BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

TRANSCRIPT OF PROCEEDINGS

EVIDENTIARY HEARING

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	File No. ER-2024-0261

THURSDAY, OCTOBER 16, 2025
9:00 a.m.

Governor Office Building
200 Madison Street
Jefferson City, MO 65101
and WebEx

VOLUME 13

CHARLES HATCHER, Presiding
SENIOR REGULATORY LAW JUDGE

KAYLA HAHN, Chair,
MAIDA J. COLEMAN,
GLEN KOLKMEYER,
JOHN MITCHELL,
COMMISSIONERS

REPORTED BY:
Tracy Taylor, CCR No. 939

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JUDGE HATCHER: All right. Thank you everyone. Let's come to order and let's go on the record.

Today is day three of the evidentiary hearing of the general rate increase request of the Empire District Electric Company, doing business as Liberty. This is Case Number ER-2024-0261.

I want to go over a couple of announcements. Yesterday the presiding officer failed to skip over the signatories in the cross-examination of co-signatories. I will endeavor to do better today on that.

I would ask that everyone please mute your phones. And if you're on the WebEx, please double check to make sure that your microphone is muted.

And last announcement is if we are not finished by 10:45, we will be recessing at 10:45. I have a hard stop time for our morning activities due to the Commission's need for this room for agenda. So I've already checked with Brian. We can go as late as 10:45, but we are going to have to stop at that point.

With that, are there any comments from the parties before we call up Mr. Berkstresser? Excellent. Mr. Berkstresser, please come on down,

unless he's -- oh, no, he is here. Excellent.

And for everyone listening online, we are going to jump right in. We have three remaining issues for today. That's the Ozark Beach crane extension, this is Issue 89; Customer Experience; and then the FAC.

Mr. Berkstresser, if you'd raise your right hand, please.

(Witness sworn.)

JUDGE HATCHER: Thank you. And, Company, your witness.

Whereupon,

BRIAN BERKSTRESSER,

being first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MS. GRUBBS:

Q. Good morning. Mr. Berkstresser, by whom are you employed and in what position?

A. Liberty Utilities. And I am the Senior Director of Generation Operations for the Central Region.

Q. And do you have a copy with you of your direct testimony, which has been marked as Exhibit 1; your rebuttal testimony, which has been Exhibit 2-P and 2-C; and your surrebuttal testimony, Exhibit 3,

which have previously been admitted in this hearing?

A. Yes.

Q. And you acknowledge that the Company has modified many of its positions as outlined in the Non-Unanimous Global Stipulation filed on October 6th, 2025?

A. Yes.

MS. GRUBBS: Mr. Berkstresser is tendered for cross. Thank you.

JUDGE HATCHER: Thank you. And as stated, we have a Non-Unanimous Stipulation that was signed, and signatories to that agreement have agreed not to cross-examine each other's witnesses. I'm just laying that explanation out for our listeners.

So we will be skipping over MECG and skipping staff. And we will go to cross-exam by Consumers Council.

MR. COFFMAN: I have no questions of Mr. Berkstresser, but good morning. Thank you.

THE WITNESS: Good morning.

JUDGE HATCHER: Thank you.

And Mr. Williams.

CROSS-EXAMINATION

BY MR. WILLIAMS:

Q. Good morning, Mr. Berkstresser.

A. Good morning.
Q. Did I pronounce your name correctly?
A. You did better than most.
Q. I did pretty poorly yesterday, I'll tell you that.
A. No worries.
Q. Are you familiar with the dam at Oz- -- what you're calling Ozark Beach?
A. I am.
Q. Is that called the Powersite Dam?
A. Both -- both names apply.
Q. Do you know when it was built?
A. It was completed in 1913.
Q. And do you know when the crane, which is the subject of this topic that you did the extension on recently, was originally built?
A. So the original crane that runs the length of the dam was added in the '30s when bays five through eight were added originally. The dam only had bays one through four.
Q. And that's the crane that you did the extension to?
A. We attached to that, yes.
Q. And when did you do the extension?
A. Well, we started talking about it in 2020

and it was completed in '22.

Q. And you gave a reason it was safety related with regard to barges was the rationale given for doing the extension. Is that not correct?

A. One of the reasons, yes.

Q. Well, what were -- just go ahead and list what the reasons were.

A. Well, all right. So if we need to take anything of any size over to the dam, we have a barge. But this barge is, in essence, a huge shoebox. It -- it doesn't move through the water well. It can handle a lot of weight, but it's -- it's kind of awkward to handle. You know, obviously waves will tend to bounce it around a little bit.

You have to pull it with another boat and then you pull it from -- you have to load everything on at the public park and then you drag it across the water to the dam. And then you have to tie it off at the dam and then you bring material up there. And it's -- it's a very slow, tedious and a little puckering experience every time you do that.

Q. Is that the way that you transported materials since the crane was originally put in in -- what 1930s, I think you said?

A. Yes.

Q. What happened that caused you to decide to do the extension in -- was it 2022?

A. Correct. Well, we looked at how -- how often we were bringing materials in. We were looking at, you know, how do we improve the efficiencies for the people, how do we improve the safety for the people, how do we mitigate environmental risk.

You know, it's -- when we bring four barrels of 55-gallon drums across that lake to -- to bring hydraulic oil over, I just -- my mind would go to all sorts of unpleasant things, like an oil spill over the side of the dam heading towards Bull Shoals. It was just -- I didn't sleep well when we were doing those things.

And -- and this extension eliminates all of that. You go across a bridge, it's all in a truck, you never have to take it on the water. All that gets avoided.

Q. Well, how often each year would you use the barge before you put in the crane extension?

A. It -- it varies by year.

Q. Well, just give me a ten-year average, say 2000 to 2010.

A. I don't know if I could do that off the top of my head.

Q. No idea at all? Once or twice a year? Dozen times a year?
A. Closer to a dozen, I would say.
Q. And I believe you said you guys did a feasibility study?
A. We did.
Q. Is that in the record?
A. I don't know if the study is in the record. I don't believe so.
Q. I have no further questions. Thank you.
JUDGE HATCHER: Thank you. We now go to Commissioner questions. Are there any Commissioner questions for Company Witness Mr. Berkstresser? Commission Coleman.

QUESTIONS

BY COMMISSIONER COLEMAN:
Q. Good morning.
A. Good morning, Commissioner.
Q. This hasn't come up; I just wondered. You brought up the concerns of transporting across the river. Have -- has there ever been any accidents?
A. No.
Q. Okay. Yeah, let's knock on wood and pray about all that.
A. Yes. Yes, please.

Q. So no issues, no problems at all with --
A. (Witness shook head.)
Q. Okay.
A. Not to date, no.
Q. Okay. Thank you, sir.
A. Uh-huh.
JUDGE HATCHER: And, Mr. Berkstresser, if you could move a little closer to the mic.
THE WITNESS: Sorry.
JUDGE HATCHER: Thank you.
Commissioner Kolkmeyer.
COMMISSIONER KOLKMEYER: Thank you, Judge.

QUESTIONS

BY COMMISSIONER KOLKMEYER:
Q. Is this a much safer way to operate there? Versus putting the stuff on the water, it can stay on a truck and get right to the dam?
A. Absolutely.
Q. Is that the way I'm understanding it?
A. Safer and faster and more efficient.
Q. Okay. Thank you.
A. You're welcome.
JUDGE HATCHER: Thank you. We'll go to recross, and we will start with Mr. Opitz of MECG.

MR. OPITZ: No, thank you, Your Honor.
JUDGE HATCHER: And then Staff.
MR. GRAHAM: No, thank you, Your Honor.
JUDGE HATCHER: And Consumers Council.
MR. COFFMAN: No, thank you.
JUDGE HATCHER: Public Counsel.
MR. WILLIAMS: Thank you, no.
JUDGE HATCHER: And redirect by the Company?
MS. GRUBBS: Just briefly.

REDIRECT EXAMINATION

BY MS. GRUBBS:

Q. Just wanted to follow up. You recall your conversation with Commissioner Kolkmeyer where you talked about efficiency. How long would it take to -- to do the whole barge maneuvering from loading at the public park to then actually getting it into the bay to be used? Do you have an estimate?

A. Best case, it's a half day. And it took everybody at the dam, all -- all the employees. Because you had a boat out in front trying to keep the public away because you're moving this very large shoebox, you know, and you're trying not to create any wake or have any excess wake that would cause any imbalance issues.

