they are paying for a portion of the AMI implementation. The Company strongly believes all customers should be able to access the benefits of the AMI meters.

Finally, the Company prudently chose to replace as many old meters as possible to maintain the integrity of the AMI mesh network, meaning that it was necessary for the Company to replace the old meters before they were fully depreciated and reached the end of their useful lives.

Ex. 59, Westfall Surrebuttal: p. 14, line 5 through p. 16, line 5.
Ex. 19, Emery Surrebuttal True-Up Direct: p. 6, line 1 through p. 7, line 15.

49) What is the appropriate amount to include for vegetation management expense?

Response: The proper level of expense for vegetation management costs is $9,215,139. This amount reflects a reasonable level of ongoing vegetation management activity necessary to maintain system reliability and safety. Staff's analysis of 12-month ended vegetation management costs are flawed as they reviewed the full general ledger balances of the associated accounts, rather than looking specifically at the non-labor costs that were recorded to the vegetation management department/cost center. Thus, resulting in an overstatement in Staff's analysis. The Commission should approve the Company's balance as it reflects a reasonable level of ongoing vegetation management activity necessary to maintain system reliability and safety.

Ex. 17, Emery Direct: p. 37, lines 14-21.
Ex. 18, Emery Rebuttal: p. 47, lines 11-20.
Ex. 20, Emery True-up Rebuttal: p. 25, line 15 through p. 26, line 19.

50) What is the appropriate level of bad debt expense to be included in Empire's revenue requirement?

Response; The appropriate level of bad debt expense that should be included is $2,712,743. This is inclusive of a three-year historical average of uncollectible expense as well as the incremental increase in uncollectible expense anticipated for the requested revenue deficiency.

2024 MO Revenue Requirement Model – True-Up Rebuttal supporting Exhibit 20, Emery True-Up Rebuttal, at tab EXP ADJ 6.

51) What is the appropriate rate case expense for this case?

Response: The appropriate annual amount of rate case expense is $479,297. This amount includes remaining depreciation study costs, line loss study costs, and projected rate case expense for this docket.

a. Should the Commission disallow the rate case expense associated with Empire witness John J. Reed?

   Response: No. Mr. Reed's testimony addressed complex issues related to the Company's Fuel Adjustment Clause ("FAC") and Customer First system and provided valuable expert insight. The consulting costs were reasonable, necessary, and properly incurred.

b. What amortization period should be used for the depreciation study and line loss study?

   Response: The depreciation study was authorized to amortize over five years in Case No. ER-2021-0312. The amount remaining should continue to amortize until the five years concludes. The amortization period for the line loss study is four years.

Ex. 17, Emery Direct: p. 43, line 12 through p. 44, line 20.
Ex. 18, Emery Rebuttal: p. 42, lines 5-20.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 27, Table 2; p, 29, lines 9-18.
Ex. 20, Emery True-Up Rebuttal: p. 13, line 12 through p. 14, line 5.

52) What is the appropriate level of insurance expense to be included in Empire's revenue requirement?

Response: While the Company may not fully agree with the methodologies used by Staff for insurance expense, the Company finds Staff's balances to be reasonable and acceptable for the purposes of this rate case.

Ex. 17, Emery Direct: p. 44, line 21 through p. 45, line 4.
Ex. 18, Emery Rebuttal: p. 48, line 1 through p. 49, line 13.

53) What is the appropriate level of injuries and damages & worker's compensation expense to be included in Empire's revenue requirement?

Response: While the Company may not fully agree with the methodologies used by Staff for injuries and damages and worker's compensation expense, the Company finds Staff's balances to be reasonable and acceptable for the purposes of this rate case.

Ex. 17, Emery Direct: p. 45, lines 5-12.
Ex. 18, Emery Rebuttal: p. 48, line 1 through p. 49, line 9.

54) What is the appropriate level of payroll expense and payroll taxes to be included in Empire's revenue requirement?

Response: The appropriate level of payroll expense and payroll taxes is $40,039,488 and $2,880,134, respectively. The Commission should approve the Company's two-year average methodology for overtime costs. Given the inherent volatility of overtime, a two-year average better reflects long-term labor trends. Additionally, the 2025 CAM allocators should be used to calculate normalized 2025 payroll and payroll tax expense to avoid a mismatch of time periods. The Commission should also allow recovery of payroll expense related to open positions as those positions have since been filled. These positions are budgeted and necessary to maintain adequate staffing levels and for continued service reliability and obligations.

Staff has also excluded the full salary related to employees on short-term and long-term disability at the March 2025 true-up period. These employees are expected to return to active employment and 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.

Ex. 17, Emery Direct: p. 45, line 19 through p. 47, line 8.
Ex. 18, Emery Rebuttal: p. 30, line 19 through p. 33, line 2.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 15, lines 9-17; p. 27, Table 2; p. 29, line 19 through p. 30, line 23.
Ex. 20, Emery True-Up Rebuttal: p. 11, line 9 through p. 12, line 21.

55) What is the appropriate level of payroll related benefits to be included in Empire's revenue requirement?

Response: The appropriate level of payroll related benefits expense is $6,934,986. The Commission should approve the Company's two-year average methodology for overtime costs which are used to calculate normalized 401k expense. Given the inherent volatility of overtime, a two-year average better reflects long-term labor trends. Additionally, the 2025 CAM allocators should be used to calculate normalized 2025 employee benefit expense so there isn't a mismatch of time periods. Lastly, the Commission should allow recovery of employee benefits related to open positions as those positions have since been filled and those positions are necessary to maintain adequate staffing levels and for continued service reliability and obligations.

Ex. 17, Emery Direct: p. 47, line 9 through p. 48, line 6.
Ex. 18, Emery Rebuttal: p. 33, lines 3-13.
Ex. 19, Emery Surrebuttal/True-Up Direct: p. 27, Table 2; p. 30, line 24 through p. 31, line 22.
Ex. 20, Emery True-Up Rebuttal: p. 12, line 22 through p. 13, line 3.

56) What is the appropriate level of incentive compensation expense to be included in Empire's revenue requirement?

Response: The appropriate level of incentive compensation expense to be included in Empire's revenue requirement is the Company's test year level of incentive compensation. Staff has incorrectly recommended disallowance of incentive compensation and metrics from the 2023 Corporate Parent scorecard, which governs incentive payouts for the calendar year 2024. However, the Company's revenue requirement calculation does not include 2024 payouts, but rather includes the payouts that occurred in April of 2023. Therefore, there is a mismatch of time periods being applied by Staff for the metric disallowances.

Additionally, the Company should not be penalized for incentive compensation related to financial metrics. Customers benefit directly and indirectly from the inclusion of financial metrics in employee incentive compensation. These metrics are designed to promote disciplined budgeting, cost control, and financial efficiency across the organization. When employees are incentivized to manage resources prudently, the result is more efficient operations, reduced waste, and lower overall costs. These outcomes contribute to the financial health of the utility, which is essential for maintaining safe, reliable service and investing in infrastructure improvements. A financially sound utility is better positioned to deliver service at just and reasonable rates, absorb unexpected costs, and avoid volatility that could negatively impact customers. Incentive compensation tied to financial performance provides additional encouragement to employees to remain focused on cost-effective service delivery, which ultimately benefits customers.

Ex. 18, Emery Rebuttal: p. 33, line 14 through p. 37, line 18.

57) Should severance be included in the revenue requirement? If not, what is the appropriate rate base and expense reduction for severance costs?

Response: The Company agrees with Staff's position to remove severance costs. The appropriate amount to be removed from rate base is $349,177 and $750,107 to be removed from expenses.

Ex. 17, Emery Direct: p. 45, lines 13-18.
Ex. 18, Emery Rebuttal: p. 8, lines 5-18; p. 44, lines 7-17; p. 52, line 3.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 24, lines 17-21; p. 35, lines 8-18.
Ex. 20, Emery True-Up Rebuttal: p. 3, lines 7-12; p. 17, lines 14-23.
Ex. 14, Schwartz Direct: p. 18, lines 9-18.

58) What is the appropriate level of PSC assessment expense to be included in Empire's revenue requirement?

Response: While the Company may not fully agree with the methodologies used by Staff for PSC assessment expense, the Company finds Staff's balances to be reasonable and acceptable for the purposes of this rate case.

Ex. 17, Emery Direct: p. 48, lines 7-12.
Ex. 18, Emery Rebuttal: p. 48, line 1 through p. 49, line 10.

59) What is the appropriate level of Department 115 wind O&M expense to include in the revenue requirement?

Response: The Company does not agree with Staff's methodology for calculating the Department 115 wind O&M expense. While Staff updated their methodology to use a three-year average instead of a two-year average, the Company still believes that utilizing the 2024 budget is more indicative of a normal level of expense for Department 115. The Company believes that Staff's approach of using an average cost of actual data, and not representing expected ongoing costs is not reasonable. Therefore, the appropriate level of Department 115 wind O&M expenses is a total Missouri pro forma ending balance of $507,747.

Ex. 17, Emery Direct: p. 51, line 18 through p. 52, line 3.
Ex. 18, Emery Rebuttal: p. 42, line 21 through p. 43, line 8.
Ex. 20, Emery True-Up Rebuttal: p. 21, lines 4-14.
EXP ADJ 25 – Department 115 O&M Normalization – Update workpaper supporting Exhibit 42, Emery True-Up Direct, at tab Adjustment Summary by Account.

60) What is the appropriate level of non-FAC wind revenue and expense to include in the revenue requirement?

Response: The Company agrees with Staff's non-FAC wind revenue balance. The appropriate level of non-FAC wind expense is the Company's Missouri pro forma ending balance of $15,902,230, which represents annualization of expenses associated with our AMA, EMSA, OMA, and Transmission Easement Agreement as well as annualizes insurance expenses.

Ex. 17, Emery Direct: p. 35, lines 11-24; p. 50, lines 7-17.
Ex. 18, Emery Rebuttal: p. 38, lines 6-22; p. 48, line 1 through p. 49, line 12.
Ex. 20, Emery True-Up Rebuttal: p. 20, line 1 through p. 21, line 3.
EXP ADJ 20 – Wind – Non-Fuel Expense – Update workpaper supporting Exhibit 42, Emery True-Up Direct, at tab Summary.

61) What is the appropriate level of rating agency fees to be included in Empire's revenue requirement?

Response: While the Company may not fully agree with the methodologies used by Staff for rating agency fees, the Company finds Staff's expense balance to be reasonable and acceptable for purposes of this rate case.

Ex. 17, Emery Direct: p. 50, lines 14-24.
Ex. 18, Emery Rebuttal: p. 48, line 1 through p. 49, line 12.

62) What expense amount should be included in the revenue requirement for FAS 87 costs?

