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 For Electric Service Provided to Customers In its Missouri Service Area	)))))	Case No. ER-2024-0261

NON-UNANIMOUS GLOBAL STIPULATION AND AGREEMENT

COME NOW the Staff of the Commission, Midwest Energy Consumers Group ("MECG"), the International Brotherhood of Electrical Workers Local Union No. 1474, Renew Missouri Advocates d/b/a Renew Missouri, and The Empire District Electric Company d/b/a Liberty ("Liberty," "Empire," or the "Company") (individually "Signatory" and collectively "Signatories") and agree to a Non-Unanimous[1] Stipulation and Agreement (this "Agreement") that resolves all pending issues in this docket, as stated below.

1. If this Agreement is objected to by any party and thus cannot be treated as unanimous and approved as such under the Commission's rules, the Signatories will use this Agreement as their joint position for the evidentiary hearing, with all Signatories presenting and supporting this Agreement as the proper resolution of every issue.

2. If this Agreement is objected to by any party and this matter proceeds to evidentiary hearing, the Signatories waive cross-examination of each others' witnesses, except for recross-examination for Commissioner/Judge questions.

3. For the MPPM issue, the Signatories submit that it has no impact on revenue requirement at this time and the issues could be decided at a later time. If the Commission decides

[1] The Missouri Office of the Public Counsel ("OPC") and Consumers Council are not signatories to this Agreement. The Empire District Retired Members & Spouses Association, LLC, ("EDRA") is also not a signatory, but EDRA will not be filing an objection to this Agreement and will ask to be excused from the hearing. Influent Energy has also stated its non-objection to this Agreement and has agreed to be bound by paragraph two hereof.

that a decision on the MPPM is needed in this matter,[2] the Signatories are not in agreement as to how those issues should be resolved, and the provisions of paragraphs one and two above will not apply to hearing of the MPPM issues. The Signatories request direction from the Commission on this by Friday, October 10, 2025.

4. **Total Revenue Requirement**. The Signatories agree that Empire should be authorized to file tariffs designed to increase the Company's revenues by $97M (to be phased in as parties agree below), exclusive of any applicable license, occupation, franchise, gross receipts taxes, or similar fees or taxes, to become effective on February 1, 2026. This amount reflects a $(20,181,324) revenue reduction associated with Customer First. The Customer First assets shall be considered to be included in Empire's rate base as of the effective date of rates for this case and will be amortizing between rate cases. Furthermore, the Customer First reduction is comprised of a rate base amount of $149,287,965 earning a 0% rate of return $(13,750,356) and the reduction of expenses in the amount of $(6,430,968) consisting of the following:

- O&M Expenses: $(1,308,017)
- Incentive Compensation: $(2,113,492)
- Amortization Expense: $(3,009,459)

5. **Rate of Return to be Used for Applicable Mechanisms.** For any mechanisms and/or process that requires specific components of rate of return they will utilize an ROR of 7.01%. Note this ROR does not necessarily mean that this ROR was used to derive the black box annual revenue requirement increase.

6. **Customer First Performance Metrics.** The Parties will confer on the appropriate and reasonably achievable monthly normalized performance metrics and targets in the separate investigation and reach agreement by May 31, 2026**.** The performance metrics should be related

[2] *See Order Directing the Signatories to Address PPA Replacement Values in Liberty's Rate Case*, Commission Case No. ER-2021-0312, issued April 25, 2024.

to billing accuracy, billing timeliness, number of estimated bills, call center responsiveness, and customer experience index. The term "normalized" shall mean the exclusion of certain extraordinary events that occur from time to time, which (1) are beyond the control of the utility such as an act of nature, and (2) may affect the utility's ability to meet the performance metrics. Upon the occurrence of an extraordinary event, Empire shall document the event and its impact on the performance metrics. The normalized performance metrics will be filed with the Commission until the Company achieves agreed upon performance metrics, compliance with Commission rules, and the Commission approved Empire tariff for at least 12 consecutive months, or as otherwise agreed to by the parties.