Minimum would be a half day, more likely closer to a full day to -- just to get it over there and then get it unloaded and in. And with the new system with a truck, 30 minutes.

Q. Okay. Thank you. Those are all my questions.

JUDGE HATCHER: Thank you.

Mr. Berkstresser, you are excused from our witness stand for today.

THE WITNESS: Thank you.

COMMISSIONER KOLKMEYER: Can I ask another question?

JUDGE HATCHER: Yes, yes, let's back up. My apologies to our court reporter. I didn't ask him to spell his name.

Let's back up. We have another Commissioner question. Go ahead.

FURTHER QUESTIONS

BY COMMISSIONER KOLKMEYER:

Q. Give me your job title again.

A. I'm the Senior Director of Generation Operations, so I'm -- I'm responsible for the fleet.

Q. For the whole -- everything now?

A. Uh-huh.

Q. Thank you.

A. You bet.

JUDGE HATCHER: For the record, the Commissioner asked what the job title was. Since that is another question, we'll open that back up to recross. If I could just get a hand if anybody has a question.

MR. GRAHAM: No.

JUDGE HATCHER: Okay. I see everybody is going to skip their recross. Thank you, Mr. Berkstresser. We appreciate it.

THE WITNESS: Thank you, Your Honor.

JUDGE HATCHER: Okay. We're going to move onto our second issue. And by my cheat sheet, that is going to be the wrap-up of Customer Experience with Witness John Reed.

MR. COOPER: That's correct, Your Honor. We would call Mr. -- Mr. Reed.

JUDGE HATCHER: Excellent.

Thanks, Mr. Reed. Go ahead and raise your right hand.

(Witness sworn.)

JUDGE HATCHER: Thank you. Please have a seat and state and spell your name for our court reporter.

THE WITNESS: My name is John J. Reed.

JUDGE HATCHER: And how is that last name spelled?

THE WITNESS: R-e-e-d.

JUDGE HATCHER: Thank you, sir.

Your witness.

MR. COOPER: Thank you, Your Honor.

Whereupon,

JOHN REED,

being first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. COOPER:

Q. Would you let us know by whom you're employed and in what capacity?

A. Yes. I am the Chairman of the Board of Concentric Energy Advisors.

Q. And is it your understanding that the testimony you filed in this case has been admitted into evidence as Exhibits 44, 45 and 46?

A. Yes, that is my understanding.

Q. And I suppose you also recognize that the Company has -- has modified some of its positions consistent with a Non-Unanimous Stipulation and Agreement that's been filed in this case?

A. Yes, I do.

MR. COOPER: That's all the questions I

have, and we tender Mr. Reed for cross-examination.

JUDGE HATCHER: Thank you.

We'll go directly to Consumers Council.

MR. COFFMAN: I have no questions on these issues, but I may have questions on the fuel adjustment clause later, so just -- just --

JUDGE HATCHER: We'll call him back up for that.

MR. COFFMAN: Okay, thank you. No questions.

JUDGE HATCHER: Thank you.

Public Counsel.

MR. WILLIAMS: Public Counsel has waived cross.

JUDGE HATCHER: And Commissioner questions for Mr. Reed on Customer Experience?

And while I'm mentioning the Commissioners, this is a good time to state for the record that we have attendance again of all four of our Commissioners.

Commissioner John Mitchell is on our WebEx, Commissioner Maida Coleman is here in person, Commission Kolkmeyer is here in person, and Chair Hahn is on her way down and will be joining us in a few minutes.

Are there any Commissioner questions for Mr. Reed on the issue of customer experience? Hearing none, we will go to our recross-examination. We will start with Mr. Opitz.

MR. OPITZ: No, thank you, Your Honor.

JUDGE HATCHER: Staff.

MR. VANDERGRIFF: No, thank you, Your Honor.

JUDGE HATCHER: Consumers Council.

MR. COFFMAN: No questions.

JUDGE HATCHER: Public Counsel.

MR. WILLIAMS: No, thank you.

JUDGE HATCHER: And redirect. We didn't have -- well, I keep messing this order up. Thank you all.

Mr. Reed, you are excused from our witness stand for this issue. We will probably have you back up in just a few minutes.

Okay. As we rearrange chairs and witnesses, we are ready to turn to our final issue of the day, and I believe we are going to be starting with mini opening statements?

MS. CARTER: That's correct.

JUDGE HATCHER: Excellent. And I think the Company will start on their opening statement and

then we'll go through the list with Staff, OPC, MECG, and then Consumers Council.

MR. PRINGLE: And, Judge, just a quick little clarification matter when it comes to Staff's witnesses on this. Because the constant changing list of issues, we do also have Antonija Nieto, Justin Tevie and Melanie Marek.

They have testimony on certain issues, if there are any Commission questions for them, but they are not listed on the witness list. And for Antonija Nieto and Justin Tevie, they can testify to Issues 43-A and 43-B respectively. And Melanie Marek can testify to 41-A.

JUDGE HATCHER: I appreciate the heads-up. The way that we have been using topics as our area for Commissioner questions, it might be better to see where our questions land and then call up witnesses as needed from there, if that works. If -- we're going to be flexible today, so.

MR. PRINGLE: Yep.

JUDGE HATCHER: Okay. Mr. Cooper, floor is yours.

MR. COOPER: Thank you very much, Judge. Good morning again.

Empire has asked to continue and modify

its fuel adjustment clause in this case. By rule, the Commission must rebase base-energy costs in each general rate proceeding in which the FAC is continued or modified, and is to consider all relevant factors that may affect the costs or overall rates and charges of the petitioning electric utility.

Base-energy costs mean the fuel that purchased power costs of net -- net fuel-related revenues that are included in the revenue requirement used to set base rates in a general rate case.

The FAC base factor is the base energy cost divided by net generation and kilowatt hours. For convenience, most of the parties refer to their positions in megawatt hours. And I know Staff, in its position statement, reflects its number in kilowatt hours; the only difference being the movement of a decimal point.

There are several aspects of the FAC and base-energy costs that have been discussed in this case. Among other things, OPC originally took the position that the FAC should be terminated or, in its first alternative, that the Commission should include a 50/50 sharing mechanism. And in a subsequent alternative, it provided a range of possible sharing levels.

Both Empire and Staff agreed in their pre-filed testimony that the Commission FA -- or the FAC should be continued. Staff indicated that Empire's total energy costs have continued to be both large and volatile.

The proposed FAC will allow Empire to largely recover the Company's prudently incurred fuel and energy costs, including transportation, and to provide customers with reductions in those costs in a way that provides a sufficient opportunity for the Company to earn a fair return on equity.

The Company argued that there should be no sharing percentage, while the Staff -- Staff's primary position was that a sharing percentage should continue at 95/5.

Company Witness John Reed provides testimony as to how other states approach their fuel adjustment clauses for the Commission's consideration in addressing the question of sharing.

In addressing the various FAC issues, the Company, Staff, MECG, Renew Missouri, and the Union agree that the proper resolution of these FAC issues is found in the filed Non-Unanimous Global Stipulation and Agreement.

The Non-Unanimous Stipulation indicates

that the FAC mechanism should be continued with sharing at 95/5, transmission cost revenues included at currently authorized percentages, transmission expenses included at 21.39 percent for the SPP and at 50 percent for non-SPP, that SPP Schedules 1A and 12 not be included in the FE -- FAC, and that the base -- FAC base be set at $13.97 per megawatt hour.

Further, certain FAC voltage adjustment factors are established for use in the tariff.

The Non-Unanimous Stipulation further includes a provision that FAC reporting going forward will be as outlined within Staff's direct testimony with that reporting also being provided to the OPC.

For comparison, Staff proposed an $11.11 per megawatt hour FAC base factor in its true-up testimony. The Company supported a $17.85 per megawatt hour FAC base factor when using its transmission inclusion at 100 percent.

And the Company indicated in true-up that its FAC base factor, when using Staff's transmission expense percentages, what resulted -- or what is found in the global -- the Non-Unanimous Global Stipulation, that its number in that case would be $15.28 per megawatt hour.

OPC did not perform its own cost --

production cost model.

Empire believes that the Non-Unanimous Stipulation that has been presented to you for consideration represents a fair and reasonable resolution of the FAC issues.