Response: The expense amount to be included for total pension expense is ($1,411,647). This balance includes: (1) projected 2025 non-service expense in Accounts 426581 and 426591 of ($130,055) (which is made up of ($1,970,169) of FAS 87 credits determined by the Company's actuary and pension settlement expense of $1,840,114); (2) projected 2025 FAS 87 service cost expense in Accounts 926148 and 926150 of $1,689,074 as determined by the actuary; and projected five-year amortization of ($2,970,666) of credits related to trackers authorized in prior cases. The ongoing amount of FAS 87 expense is ($281,095). However, in the event that FAS 88 expense is excluded from recovery, the ongoing FAS 87 expense should be set at zero.

Ex. 21, Fallert Direct: p. 3, lines 1-11, p. 4, lines 14-24.
Ex. 23, Fallert True-Up Direct: p. 1, line 14 through p. 2, line 7.
Ex. 24, Fallert True-Up Rebuttal: p. 1, line 13 through p. 2, line 2.

63) What expense amount should be included in the revenue requirement for FAS 88 costs?

Response: The expense amount for FAS 88 that should be included in the revenue requirement is $1,840,114.

Ex. 21, Fallert Direct: p. 3, lines 1-11, p. 4, lines 14-24.
Ex. 22, Fallert Rebuttal: p. 1, line 14 through p. 3, line 8.
Ex. 23, Fallert True-Up Direct: p. 1, line 14 through p. 2, line 13.
Ex. 24, Fallert True-Up Rebuttal: p. 1, line 13 through p. 2, line 13.

64) What expense amount should be included in the revenue requirement for FAS 106 costs?

Response: The expense amount for FAS 106 that should be included in the revenue requirement is ($1,851,251) and the ongoing level of FAS 106 expense should be set to zero.

Ex. 21, Fallert Direct: p. 3, line 17 through p. 4, line 24.
Ex. 23, Fallert True-Up Direct: p. 2, line 19 through p. 3, line 2.
Ex. 24, Fallert True-Up Rebuttal: p. 3, lines 13-14.

65) What expense amount should be reflected in the revenue requirement for SERP?

Response: The expense amount for SERP that should be included in the revenue requirement is $1,011,002, which is based on the most recent 2025 regulatory expense amounts as calculated by the Company's actuary. In the event that the Commission adopts Staff's payment method instead, the amount included in the revenue requirement should be $752,059.

Ex. 21, Fallert Direct: p. 3, line 12-16 through p. 4, line 24.
Ex. 22, Fallert Rebuttal: p. 3, line 9 through p. 4, line 15.
Ex. 23, Fallert True-Up Direct: p. 2, lines 14-18.
Ex. 24, Fallert True-Up Rebuttal: p. 2, line 14 through p. 3, line 10.

66) What level of dues and donations expense should the Commission recognize in Empire's revenue requirement?

Response: The test year level of dues and donations should be included in the Company's revenue requirement, less any costs removed in the Company's EXP ADJ 11 non-recoverable expense adjustment.

Liberty supports the principle of ensuring that only prudent and customer-beneficial costs are recovered through rates. Staff's proposed disallowance, however, applies overly broad criteria and fails to account for the operational relevance and strategic value of certain expenditures. The Company makes a variety of contributions to service area entities in a continuing effort to uphold and increase the well-being of our customers by aiding the communities, educational institutions, civic organizations and service groups like the Chamber of Commerce who works to promote the local economy, which is beneficial to customers.

In addition, the Company disagrees with Staff's proposed disallowance of EEI dues related to regulatory advocacy, public relations, marketing, and advertising. The Company has already taken care to exclude any non-recoverable portions and has included only the prudent, customer-benefiting share of EEI dues in its cost of service. These remaining dues support regulatory engagement, technical collaboration, and industry benchmarking – activities that directly enhance the Company's ability to provide safe, reliable, and cost-effective service.

Ex. 17, Emery Direct: p. 45, lines 13-16.
Ex. 18, Emery Rebuttal: p. 28, line 5 through p. 30, line 11.
Ex. 20, Emery True-Up Rebuttal: p. 17, lines 14-21.

67) What is the appropriate amount of Advertising Expense to include in Empire's revenue requirement?

Response: While the Company may not fully agree with the methodologies used by Staff for advertising expense, the Company finds Staff's balance to be reasonable and acceptable for purposes of this rate case.

Ex. 18, Emery Rebuttal: p. 30, lines 12-18.
Ex. 20, Emery True-Up Rebuttal: p. 17, lines 14-21.

68) What is the appropriate amount of customer payment fees to include in Empire's revenue requirement?

Response: While the Company may not fully agree with the methodologies used by Staff for customer payment fees, the Company finds Staff's balance to be reasonable and acceptable for purposes of this rate case.

Ex. 18, Emery Rebuttal: p. 47, line 21 through p. 49, line 16.

69) What is the appropriate amount of lease expense to include in Empire's revenue requirement?

Response: While the Company may not fully agree with the methodologies used by Staff for lease expense, the Company finds Staff's balance to be reasonable and acceptable for purposes of this rate case.

Ex. 18, Emery Rebuttal: p. 47, line 21 through p. 49, line 14.

70) What is the appropriate amount of expense to be included in cost of service associated with water used at State Line facility?

Response: The appropriate amount of expense related to water usage for the State Line facility is $3,724,787. This balance takes into consideration the new MAWC rates that took effect on May 28, 2025.

Ex. 17, Emery Direct: p. 51, lines 11-17.
Ex. 18, Emery Rebuttal: p. 39, line 11 through p. 40, line 14.
Ex. 20, Emery True-Up Rebuttal: p. 21, line 15 through p. 22, line 4.
Ex. 1, Berkstresser Direct: p. 4, line 16 through p. 5, line 11.
EXP ADJ 24 –American Water Annualization – True-Up workpaper supporting Exhibit 42, Emery True-Up Direct, at tab EXP ADJ 20.

71) Should new MAWC water rates that took effect on May 28, 2025 be included in the calculation of expense associated with water usage at State Line?

Response: Yes, the new water rates that took effect on May 28, 2025, 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. Not using the new rates would result in an understatement of the Company's operating expenses and fail to reflect the most accurate cost of service.

Ex. 17, Emery Direct: p. 51, lines 11-17.
Ex. 18, Emery Rebuttal: p. 39, line 11 through p. 40, line 14.
Ex. 20, Emery True-Up Rebuttal: p. 21, line 15 through p. 22, line 4.

72) What level of cyber-security expense should the Commission recognize in Empire's revenue requirement?

Response: The amount of non-labor cyber-security that should be included the revenue requirement is $1,305,657, which represents the ongoing costs associated with the Company's Cybersecurity Program.

Ex. 18, Emery Rebuttal: p. 47, lines 5-10.
Ex. 19, Emery Surrebuttal: p. 34, line 9 through p. 35, line 7.
Ex. 20, Emery True-Up Rebuttal: p. 23, line 19 through p. 24, line 17.

73) Should the January 2025 CAM allocators be used for this case?

Response: Yes. The CAM allocators that were in effect during the March 31, 2025 true-up period most accurately represent the Company's current cost distribution across jurisdictions and functions and therefore should be used for precision in the revenue requirement.

Ex. 20, Emery True-Up Rebuttal: p. 12, lines 3-9.

74) What is the appropriate level of A&G expense?

Response: The appropriate level of A&G expenses to be included in the revenue requirement is $53,621,366. The adjustment proposed by OPC to reduce the Company's A&G expenses is based solely on generalized comparisons and subjective opinion, rather than substantive evaluation of Empire's actual cost drivers or regulatory obligations.

Ex. 18, Emery Rebuttal: p. 41, lines 9-12.
Ex. 15, Eichler Rebuttal: p. 3, line 1 through p. 4, line 22.
Ex. 16, Eichler Surrebuttal and True-Up Direct: p. 4, lines 5-12.
Ex. 19, Emery True-Up Direct: Schedule CTE-1, p. 32, line 11.

75) What is the appropriate interest rate to calculate interest expense on customer deposits to include in Empire's rate base?

Response: For purposes of this rate case, the Company does not oppose Staff's balance of interest expense on customer deposits.

Ex. 17, Emery Direct: p. 49, line 20 through p. 50, line 2.
Ex. 18, Emery Rebuttal: p. 26, lines 11-17.
Ex. 20, Emery True-Rebuttal: p. 17, lines 15-22.

76) What is the proposed amortization expense balance of Ice Storm costs?

Response: The Company agrees with Staff's balance of $0 related to the amortization expense for Ice Storm costs.

Ex. 18, Emery Rebuttal: p. 50, lines 18-23.

77) What is the appropriate amortization expense balance for the stub period EADIT?

Response: The Company agrees with Staff's approach to setting the amortization expense to $0 as the liability account will be fully amortized prior to the effective date of new rates in this proceeding.

Ex. 17, Emery Direct: p. 39, lines 9-20.
Ex. 18, Emery Rebuttal: p. 50, lines 8-17.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 29, lines 1-8.
Ex. 20, Emery True-Up Rebuttal: p. 16, line 20 through p. 17, line 5.

78) What amount of intangible plant amortization expense should be included in the revenue requirement?

Response: While the Company may not fully agree with the methodologies used by Staff for intangible plant amortization expense, the Company finds Staff's balance to be reasonable and acceptable for purposes of this rate case.

Ex. 17, Emery Direct: p. 48, line 23 through p. 49, line 4.
Ex. 18, Emery Rebuttal: p. 26, line 18 through p. 27, line 4.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 32, lines 15-24.
Ex. 19, Emery True-Up Direct Schedule CTE-1, p. 95, lines 16-22.
Ex. 20, Emery True-Up Rebuttal: p. 9, Table 2; p. 10, lines 6-11.

79) What is the appropriate level of depreciation clearing expense to be included in Empire's revenue requirement?

Response: While the Company may not fully agree with the methodologies used by Staff for depreciation clearing expense, the Company finds Staff's balance to be reasonable and acceptable for purposes of this rate case.

Ex. 18, Emery Rebuttal: p. 48, lines 1 through p. 49, line 18.

80) What are the appropriate depreciation rates to be ordered by the Commission?

Response: The Company will be submitting a comprehensive depreciation study in the coming months in compliance with 20 CSR 4240-3.175(1)(B)(2), which will be based on updated plant data and be subject to review in the Company's next general rate case. However, for this case, the Commission should continue the depreciation rates approved in the Company's last general rate case, Case No. ER-2021-0312.

The Company agrees with Staff's proposed depreciation rate of 5% for AMI meters in Account 370.1, as it is consistent with the rate the Company originally proposed in its revenue requirement and reflects a shared understanding of the appropriate service life and depreciation methodology for the assets in this account.

OPC witness Mr. Robinett's proposed revisions to Company generation facilities depreciation rates should be rejected. His analysis relies on outdated data, omits critical components such as interim retirement curves, and contains errors in remaining life calculations and retirement dates. Those deficiencies produce depreciation rates that do not reflect the actual condition or expected lifecycle of the Company's generation assets.

In addition, Staff applied 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 represents 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). The Company also 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, ER-2021-0312.

Ex. 42P, Palumbo Direct: p. 3, lines 1-16.
Ex. 56, Watson Rebuttal: p. 15, lines 1-12.
Ex. 18, Emery Rebuttal: p. 51, lines 1-6.
Ex. 20, Emery True-Up Rebuttal: p. 14 line 24 through p. 15, line 21.