7. **Customer First Regulatory Asset.** Only after meeting the monthly normalized Customer First Performance Metrics, and only in those months where the Company has met the monthly normalized Customer First Performance Metrics, shall the Company begin recording a monthly amount in a regulatory asset account equal to the rate of return that would have been earned on the asset balance had it been included in rate base in the amount of $1,145,863 ($13,750,356/12). Empire shall file in the ER-2024-0261 docket a notice of compliance and notice of deferral for each month it has met the monthly normalized Customer First Performance Metrics. The amounts are subject to review and recovery in a future rate case.

8. **Deferred Revenue Regulatory Asset.** There will be a phase-in of rates as agreed to by the parties. This will result in a regulatory asset. In the Company's next rate case (and each subsequent rate case), the then-current balance in the deferred revenue regulatory asset will be placed in rate base. Carrying costs of this deferred regulatory asset will be 0%. The revenue phase-in recovers previously incurred costs including operations, maintenance expense, depreciation and amortization expense and interest, beginning with the effective date of rates in

this proceeding. Company will not file a rate case until 24 months after the effective date of rates in this case.

Phase in over three years as follows:

- Year 1 - recovering approximately $32.3 million increase over agreed upon revenues in this proceeding;
- Year 2 - recovering approximately $64.6 million increase over agreed upon revenues in this proceeding; and
- Year 3 - recovering $97 million increase over agreed upon revenues in this proceeding.

9. **FAC Mechanism.** Sharing at 95/5; transmission costs/revenues included at currently authorized percentages; FAC Base is $13.97 MWh. Transmission expenses included at 21.39% SPP and non-SPP 50%. SPP schedules 1A and 12 are not to be included in the FAC. The following FAC voltage adjustment factors shall be utilized:

- VAF Transmission 1.0376
- VAF Primary 1.0534
- VAF Secondary 1.0748

10. **Depreciation Rates**. As set forth in Exhibit A attached hereto. In lieu of a request for a variance from the Commission approved FERC UsoA, this constitutes good cause to adopt these rates and accounts in lieu of current Commission approved FERC USoA.

11. **Pension/OPEB**. The Parties request that the Commission authorize the continuation of a tracker mechanism for Pension and OPEB O&M expenses. The annual level of ongoing Missouri jurisdictional pensions and OPEB expense included in rates is ($1,411,647) and ($1,851,248), respectively. This includes the actuarially determined expenses of $(281,095) for FAS 87 pensions, FAS 88 pension settlement expense of $1,840,114, and amortization of the pension liability of ($2,970,666). Ongoing OPEB expense is set to $0 in compliance with prior stipulations and is reduced by an amortization of the OPEB liability of ($1,851,248). The Missouri

jurisdictional regulatory liability as of March 31, 2025, is $14,853,330 for pensions and $14,420,384 for OPEBs. The prepaid pension asset balance at March 31, 2025, is $33,299,061, Missouri jurisdictional. The Accounting Standards 715-30 and 715-60 (FAS 87/106) tracker language shall continue in effect.

12. **SERP.** The amount allowed in rates for the SERP continues to be based on the payments made to retirees pursuant to the plan.

13. **Creation of Regulatory Asset/Liability Tracker as proposed by Staff**: The Company will be authorized to establish a regulatory asset/liability as proposed by Staff. The regulatory assets/liabilities to be tracked are in Exhibit B.

14. **SB-EDR Regulatory Asset:** The Company will not establish any new regulatory asset balances related to discounts provided under Schedule SBEDR ("Limited Large Customer Economic Development Rider"), unless required by future changes in applicable rules, statutes, or legislation. No rate base treatment or expense recovery for any current amounts in future rate cases.

15. **Continuation of the PAYGO Tracker:** The total PAYGO revenue will be $7,705,078, and this amount will be reflected in the existing PAYGO tracker. The tracker will continue.