The Company will present three witnesses. Mr. Reed will take -- retake the stand for FAC, Mr. Todd Tarter will be presented, and Mr. Aaron Doll will also be presented by the Company as to these issues. Thank you.

JUDGE HATCHER: Thank you, Mr. Cooper.

Any Commissioner questions for Mr. Cooper in his opening statement? Hearing none, thank -- thank you, sir. I appreciate it.

We will move onto Staff.

MS. HANSEN: Good morning, and may it please the Commission. And I am sorry about the confusion. I just got really excited to do the opening statement.

COMMISSIONER KOLKMEYER: Yeah.

MS. HANSEN: All right. My name is Andrea Hansen and I am representing Commission Staff in this case.

Commission Staff witnesses are available to answer Commission and Bench questions, as well as

testify regarding the fuel adjustment clause, or FAC, issues. Several Staff members covered FAC issues and other related issues in this case.

Staff recommends that the Commission approve the Non-Unanimous Stipulation and Agreement -- the Global Stipulation and Agreement to resolve all FAC issues in this case.

Paragraph nine of the stipulation outlines the agreement of the signatories on certain FAC issues. And these include continuation of the current sharing incentive mechanism of the 95/5 percent; transmission costs/revenues included at current -- currently authorized percentages; an FAC base-rate factor of $13.97 per megawatt hour; transmission expenses included at 21.39 percent SPP and non-SPP 50 percent; clarification that SPP Schedules 1-A and 12 are not to be included in the FAC; and setting out of the FAC voltage adjustment factors.

It should be noted that in Staff's view, Issues 43, 85 and 91 are interrelated issues. And in that issue, Issues 43-A and B, natural gas fuel prices and energy market costs, are an input into Issue 85, variable fuel and purchased power expense. And Issue 85 is an input into Issue 91, the base -- or the

FAC base-rate factor -- I'm sorry base factor, I apologize.

Staff Witness Brooke Mastrogiannis is here to testify on FAC issues 41-B, 42, 90 through 91, 95, and 97 through 99. If you have any questions regarding what FERC sub-accounts should be included in Empire's FAC tariff sheets, the appropriate base factor for the FAC, the percentage of SPP transmission revenues to be included in the FAC and its base factor, and what revisions should be made to the FAC tariff sheets including changes -- changing the sharing mechanism -- changing the sharing incentive mechanism, Ms. Mastrogiannis is available to answer your questions.

Staff witness -- like my colleague Mr. Pringle stated, Staff Witness Antonija Nieto and Justin Tevie are available to testify on Issue 43-A and 43-B respectively. Antonija is also a witness for Issue 42. Melanie Marek is available to testify on Issue 41-A. Thank you very much.

JUDGE HATCHER: Thank you.

Are there any questions for Staff counsel in their opening statement? Hearing none, thank you very much.

Next, we will call up Public Counsel.

MR. WILLIAMS: Thank you --

JUDGE HATCHER: Mr. Williams.

MR. WILLIAMS: -- and good morning. May it please the Commission. My name's Nathan Williams, and I'm appearing here on the Office of Public Counsel and the public.

This is an important issue to get right. If you look at Empire's -- it's total company, but it's about 500 million -- I'm sorry -- about 5 million megawatt hours we're talking about that is generated -- or that is used by Empire total company, which trans- -- so if you're talking about a dollar difference in the fuel adjustment clause -- so if you didn't get it right and it's a dollar different, you're talking about roughly $450 million that -- of impact to customers.

Did I say that right? Yeah. I mean -- I'm sorry, 5 million. Five million of impact.

So if the difference -- over the year, if it's off by a dollar on what you set the fuel adjustment clause and the usage is about the 500 million mega -- megawatt hours, you're talking about 5 million dollars of impact.

So whenever you hear those differences between 17 and 11, you're talking about five times

six -- about $30 million. So it's an important thing to get right.

And it also needs to match what you're doing for those same components that you're tracking with your fuel adjustment clause that you put in your revenue requirement.

Now, there are some items that are specified in the settlement agreement that are locked down, but there -- there are others that flow through the fuel adjustment clause that are not, including Transmission Congestion Right Revenues and Auction Revenue Right Revenues through SPP.

It's our position -- well, first of all, the Company's position on fuel adjustment clause calculations and fuel and purchased power, those are all based on projected fuel and purchased power numbers.

The direct was based on projected 2025, their true-ups based on projected 2026 fuel prices. So their fuel and market prices that they used to derive what the cost is for fuel and purchased power in their case and in their fuel adjustment clause are based on those projected amounts -- or projected fuels -- costs.

And I found no place in the record where

they disclosed to the Commission that's what they were doing. We found it through a -- by issuing a data request saying: Just what did you do?

I suspect Staff knew because it made an emphasis about how it was using the actual data through the true-up cut-off of March 31 of 2025 in this case.

Basically we're supporting Staff's position as to what to do on the fuel clause, assuming -- I mean our first position is don't do anything to what the fuel clause is currently and don't do any rate increase.

But aside from that, if the Commission does decide to address what rates are appropriate, our position tracks what Staff's position is as of true-up. And our witnesses on this issue are Angela Schaben and Lena Mantle. I encourage you to ask the parties questions.

JUDGE HATCHER: Thank you, Mr. Williams.

Are there any Commissioner questions for Public Counsel in his opening statement? Hearing none, I appreciate it. Thank you.

MR. WILLIAMS: Thank you.

JUDGE HATCHER: We move to Mr. Opitz.

MR. OPITZ: No, thank you.

JUDGE HATCHER: And we move to Consumers Council, Mr. Coffman.

MR. COFFMAN: Thank you. May it please the Commission. John Coffman for Consumers Council.

I wanted to just step back and make sure that the Commission understands the -- the cost-of-service principles here, or at least how I view it.

The cost-of-service utility rate-making is not designed to give a utility dollar for dollar what they spend. It's not here to just pay their credit card bills. The way I understand it, it's designed to emulate the competitive marketplace, to set rates at what a just and reasonable utility should be able to operate at with a healthy profit.

And if that utility can do so more economically, they make money; if they don't, maybe they lose some money. But it provides incentive for the utility to manage the business in an economical way.

The fuel adjustment clause is kind of a very big exception to that, where the utility's allowed to just pass through their costs without, you know, having to be under some incentive. And so this is the reason why there has been a compromise over the

years to add a sharing mechanism in there, so that at least some part of the fuel clause is an incentive for the utility to -- to try to be more efficient.

And it's not done, at least in this state, with the purchased gas adjustment. And, you know, a gas utility has some ability to store and move gas around, but that's largely a commodity cost. It's very different with the fuel adjustment clause.

The fuel adjustment clause in Missouri includes transmission expenses, purchased power agreements, choices between different kinds of electric generation. There are a lot of decisions that the utility makes that affect how -- what costs go through the fuel adjustment clause.

And I think there's an incentive, because of the way it's set up, to move costs through the fuel adjustment clause rather than through the revenue requirement sometimes because there's a greater guarantee of -- of getting it.

But there are -- these decisions that go into the fuel adjustment clause, it's not only a lot of money, it's a lot of big decisions. And we want the utility to have the incentive to do that in the most economical way to serve the public and keep rates from getting out of control. And so that's why it's

important.

We don't think 5 percent is enough. And -- and remember, that's not denying the utility 5 percent. That just means that -- the fuel adjustment clause just covers the variation and it goes up and down. And so if you have, say, a -- you know, we currently have a 5 percent sharing mechanism.

If it goes up, they get 95 percent of that change upward; if it goes down, they only have to lower it 95 percent. So it's symmetrical supposedly with the economics, unless you -- you understand that the utility could do things a little bit differently and make it more economical.

From our opinion, the utility -- they -- they may say that they largely don't control those decisions. But they do have a lot of control if -- if not -- you know, certainly more than 5 percent, in my opinion.

So we believe that the sharing mechanism should be adjusted. We would like to see it 50/50 so the customers and the utility share the risk in variation in the fuel costs. We would be happy if you increased it to 10 percent. We just don't think 5 percent has shown it to be enough of a sharing incentive.

And given that the utility has some control and util- -- and customers, on the other hand, have zero control, it doesn't seem quite balanced to us that u- -- that customers are bearing 95 percent of the risk and the utility only 5 percent. That's our opinion.

And that's the most important issue to us, although I would note that there are a lot of technical details that go into the fuel adjustment clause. And in almost every case I'm involved in, the Commission makes decisions based on the evidence and they sometimes miss something in the order. And then there's a dispute after the rate case in the tariffs and Staff and Public Counsel are left kind of sorting things out.