81) What level of property tax should be included in the revenue requirement calculation for non-wind property and wind property?

Response: The level of property taxes that should be included in the revenue requirement for non-wind property is $29,173,041 and wind property is $4,060,955.

Ex. 17, Emery Direct: page 49, lines 10-19; page 50, lines 7-17.
Ex. 18, Emery Rebuttal: page 27, lines 11-22.
Ex. 19, Emery Surrebuttal and True-Up Direct: p. 33, lines 1-11 and Schedule CTE –1, p. 96, lines 7-9.
Ex. 20, Emery True-Up Rebuttal: p. 9, Table 2; p. 10, line 12 through p. 11, line 4.

82) Should federal income tax credits be recognized in the revenue requirement, and if so, what is the appropriate balance to be included in the revenue requirement?

Response: While the Company believes the alternative fuel tax credits should be in the revenue requirement, this tax credit is not the same as other tax credits and should not go directly to the income tax expense line. The benefit of the alternative fuel tax credit should be an above-the-line adjustment and should be a reduction to the overall fuel costs and not directly as a reduction to tax expense. When the Company pays a vendor invoice that has an excise tax related to this qualified purchase of kerosene, it is considered a pre-paid against the tax payable, but it never reduces tax expense directly. Just like any other pre-tax item, the impact is then tax affected at the statutory tax rate.

Additionally, production tax credits should not currently be a reduction to the Company's income tax expense in the revenue requirement. The Company is in a net operating loss position and has not benefited from the production tax credits ("PTC") and these credits should only be passed back to customers when they are monetized by the Company.

Lastly, while the Company agrees with Staff's inclusion of the general business tax credits included in income tax, the Company does not agree with the methodology applied by Staff. Staff's calculation has double-counted PTC benefits and also includes a non-reoccurring credit for the Company's Prosperity Solar project that should not be included for the calculation of normalized credits going forward.

Ex. 39, McCuen Rebuttal: p. 6, lines 10-19.
Ex. 41, McCuen True-Up Rebuttal: p. 1, line 15 through p. 3, line 2.

83) Should disposition losses offset current income tax expense?

Response: A gain or loss resulting in the disposition or impairment is a timing item for tax purposes and has already been properly considered by Liberty in the ADIT amount, which is included as a reduction in rate base. As such, these timing items do not impact the cost of service.

Ex. 39, McCuen Rebuttal: p. 10, lines 1-4.

84) What are the appropriate jurisdictional allocations to use for this case?

Response: While the Company may not fully agree with the methodologies used by Staff, the Company finds Staff's jurisdictional allocations to be reasonable and acceptable for purposes of this rate case.

Ex. 20, Emery True-Up Rebuttal: p. 26, line 20 through p. 27, line 6.

85) What is the value of the variable fuel and purchase power expense?

Response: The value of variable and purchased power expenses that should be included would be $95,430,658, which would capture the total fuel and purchased power expenses that would be included in the Company's proposed FAC base factor.

Ex. 51P/C, Tarter True-Up Direct: Schedule TWT-2 Confidential.

86) Should Liberty be authorized to utilize the Reverse South Georgia Method to return protected excess ADIT to customers? If so, what is the appropriate annual amortization and weighted average remaining plant life to use?

Response: Yes. Liberty has been calculating the ARAM amortization using the book depreciation rate, which contains factors to recover both depreciation expense over the estimated book life, as well as the Cost of Removal ("COR"). By calculating the ARAM amortization using the combined depreciation rate, the amortization of EADIT is occurring too rapidly, which does not comply with the Internal Revenue Code normalization rules. A normalization violation is detrimental to the Company and its customers because the utility could lose the benefits associated with accumulated depreciation tax timing differences.

Instead of using ARAM, Liberty could adopt the Reverse South Georgia Method ("RSRM"), an acceptable alternative method for reversing protected EADIT. Using the RSRM method, life and COR book-tax differences existing in protected EADIT would all be reversed over book lives, avoiding any potential normalization violation and assuring customers will receive 100% of the protected EADIT.

The appropriate annual amortization as of December 31, 2024, would be $2,798,153, and 29.34 is the appropriate weighted average remaining plant life.

Ex. 38, McCuen Direct: p. 5, line 19 through p. 9, line 3.
Ex. 39, McCuen Rebuttal: p. 4, line 3 through p. 5, line 11.

87) Should the Commission set rates based on amortization of unprotected Excess Accumulated Deferred Income Taxes ("EADIT") beyond the true-up cut-off date of March 31, 2025?

Response: Liberty and Empire agree that the tax balance for the unprotected EADIT as of March 31, 2025, is $11,407,810. However, as applied to the revenue requirement, the tax balance amount should be grossed-up within the revenue requirement calculation. This is to account for the fact that the Company has to pay taxes on the net book income. The original unprotected EADIT refund was $25 million in tax and an additional $8 million in gross-up for a total of $33.6 million. The original amount over-funded was based on the gross amount. Therefore, the amount due back to the Company is both the tax and the gross-up, which is $15 million, not $11.4 million.

Ex. 41, McCuen True-Up Rebuttal: p. 3, line 11 through p. 4, line 2.

88) Riverton 10 Repairs

a. Were the Riverton 10 repair costs prudently incurred?

Response: Yes. The Company's decision to repair Riverton Unit 10 was thoughtfully made only after a robust analysis of the data and was based upon what was known at the time of its decision. A third-party review concluded that repairing Riverton 10 was the more economical option for customers, and continuing to operate Unit 11 without repair presented substantial safety risks.

Ex. 20, Emery True-Up Rebuttal: p.5, line 6 through p. 6, line 2.
Ex. 2, Berkstresser Rebuttal: p. 2, line 1 through p. 6, line 10.
Ex. 11, Doll True-Up Rebuttal: p. 2, lines 6 through p. 4, line 13.
Ex. 11, Doll True-Up Rebuttal: True-Up Rebuttal Schedule AJD-1.

b. What amount of the Riverton 10 repairs capital cost should be included in rate base?

Response: Riverton Unit 10 underwent repairs totaling $1.74 million, which were fully capitalized under projects 4008514, 4009846, 4009848, 4009862, and 4009979, and recorded in functional FERC plant account 343. These costs were incurred and completed between mid-December 2023 and the end of March 2024. The full cost to repair Riverton 10 should be included in the revenue requirement.

Ex. 2, Berkstresser Rebuttal: pages 6-7.

c. Has Empire violated the Commission-ordered Stipulation and Agreement Paragraph 4(j) in Case No. EA-2023-0131?[1]

Response: No. While the Company acknowledges that testimony "on the decision process followed during the repair/replacement of Riverton Units 10 and 11 as well as any changes in policy resulting from that process" was not included in the initial filing of this rate case, the Company explained that it intends to include such testimony in the rate case where it first seeks cost recovery related to the replacement units. Liberty apologized for the misunderstanding if the intent of the stipulation provision was for the testimony to be included in this case. The Company provided workpapers on the respective borescope documentation performed on Riverton Units 10 and 11 in support of Brian Berkstresser's rebuttal testimony.

Ex. 2, Berkstresser Rebuttal: pages 6-7.

89) Ozark Beach Crane Extension

a. Were the costs of the crane extension project at Ozark Beach prudently incurred?

Response: Yes, and the approximate $2.9 million cost of the Ozark Beach crane extension should be included in the revenue requirement. The crane extension was placed in service in December 2022, came in under the $3.5 million budget for the extension project, and is now regularly used to transport materials and equipment to the dam, thus avoiding the need to move large items via barge, a process that was both more difficult and posed significant safety concerns.

Ex. 3, Berkstresser Surrebuttal: page 1, line 14 through page 3, line 2.

b. Does the crane extension project at Ozark Beach qualify for PISA?

Response: Yes. The Company believes that the project is 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, except rate-base additions for new coal-fired generating units, new nuclear generating units, or rate-base additions that increase revenues by allowing service to new customer premises. The crane extension project does not fall under any of these exclusions; therefore, the project qualifies for PISA treatment.

Ex. 19, Emery Surrebuttal: p. 4, lines 10 through p. 5, line 5.

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[1] Paragraph 4(j) of the Stipulation and Agreement in EA-2023-0131 states, among other things: "Liberty shall provide testimony on the decision process followed during the repair/replacement of Riverton Units 10 and 11 as well as any changes in policy resulting from that process."

FAC

90) Which FERC subaccounts should be included in Empire's FAC tariff sheets?

Response: The subaccounts used should be consistent with Rebuttal Schedule AJD-2, attached to the rebuttal testimony of Liberty witness Aaron Doll. This includes account 409115 Provision Federal Income Tax – Production Tax Credits. This account is to reflect the Company's share of the production tax credits related to the generation at the wind farms. Customers should receive the benefit of PTCs through the FAC because it ensures that the financial advantages of renewable energy generation are passed directly to customers faster than if they were included in the base rates.

Ex. 9P/9C, Doll Rebuttal: p. 18, Reb. Sched. AJD-2.
Ex. 10P/10C, Doll Surrebuttal and True-Up Direct: pp. 7-8.

91) What should be the FAC base factor for this case?

Response: The Company's updated FAC base factor proposal is \$17.85/MWh. This FAC base factor assumes that 100% of transmission revenue and expense associated with retail load would be eligible to be recovered through the FAC. For comparison purposes only, the Company's calculation would propose a FAC base factor of \$15.28/MWh at true-up using the same percentage of transmission cost as Staff's proposal.

Ex. 49P/49C, Tarter Direct: all.
Ex. 50, Tarter Rebuttal: all.
Ex. 51P/51C, Tarter Sur. and True-Up Direct: all.
Ex. 52, Tarter True-Up Rebuttal: p. 2

92) What are the appropriate FAC Voltage Adjustment Factors for Empire?

Response: The FAC Voltage Adjustment Factors for Empire should be updated to reflect the revised VAF recommended by Staff witness Bax, which reflect the updated loss study provided by the Company and more accurately reflects the current system losses.

Ex. 9P/9C, Doll Rebuttal: p. 19.

93) What is the percentage of SPP and MISO transmission expense that should be recovered through the FAC?

Response: All transmission costs should be included in the FAC, but not subject to a sharing mechanism. These are prudent, unavoidable costs of serving Missouri load in a regional market and the benefits show up immediately. Liberty's participation in SPP under a FERC-approved tariff delivers lower adjusted production costs, congestion relief, and stronger reliability the moment projects go in service. These charges are dynamic, formula-driven, and revised regularly, similar to fuel. Including 100% of those prudently incurred SPP and MISO transmission expenses in the FAC (not just a percentage) treats them consistently with their nature - necessary, benefit-linked, and time-varying.

Subjecting transmission expense to sharing would unfairly penalize Liberty for necessary expenses. Customers are already protected through regulatory oversight and prudence reviews., The result is that only reasonable, justified costs are recovered.