16. **Tax Equity Distribution:** Empire will file in the ER-2024-0261 docket their plan for sweeping year 1-5 distributable cash prior to the date that tax equity partner distributions begin in 2026. Empire will file in the ER-2024-0261 docket their proposal for ratemaking treatment of distributable cash prior to the date that tax equity partner distributions begin in 2026.

17. **Utilization of Reverse South Georgia Method for Excess ADIT**: Total Annual Amortization of $2,798,224. To be returned over the remaining average life of 29.34 years.

18. **Rate Design & Billing Determinants**: Utilization of Staff's billing determinants, attached hereto as Exhibit C,[3] with an amount of current rate revenue subject to adjustment in this case of $511,391,047 after application of current EDR discounts.

(1) equal percentage increases to classes,
   a. class revenues for purpose of calculating percentage increases will not include revenue from charges such as net metering credits and solar facilities charge,
   b. EDR gross up applied consistent with statute,
(2) For LGS, SP, LP classes – increase demand charges by 1.25 times the overall class increase with the remaining revenue not recovered in the demand charges recovered through a uniform percent increase to the customer and kWh charges,
(3) increases to the transmission interruptible credit to $6/kW,
(4) Residential summer charges stay flat (existing winter decline stays),
(5) Residential customer charge will remain at current amount,
(6) All changes are equal percent within residential, except that the Time Choice differential stays the same size,
(7) Time Choice differentials stay the same in all classes.

19. **External Audits**. Liberty will engage an independent third-party auditor to conduct external audits to include, but not be limited to: customer billing accuracy and timeliness and customer service and satisfaction levels across all channels. The primary goal of these audits is to evaluate Liberty's current policies and performance against industry standards and peer utility benchmarks, with the intent of identifying opportunities for improvement and establishing measurable criteria for future success. The audits will be completed within one year from the effective date of new rates established in this proceeding. A committee composed of equal representation from Staff, OPC, and the Company will develop a Request for Proposal ("RFP") outlining the scope of work, with input from all members. The RFP will be circulated internally within 120 days. Selection of the auditor, if any, will be made by majority vote of the committee. If consensus cannot be reached on the scope or auditor, the matter will be submitted to the

[3] Exhibit C includes the Staff billing determinants and a calculation of rates. The rates listed in Exhibit C were derived by following the general process set out in paragraph 18 of this Stipulation and Agreement.

Commission for resolution. To ensure independence, the auditor's contract will prohibit any direction or influence over the report's conclusions by Staff, OPC, or Liberty. Upon completion, the audit report will be filed with the Commission in EFIS. Up to $500,000 of the costs of the audits will be borne by Empire shareholders. Any amount over $500,000 will be booked to a regulatory asset account, recovery or non-recovery of which to be determined in a future rate case.

20. **Internal Audits.** Ethics and capitalization internal audits to be completed within one year from the effective date of new rates in this proceeding.

21. **Withdraw AAO for New Natural Gas Generation.** The Company agrees to withdraw its request for an AAO for new natural gas generation.

22. **Withdraw Wind Environmental Cost Recovery Tracker.** The Company agrees to withdraw its request for a Wind Environmental Cost Recovery Tracker.

23. **Discontinue Excess ADIT Tracker.** The Company's EADIT tracker will be discontinued as of the effective date for new rates.

24. **Property Tax Tracker Base.** The base amount of property tax is $25,850,330 for non-wind property and $4,261,941 for wind property, as of the effective date of rates in this case. Any successful property tax appeals will be reflected in the property tax regulatory tracker balance.

25. **FAC Reporting.** FAC reporting as outlined within Brooke Mastrogiannis Direct Testimony. Also provide to OPC.