So I would urge the Commission to be detailed and make sure that you answer every question and give the Staff and the Public Counsel the direction -- or all the parties the direction about how to design those tariffs so there aren't those disputes after the fact. That's all I have.

JUDGE HATCHER: Thank you, Mr. Coffman.

Are there any questions for Consumers Council opening statement? Hearing none, thank you, sir.

MR. COFFMAN: Thanks.

JUDGE HATCHER: Okay. Let's circle back to the Company. Go ahead and call your first witness.

MR. COOPER: We would re-call Mr. John Reed.

JUDGE HATCHER: Mr. Reed, you've already been sworn in today, so that still applies.

And your witness, Mr. Cooper.

MR. COOPER: We would tender Mr. Reed for cross-examination.

JUDGE HATCHER: All right. Let's go through my cheat sheet and go directly to Consumers Council.

CROSS-EXAMINATION

BY MR. COFFMAN:

Q. Good morning, Mr. Reed.

A. Good morning.

Q. Trying to find a way to get a path here to see you.

But on the fuel adjustment clause, your testimony is that the utility largely, you know, has no control or has little control, is that fair to say, over -- over decisions that go into the fuel adjustment cost?

A. My testimony wasn't with regard to

decisions. It was with regard to the ability to influence the costs. But to the extent you draw a link between the decisions and the cost, yes.

Q. Okay. And would you agree with me that the utility does have the ability to influence the costs that go through the FAC, at least to some degree?

A. To a very small degree. I mean, the analogy I've used before is it's like asking the utility to bear the risk partially on federal tax rate changes. Its ability to influence, for example, what happens at the transmission level and what happens in national fuel markets is about the same as its ability to influence the federal tax rate.

Q. Would you -- would you agree with me that consumers have zero control over fuel adjustment costs?

A. Yes. With regard to the cost itself. They have control over their own consumption decisions, which influence cost.

Q. Okay. I think that's all I have. Thank you very much.

JUDGE HATCHER: Thank you.

And Public Counsel.

MR. WILLIAMS: Public Counsel has waived

cross of this witness.

JUDGE HATCHER: I appreciate that. That slipped my mind.

Let's go to Commissioner questions. Are there any Commissioner questions for Mr. Reed on FAC issues? Okay. Hearing none, we will go back to recross -- no, we go back to just redirect, yeah. Mr. Cooper, redirect.

MR. COOPER: No questions, Your Honor.

JUDGE HATCHER: Thank you.

Thank you, Mr. Reed for being here today. We appreciate the -- the time that you took to come out and spend your day.

THE WITNESS: Thank you.

JUDGE HATCHER: So we appreciate that, thank you.

THE WITNESS: My pleasure.

JUDGE HATCHER: The next witness for the Company.

MR. COOPER: We would call Mr. Todd Tarter.

JUDGE HATCHER: If you would raise your right hand, Mr. Tarter.

(Witness sworn.)

JUDGE HATCHER: Thank you. Please have a

seat and state and spell your name for our court reporter, please.

THE WITNESS: My name is Todd W. Tarter. First name Todd, T-o-d-d, middle initial W, last name T-a-r-t-e-r.

JUDGE HATCHER: Your witness.

MR. COOPER: Thank you.

Whereupon,

TODD W. TARTER,

being first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. COOPER:

Q. Would you state your title?

A. Yes. I am the Senior Manager, Strategic Planning.

Q. And is it your understanding that your pre-filed testimony in this case has been admitted into evidence as Exhibits 49, 50, 51 and 52?

A. Yes.

Q. And as a follow-up to that, is it accurate to say that any recommendations found in that testimony would be modified as necessary to support the Non-Unanimous Global Stipulation and Agreement that's been filed in this case?

A. Yes.

MR. COOPER: Your Honor, I would tender Mr. Tarter for cross-examination.

JUDGE HATCHER: Thank you.

And we'll go directly to Consumers Council.

MR. COFFMAN: No questions of this witness. Thanks.

JUDGE HATCHER: And Mr. Williams for Public Counsel.

MR. WILLIAMS: Thank you.

CROSS-EXAMINATION

BY MR. WILLIAMS:

Q. Good morning, Mr. Tarter.

A. Good morning.

Q. The settlement agreement is for a fuel adjustment clause factor of $13.97 per megawatt hour, correct?

A. That is correct.

Q. Does that number imply a certain amount of those same components that make up the fuel adjustment clause, the values for them, in the settled revenue requirement?

A. Well, I'll answer as -- as I understand the question. I wasn't a part of the negotiations, so my understanding is that the 13.97 was a negotiated

number. So I don't know if there's any underlying assumptions that were spelled out in the -- the stipulation.

Q. So from the Company's perspective, there's a disconnect between revenue requirement that's agreed to and the fuel adjustment clause in terms of the components and the values they have?

A. Well, I -- I'm going to answer questions as it -- as it -- about -- as far as the FAC base factor. I'm not sure about what's in the revenue requirements. I think they -- they should match up.

But I was speaking more about, you know, any underlying assumptions like gas price or market prices or rec- -- revenues and things like that.

Q. Well, if you take the Company's, I guess, normalized megawatt hours of usage norm- -- let's see, it would be normalized annualized megawatt hours of usage and apply the base factor to it, you should get what those components are in the revenue requirement, would you not?

A. Yes, I think so.

Q. Do you know what, using that base factor, those amounts would be?

A. I guess I don't understand the question. What components are you talking about?

Q. Well, all of the components that make up the fuel adjustment clause factor. It would be -- well, you have natural gas costs, you have market costs, you -- purchased power costs, you have -- let's see -- Transmission Congestion Right Revenues, you have Auction Revenue Right Revenues, you have emissions allowances. I mean, there are a number of things that go into it.

A. Sure. Yes, so there were several different proposals or model runs that was done throughout the case. You know, it was built up from those factors up to a dollar per megawatt hour basis. We had a direct, you know, case a -- model run. We also had a true-up model run. I believe Staff also had a direct and a true-up. So yes, those -- we provided back-up what each of the components are that build up to that.

But as I stated earlier, I think that the stipulation and agreement is based on just a negotiated number, and I don't think that those bas- -- those things that build up was -- was spoke to in the -- in that stipulation.

Q. But isn't the whole concept of the fuel adjustment clause to capture the variances between what's -- the components that are in the fuel

adjustment clause that are being, I'll call it, tracked? Isn't the whole concept of the fuel adjustment clause to compare what actually occurs versus what was built into the revenue requirement for those components?

A. I think it's -- my understanding of the fuel adjustment clause is based around like -- I'll call it a set point, and that's the FAC base factor. So in this case it would be the 13.97. So costs would be compared to the 13.97. I don't think that the individual components then would, you know, matter.

It's how -- how do you build up to the 13.97. There could be multiple ways to do that, because there's a lot of factors that -- and I don't think that the stipulation talks about any of those underlying factors.

Q. I believe I agree with you on that.

In your direct case for coming up with a fuel adjustment clause factor and for your base fuel in purchased power costs, did you use projected natural gas prices to develop those?

A. Yes, we did.

Q. And those were projections -- natural gas price projections through calendar year 2025?

A. In the direct case, yes.

Q. And in the true-up case you used projections through calendar year 2026; is that correct?

A. That is correct.

Q. I think I'll conclude my questioning at this point. Thank you.

A. Thank you.

JUDGE HATCHER: Thank you, Mr. Williams.

That takes us to Commissioner questions. Are there any Commissioner questions for Mr. Tarter, Company witness on FAC issues?

Okay. Hearing none, we will go through recross-examination. That will take to us Mr. Opitz, who indicates he has no questions. Staff.

MR. PRINGLE: No questions, Judge. Thank you.

JUDGE HATCHER: Consumers Council indicates --

MR. COFFMAN: No questions.

JUDGE HATCHER: And Public Counsel.

MR. WILLIAMS: No questions.

JUDGE HATCHER: I know we just came through -- oh, right. We --

MR. PRINGLE: No recross.

MR. COOPER: Judge, everyone's working

with you, so we're --

JUDGE HATCHER: I appreciate you guys just letting me go down that road. Any redirect from the Company?

MR. COOPER: Yes. Yes, Judge.