Ex. 8, Doll Direct: pp. 3-14.
Ex. 9P/9C, Doll Rebuttal: pp. 16-17.
Ex. 10P/10C, Doll Sur. and True-Up Direct: p. 8.
Ex. 11, Doll True-Up Rebuttal: pp. 1-2.
Ex. 44, Reed Direct: pp. 25-30.
Ex. 45, Reed Rebuttal: pp. 4-5.
Ex. 46, Reed Surrebuttal: all.

94) Should SPP Schedules 1A and 12 for administrative costs be included in the FAC?

Response: Yes. The Company incurs costs related to administration of the OATT and the SPP IM in the form of Schedule 1-A and administrative oversight by the FERC in the form of Schedule 12. The Company is proposing to include these charges in its FAC cost recovery.

Ex. 8, Doll Direct: p. 13.

95) What percentage of the SPP transmission revenues should be included in the FAC and its base factor calculation?

Response: SPP transmission revenues associated with retail load should be included in the FAC at a percentage equal to that used for SPP transmission expenses (Issue 93).

96) What additional FAC reporting requirements, if any, should the Commission require of Empire?

a. Should Empire's FAC reporting include providing its FAC reports to Public Counsel?

Response: Liberty does not object to the FAC reporting requirements proposed by Staff witness Mastrogiannis and does not object to also providing those FAC reports to Public Counsel.

Ex. 9P/9C, Doll Rebuttal: pp. 17-18.

97) How should the FAC tariff sheets be revised?

Response: The FAC tariff may need to be revised depending on the Commission's decisions as to FAC sharing percentage (Issue 98), transmission expense and revenue percentages (Issues 93 and 95), large load applicability (Issue 99), SPP administrative costs (Issue 94), subaccounts (Issue 90) and voltage adjustment factors (Issue 92).

98) What ratio of the difference between Empire's actual and base net fuel costs should the Commission order be shared between Empire and its customers as an incentive mechanism in Empire's FAC, should the Commission authorize continuation of an FAC for Empire?

Response: The Company recommends the Commission discontinue the sharing mechanism historically applied to the FAC. Nearly every state in the United States has some form of energy cost recovery mechanism for regulated utilities. These adjustment clauses are designed to align the costs associated with purchasing fuel to generate electricity or purchased power agreement costs, with the rates that are charged to customers. The underlying energy costs and revenues in the FAC are volatile, unpredictable and largely beyond the utility's control. The sharing provision at least partially divorces rates from costs and can materially affect the utility's opportunity to earn a fair return on equity, and places undue and unneeded importance on the estimate of fuel and purchase power costs included in base rates.

Ex. 44, Reed Direct: pp. 4-24.
Ex. 45, Reed Rebuttal: pp. 2-4.
Ex. 46, Reed Surrebuttal: all.

99) Should Empire's FAC tariff sheets be revised in this docket to address the fuel and purchased power impacts of large load customers with 25 MW or more of demand?

Response: No, not at this time. 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, in this case, 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. The Commission found that Liberty should be afforded the same procedural treatment.

Ex. 19, Emery Surrebuttal/True-Up Direct: pp. 19-20.

<u>Billing Determinants and Rate Design</u>

100) What level of billing units and normalized revenues should be used in calculating rates?

Response: The Company generally agrees with Staff's revenue adjustments and billing determinants. The only exceptions are the Economic Development Rider ("EDR") revenues (Issue 107) and Staff's revenue imputation adjustment (Issue 38).

Ex. 37, Lyons True-Up Rebuttal: pp. 1-2.

101) What is the appropriate interclass allocation of revenue responsibility for setting rates in this case?

Response: A 10.0% movement to the Equalized Rates of Return ("EROR") should be used for setting rates in this case. Such movement strikes an appropriate balance between moving to cost-based rates (full movement to EROR) and addressing rate continuity considerations (uniform increase in revenues. For the residential rate class, the rate design is based on the combined revenue targets for the NS-RG, TC-RG, and TP-RG rate classes; consequently, the varying adjustments of the NS-RG, TC-RG, and TP-RG rate classes were combined for purposes of setting rates for the NS-RG, TC-RG, and TP-RG rate classes. Specifically, the rates for the NS-RG, TC-RG, and TP-RG rate classes reflect the combined revenue targets and the combined billing determinants for the NS-RG, TC-RG, and TP-RG rate classes.

Ex. 34, Lyons Direct, p. 30, lines 2-15;
Ex. 36, Lyons Surrebuttal and True-Up Direct, p. 6, lines 1-15.

102) Which party's Class Cost of Service Study should be used in this case?

Response: The Company's Class Cost of Service Study should be used in this case.

Ex. 34, Lyons Direct: pp. 10-27.

a. How should production costs be allocated within the Class Cost of Service study in this case?

Response: In rebuttal, Company witness Lyons agreed to modify the Company's production demand allocator to the Average & Excess, 4-Noncoincident Peak ("A&E 4NCP") method. The Company disagrees with Staff witness Gonzales' recommendation to separate the production allocator into two functions: (1) generation plants whose costs vary with energy production and (2) generation plants whose costs do not vary with energy production. Both types of generating plants are designed to meet demand and energy requirements and the production demand allocator based on the A&E 4-NCP method allocates costs based on customer demand and energy requirements. Specifically, under the A&E 4-NCP method, average demands are weighted by 45.90% and excess demands are weighted by 54.10%t. Thus, average demands are substantially reflected in the production allocator under the A&E 4-NCP method.

Ex. 35, Lyons Rebuttal: pp. 7-8; 14-15.

b. How should distribution costs be allocated within the Class Cost of Service study in this case?

Response: The Company recommends classification of distribution plant (Accounts 364-368) and expenses as customer and demand based on the results of its classification study in the filed COSS based on the minimum system and zero intercept methods.

Ex. 34, Lyons Direct: pp. 10-27,
Ex. 35, Lyons Rebuttal: pp. 9-11.

103) What is the appropriate design of residential rates in this case?

Response: The Company's proposed rate design for the residential class should be approved. The Company's proposed rates were designed by first ensuring the rates recover the proposed revenue target for each rate class. The proposed rates were then designed by reviewing the customer charge to evaluate what level of fixed cost is reasonable to be recovered through the proposed customer charges. Once the proposed customer charges were established, the remaining revenue target for each class was recovered via kWh sales charges.

The proposed residential customer charge of $16.00 per month is well below the underlying cost of service, as shown in Direct Schedule TSL-5. The revenue requirement not recovered through the customer charge is recovered from winter volumetric charges of $0.19774 per kWh for the first 600 kWh of usage and $0.13981 per kWh for all additional usage and summer volumetric charges of $0.19774 per kWh for the first 600 kWh of usage and $0.16837 per kWh for all additional usage. The proposed volumetric charges for the first 600 kWh of usage reflect customer costs not recovered in the proposed customer charge. The proposed TC-RG rate design maintains the current Off-Peak kWh credit of $0.02 for usage during the Off-Peak period between 10:00 PM and 6:00 AM.

Ex. 34, Lyons Direct: pp. 29-32.
Ex. 35, Lyons Rebuttal: pp. 12-14.

104) What are appropriate designs of non-residential rates in this case?

Response: The Company's proposed rate design as shown in Direct Schedule TSL-5 should be approved. The proposed rate design for the LG and LP rate cases reflect seasonal demand charges.

Ex. 34, Lyons Direct: pp. 32-33.

105) What actions should the Commission order in this case with regard to creation of a Coincident Peak Demand Charge for non-residential customers and other Rate Modernization?

Response: None. While the Company does not necessarily oppose evaluating a movement to non-residential demand charges based on CP demands in the future, the Company does oppose such a move in this rate proceeding. The proposed change requires careful review and analysis of the Company's billing system to identify the requirements and timeframe necessary for an orderly transition to CP billing demands. The Company is unable to commit to the timing of such an effort at this time given its current focus on resolving its current billing challenges .

Similarly, while the Company does not necessarily oppose evaluating a movement to charges at different voltage levels in the future, such a change now requires careful review and analysis of the Company's billing system to identify the requirements and timeframe necessary to ensure an orderly transition to billing charges at different voltage levels. The Company is unable to commit to the timing of such efforts at this time given its current focus on resolving its current billing challenges.

The Company takes no position in this rate case regarding Staff witness Lange's recommendations for rate design changes in the Company's next rate case to implement reactive demand charges, align consistency of related charges across voltages, phase out of hours use billing, and subdivision of winter billing into spring and fall seasons. Each recommendation requires the Company to prepare research and analysis, including the objectives, rate design options, data requirements, and customer implications.

Ex. 35, Lyons Rebuttal: pp. 19-21.

106) What actions should the Commission order in this case with regard to the Residential Smart Charger Pilot program?

Response: The Company does not oppose Staff witness Sarah Lange's recommendation that the program be closed to new enrollments as of the effective date of rates in this rate case.

Ex. 33, Kerr Surrebuttal: p. 7.

107) What Economic Development Rider ("EDR") revenue adjustment should be used in calculating normalized revenues and rates?

Response: There should be no adjustment to revenues related to EDR. Instead, the discount authorized in Senate Bill 564 should be included in rate base as a regulatory asset.

Ex. 18, Emery Rebuttal: p. 23, line 1 through p. 24, line 4.

108) What amount of Excess Facilities Charge ("XC") revenues should be included in the revenue requirement and rate design?

Response: The Company does not oppose Staff's corrected excess facilities charge billing determinants and revenues at true-up.

Ex. 20, Emery True-Up Rebuttal: p. 17, lines 15 through 20; p. 27, line 15 through p. 28, line 13.

109) Should the Transmission Service ("TS") Interruptible Credit be increased?

Response: Yes. The Company is not opposed to MECG witness Maini's recommendation to increase the interruptible credit for Schedule TS from $4.01 per kW-month to $6.00 per kW-month, because the increase is supported by the cost savings associated with such load curtailments.

Ex. 35, Lyons Rebuttal: page 24.
Ex. 10P/10C, Doll Surrebuttal and True-Up Direct: p. 10, line 10 through p. 14, line 15.

110) Should the Commission order Empire to provide each rate code customer charge count at the fraction level for each month of the test year, update period, and through true-up (if applicable) in the next general rate increase?

Response: The Company does not oppose providing the requested information in its next general rate case.

Various Tariff Issues

111) Should the compliance tariff sheets in this case:

a. remove Rider SR?

Response: Yes, the compliance tariffs issued in this case should remove Rider SR.

Ex. 18, Emery Rebuttal: p. 57, lines 9-18.

b. remove the DSIM bill line-item, with any remaining balances associated with Cycle 1 and Schedule DSIM to be addressed in a future rate case?

Response: Yes, the Company proposes that the existing Schedule DSIM not be updated again and be allowed to expire upon the filing of revised tariffs resulting from this rate case. This approach reflects the absence of an active demand-side management portfolio and avoids maintaining a tariff structure that no longer serves its intended purpose. Further, the Company supports that any remaining balances associated with Cycle I and Schedule DSIM – whether recoverable or refundable be addressed in a future rate case.

