

MISSOURI PUBLIC SERVICE COMMISSION

STAFF REPORT

**SECOND PRUDENCE REVIEW FOR CYCLE 1 OF COSTS
RELATED TO THE DEMAND-SIDE PROGRAMS
INVESTMENT MECHANISM
FOR THE ELECTRIC OPERATIONS
OF
THE EMPIRE DISTRICT ELECTRIC COMPANY,
d/b/a Liberty**

October 1, 2023 through September 30, 2025

CASE NO. EO-2026-0117

*Jefferson City, Missouri
April 1, 2026*

Appendix A

**** Denotes Confidential Information ****

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1 **SECOND PRUDENCE REVIEW FOR CYCLE 1 OF COSTS**
2 **RELATED TO THE DEMAND-SIDE PROGRAMS**
3 **INVESTMENT MECHANISM**
4 **FOR THE ELECTRIC OPERATIONS**
5 **OF**
6 **THE EMPIRE DISTRICT ELECTRIC COMPANY, d/b/a LIBERTY**
7 **October 1, 2023 through September 30, 2025**
8 **CASE NO. EO-2026-0117**

9 **I. BACKGROUND**

10 On September 15, 2021, The Empire District Electric Company,
11 d/b/a Liberty (“Liberty” or “Company”) filed, in Case No. EO-2022-0078, its application
12 pursuant to the Missouri Energy Efficiency Investment Act¹ (“MEEIA”) and the
13 Missouri Public Service Commission’s (“Commission”) MEEIA rules² for approval of
14 *Empire’s MEEIA Cycle 1 Application* (“MEEIA 2022 Plan”). On November 23, 2021, Liberty,
15 Staff of the Missouri Public Service Commission (“Staff”), the Missouri Office of the
16 Public Counsel (“OPC”), National Housing Trust (“NHT”), and Renew Missouri Advocates,
17 d/b/a Renew Missouri, (collectively referred to as “Signatories”), submitted a *Global*
18 *Stipulation and Agreement* (“2022 Stipulation”) for Commission approval of Liberty’s MEEIA
19 2022 Plan.

20 Through its December 15, 2021, *Order Approving Agreements and Tariffs* in
21 Case No. EO-2022-0078, the Commission authorized Liberty to implement, beginning
22 January 1, 2022, the MEEIA 2022 Plan consisting of six (6) energy efficiency programs
23 (“MEEIA programs”). The MEEIA 2022 Plan, which was approved on December 15, 2021,
24 included a total program cost budget of \$3,992,313 for all six MEEIA programs, a throughput
25 disincentive (“TD”), a core Earnings Opportunity (“EO”)³ of approximately \$370,000 and
26 stretch incentive (bonus) of \$110,787, a technical reference manual (“TRM”), and a
27 Total Resource Cost (“TRC”) test for evaluating cost-effectiveness.

28 Through its November 21, 2022, *Order Approving Stipulation and Agreement* in
29 Case No. EO-2022-0078, the Commission authorized Liberty to extend the existing

¹ Section 393.1075, RSMo, Supp. 2017.

² 20 CSR 4240-20.092, 20 CSR 4240-20.093 and 20 CSR 4240-20.094.

³ Appendix E from the *Global Stipulation and Agreement* filed on September, 15, 2021.

1 MEEIA 2022 Plan through Plan Year 2023 (“PY23”) with some specific exceptions⁴ of
2 Liberty’s MEEIA Cycle 1.

3 Through its September 14, 2023, *Order Approving Stipulation and Agreement*
4 *Extending Liberty’s MEEIA Cycle 1 An Additional Year* in Case No. EO-2022-0078,
5 the Commission authorized Liberty to extend the existing MEEIA 2022 Plan through Plan Year
6 2024 (“PY24”) with specific exceptions.⁵ The Signatories also agreed to increase the program
7 administration budget by \$75,000 for 2024 due to increases in labor costs since 2021.

8 Through its December 19, 2024, *Order Approving Stipulation and Agreement and*
9 *Tariff Sheets* in Case No. EO-2022-0078, the Commission authorized Liberty to extend the
10 existing MEEIA 2022 Plan through March 31, 2025.

11 In EO-2025-0124, Liberty submitted an application for MEEIA Cycle 2, however,
12 in response to the Commission’s March 26, 2025, order that held that the agreement reached
13 by parties in that case was not appropriate to approve. Thus, Liberty submitted a *Notice of*
14 *Dismissal*. Liberty’s Cycle 1 ended as of March 31, 2025. However, there could be some end
15 of Cycle 1 payout costs after March 31, 2025; therefore, Staff extended the review period
16 through September 30, 2025, to capture any of those end of Cycle 1 payout costs.