REDIRECT EXAMINATION

BY MR. COOPER:

Q. Mr. Tarter, in your conversation with Mr. Williams, you were explaining, I think, going forward that the fuel adjustment factor -- or the -- yeah, the fuel adjustment clause is based upon the FAC base factor, correct?

A. Right.

Q. And so -- and I think Mr. Williams was, you know, pointing out that the FAC base factor does have underlying components as you're -- you're trying to -- to look at it, correct?

A. That's correct.

Q. But once it's established -- once the FAC base factor is established in a rate case, do those underlying components make any diff- -- that were used to -- to come up with the factor, do they make any difference as you move forward in time and start to compare actual experience to the FAC base factor that was established?

A. I don't think so, because I think that customers would be charged at the FAC base rate initially. And then in a properly designed FAC, all prudently incurred fuel and purchased power costs that are eligible for the FAC would get trued up through the process so that the customers end up paying the true cost of those energy costs, less any sharing mechanism.

Q. And so, for example, if the FAC base factor were set at $13.97 and in the first review of whatever the period would be, the -- the actual cost of all those actually experienced components were $13, there would be an over-recovery, correct?

A. That's correct.

Q. And it wouldn't matter whether that over-recovery resulted from a change in TCRs or recs or fuel costs or anything else, would it?

A. No, that's my understanding.

Q. Okay. And the opposite would be true as well. If -- if you -- if the Company were under -- under-recovered again, it wouldn't matter what caused that under-recovery, correct?

A. That's correct.

Q. Okay. You were asked about the 13.97 and explained that it was a negotiated FAC base factor.

Have you -- if you wanted to make an adjustment to components to get from 15.28 to the 13.97, could it be as simple as assuming a -- for example, a greater amount of TCR revenues or ARR/TCR revenues?

A. Yeah, we took a look at that. Our true-up case, as you mentioned, was -- would be 15.28 if you consider the -- you know, the transmission costs that we've -- you know, to move forward with at the lower percentage instead of 100 percent.

And if you would use -- we -- we had -- in that particular run, we had around 38 million roughly TCR revenue offset in there. If you would move that to about 45 million, that would move it to 13.97. And -- which was actually -- I'll point out was close to what the OPC was supporting. I think they were around 46 million roughly or a little north of that.

Q. Okay. You were asked about -- well, let me -- let me start with this. Do you have your direct testimony with you?

A. I do.

Q. Could you open that to page 10?

A. Okay.

Q. And on page 10 -- well, let me set this up a little bit. You were asked about projected --

the use of projected fuel, correct? Prices?

A. Right.

Q. Just need for you to say yes.

And Mr. Williams mentioned that OPC had found out about this -- in his opening statement, had found out about this late in the case, I think.

Would you look at lines five through nine on page 10?

A. Yes.

Q. And in that area you describe market price data from Horizon Energy, correct?

A. That is correct.

Q. Fuel and market price data, right?

A. Right.

Q. And what does Horizon Energy provide, other than generally fuel and market price data? Is there a variety of data that -- that is provided by that report?

A. Well, they are kind of specialists in developing the locational marginal prices at the hourly level for all the different price nodes that -- for our generators and for our load. And they do it in a consistent manner with the fuel prices. Like the natural gas price is very key. SVP has even said that electric market prices follow the gas prices. There's

a strong correlation between that.

So they develop that -- they do benchmarking, probably make sure the basis adjustment between the different loads are -- are accurate. And then they provide it in a -- in a manner that -- or format that is used for the encompassed model, which we make use of it.

Q. And in that same section of your testimony, you mention that this is the third consecutive case that Empire's has used this data from Horizon Energy, correct?

A. That is correct.

Q. Now, if you'll look a little bit lower on that same page of your direct testimony, the answer that's found at lines 16 to 19.

A. Yes.

Q. Do you see the sentence that starts: In other words?

A. Yes, I do.

Q. Okay. And would you read that for us?

A. In other words, only the projected spot market prices mentioned earlier were utilized.

Q. Okay.

A. This is --

Q. Go ahead.

A. This is consistent with the approach the Company used in the past two Missouri general rate cases.

MR. COOPER: Okay. That's all the questions I have, Your Honor.

JUDGE HATCHER: Thank you, Mr. Cooper.

Mr. Tarter, you are excused from our witness stand.

And Empire, go ahead and call your next witness.

MR. COOPER: We would call Mr. Aaron adult.

JUDGE HATCHER: I've heard it pronounced a couple ways, so I'm going to ask you to state and spell your name first before I swear you in.

THE WITNESS: It's Aaron Doll, D-o-l-l.

JUDGE HATCHER: Thank you. Mr. Doll, please raise your right hand.

(Witness sworn.)

JUDGE HATCHER: Thank you.

Mr. Cooper, your witness.

Whereupon,

AARON DOLL,

being first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. COOPER:

Q. Mr. Doll.

A. Thank you.

Q. Will you -- will you tell us what your title is?

A. Senior Director of Energy Strategy.

Q. And is it your understanding that your pre-filed testimony in this case has been admitted into evidence as Exhibits 8, 9, 10 and 11?

A. That is my understanding.

Q. And is it accurate to say that any recommendations found in that testimony would be modified as necessary to support the Non-Unanimous Global Stipulation and Agreement that's been filed in the case?

A. That is accurate.

MR. COOPER: Your Honor, we would tender Mr. Doll for cross-examination.

JUDGE HATCHER: Thank you, Mr. Copper. We'll move --

MR. COOPER: I used to go by Kuper, but then I gave up because it's always Cooper instead of Kuper, but.

JUDGE HATCHER: Thank you for playing along with my joke.

Let's go with Consumers Council.

MR. COFFMAN: I have no questions for this witness. Thank you.

JUDGE HATCHER: And Public Counsel.

MR. WILLIAMS: Thank you.

Good morning, Mr. Doll.

THE WITNESS: Good morning.

MR. WILLIAMS: I have no questions for you. Thank you.

JUDGE HATCHER: Thank you.

That moves us to Commissioner questions. Are there any Commissioner questions for Witness Doll? Hearing none, we will go directly -- we did not have any cross. Thank you.

Mr. Doll, you are excused from our witness stand.

And for the record, our Chair has arrived, as promised.

We now move to Staff witnesses.

MR. PRINGLE: Yes, thank you, Judge. Staff calls Brooke Mastrogiannis.

JUDGE HATCHER: Ms. Mastrogiannis, would you please raise your right hand.

(Witness sworn.)

JUDGE HATCHER: Thank you. Please state

and spell your name for our court reporter, please.
THE WITNESS: Brooke Mastrogiannis, B-r-o-o-k-e M-a-s-t-r-o-g-i-a-n-n-i-s.
JUDGE HATCHER: Staff, your witness.
MR. PRINGLE: Thank you, Judge.
Whereupon,
BROOKE MASTROGIANNIS,
being first duly sworn, testified as follows:
DIRECT EXAMINATION
BY MR. PRINGLE:
Q. Good morning, Ms. Mastrogiannis.
A. Good morning.
Q. Could you please state by whom are you employed and in what capacity?
A. I'm employed with the Missouri Public Service Commission as a Utility Regulatory Audit Supervisor.
Q. And is it your understanding that your pre-filed testimony, which has been premarked as Exhibits 113, the direct testimony of Brooke Mastrogiannis; Exhibits 144-P and 144-C, the rebuttal testimony of Brooke Mastrogiannis; and Exhibit 165, the surrebuttal testimony of Brooke Mastrogiannis have been previously admitted on the record?
A. Yes.

Q. And it's fair to say that your recommendations within those exhibits have been modified to now support the Global Non-Unanimous Stipulation and Agreement?

A. Yes.

Q. Thank you, Ms. Mastrogiannis.

MR. PRINGLE: I now tender her for cross-examination.

JUDGE HATCHER: Thank you.

And we will go directly to Mr. Coffman.

MR. COFFMAN: I have no questions of this witness. Thank you.

JUDGE HATCHER: And then Public Counsel.

MR. WILLIAMS: Thank you, no.

JUDGE HATCHER: Are there any Commissioner questions for Ms. Mastrogiannis?

Hearing none, thank you very much. You are excused from the witness stand.

THE WITNESS: Thank you.

JUDGE HATCHER: Staff, please call your next witness.

MR. PRINGLE: Staff next calls Mr. Shawn Lange.

JUDGE HATCHER: Mr. Lange, remind me. Have you been sworn in already?