Ex. 18, Emery Rebuttal: p. 59 line 24 through p. 60, line 7.

112) Should there be any changes to TEPP?

Response: The Company does not oppose Staff witness Sarah Lange's recommendation that the Residential Smart Charge Pilot Program be closed to new enrollments as of the effective date of rates in this rate case.

Ex. 33, Kerr Surrebuttal, page 7.

113) Should the Miscellaneous Tariff Issues, identified by Staff as being titled or filed incorrectly, be changed as recommended by Staff?

Response: The Company agrees with the proposed tariff changes that were made by Staff witnesses Jennings, which includes the clean-up of miscellaneous tariffs .

Ex. 18, Emery Rebuttal: p. 57, line 8 through p. 59, line 19.

Green Button Connect

114) Should the Commission order Empire to implement Green Button Connect My Data ("GBC") in this rate case?

Response: No. Liberty implemented an explicitly Green Button-compliant version of its online My Account platform in April 2024. Previously, it provided customers with the ability to view and download their AMI usage data in August 2021, achieving compliance ahead of its stated goal of March 31, 2023, that was reflected in the Stipulation in Case No. ER-2021-0312.

Moreover, as detailed in the testimony in this case, Liberty is working through billing implementation challenges. The Commission should consider whether now would be an appropriate time to launch the proposed new customer interface.

a. In the event that the Commission orders Empire to implement GBC in this rate case, should the Commission order the tariff proposed by Renew Missouri related to GBC?

Response: No. There has been no GBC tariff filed by Liberty and no meaningful discussion of such tariff. Staff witness Lucas indicates that while Ameren Missouri has agreed to implement GBC by December 31, 2026, its tariff will only be filed within 60 days prior to the offering of the program. (Staff witness Lucas, Reb., p. 5). This matter is not ripe for approval of tariff language.

b. In the event that the Commission orders Empire to implement GBC in this rate case, should the Commission adopt Renew Missouri's revenue requirement recommendation?

Response: Yes. However, the Company is concerned that the cost would be greater than the $201,000 originally estimated by the Renew Missouri witness.

c. In the event that the Commission orders Empire to implement GBC in this rate case, should $100,000 be included in Empire's ordered revenue requirement to study its participation in a regional data hub?

Response: Yes. However, Liberty is not aware of a justification or cost basis for the $100,000 for this study. The cost of such a study is unknown.

Ex. 29P/29C, Kelly Direct: p. 4.
Ex. 30, Kelly Rebuttal: pp. 14-16.

Customer Programs

115) Should the Low Income Pilot Program (LIPP) continue? If so, what, if any modifications made and what funding level should be ordered?

Response: No. The Commission should instead approve the Fresh Start Plan proposed by the Company with an annual budget of $300,000 that will be funded equally by customers and shareholders. Additionally, the Company would propose that any unspent funds remain and rollover to the following year. The Fresh Start Plan will offer a larger stipend to a smaller sample of customers than the LIPP and evaluate on a pilot scale how their long-term arrearages are affected in spite of the absence of the Budget Billing Plan.

The program will offer a $50 bill credit to customers between 41 and 60 percent of the State Median Income ("SMI"), and $75 to customers with an income less than or equal to 40 percent of the SMI. The program will also have an Arrearage Match component, wherein customers who enter into and maintain a twelve-month payment agreement for half of their arrearage amount will receive a monthly credit on their bills equal to the other half of their arrearage amount.

Ex. 26, Hackney Direct: pp. 13-17.
Ex. 27, Hackney Rebuttal: pp. 1-8.
Ex. 28, Hackney Surrebuttal: all.

116) Should the Low Income Weatherization Assistance Program ("LIWAP") be continued? If so, what, if any, modification should be made and what funding level should be ordered?

Response: Yes. However, Liberty perceives there to be consensus in favor of Liberty resuming administrative control of LIWAP as part of the resolution of this case. Annual funding should remain at its current level of 550,000 comprised of $250,000 from customers and $300,000 from shareholders.

Ex. 26, Hackney Direct: pp. 4-5, 9-11.

117) Should the Company resume administrative control of the LIWAP?

Response: Yes. Currently, Liberty's LIWAP is administered in partnership with the Division of Energy. Liberty believes it is the only Missouri utility whose weatherization program still uses DE for administration. Liberty perceives there to be consensus among itself, Staff, OPC, as well as DE, in favor of Liberty resuming administrative control of LIWAP as part of the resolution of this case. Liberty will work with these stakeholders to establish a process and protocol for periodic reporting on its LIWAP after resuming administrative control.

Ex. 26, Hackney Direct: pp. 9-11.

118) Should the customer charge be waived for income-eligible residential customers as proposed by OPC witness Dr. Marke?

Response: Dr. Marke proposes a program that offers a credit equivalent to the customer charge for every single customer eligible for the federal Low-Income Home Energy Assistance Program ("LIHEAP"). Liberty's Fresh Start program would also synchronize eligibility requirements with LIHEAP. Liberty is open to continued discussions with stakeholders regarding program design, to include credits that may be appropriate.

Ex. 27, Hackney Rebuttal: pp. 3-5.

119) Should the Critical Medical Needs program continue? If so, should any modifications be made and what funding level should be ordered?

Response: The Critical Medical Needs program (CMNP) should continue as the Company is pleased with the early success of the CMNP and is optimistic for even greater success in the future. The CMNP should proceed without modification at this time and with no change in its current level of funding ($50,000 by customers and $50,000 by shareholders).

Ex. 26, Hackney Direct: pp. 5-6, 11-12.
Ex. 27, Hackney Rebuttal: pp. 8-9.

120) Should the Commission order the structure and meeting requirements for the Low Income Programs Collaborative, as recommended by CCM witness Jim Thomas?

Response: Liberty currently hosts an annual meeting with stakeholders to discuss low income program matters. The Company agrees that increasing this meeting frequency to quarterly to "discuss program metrics, outreach, and discuss potential changes to [the proposed program] and the rest of Liberty's programs in the face of economic uncertainty," as proposed by OPC witness Dr. Marke, would be beneficial.

Liberty is open to the agenda, discussions, and timing of these meetings being collaborative. Liberty has offered floor-time and solicited discussion topics ahead of time at each of the first eight annual low-income stakeholder meetings and will certainly do the same for number nine later this year. Further, the timing of these is always in accordance with consensus responses to an availability poll offered to all parties. However, Liberty is not entirely clear what the power of the leadership board proposed by Mr. Thomas would be.

Ex. 27, Hackney Rebuttal: pp. 5, 6-7.

121) Should the Company adopt low income marketing strategies as recommended by CCM witness Jim Thomas?

Response: Liberty is open to stakeholder input and/or input from the previously-described collaborative regarding ways to drive higher participation.

Ex. 27, Hackney Rebuttal: pp. 9.

122) Should the Company adopt the best practices for identifying the needs of high energy burden and low-income communities, targeting resources to those communities, and setting customer targets for achievement, as recommended by CCM witness Jim Thomas?

Response: Liberty believes that best practices for identifying the needs of high energy burden and low-income communities, targeting resources to those communities, and setting customer targets for achievement in regard to its Actions to Support the Elderly program (EASE) could be an item of discussion in the on-going collaborative meetings discussed above.

Ex. 27, Hackney Rebuttal: pp. 9-10.

Miscellaneous Issues

123) Should the Commission take any action in this case related to Empire's 2024 infrastructure inspections?

Response: No. While all 2024 infrastructure inspections were not completed by the end of 2024 calendar year, the Company developed a recovery plan and is on track to complete the 2024 and 2025 inspection schedules by December 31, 2025. OPC Seaver is incorrect in attributing the delay to the Enterprise Asset Management ("EAM") component of the Customer First platform. The delays in completing the 2024 inspections were driven by the following strategic changes aimed at improving long-term efficiency and effectiveness:

> 1) Program Enhancements: In 2024, Liberty introduced two major changes to its inspection and remediation processes to reduce program costs and improve service quality. While these changes are expected to yield long-term benefits, their implementation proved more complex than anticipated, resulting in short-term delays.
> 2) Vendor Strategy Shift: For intrusive inspections, Liberty transitioned to a "find it, fix it" model by engaging a single vendor capable of both inspection and remediation. The contracting process took longer than expected, and additional time was needed to develop data deliverables.
> 3) Integration with ENGIN Tool: Liberty aligned patrol and detailed inspections with the rollout of its new risk-based Cost Benefit Analysis Tool ("CBAT"), ENGIN. This dual-purpose data collection effort required new inspection criteria and formats, which extended setup timelines.
> 4) Expanded Vendor Pool: To improve cost efficiency and quality, Liberty initiated a competitive RFP process in mid-2024, resulting in the selection of two vendors instead of one. While this increased capacity, onboarding and tool setup took longer than projected.

Therefore, the Company has made significant structural improvements to strengthen oversight, enhance scheduling and execution, and provide for long-term consistency in inspection performance. This initiative reflects the Company's commitment to system reliability, operational excellence, and regulatory alignment. Compliance is viewed not as a procedural requirement, but as a core responsibility in delivering safe, reliable service and maintaining the integrity of the grid. The Company remains focused on continuous improvement and sustained performance in this critical area.

Ex. 58, Westfall Rebuttal: pp. 6-8.
Ex. 59, Westfall Surrebuttal: page 11, line 14 through page 12, line 5.

124) Should Empire direct its internal audit department to examine its capitalization practices and ethical controls?

Response: Liberty's Internal Audit department is prepared to conduct a review of its ethics and capitalization policies and procedures within the timeline recommended by Staff, and the

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

Ex. 61, Wilson Rebuttal: pp. 21-22.

125) Has Liberty fulfilled its requirements pertaining to the cost/benefit analysis of PISA projects greater than $1 million?

Response: The Company has met with both Staff and OPC on at least two occasions to discuss key parameters and assumptions, has filed the CBA as part of the 2025 PISA Report as committed, and has provided detailed responses to OPC's follow-up questions regarding that filing. The Company also implemented ENGIN, an asset investment planning software application, as the Company's Cost-Benefit Analysis Automation Tool (CBAT) in 2024 to aid in the overall management of transmission and distribution assets. ENGIN allows engineers to perform a cost-benefit analysis of proposed investments as well as identify other potential opportunities to invest in asset renewal and better manage overall risk. The Company's asset risk management department utilizes ENGIN and supported the quantitative cost-benefit analysis discussion within Exhibit 4 of the Company's 2025 PISA Report. These actions reflect Liberty's good-faith effort to comply with the stipulation and maintain transparency throughout the process.

Ex. 33, Kerr Surrebuttal: p. 4, line 14 through p. 6, line 18.
Ex. 59, Westfall Surrebuttal: p. 13, line 7 through p. 14, line 4.

126) Is the use of the Value of Lost Load study results as an input to the emergency conservation plan tariff appropriate? What is the appropriate methodology for developing electricity market prices?