26. **Tariff Changes:**

- Service Territorial Agreement Items (as proposed by Staff witness Coty King in direct testimony)
- Demand-Side Investment Mechanism Rider, Schedule DSIM (as proposed by Company witness Charlotte Emery in rebuttal testimony)
- Optional Time of Use Adjustment Rider OTOU eliminated (as proposed by Staff witness Sarah Lange)
- Removal of Solar Rebate Rider, Rider SR (as proposed by Staff witness Amanda Arandia)

- Suspend all new enrollments in the Electrification Tariffs with the compliance tariff sheets in this case, and Empire to make a separate tariff filing no later than 30 days after an Order approving this settlement.
  - Residential Smart Charge Pilot Program, Schedule RG-SCPP
  - Ready Charge Pilot Program, Schedule RCPP
  - Commercial Electrification Pilot Program, Schedule CEPP
  - Electric School Bus Pilot Program, Schedule ESBPP
  - Non-Road Electrification Pilot Program, Schedule NREPP
  - Demand Response and Vehicle to Grid Pilot Rates – Schedule EVDR
- Transmission Service Schedule TS Interruptible Credit: The monthly credit should be increased from $4.01/KW to $6.00/KW.
- Revise tariff to reflect new calculation method for budget billing.
- Revise tariff sheets to comply with Chapter 13 per Thomason rebuttal testimony.

27. **Normalized Weather Time Period.** The Company will participate in workshops with other electric and gas utilities to discuss the time period to use to calculate normal weather as described by OPC witness Mantle in rebuttal.

28. **Arrearage Forgiveness.** The Company will forgive $8.5 million in customer arrears through a targeted relief initiative. The intent is to support those most in need — including customers who are ineligible for federal assistance due to exceeding arrearage limits, are at high risk of disconnection, or are struggling to stay current on payment plans. The Company will work collaboratively with stakeholders to design a creative and impactful program that facilitates the funds being used in the most meaningful and effective way.

29. **Low-Income Weatherization Assistance Program**: Company agrees to continue its annual budget for LIWAP in the amount of $550,000 comprised of $250,000 from customers and $300,000 from shareholders. Additionally, Liberty will resume administrative control of the program.

30. **Low-Income Pilot Program**: Company agrees to continue a 50% Customer Match contribution at the annual cap of $900,000. Removing budget billing as requirement to participate in the program. Rename the program "Fresh Start Plan." Change the program terms as outlined

in the Direct Testimony of Nate Hackney. Additionally, the Company proposes that any unspent funds would rollover to Project Help.

31. **Critical Medical Needs Program**. Company will continue its critical needs program funded annually with $50,000 by customers and $50,000 by shareholders.

32. **Quarterly Low-Income Stakeholder Meetings**. Company will begin hosting quarterly meetings with Stakeholders at which, affordability will be a standing agenda item.

33. **Pension Plan Funding.** The Company re-affirms prior commitments to funding the pension plan as set forth in the Orders Approving Stipulations and Agreements in Case No. EM-2016-0213, as set forth therein with no changes implied by this re-affirmation. The Company agrees to not engage in a pension risk transfer arrangement.

34. **Health Benefit Equal Treatment.** Liberty agrees to treat all members of Local Union #1474 of the International Brotherhood of Electrical Workers, who qualified for health benefit design and cost sharing mechanisms as of January 1, 2017, the same as similarly-situated non-bargaining unit employees of the Company with respect to the retiree health benefit obligations of the Stipulation and Agreement filed February 4, 2022, in Case No. ER-2021-0312 between the Empire District Retired Members & Spouses Association, LLC ("EDRA") and the Company.

35. **Green Button Connect:** Empire agrees to conduct further evaluation of the Green Button Connect initiative prior to committing to full implementation. This evaluation will include a review of customer experience impacts, system integration costs (particularly within SAP), Green Button Connect implementation costs, and the value of customer interval data. Empire agrees to initiate a competitive solicitation process for the implementation of Green Button Connect, with the goal of evaluating both cost parameters and compatibility with the Company's

existing SAP systems. This comprehensive assessment will be completed within one year of the effective date of rates established in this proceeding. Based on the results of the evaluation and input from stakeholders, Empire will determine the appropriateness of moving forward with implementation. If deemed appropriate, Empire will target full implementation no later than the end of 2028. A tariff workshop will be held beginning six months prior to any planned launch to support transparency and stakeholder engagement.