THE WITNESS: No.
JUDGE HATCHER: Okay. Please raise your right hand.
(Witness sworn.)
JUDGE HATCHER: Thank you. Please state and spell your name for our court reporter, please.
THE WITNESS: My name is Shawn E. Lange, S-h-a-w-n E. L-a-n-g-e.
JUDGE HATCHER: Thank you.
Mr. Pringle -- Staff, your witness.
MS. HANSEN: Thank you.

Whereupon,

SHAWN E. LANGE,

being first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MS. HANSEN:

Q. Mr. Lange, please state and spell your name for the record.

A. My name is Shawn E. Lange, S-h-a-w-n, letter E, L-a-n-g-e.

Q. Thank you. By whom are you employed and in what capacity?

A. I am employed as a Senior Professional Engineer with the Missouri Public Service Commission

Staff.

Q. All right. Did you prepare direct testimony and surrebuttal true-up direct testimony in this case, which have been previously marked and previously admitted? These are Exhibits 111 and 160.

A. Yes.

Q. Okay. At this time do you have any corrections to make to these exhibits?

A. There was one spelling error in my true-up re- -- my true-up direct and surrebuttal testimony.

Q. All right. Do you have the page number and the line number?

A. Yes. On page two, line 2, I spelled Mr. Tarter's name T-a-r-t-a-r instead of T-a-r-t-e-r. Apologize to Mr. Tarter for that.

Q. Thank you very much. All right. If I asked you the same questions today within these exhibits, would your answers be the same or substantially similar?

A. In supporting the -- the stipulation and agreement, some of my answers may be altered a bit, but largely -- yes, they would be substantially the same, but altered to support the stipulation and agreement.

Q. Thank you very much. And then so you do acknowledge that you have modified your position to one that's in support of the stipulation?
A. Yes.
Q. Great. All right.
MS. HANSEN: All right. At this time I offer Mr. Lange for cross-examination.
JUDGE HATCHER: Thank you very much.
Mr. Coffman.
MR. COFFMAN: No questions.
JUDGE HATCHER: Mr. Williams.
MR. WILLIAMS: Thank you.

CROSS-EXAMINATION

BY MR. WILLIAMS:
Q. Morning, Mr. Lange.
A. Good morning.
Q. Did you do the fuel runs for this case?
A. For Staff, yes.
Q. And did Staff use actual historical fuel prices for purposes of doing those runs?
A. I believe Ms. Nieto is -- is the witness on -- on Staff's fuel prices. But my understanding is that yes, actuals were used.
Q. Both in direct and in the true-up?
A. Different actuals because we shifted

periods from direct to the true-up cutoff, but yes, actuals were used.

Q. Thank you. No further questions.

JUDGE HATCHER: Thank you.

That goes to Commissioner questions. Are there any Commissioner questions for Mr. Lange?

Okay. Hearing none, we will go back through just redirect.

MS. HANSEN: No, thank you.

JUDGE HATCHER: Thank you, Mr. Lange. You are excused from our witness stand.

Before I move to the OPC witnesses, counsel for Staff had mentioned the possibility of a couple other witnesses. And since your conversation, Mr. Williams just brought up one of those witnesses, I wanted to offer that opportunity. Do we want to bring up Ms. Nieto?

MR. WILLIAMS: Please.

MS. HANSEN: Staff calls Ms. Nieto.

JUDGE HATCHER: Please raise your right hand.

(Witness sworn.)

JUDGE HATCHER: Thank you.

Your witness.

Whereupon,

ANTONIJA NIETO,

being first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. VANDERGRIFF:

Q. Good morning, Ms. Nieto, if I said...

A. Good morning.

Q. Did you prepare pre-filed testimony in -- in this case?

A. Yes, I have.

Q. Do you have the understanding that you've modified your position to match the non-glo- -- Non-Unanimous Stip- -- Global Stipulation and Agreement?

A. Yes, correct.

MR. VANDERGRIFF: I tender Ms. Nieto for cross-examination.

JUDGE HATCHER: Before I ask Mr. Coffman, would Ms. Nieto please state and spell your name for the court reporter? I forgot to do that.

THE WITNESS: My name is Antonija Nieto, A-n-t-o-n-i-j-a, last name N, like Nancy, i-e-t-o.

JUDGE HATCHER: Mr. Coffman.

MR. COFFMAN: No questions, thank you.

JUDGE HATCHER: Mr. Williams.

MR. WILLIAMS: A few. Thank you.

CROSS-EXAMINATION

BY MR. WILLIAMS:

Q. Good morning, Ms. Nieto.

A. Good morning.

Q. You did the fuel prices for -- that were used in Staff's fuel run for this case?

A. I have.

Q. And were those -- for the direct case, were those actual prices?

A. They were. The natural gas price I developed was made out of two components, hedged and non-hedged. And they were both weighted average as of 12 months ending in direct September 30th, '24, and in true-up March 31st, '25.

Q. Thank you. No further questions.

JUDGE HATCHER: Thank you. Are there any Commissioner questions for Ms. Nieto?

Hearing none, we will go back to redirect.

MR. VANDERGRIFF: No redirect, Your Honor.

JUDGE HATCHER: Thank you.

Thank you, Ms. Nieto, for being here. You are excused from the witness stand.

Mr. Williams, I just want to inquire one

more time. I believe Staff counsel had mentioned two potential extra witnesses that weren't on the list. Did you have any further questions?

MR. WILLIAMS: No, thank you.

JUDGE HATCHER: Okay. Let's move onto OPC witnesses.

MR. WILLIAMS: Angela Schaben. Angela Schaben.

JUDGE HATCHER: Go ahead and have a seat. Thank you, Ms. Schaben. You've already been sworn in. That still applies.

Mr. Williams, your witness.

MR. WILLIAMS: I -- I tender her for cross.

JUDGE HATCHER: Okay. For cross, we go first to Consumers Council and I'll circle back to Mr. Coffman. Mr. Opitz indicates he has no questions. Staff.

MR. PRINGLE: No questions, Judge. Thank you.

JUDGE HATCHER: And the Company.

MR. COOPER: No questions.

JUDGE HATCHER: Okay. We'll move on. Are there any Commissioner questions for Ms. Schaben?

Hearing none, we will excuse Ms. Schaben

from the witness stand.

Mr. Coffman, thank you. I'm going to back up for just a minute here. Mr. Coffman, did you have any questions for Ms. Schaben?

MR. COFFMAN: Yes. Yes. I apologize.

CROSS-EXAMINATION

BY MR. COFFMAN:

Q. Ms. Schaben, I -- I wanted to ask you a question about -- about the decisions that the Commission needs to make to arrive at a fuel adjustment clause tariff at the end of the day.

And if the Commission is to adopt the position statements that are -- the -- part of the Non-Unanimous Global Settlement that is now a position statement, I notice that several of the -- of the issues would be resolved with paragraph nine of that Non-Unanimous Stipulation, but it doesn't seem to me when I look at the list of issues that all of the list -- not all the items on the list of issues are addressed by paragraph nine. Is that right?

A. Yes.

Q. So what -- there are some issues that the Commission would still need to decide that are sort of outside of the Non-Unanimous Stipulation?

A. Right. Like the correct sub-accounts,

like the list of sub-accounts to include and exclude.

Q. So that -- that's Issue Number 90 in the list of issues, right?

A. Yes. And that --

Q. So when -- go ahead.

A. Apologies. Go on.

Q. I'm sorry. I interrupted you. Go ahead.

A. Did you finish your question?

Q. Yes.

A. Okay.

Q. Well, my question is, what is -- what needs to be decided with Issue 90? What's -- what FERC sub-accounts should be included in the FAC tariff sheets?

A. The FERC sub-accounts that -- apologies -- that are included in Brooke Mastrogiannis' Schedule BM-D2. The stipulation doesn't include like proposed tariff sheets or the list of sub-accounts that should be included or excluded from the FAC, which is very important.

Q. So that's Issue Number 90. And are you referring to another issue on the issue list between Issues Number 90 and Issue 99?

A. The -- the tariff sheets? Like --

Q. Okay. I don't know if you have a copy --

is that Issue Number 97, which is how should the tariff sheets be revised?

A. That sounds right. I don't have a copy of the position statements with me.

Q. Okay. And am I understanding you correctly that the answers to those questions could be found in your testimony or Mr. -- Ms. Mastrogiannis' of the Staff testimony?