Response: The Company has strong concerns with using the Value of Lost Load Study results as input to its emergency conservation plan tariff and utilizing price-triggered retail curtailments. A price-based trigger cannot reliably identify and protect vulnerable customers in real time. Without a verified medical-baseline/critical-care registry with automatic exemptions and positive notification/confirmation prior to de-energizing, there is a material risk of interrupting customers who depend on electricity for life-sustaining equipment. Those risks outweigh any prospective commodity savings.

Additionally, deploying price-triggered demand broadly against a large customer base rather than individually based on customer selection makes this challenging. The decisive prices arrive too late or are too uncertain to drive safe retail actions. Physical spot gas is procured ahead of flow while daily index prices are published afterward; day-ahead Locational Marginal Prices("LMPs") can diverge materially from real-time, and real-time LMPs are only known just before the 5-minute interval and any impact would be dependent on your Day-Ahead ("DA")/Real-Time ("RT") DA/RT position exposure. A tariff keyed to "high prices" would either trigger after consumption or rely on volatile forecasts, neither is an appropriate basis for retail shutoffs.

Ex. 10P/10C, Doll Surrebuttal and True-Up Direct: p. 8, line 10 through p. 10, line 8.

127) Should Empire be ordered to refile its emergency conservation tariff within 90 days following the conclusion of its Value of Lost Load Study?

Response: Please see the Company's response to issue 126 above. The Company is not opposed to Staff's proposal to meet jointly to review the results of the Value of Lost Load Study after it is completed and to continue exploring opportunities to increase value for customers so long as it is done safely, reliability and with an eye toward avoiding unintended consequences. However, the Company has concerns with updating its emergency conservation tariff to include price-triggered retail curtailments as proposed by OPC.

Ex. 33, Kerr Surrebuttal: p. 3, line 1 through p. 4, line 12.
Ex. 10P/10C, Doll Surrebuttal and True-Up Direct: p. 8, line 10 through p. 10, line 8.

128) What is the appropriate valuation of the Purchase Power Agreement ("PPA") replacement value as it pertains to the Market Price Protection Mechanism ("MPPM")?

a. When does the value associated with replacing the existing wind PPAs during the period of the guarantee become nonzero?
    i. If not zero, how should the nonzero PPA replacement value be calculated?
b. Does the Annual Wind Value include TCR/ARR revenues?
c. Does the Annual Wind Value include insurance proceeds?
d. What is the Wind Revenue Requirement for the MPPM?

Response: (a) The value associated with replacing the existing wind PPAs becomes nonzero when any renewable compliance standard is not met by existing wind PPAs through the life of the MPPM and will be based on energy from the wind projects being used to meet the renewable standards that is not met by the existing solar requirements (e.g., currently 2% of Missouri Renewal Energy Standards. (a)(i) The nonzero PPA replacement should be calculated in accordance with the Fourth Partial Stipulation and Agreement in Case No. ER-2021-0312, as was done by the Company.

(b)–(c) As the issue was raised by OPC in its surrebuttal testimony, the Company did not have an opportunity to address OPC's testimony regarding the proper treatment of TCR/ARR and insurance proceeds. The Company's position is that the MPPM should be calculated pursuant to the Commission-approved stipulation in Case No. EA-2019-0010, as later clarified in the Fourth Partial Stipulation and Agreement in Case No ER-2021-0312.

(d) As provided in response to Commission Staff Data Request 229, the Wind Revenue Requirement using the Company's direct filed position is $85,568,128.

Ex. 9P/9C, Doll Rebuttal: p. 2, lines 4-18; p. 5, lines 11-19.
Ex. 10P/10C, Doll Surrebuttal and True-Up Direct: p. 14, lines 19 -24.

129) Should Empire's EADIT tracker continue?

Response: The unprotected EADIT tracker mechanism should remain in place until rates are effective from this case. The over-amortized balance in the regulatory asset account should then be resolved in the next general rate case.

As it relates to the protected EADIT tracker, the IRS has issued numerous Private Letter Rulings ("PLRs") specific to the normalization requirements around how utilities treat true-ups within their EADIT calculations. The IRS has ruled that the Consistency Rule in IRC §168(i)(9)(B)(i) precludes taxpayers from adjusting one aspect of ratemaking under the normalization rules without the others. See PLR 202142002. The Consistency Rule requires that the reserve for ADIT, tax expense, and book depreciation expense must be consistent. This PLR extends that concept to protected EADIT to find that a public utility cannot adjust its amortization of protected EADIT using the ARAM without making similar adjustments to its ADIT, book depreciation, and tax expense.

Currently, the Company's tracker for protected EADIT does not take into account adjustments to ADIT, book depreciation, and tax expense. Therefore, the tracker is inconsistent and creates a potential normalization violation under the PLR and should be discontinued.

Ex. 38, McCuen Direct: p. 9, line 5 through p. 11, line 19.
Ex. 39, McCuen Rebuttal: p. 1, line 18 through p. 2 line 9; p. 2, line 19 through p. 3, line 16.

130) Should Empire continue its pension and OPEB tracker?

Response: Yes. Pension and OPEB costs are subject to considerable volatility due to forces outside of the control of the Company. The trackers ensure that the costs associated with these employee benefits are neither over nor under recovered in rates. The Company believes that the trackers are beneficial to all parties and that the Commission should approve the continuation of the trackers.

Ex. 21, Fallert Direct: p. 5, lines 17-21.

131) Upon receipt of GRIP awards, how should Empire account for the proceeds?

Response: To be clear, no GRIP project grants and costs are at issue in this case, so this issue is not ripe for decision here. The Company is still evaluating the accounting treatment of the GRIP grants and costs as it is complex and requires further analysis. Nevertheless, the Company agrees with the principle that grant proceeds should be used to offset the total cost of the project for ratemaking purposes. Accordingly, the PISA deferral calculations should reflect the net cost of the project after accounting for the grant funds received.

Ex. 58, Westfall Rebuttal: pp. 4-6.

132) What system energy loss factor should be ordered in this case?

Response: The Company does not oppose Staff's proposed system energy line loss factor of 0.0676 of NSI.

133) What jurisdictional allocation factors for demand and energy should the Commission order in this case?

Response: While the Company may not fully agree with the methodologies used by Staff, the Company finds Staff's jurisdictional allocations for demand and energy to be reasonable and acceptable for purposes of this rate case.

134) What is the appropriate way of determining gas transportation costs?

Response: The appropriate basis for determining gas transportation costs is the new contract rates that took effect in June 2025. Although the effective date is post True-up, the contract terms were executed in May 2024 – well within the defined update and true-up periods – and are therefore considered to be known and measurable. As such, these updated amounts provide a more accurate reflection of expected costs and should be used for ratemaking purposes. The appropriate gas transportation costs to include in rates is $14,088,261, as it reflects the most current contract pricing.

Ex. 50, Tarter Rebuttal: page 9, lines 1-8.

135) Should annual gas transportation costs be calculated using the new rates established by the contract that took effect in June 2025?

Response: Yes. Please refer to the Company's response to issue 134 above.

Ex. 50, Tarter Rebuttal: page 9, lines 1-8.

136) Should the PAYGO tracker be continued after the effective date of rates in this case?

Response: Yes, the tracker should continue. The Commission authorized this tracker to aide in the significant year-over-year volatility related to the PAYGO-related revenues, which have ranged from $0 in 2022 to over $9 million in 2024. This level of fluctuation makes it impractical and inappropriate to rely on a single year's revenue – particularly the highest – when setting rates. Doing so would overstate expected revenues and risk chronic under-recovery in future years. The tracker provides a necessary mechanism to normalize these unpredictable revenues over time, ensuring that the Company can recover its authorized revenue requirement without exposing customers to the utility to undue financial risk. Eliminating the tracker while incorporating peak-year revenues into the revenue requirement would undermine the integrity of the ratemaking process and contradict the Commission's prior recognition of PAYGO volatility. For these reasons, the tracker should remain in place, and if a baseline revenue other than $0 is to be used, a multi-year average is the most reasonable and equitable approach.

Ex. 17, Emery Direct: p. 23, lines 13-22.
Ex. 18, Emery Rebuttal: p. 24 line 9 through p. 26, line 2.

137) Should the existing PAYGO tracker continue through the effective date of rates in this case?

Response: Yes. The PAYGO tracker should continue until the Commission issues an order to the contrary. As explained, the tracker was previously authorized by the Commission to address the significant year-over-year volatility in PAYGO-related revenues.

Ex. 17, Emery Direct: p. 23, lines 13-22.
Ex. 18, Emery Rebuttal: p. 25, lines 13-15.

138) In consideration of all relevant factors, should Staff's proposed ongoing Amortization Tracker be adopted?

Response: No. Staff's proposed tracker would require ongoing monitoring of amortization schedules tied to regulatory assets and liabilities beyond their initial recognition of rate base, which could potentially extend across multiple rate cases. This could result in a perpetual cycle of tracking balances that shift between asset and liability status depending on timing, creating unnecessary complexity.

Ex. 18, Emery Rebuttal: p. 60, line 13 through p. 62, line 6.
Ex. 20, Emery True-Up Rebuttal: p. 6, line 8 through p. 7, line 6.

139) Should Empire retain the authority to continue to defer the retirement cost of Asbury?

Response: No. The Company does not anticipate any additional costs to be incurred related to the retirement of Asbury and has proposed the termination of the Asbury AAO.

Ex. 17, Emery Direct: p. 29, lines 17-23.
Ex. 47, Rooney Direct: p. 9, lines 8-16.

140) Did Empire provide the generating unit heat rate efficiency testing procedures and results as required by 20 CSR 4240-20.090(2)(A)15?

Response: Yes, but the Company acknowledged that certain heat rate test results initially provided for jointly owned units were outside the 24-month period required by Commission Rule 20 CSR 4240-20.090(2)(A)15. The Company obtained the most recent heat rate test results and provided the results as workpapers supporting Company witness Berkstresser's rebuttal testimony. The Company explained it is implementing process improvements to support timely collection and submission of current heat rate data from our jointly owned units to maintain full compliance going forward.

The Company provided a comprehensive set of supporting materials, including detailed testing procedures and data sheets for each unit tested. The Company disagrees with OPC witness Robinett's characterization of the heat rate testing methodology and the adequacy of supporting documentation. The single-point heat rate testing method used is consistent with industry standards and aligns with the definition of heat rate testing. Indeed, the Company has submitted single-point heat rate test results with similar supporting documentation in prior rate cases, including Case No. ER-2021-0312, without objection.

Ex. 2, Berkstresser Rebuttal: page 8, lines 2-18.

a. If not, when should it provide these procedures and results?

Response: Not applicable.

141) What is the base level of property tax to be established for the property tax tracker?

Response: The appropriate amount of property tax expense to be used for establishing the baseline for the property tax tracker at the effective date of rates in this case should be $33,233,996.

Ex. 19, Emery Surrebuttal/True-Up Direct: p. 33, lines 1-11.
Ex. 19, Emery True-Up Direct Schedule CTE-1: p. 96, lines 7 and 9.

