

Exhibit No. 16

Empire District Electric Company – Exhibit 16
Testimony of Peter Eichler
Surrebuttal
File No. ER-2024-0261

Exhibit No.: _____
Issue(s): Allocations
Witness: Peter Eichler
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: The Empire District
Electric Company d/b/a Liberty
Case No.: ER-2024-0261
Date Testimony Prepared: September 2025

**Before the Public Service Commission
of the State of Missouri**

Surrebuttal Testimony

of

Peter Eichler

on behalf of

The Empire District Electric Company d/b/a Liberty

September 17, 2025



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

1 **Q. Please state your name and business address.**

2 A. My name is Peter Eichler. My business address is 354 Davis Road, Oakville, Ontario,
3 Canada.

4 **Q. Are you the same Peter Eichler who provided rebuttal testimony in this matter on**
5 **behalf of The Empire District Electric Company d/b/a Liberty (“Liberty” or the**
6 **“Company”)?**

7 A. Yes.

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

10 A. I address Office of Public Counsel (“OPC”) witness Angela Schaben’s rebuttal
11 testimony regarding corporate allocations and administration and general (“A&G”)
12 costs.

13 **Q. Ms. Schaben attempts to portray the divestiture of Algonquin Power & Utilities**
14 **Corp.’s renewable energy subsidiary as something that has negatively impacted**
15 **customers in Missouri. How do you respond to that assertion?**

16 A. OPC’s portrayal is incorrect. In OPC’s rebuttal testimony, Ms. Schaben makes several
17 arguments related to the sale of the renewables business, some of which contradict one
18 another. On one hand, OPC argues that Missouri customers are paying more because
19 of the sale, and on the other hand, OPC argues that Algonquin’s Environmental, Social
20 and Governance (ESG) targets, which were largely set when the renewable energy
21 business was still owned by Algonquin, are now the catalyst for increased costs.

1 **Q. How do you respond to OPC's assertion regarding increased allocations resulting**
2 **from the sale of the renewables business?**

3 A. OPC's assertion lacks analytical support. OPC has not presented any calculations,
4 modeling, or substantive review to demonstrate that the costs allocated to Empire
5 following the sale of the renewables business are inappropriate or imprudent. The mere
6 observation that allocation percentages have shifted does not, in and of itself, establish
7 that the resulting allocations are unreasonable. The increase in allocation percentages
8 is a mathematical outcome of removing a business unit from the cost allocation pool.
9 With the renewables business no longer part of the corporate structure, its share of
10 common costs is naturally reallocated among the remaining entities. However, this
11 shift does not relieve the Company of its obligation to demonstrate the prudence of the
12 underlying costs, nor does it alter the Commission's authority to scrutinize those costs.

13 Historically, the presence of the renewables business raised concerns about
14 potential cross-subsidization between regulated and unregulated operations. With the
15 sale now complete, over 97% of Algonquin Power & Utilities' business is comprised
16 of regulated utilities, significantly reducing the potential for such concerns.
17 Importantly, the Commission retains full jurisdiction to evaluate both the prudence of
18 costs and the reasonableness of allocation methodologies used to assign those costs to
19 Empire. The absence of non-regulated entities in the allocation pool simplifies this
20 review and enhances transparency. In short, OPC's claim is speculative and
21 unsupported by evidence. The Commission's established regulatory framework
22 provides the necessary tools to ensure that only prudent, appropriately allocated costs
23 are recovered from customers.

1 **Q. And what about the assertions of allocations related to the failed acquisition of**
2 **Kentucky Power?**

3 A. OPC’s testimony on this point is misplaced. Because the acquisition of Kentucky
4 Power was never completed, there are no ongoing allocations of costs tied to that
5 transaction within the allocated cost pool. It is a fundamental regulatory principle that
6 only prudent, incurred costs that benefit customers are recoverable, and in this
7 particular situation pertaining to Kentucky Power the acquisition did not proceed. That
8 said, the Company did incur certain costs in pursuit of the acquisition – most notably,
9 approximately \$37 million related to IT system deployment and integration planning.
10 These costs were fully written off following the termination of the transaction and are
11 not included in the cost pool subject to allocation or recovery in this case. The
12 accounting treatment was transparent and consistent with regulatory expectations for
13 non-recoverable expenditures. In short, the Company has taken appropriate steps to
14 ensure that costs associated with the Kentucky Power acquisition did not impact
15 Empire’s customers or distort the allocation of shared services across jurisdictions.

16 **Q. You mentioned that OPC is critical of Algonquin’s ESG targets and their**
17 **implications to Missouri customers. How do you respond?**

18 A. OPC’s concerns regarding Algonquin’s ESG targets fail to consider the Commission’s
19 prior determinations. The Commission has already reviewed and approved the
20 prudence of costs associated with Empire’s retirement of the Asbury facility and its
21 investment in wind energy resources for its customers. These decisions were made in
22 prior dockets based on a thorough evaluation of the facts and regulatory standards.
23 Moreover, the ESG document cited by OPC was developed prior to the sale of
24 Algonquin’s renewables business unit. As a result, it does not reflect the current

1 structure or operational focus of the Company. Empire operates as a regulated utility,
2 and its resource decisions are subject to Commission oversight – not corporate ESG
3 positioning. Given these facts, OPC’s argument lacks relevance to this docket and does
4 not pertain to Empire’s present-day operations or cost recovery mechanisms.

5 **Q. OPC Schaben updates her graphs related to A&G Expenses in her rebuttal**
6 **testimony. Does this update alter your position on OPC’s recommendations**
7 **regarding the Company’s A&G costs?**

8 A. No, the updated graphs do not change my position. While OPC witness Schaben
9 revised the visual presentation of her analysis, the underlying logic and methodology
10 remain flawed. The comparisons she relies on are not appropriate for evaluating
11 Empire’s A&G expenses in the context of this case. As such, I continue to support the
12 positions and conclusions outlined in my rebuttal testimony.

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

14 A. Yes.

VERIFICATION

I, Peter Eichler, under penalty of perjury, on this 17th day of September, 2025, declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Peter Eichler