A. Yes. Brooke Mastrogiannis.

Q. And is your -- do you agree with Staff's position about the proper sub-accounts?

A. I do. It's just that a final version was not included with the stipulation and agreement.

Q. Okay.

A. Which is important.

Q. Okay.

A. The details.

Q. Is that -- is that an issue that Staff and Public Counsel have versus the utility or is it just not addressed?

A. It's not addressed in the stipulation.

Q. Okay. And your recommendation is that -- that the Commission should take the Staff's position on the -- the proper sub-accounts?

A. Yes. Like the final version without --

yeah, the final version.

Q. Okay. And what are the -- what are the -- the issues on which you would take exception to the non-unanimous stip with regard to fuel adjustment clause?

A. Well, the FAC tariffs should be consistent with the FAC ordered by the Commission. And there were no proposed tariff sheets attached to the stipulation and agreement.

Q. And is Public Counsel's positions fully stated in the position statements of Public Counsel?

A. They are.

Q. Okay. All right. I think that's all I have. Thanks.

JUDGE HATCHER: Mr. Op- -- Mr. Opitz --

MR. OPITZ: No, thank you.

JUDGE HATCHER: -- indicates no questions. And Staff.

MR. PRINGLE: Yes, Judge. Thank you. Just one.

CROSS-EXAMINATION

BY MR. PRINGLE:

Q. Good morning, Ms. Schaben.

A. Good morning.

Q. I guess it's your understanding that in

response to a Commission order, compliance tariff sheets are typically filed?

A. Usually I've seen them with the stipulation and agreement, and I haven't this time.

Q. But typically compliance tariffs are ordered in response to a Commission order?

A. Typically.

Q. Thank you.

MR. PRINGLE: No further questions, Judge.

JUDGE HATCHER: Thank you, Mr. Pringle. And the Company.

MR. COOPER: No questions, Your Honor.

JUDGE HATCHER: Thank you.

Are there any Commissioner questions for Ms. Schaben? Hearing none, we will go back to redirect. Mr. Williams.

MR. WILLIAMS: Thank you, no.

JUDGE HATCHER: Thank you, Ms. Schaben. Appreciate you being here again today.

THE WITNESS: Thanks.

JUDGE HATCHER: You are excused from our witness stand.

Mr. Williams, go ahead and call your next witness.

MR. WILLIAMS: Lena Mantle.
JUDGE HATCHER: Ms. Mantle, please raise your right hand.
(Witness sworn.)
JUDGE HATCHER: Thank you. Please have a seat and state and spell your name for our court reporter, please.
THE WITNESS: My name is Lena M. Mantle. Lena is L-e-n-a, Mantle is M-a-n-t-l-e.
JUDGE HATCHER: Mr. Williams, your witness.
Whereupon,
LENA M. MANTLE,
being first duly sworn, testified as follows:
DIRECT EXAMINATION
BY MR. WILLIAMS:
Q. Good morning.
A. Good morning.
Q. Did you prepare and cause to be pre-filed testimony that's been marked -- well, direct testimony, rebuttal testimony and surrebuttal testimony that have been marked and admitted into evidence as Exhibits 205, 20 -- or I'm sorry, 206, 207 and 208, some of which are highly confidential and confidential, as well as public versions?

A. Yes.

MR. WILLIAMS: I tender Ms. Mantle for cross.

JUDGE HATCHER: Thank you. That will go to Mr. Coffman.

MR. COFFMAN: Thank you.

CROSS-EXAMINATION

BY MR. COFFMAN:

Q. Good morning, Ms. Mantle.

A. Good morning.

Q. How many years have you been looking at the fuel adjustment clause in Missouri on -- both when you worked at Staff and also then on -- with the Office of Public Counsel?

A. I believe the legislation -- it was called Senate Bill 179 -- was passed in 2005. So that would make it 20 years.

Q. Okay. So you've -- so you've examined FAC issues and cases since the inception of the fuel adjustment clause in Missouri; is that right?

A. Yes. And also was one of the scribes in the rulemaking and -- and participated in prudence reviews and FAC rate change cases and true-ups pretty much since then.

Q. So in all -- in -- given all of that

review and experience that you have, what would you say to the Commission would be the most important component of a fuel adjustment clause tariff?

A. That's difficult. I would say the -- the top two would be getting the base factor right and making sure that it's the revenue requ- -- consistent with what's in revenue requirement.

The -- also important, and they're intertwined, is incentive mechanism. Our legislature included in the statute the ability for the Commission to include incentive mechanism. I believe they realized that by having an FAC, that removes all incentive for the utility to look at things cost effectively. They no longer would get the incentive of reducing those costs or making decisions that make those costs lower.

With an FAC, it would auto- -- the -- I would say kind of the bar is lower; prudent, but not necessarily efficient. And the -- so they included an incentive mechanism.

Some utilities don't need as much incentive as the others. This -- and so -- but the Commission has the ability and probably a requirement for the -- as a customer protection, to -- to look at the incentive mechanism and whether or not the utility

needs it and how much of an incentive each different utility needs to properly -- to look at the cost-effectiveness. Not just from the shareholders' side, but also from the customers' side.

Q. So do -- have you seen the incentive mechanism work to the benefit of the public in Missouri?

A. Very little. The -- the current 95/5, utilities typically recover from 98 to almost 100 percent of the cost. It's very little incentive.

Even Empire's accumulation period where they were off by 60 million, it just -- the customers ended up paying almost all of that and there was very little of that that went back on the shareholders. The -- the nu- -- the exact numbers are in my testimony.

Q. Do you think the incentive mechanism in Missouri would work better at a higher level than 5 percent?

A. Yes, I do.

Q. And do you believe that this particular utility, Liberty/Empire District, should have a higher incentive percentage than others utilities that are regulated in Missouri?

A. Definitely.

Q. Okay. That's all I have.

JUDGE HATCHER: Thank you, Mr. Coffman.

Then we go to Staff. I'm sorry, we go to Mr. Opitz, who indicates no questions. Now we'll go to Staff.

MR. PRINGLE: Yes, Judge. Thank you.

CROSS-EXAMINATION

BY MR. PRINGLE:

Q. Good morning, Ms. Mantle.

A. Good morning, Mr. Pringle.

Q. So I just have a question for you. In your expert opinion, would ratepayers be better off if the Commission approved a $97 million increase with an $11 per megawatt hour base factor, or a $97 million increase with a $13.97 megawatt hour base factor?

A. Customers would be better off with a higher FAC if -- when -- if the Commission made a decision that the FAC should be lower, then that 97 million needs to be reduced by the amount that Empire would have gotten with the 13.97 versus the 11.11 that we are supporting in -- as our position.

So if it was kept at 97 without regard, then the customers are better with the 13.97, because that means as -- if costs go up, customers' bills will not increase. But if they -- they are where Staff

says they should be, then they're going to have to wait to get money back later.

Q. Thank you so much, Ms. Mantle.

MR. PRINGLE: No further questions, Judge.

JUDGE HATCHER: Thank you. That will go to the Company.

CROSS-EXAMINATION

BY MR. COOPER:

Q. Ms. Mantle, you -- you stated in response to a question that -- that the most important thing in terms of the FAC process here is to get the base factor correct, right?

A. Yes. A good base factor -- if you get your base factor correct, it really doesn't matter what the incentive mechanism is.

Q. And the base factor may be in effect for several years, correct? It will be in effect until the next general rate case?

A. Which will be, at the longest, four years.

Q. And -- and, in fact, the current base fuel factor for -- for Empire has been in effect since June 1 of 2022, correct?

A. Yes. That was the case where the wind

projects came in so that there was a reason to stay out for as long as you could, despite what the base factor -- how off the base factor was.

Q. And one other question. Would you agree with me that in the other states in which Empire operates, Arkansas, Kansas and Oklahoma, those states all have a fuel and purchased power recovery mechanism, but no provision for sharing?

A. I'm not aware of all the states, but Kansas I -- I -- I can believe that none of them have sharing.

Q. That's all the questions I have at this time.

JUDGE HATCHER: Thank you.

That will bring us to Commissioner questions for Ms. Mantle on the topic of FAC. Are there any Commissioner questions for Ms. Mantle?

Okay. Hearing none, we will go to redirect.

MR. WILLIAMS: Thank you.