Customer Experience

142) How should the Company's investment in Customer First be treated for ratemaking purposes in this case?

Response: The Commission's role is to authorize rates that reflect the utility's cost of providing safe and reliable service and give the Company an opportunity to earn a reasonable return. Liberty is demonstrating transparency, accountability, and measurable improvements in customer billing and service. Customer First is an industry-standard SAP platform that is being used by the Company, day in and day out. Rejecting any level of recovery of Customer First as suggested by Staff and OPC would jeopardize the financial stability of the Company and would undermine the significant progress made and the benefits now being realized by customers.

a. What is the appropriate amount of Customer First Operations and Maintenance (O&M) expense to include in rates?
    i. How should the true-up cut-off date of March 31, 2025 impact the Commission's determination of Customer First Operations & Maintenance ("O&M") costs for ratemaking purposes?

Response: The Company's annualization adjustment amount should be used to determine the appropriate level of Customer First Operations and Maintenance (O&M) expense to include in rates as it is essential that normalized expense levels reflect the full scope of costs required to sustain programs. The Company's annualization is based on projected data once the Customer First program is fully implemented, providing a more accurate and representative view of ongoing expenses.

Ex. 18, Emery Rebuttal: pp. 43-44.
Ex. 19, Emery Surrebuttal and True-Up Direct: pp. 14-15.

b. Should the Commission reduce the Company's revenue requirement based on Empire's service related to its investment in Customer First?

Response: No. The Commission should recognize Liberty's corrective actions, ongoing transparency, and measurable improvements. Further, Customer First is used and useful for Missouri customers. The modules that generally fall under the Customer First initiative include critical system functions such as financial management, procurement, employee data, geographic information systems ("GIS") outage management, metering, and customer information and billing. If the Commission decides to take action, it should focus only on the costs associated with the Customer First billing module, as most of the Customer First modules are in service, being used by Liberty employees on a daily basis, are critical to the provisions of safe and reliable service, and are not associated with the criticisms of Liberty's billing matters.

Ex. 53, Walt Rebuttal: all.
Ex. 54, Walt Surrebuttal: all.
Ex. 30, Kelly Rebuttal: pp. 1-14.
Ex. 61, Wilson Rebuttal: pp. 2-18.
Ex. 45, Reed Rebuttal: pp. 6-25.
Ex. 18, Emery Rebuttal: pp. 52-55.
Ex. 43, Penny Direct: all.

c. If the Company's revenue requirement is reduced by the Customer First investment, should it be authorized to establish a regulatory asset to record monthly its earning when respective metrics have been met as proposed by Company witnesses Reed and Walt?
    i. What are the billing and customer service metrics to be used to determine if the Company records a monthly entry in its regulatory asset as it relates to earnings for the Customer First investment?

Response: If the Commission decides remedial action is necessary in the context of this case, it should adopt a balanced regulatory approach: allowing recovery of the Company's Customer First investment while deferring equity returns associated with its billing module until specific customer service benchmarks are met. Under this proposal, Liberty's return on the Customer First billing module would be tied to measurable performance metrics, ensuring accountability and customer benefit before any return is earned. This would allow the Commission to hold the Company accountable for improving customer outcomes, while preserving the financial stability necessary to continue providing safe and reliable service

Liberty proposes the following combination of operational and customer satisfaction metrics to be used to assess its performance that can be benchmarked across the utility industry:

• Billing Accuracy Rate: Percentage of bills issued utilizing an actual read;
• Billing Timeliness: Percentage of bills issued within the expected billing month;
• Call Center Responsiveness: Average speed of answer; and,

• Customer Experience Index: Based on post-interaction surveys and benchmarks asking about ease, satisfaction and first call resolution.

Once those metrics are achieved, the deferred equity return should be recorded as a regulatory asset for consideration in a future rate case. This process would both hold the Company accountable and encourage measurable improvements in service quality and customer outcomes.

Ex. 53, Walt Rebuttal: pp. 26-31.
Ex. 54, Walt Surrebuttal: pp. 7-9.
Ex. 61, Wilson Rebuttal: p. 17.
Ex. 62, Wilson Surrebuttal: p. 13.
Ex. 45, Reed Rebuttal: pp. 23-25.
Ex. 18, Emery Rebuttal: pp. 52-55.

d. Should the Commission make a further disallowance of revenue requirement based on Empire's provision of inadequate service due to its investment in Customer First?

Response: No. Embedding a long-term permanent disallowance in base rates, instead of a focused regulatory response, is not appropriate. Further, regardless of whether a penalty is a direct return on equity reduction or an imputed earnings reduction, credit rating agencies and investors focus on the end result of rate case decisions and are sensitive to not only deterioration in the creditworthiness of the subject company but also to perceived deterioration in the regulatory environment, which can affect all jurisdictional utilities, not just the subject utility.

Any action taken must be carefully balanced to avoid jeopardizing the Company's ability to provide safe, reliable, and adequate service. Recommendations that severely restrict Liberty's financial resources – such as disallowing recovery of a fully deployed and operational system or posing a reduction of return on equity to all rate base balances – pose an unreasonable risk to a utility with an obligation to serve. The Commission's role is not only to hold utilities accountable, but also to ensure they remain capable of delivering the essential services that support public safety and economic development.

The alternative proposal described above provides a more constructive focused approach to addressing performance issues related to the Customer First system.

Ex. 56, Dane Rebuttal: pp. 31-36.
Ex. 61, Wilson Rebuttal: pp. 6-17.
Ex. 45, Reed Rebuttal: pp. 6-25.

143) Should the Commission order the incorporation of The Empire District Electric Company into the monthly Customer First meetings currently occurring between Staff and Liberty Water as ordered in the Order Approving Stipulation and Agreement in Case No. WR-2024-0104?

a. Should these meetings be further modified?

Response: As a practical matter, The Empire District Electric Company has been incorporated into these meetings for some time. Consequently, the Company does not object to an order directing this to be the case and is unaware of any need to modify these meetings beyond those matters that have been ordered in Commission Case Nos. EE-2026-0065, GE-2026-0066, and WE-2026-0067. However, it is always open to discussion of such matters.

See *Order Granting Application for Temporary Variances, Request for Waiver and Motion for Expedited Treatment*, Case Nos. EE-2026-0065, GE-2026-0066, and WE-2026-0067 (September 19, 2025).

144) Should the Commission order Empire's tariff to be revised to reflect SAP's new calculation method for budget billing?

Response: Liberty agrees that its tariff needs to be updated and revised to reflect the calculation methodology for its Budget Billing Plan.

Ex. 30, Kelly Rebuttal: p. 10.

145) Have bills been issued outside of the 26-35 day billing period required by Commission rule? Should the Commission order Empire to take specific action to comply with Commission rules?

Response: Bills previously falling outside the 26-35 day window were often caused by misaligned meter read schedules or routes being read too early or too late. The Company has addressed this by adjusting the meter read calendar to prevent short billing periods and implemented process controls that alert the metering department when a scheduled read could result in a non-compliance billing window. The Company has also developed a plan to align AMI meter read cycles across parent and child accounts for collective and joint customers. In Case Nos. EE-2026-0065, GE-2026-0066, and WE-2026-0067, the Commission has recently approved a waiver request associated with this corrective action.

Ex. 30, Kelly, Rebuttal: p. 3.
See *Order Granting Application for Temporary Variances, Request for Waiver and Motion for Expedited Treatment*, Case Nos. EE-2026-0065, GE-2026-0066, and WE-2026-0067 (September 19, 2025).

146) Should the Commission order Empire to align its estimation calculation with its tariff description?

Response: The Company believes this is unnecessary, as Liberty recommends incorporating a comprehensive review of its interval data practices into the third-party evaluation of the billing system, as outlined in Ms. Walt's surrebuttal testimony. Engaging an independent expert would allow for benchmarking against best-in-class practices used by similarly situated utilities. Following review by Staff and other stakeholders, this process would provide a well-informed foundation for formalizing procedures within Liberty's tariff – providing both transparency and continuous improvement in billing operations.

Ex. 55, Walt True-Up Rebuttal: p. 4.
Ex. 54, Walt Surrebuttal: p. 15.

147) Should the Commission order Empire to work to reduce the number of estimated bills and rebills to pre-Customer First transition levels with a timeframe of completion 60 days after new rates take effect in this case?

Response: The Company believes this is unnecessary. As Liberty has stated in numerous instances in town halls and local, public hearings in this case, the Company is not happy with many aspects of its customer service throughout the last year, chief among them estimated bills and rebills. The Company has taken and is taking steps to reduce estimated bills, and the number of estimated bills also could be used as a performance metric governing the Company's billing performance going forward.

Ex. 30, Kelly Rebuttal: pp. 7-8.

148) Should the Commission order Empire to permanently cease estimating on-peak and off-peak interval reads for TOU billing purposes in favor of using actual reads when available?

Response: Liberty uses actual reads when available**.** However, it is common – across the industry – for interval data to be incomplete due to various factors. At Liberty, this can occur when a meter temporarily stops communicating, when there are network disruptions, or when physical obstructions like tree foliage or nearby trailers interfere with signal transmission. When such gaps arise, the Company must rely on estimation processes, in some form, to address the missing intervals.

Ex. 55, Walt True-Up Rebuttal: p. 2.

149) Should the Commission order Empire to review its processes for the storage, retrieval, and presentation of customer account information to ensure Customer Service Representatives are automatically presented with past, present and scheduled account activity and information relayed to customers in prior communications, in order to provide Customer Service Representatives with such account activity or communications? This would include the incorporation of service tickets into customer account notes.

a. If so ordered, should Empire be required to inform Staff of its plan to comply with the order within 60 days of the effective dates of rates, and file notice in this docket upon successful implementation?

Response: Liberty believes that Customer Service Representatives are presented with past, present and scheduled account activity and information relayed to customers in prior communications. While agents from other regions do not have direct access to Customer Watch (a legacy system used primarily for historical account information), clear protocols have been established so that if an agent requires information from Customer Watch, they promptly escalate the request to a local agent with access. The end result is the customer receives accurate and timely support. In addition, as the Company continues to operate with the SAP system, the need to reference legacy data has steadily declined. Most customer interactions now rely on current SAP data, which is fully accessible to all agents.

Ex. 31, Kelly Surrebuttal: p. 2.

150) Should the Commission order Empire to develop consistent messaging for Customer Service Representatives to convey to customers experiencing common billing issues, and to train Customer Service Representatives to use that messaging and document all information relayed to customers in customer account notes?

a. If so ordered, should Empire be required to provide Staff with training materials and scripts used to comply with this order within 60 days of the effective date of rates in this case, along with any updates for a period of one year after the effective date of rates?

Response: The Company believes this is unnecessary as Liberty has reinstated call quality monitoring and continues to provide targeted training for customer service representatives who require additional support. Beyond training, the Company is actively redesigning key workflows – from meter reading to billing and collections - to streamline processes, reduce wait times, and eliminate unnecessary handoffs.