36. **Reliability.** Within 6 months of the effective date of rates in this case, Empire will collaborate with Staff and OPC on recommended actions for Empire to take to reduce the duration of outages and to improve the reliability of its worst-performing circuits.

37. **Variance Requests.** Within 6 months of the effective date of rates in this case, Empire will request variances from the Commission to:

- Allow for the reporting of its reliability improvement program on the same day of its capital investment plan filing to support consistency; and
- To allow its continued use of Institute of Electrical and Electronics Engineers (IEEE) Standard 1366-2022, Guide for Electric Power Distribution Reliability Indices as opposed to the standard required by Commission rules.

38. **Estimated Bills.** Empire agrees to the below provisions regarding estimations.

a. To immediately minimize any instance of interval billing estimation;

b. Within three months after the effective date of rates in this proceeding, Empire shall begin providing a monthly report to Staff that contains the number of meters rendering interval data and the number of those meters that contain interval estimates;

c. Within thirty days of the filing of this Agreement, Staff and Empire will come to an agreement on how to provide transparency on the estimation of interval reads across TOU periods;

d. Empire will work with Staff to implement appropriate tariff revisions and process improvements related to this issue no later than six months after the effective date of rates in this proceeding, unless otherwise ordered by the Commission in the investigation docket; and

e. Empire will issue customer notifications after three consecutive estimated bills.

39. **Customer First Name Change:** Change the name of "Customer First" to a neutral name.

40. **Emergency Curtailment Docket:** Company and stakeholders agree to open an emergency curtailment docket following the results of the Value of Lost Load Study.

41. **Customer Notification:** The Company agrees to work with the parties to develop targeted customer messaging regarding the disconnection moratorium, with specific emphasis that customers experiencing billing issues will not be subject to disconnection or late fees. Messaging will be crafted to support clarity and accuracy, while avoiding any unintended signals that could discourage timely payment from customers not impacted by billing issues. The Company further agrees to collaborate with the parties and the Commission to establish a communication plan and approach for when disconnections for nonpayment resume.

42. **Heat Rate Testing Results and Procedures:** Company agrees to file any new Heat Rate Testing results that have occurred since its prior response, which included the procedural schedule timeline in Case No. ER-2024-0261. Additionally, the Company will submit documentation outlining its heat rate testing procedures in this docket no later than March 31, 2026.

43. **Effective Date of Rates.** The Company will file compliance tariff sheets in response to a Commission order in this proceeding. The Signatories request that compliance tariff sheets be approved so that new rates take effect on February 1, 2026.

General Provisions

44. This Agreement is being entered into solely for the purpose of settling the issues in this case. Unless otherwise explicitly provided herein, none of the Signatories to this Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost-of-service methodology or determination, depreciation principle or method, method of cost determination or cost allocation or revenue-related methodology.

45. This Agreement has resulted from extensive negotiations among the Signatories. This Agreement is a negotiated settlement, and the terms hereof are interdependent. Except as specified herein, the Signatories to this Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement in any future proceeding.

46. This Agreement embodies the entirety of the agreements between the Signatories in this case on the issues addressed herein and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

47. If approved and adopted by the Commission, this Agreement shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Agreement and the operation of this Agreement according to its terms.

48. If the Commission accepts the specific terms of this Agreement without condition or modification, then only as to the issues in this case that are settled by this Agreement explicitly

set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Agreement without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Agreement.

WHEREFORE, the undersigned Signatories respectfully request that the Commission issue an order approving the Agreement subject to the specific terms and conditions contained herein.

Respectfully submitted,

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d/b/a LIBERTY

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CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 6th day of October, 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