REDIRECT EXAMINATION

BY MR. WILLIAMS:

Q. Do you remember when you were asked about your experience with fuel adjustment clause in Missouri?

A. Yes.

Q. What utilities have you had experience with fuel adjustment clauses? And I -- if they vary in time, when?

A. With all the investor-owned utilities in Missouri, the -- Evergy West would have originally been Aquila, they were granted the very first FAC after the passage of Senate Bill 179. Empire District Electric soon followed.

Sometime in there, Aquila changed to KCP&L/GMO, Greater Missouri Operations Company, sorry. And Ameren/Union Electric. And then Kansas City Power & Light did not get a FAC until later, and they have subsequently changed their name to Evergy Metro. So all the -- the investor-owned utilities in Missouri.

Q. And when you said Union Electric, it's known as Ameren Missouri currently?

A. Yes.

Q. Then when Mr. Coffman asked you about em- -- the most important factor I believe is the word he used or component of fuel adjustment clause, you said the base fac- -- getting the base factor right and the incentive mechanism right. Do you recall that?

A. Yes.

Q. You also said they're intertwined. Would you explain how those two factors are intertwined?

A. As I explained to Mr. Cooper, that the -- if the base factor is set correctly, then the -- the actuals, they will fluctuate around that, but it won't be a big fluctuation.

And when I -- prior to the FAC, utilities would come in and one -- one of the biggest issues in those rate cases were -- was fuel and purchased power costs. And they were highly contested issues with -- between the parties.

And once the FAC became common practice in Missouri, those are pretty well settled now. There's not as much emphasis on getting those numbers right. So if the FAC is done right, the difference between the actual and the -- the base factor is small, so incentives have less impact.

Q. Have you ever seen a circumstance where a company was intentionally trying to take advantage of that kind of --

A. Yes.

Q. -- setting the base factor?

A. Yes. And at the time it was KCPL/Greater Missouri Operations Company or GMO. They filed -- I think it was like their second or third case after

they got an FAC and did not change the base; thus, manipulating how much of the increase, because they knew they could just get fuel. They didn't have to worry about getting it right.

Staff -- that's when I was on Staff. Staff caught that very late in the case. It was not presented to Staff up front -- Staff or the Commission up front and Staff settled that case.

At the beginning of this case, I was concerned that Empire was doing the same thing here in the way that it filed its case when it seemed to be just assuming that the FAC revenues would roll over into regular rates; thus, making it look like it was a smaller rate increase.

I don't know if that was the intent, but we spent two or three months trying to get it worked out correctly so that this increase would be appropriately presented to the Commission and the customers as it was actually -- I wouldn't say filed by the Company, but to match what the Company intended to file.

Like I say, I don't know if that was the intent, but it's something that has to be watched very carefully, because it is a complicated mechanism and how to deal with it is -- should be carefully watched.

Q. Do you remember when Staff counsel asked you about I think keeping the 97 million as a revenue requirement, but whether -- the relative positions of customers, if it was -- the FAC base factor was set at $11.11 per megawatt hour versus $13.97 per megawatt hour?

Could you elaborate more as to why you answered that they would be better off if it was set at the $13.97 per megawatt hour?

A. The thir- -- 13.97 equates using the billing -- billing determinate of Staff and that system input from the rate case. That means of the 97 million of the settlement, using the -- those numbers in the settlement calculates a net fuel purchased power Missouri jurisdictional of 24 million.

If you use those -- do that same calculation using the 11.11 of Staff's true-up number -- let's see. The number -- the difference from the settlement the -- would be 13 million. So -- and that's Missouri jurisdictional.

If the 97 sits at whatever amount it -- regardless of the -- any changes in the base factor, the non-FAC portion of that increase would be even greater.

Now, when you get around to the customer

side going forward, the bar at which actuals would be compared to would be higher with the 13.97 versus the 11 dollars. So the -- if costs increase, then customers would see a smaller FAC rate and the amount that Empire would absorb would be smaller.

If there was a decrease -- if the actual costs were closer to what Staff's estimating, then customers, after a six-month accumulation period, three months to get the FAC right, then the next six months they would get a reduction to their bills, but they would only get 95 percent of that reduction.

With the 11, which I feel is closer to what it should be, there's less -- I believe there's less likely to be a lot of fluctuation around that number. If there is a high increase, if something happens like Storm Uri again, customers' amounts are going to be greater.

But if it's handled appropriately and the total revenue requirement is reduced by the amount between the 13.97 and the 11 dollars, customers' bills will be lower.

So it -- it does have an impact. And if we were just going for, you know, what is -- assuming that 97 million was going to be the revenue requirement increase, solely looking at what we --

what I think was best for -- would result in the lowest for customers, I would choose the 13.97, but I don't believe that's the right fuel cost.

So I don't know that I answered your question, but I -- I think I did.

Q. Okay. Do you remember testifying in response to a question about, I guess, continuation of Liberty's current FAC, you said that it started in June 1 of 2022. By statute and rule, the utility needed to do something in order to continue that fuel clause; otherwise, it would terminate, correct?

A. You're talking about how long they can go without a rate case?

Q. Well, they get a change in their fuel clause -- statutorily it's required to be done in a rate case, correct?

A. That is correct. It cannot change outside a rate case.

Q. So -- and that -- there's a timing about when that rate case needs to be filed in order to continue beyond how -- what's the time frame?

A. New tariffs have to be filed so that tariffs would be in effect four years after they go in. Typically it's thought of -- it's every four years, the FAC will change.

Q. Do you know of any reason why the Commission, if it were to reject an increase in this case, could not continue the current fuel adjustment clause?

A. No. If -- if they don't -- if they provide no increase, I would suggest they keep the FAC at the same amount.

Q. And isn't it Public Counsel's position that if the Commission does address setting new rates -- general rates, that the Commission also address rebasing the fuel adjustment clause?

A. Yes.

Q. No further questions.

JUDGE HATCHER: Thank you, Mr. Williams.

Thank you, Ms. Mantle. Ms. Mantle, you're excused from the witness stand.

I don't have any more witnesses on my schedule. All right. Mr. Williams.

MR. WILLIAMS: Judge, in the past, I've seen cases where -- and I realize there's a settlement in place -- but the Commission has gotten a reconciliation from its Staff of the parties' position -- positions pre-settlement.

Is the Commission anticipating or wanting something like that in this case? And part of the

reason I'm asking is because I saw one circulated amongst the parties before we went to hearing.

JUDGE HATCHER: I'm stuck on the pre-agreement positions. Because I -- or is that what you're wanting to supply? Or are you wanting to supply a table of the parties' positions for comparison?

MR. WILLIAMS: Basically what I've seen is it -- and it would be pre-settlement is what I've seen. It would say here's what the Company's asking, here are Staff's issues and how that reduces the revenue requirement, and then Public Counsel's.

So it provides some quantification of the relative positions of the parties prior to the settlement. Of course, that changes things pretty radically. But I think it would give the Commission maybe a better -- or some idea of the values of Staff's -- or Public Counsel's positions, some of which are Staff's.

JUDGE HATCHER: I would certainly welcome one of those tables. I would hesitate to order one.

MR. WILLIAMS: Okay.

JUDGE HATCHER: We have briefs due on November 6th and reply briefs due on the 14th of November.

I'm running out of announcements. We're going to adjourn here in a minute. Are there any other issues concerns, questions? Mr. Williams.

MR. WILLIAMS: Thank you, Judge.

JUDGE HATCHER: Thank you. With that, we are adjourned. We are at rec- -- we are not at recess. We're adjourned for the whole hearing. Schedule for Monday is cancelled, the schedule for tomorrow is cancelled. We are adjourned. Thank you all. Off the record.

(Whereupon, the proceedings concluded at 10:34 a.m.)

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CERTIFICATE OF REPORTER

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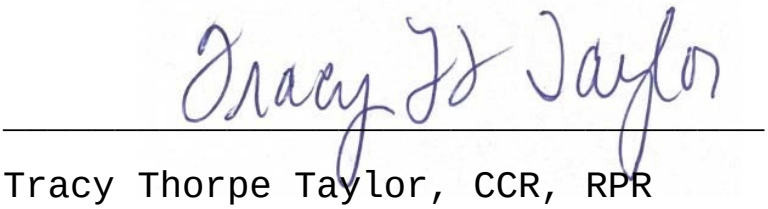

Tracy Thorpe Taylor, CCR, RPR

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