Ex. 31, Kelly Surrebuttal: pp. 2-3.

151) Should the Commission order Empire to put in place a process to ascertain that Customer Service Representatives are advising customers of their right to file an informal complaint as prescribed by Commission Rule 20 CSR 4240-13.045(9)?

a. If so ordered, should Empire be required to inform Staff of its plan to comply with the order within 60 days of the effective dates of rates, and file notice in this docket upon successful implementation?

Response: The Company believes this is unnecessary as Liberty understands the importance of this rule and will continue to train all customer service staff on how to escalate complaints, which includes the customer's right to contact the Commission's Consumer Services Department.

Ex. 31, Kelly Surrebuttal: pp. 3-4.

152) Should the Commission order Empire to put a process in place to ensure that each CSR is trained to note account activities comprehensively, including the development of a quality assurance process to verify that CSRs are adhering to account notation guidelines?

a. If so ordered, should Empire be required to inform Staff of its plan to comply with the order within 60 days of the effective dates of rates, and file notice in this docket upon successful implementation?

Response: The Company believes this to be unnecessary as Liberty has already taken several steps to strengthen the consistency and quality of account documentation. Proper notetaking is emphasized in both new hire training and ongoing coaching for CSRs. Most recently, Liberty held a dedicated staff meeting focused on reinforcing expectations around account documentation, including when and how notes should be entered and the level of detail required.

Ex. 31, Kelly Surrebuttal: p. 5.

153) Should the Commission order Empire to establish a process for customer callbacks that effectively records the need for a callback, tracks the status of that callback, and verifies the execution of the callback within a reasonable period of time following the request?

a. If so ordered, should Empire be required to inform Staff of its plan to comply with the order within 60 days of the effective dates of rates, and file notice in this docket upon successful implementation?

Response: The Company believes this to be unnecessary as Liberty currently has a process in place for tracking call backs in relation to the escalation process and has discussed this very issue during customer service staff meetings.

Ex. 31, Kelly Surrebuttal: p. 3.

154) Should the Commission order Empire to provide an additional phone call notification for Autopay customers who have their accounts locked because of delayed billing notifying them of the situation and the need to speak with Empire's call center to remove the lock?

Response: The Company believes this is unnecessary. Liberty recognizes that some customers may rely solely on automatic payments and may not regularly review mailed billing notices. To address this, Liberty is enhancing its outreach efforts by supplementing the bill-up letter with direct phone outreach to affected customers. This added layer of communication will help inform Autopay participants of any changes to their billing arrangements, reinforcing our commitment to transparency and customer trust.

Ex. 31, Kelly Surrebuttal: p. 8.

155) Should the Commission order Empire to investigate customer claims that My Account is not accurately displaying balances owed? Should Empire be required to report the results of its investigation to Staff, along with next steps as necessary?

Response: The Company is aware that in a limited number of cases, such as where a correction is made to an invoice after it has been issued, those updates may not immediately sync with My Account. Liberty is actively working to improve system integration and synchronization between our billing platform and the My Account portal for consistency and clarity for its customers. The Company does not believe that an investigation of this issue is warranted, as the Company is already addressing where this has occurred.

Ex. 31, Kelly Surrebuttal: p. 8.

156) Should the Commission order Empire to make the tariff revisions detailed in pages 40-41 of Charles Tyrone Thomason's Rebuttal Testimony in this case?

Response: The Company believes this is unnecessary as Liberty has agreed to make those changes that have been identified by Staff witness Thomason.

Ex. 31, Kelly Surrebuttal: p. 9.

157) Should the Commission suspend imposition and collection of customer late payment fees until after Empire demonstrates that its customer usage collection and billing systems are working correctly?

Response: The Company believes this is unnecessary as Liberty has not terminated service for any customers for non-payment, has offered payment plans to all customers, and is not charging interest or late fees on any unpaid amounts related to Customer First billing issues. The Company will continue to waive late fees on amounts due related to a billing issue, avoid disconnections, and offer payment plans until it can demonstrate to the Commission that the billing issues have been resolved through demonstratable customer metrics.

Ex. 53, Walt Rebuttal: p. 25.
Ex. 30, Kelly Rebuttal: pp. 6, 12.

158) Should the Commission order Empire to notify customers that it will not be disconnecting customers for nonpayment until after the Company can demonstrate that its customer usage collection and billing systems are working correctly?

Response: The Company believes this is unnecessary as Liberty has not terminated service for any customers for non-payment, has offered payment plans to all customers, and is not charging interest or late fees on any unpaid amounts related to Customer First billing issues. The Company will continue to waive late fees on amounts due related to a billing issue, avoid disconnections, and offer payment plans until it can demonstrate to the Commission that the billing issues have been resolved through demonstratable customer metrics.

Ex. 53, Walt Rebuttal: p. 25.
Ex. 30, Kelly Rebuttal: pp. 6, 12.

159) Should Empire be required to file an affordability plan with the Commission that provides a clear roadmap with deliverable actions with the expressed goal of lowering rates to be aligned with other electric utilities in Missouri? If yes, what parameters should be ordered?

Response: The Company supports filing an annual affordability plan/report that would reflect the work Liberty is undertaking as part of its normal course of business that could serve as a constructive platform for dialogue and accountability.

Ex. 62, Wilson Surrebuttal: pp. 10-11.
Ex. 54, Walt Surrebuttal: pp. 11-12.

160) Should Empire's ROE be reduced 25 basis points for poor customer service reflected by its bottom 5% position across U.S. utilities per J.D. Power?

Response: No. Regardless of whether a penalty is a direct ROE reduction or an imputed earnings reduction, credit rating agencies and investors focus on the end result of rate case decisions and are sensitive to not only deterioration in the creditworthiness of the subject company but also to perceived deterioration in the regulatory environment, which can affect all jurisdictional utilities, not just the subject utility.

Ex. 5P/5C, Dane Rebuttal: pp. 34-35.

161) Should the Commission exclude from Empire's revenue requirement all of Empire's costs for contractual call center representatives Empire utilized due to issues with Empire's implementation of Customer First, including the costs of its ContactPoint360 ("CP360") contract?

Response: There are no such costs to exclude. Liberty agrees with Staff witness Young (Reb., pp. 8-9) in that because the test year ordered by the Commission is the twelve months ending September 30, 2023, the test year predates SAP go-live date of April 2024 and any costs that are driven by the go-live date are not captured in the test year.

162) Should the Commission exclude from Empire's revenue requirement all of Empire's excessive postage and billing costs related to its continued roll-out of Customer First?

Response: There are no such costs to exclude. The test year ordered by the Commission is the twelve months ending September 30, 2023, which is prior to SAP's go-live date of April 2024. The Company's cost of service in this case reflects test year levels of spending that are necessary, used, and useful in providing service to customers. These costs have not been adjusted or distorted by the Customer First implementation, including any postage and billing costs.

Ex. 31, Kelly Surrebuttal: p. 11.

163) Should the Commission leave Empire's current rates in place until the Company can demonstrate that it is timely and accurately billing its customers for service?

Response: All testimony filed by the Company and Staff supports a finding that the Company's annual revenue requirement should be increased, and compliance tariff sheets should be designed, filed, and approved accordingly. The Commission must also look to its statutory authority in considering this question. It is directed to ensure that safe and adequate service is provided at just and reasonable rates. Section 393.130.1, RSMo. In determining the price to be charged, the Commission must consider all relevant facts, with due regard, among other things, to a reasonable average return upon capital actually expended. Section 393.270.4, RSMo.

164) Should the Commission order Empire to change the name of its billing platform?

Response: The Company does not object to changing the colloquial name of its billing platform from "Customer First" for customer and other external communications. The Company does not have testimony on this item.

165) Should the Commission order Empire to utilize an agreed-to, independent 3rd party auditor of its Customer First program and practices? If yes, what parameters should be followed?

Response: No. Liberty is in the process of engaging a third-party industry expert to provide independent insights and performance standards for the Company's customer service and billing operations. However, if Liberty waits to do this until a Commission order has been issued, which could be December, given that reply briefs are not due until November 14, 2025, it will serve to unduly delay the process.

Ex. 53, Walt Rebuttal: p. 13.
Ex. 54, Walt Surrebuttal: p. 15.

<u>Pension Plan Issues</u>

166) Should Empire, or any of its parents, consider a pension risk transfer scheme as it pertains to the Liberty Utilities defined benefit pension plan?

Response: The Company confirmed in data request responses in this proceeding that it has not evaluated or pursued any pension risk transfer agreement. This issue is resolved by the partial settlement agreement filed herein on September 30, 2025.

Ex. 18, Emery Rebuttal: p. 62, lines 17-22.

167) Should Empire continue to be bound by its prior agreements established in Case Nos. EM-2016-0213 and ER-2021-0312 to continue to fund its pension plan and to not consider a pension risk transfer arrangement?

Response: The Company remains committed to full compliance with these prior agreements. This issue is resolved by the partial settlement agreement filed herein on September 30, 2025.

Ex. 18, Emery Rebuttal: p. 62, lines 17-22.

<u>Cash Distributions</u>

168) Should the Commission order Empire to file in this docket their proposal for any potential request for ratemaking recovery of distributable cash including their process for sweeping Empire's portion of year 1-5 distributable cash from the wind farm holding company prior to the commencement of distributable cash to the tax equity partners that will begin in 2026?

Response: The current rate case does not incorporate those future cash distributions, as they fall well outside the ordered update and true-up periods of this case. Any potential request for rate making recovery related to the distributions set to begin in 2026 will be addressed in a subsequent proceeding, where it can be properly evaluated based on the facts and timing relevant to that case. As such, this request is not ripe for resolution within the scope of the current docket.

Additional Issues

169) Should Empire's tariffs be modified to allow a self-read option for customers who opt out of AMI meters as a result of this case?

Response: No. Section 386.820, RSMo, requires the Commission to promulgate rules and for utilities to provide an opt-out option by July 1, 2026. The Commission's proposed rule will appear in the October 1, 2025 Missouri Register. This process should be allowed to run its course before a tariff change is required for Liberty.

Ex. 18, Emery Rebuttal: p. 59, lines 3-19.

170) What, if any, changes should be made to Empire's Emergency Energy Conservation Plan tariff as a result of this case?

Response: At this time, the changes proposed in the Company's direct filing should be made. This language sufficiently identifies and prioritizes critical loads, while preserving the operational flexibility necessary to maintain system stability during emergency conditions. The additional language suggested by Staff witness Mr. King largely duplicates existing provisions and introduces constraints that could hinder Liberty's ability to respond effectively in crisis situations.

Ex. 32, Balashov Direct: pp. 8-13; Direct Schedule DB-2.
Ex. 9C/P, Doll Rebuttal: p. 18, line 10 through p. 19, line 3.

WHEREFORE, Liberty respectfully requests that the Commission consider this Statement of Positions.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 30th day of September, 2025, with notification of the same being sent to all counsel of record, and I further certify that the above document was sent by electronic transmission to all counsel of record.

/s/ Diana C. Carter