17 **II. EXECUTIVE SUMMARY**

18 The program costs and TD, including interest associated with both, along with the EO,
19 are the costs subject to Staff’s second prudence review of Liberty’s Demand-Side Programs
20 Investment Mechanism (“DSIM”) costs.⁶ Liberty’s MEEIA Cycle 1 Rider DSIM that was in
21 effect at the end of the Review Period is included as Attachment A to this Staff prudence review

⁴ Those exceptions include the establishment of a policy for long lead time projects that would allow a smooth transition between MEEIA years or cycles for customers, contractors, trade allies, and market actors engaged in projects with lead times greater than 90 days.

⁵ Those exceptions include the termination of Liberty’s variance from Commission Rule 20 CSR 4240-20.093(9) concerning the filing of annual reports. Liberty’s variance from Commission Rule 20 CSR 4240-20.093(2)(I) concerning evaluation, measurement, and verification (EM&V) will continue, but Liberty must begin developing an EM&V plan and implement that plan during the 2024 program year. Liberty will rename the budget category currently specified as EM&V to “Tracking and Reporting.” This budget category will include both EM&V and tracking and reporting support activities. Liberty must maintain a ratio of EM&V spending within this category as specified in Commission Rule 20 CSR 4240-20.093(8)(A).

⁶ On December 15, 2021, the Commission approved Liberty’s Cycle 1 Rider DSIM in File No. EO-2022-0078, changing the Company’s Cycle 1 DSIM from a tracker to a rider which provides for periodic rate adjustments between general rate proceedings. (20 CSR 4240-20.093(2)(A)9)

report (“Report”). The most recent periodic rate adjustment for the Cycle 1 Rider DSIM during this Review Period is in File No. EO-2025-0046.

Table 1 below identifies the line items and Review Period amounts, which are the subject of Staff’s prudence review.⁷

Table 1

MEEIA 1 Totals for October 1, 2023 through September 30, 2025		
Category	Descriptor	Period Total
Total Program Costs (\$)	Billed	\$ 4,122,355
Total Program Costs (\$)	Actual	\$ 5,681,255
Total Program Costs (\$)	Variance	\$ 1,558,900
Gross Energy Savings (kWh)	Target	20,125,000
Gross Energy Savings (kWh)	Deemed Actual	31,613,645
Gross Energy Savings (kWh)	Variance	11,488,645
Gross Demand Savings (kW)	Target	2,177
Gross Demand Savings (kW)	Deemed Actual	4,895
Gross Demand Savings (kW)	Variance	2,718
Throughput Disincentive Costs (\$)	Billed	\$ 2,025,305
Throughput Disincentive Costs (\$)	Actual	\$ 1,657,292
Throughput Disincentive Costs (\$)	Variance	\$ (368,013)

Staff reviewed and analyzed a variety of items while examining whether Liberty prudently incurred program costs, TD, EO, and interest costs associated with the MEEIA 2022 Plan for the Review Period. Based on its review and the information provided to Staff, Staff identified no incidence or evidence of imprudence at this time by Liberty for the period of October 1, 2023 through September 30, 2025.

Staff Expert: Brooke Mastrogiannis

III. PRUDENCE STANDARD

Commission Rule 20 CSR 4240-20.093(11) requires that the Commission’s Staff conduct prudence reviews of an electric utility’s costs for its DSIM no less frequently than every 24 months. This Report documents Staff’s second review of the prudence of

⁷ Staff’s prudence review is for the period of October 1, 2023 through September 30, 2025.

1 Liberty’s MEEIA Cycle 1 program costs, Company TD, Company EO, and interest for the
2 period October 1, 2023 through September 30, 2025 (“Review Period”).

3 In evaluating prudence, Staff reviews whether a reasonable person making the same
4 decision would find both the information the decision-maker relied on and the process the
5 decision-maker employed to be reasonable based on the circumstances and information known
6 at the time the decision was made, *i.e.*, without the benefit of hindsight. If either the information
7 relied upon or the decision-making process employed was imprudent, then Staff examines
8 whether the imprudent decision caused any harm to ratepayers. Only if an imprudent decision
9 resulted in harm to ratepayers will Staff recommend a disallowance. However, if an imprudent
10 decision did not result in harm to Liberty’s customers, then Staff may further evaluate the
11 decision-making process, and may recommend changes to the company’s business practice
12 going forward.

13 *Staff Expert: Brooke Mastrogiannis*

14 **IV. ENERGY EFFICIENCY INVESTMENT RATE (“EEIR”) DETERMINATION**

15 **A. Overview of Program Costs**

16 **1. Description**

17 The Liberty Cycle 1 costs include: 1) incentive (rebate) payments;
18 2) program administration costs for residential and business programs; and 3) strategic initiative
19 program costs for marketing, EM&V, research and development, and labor costs.

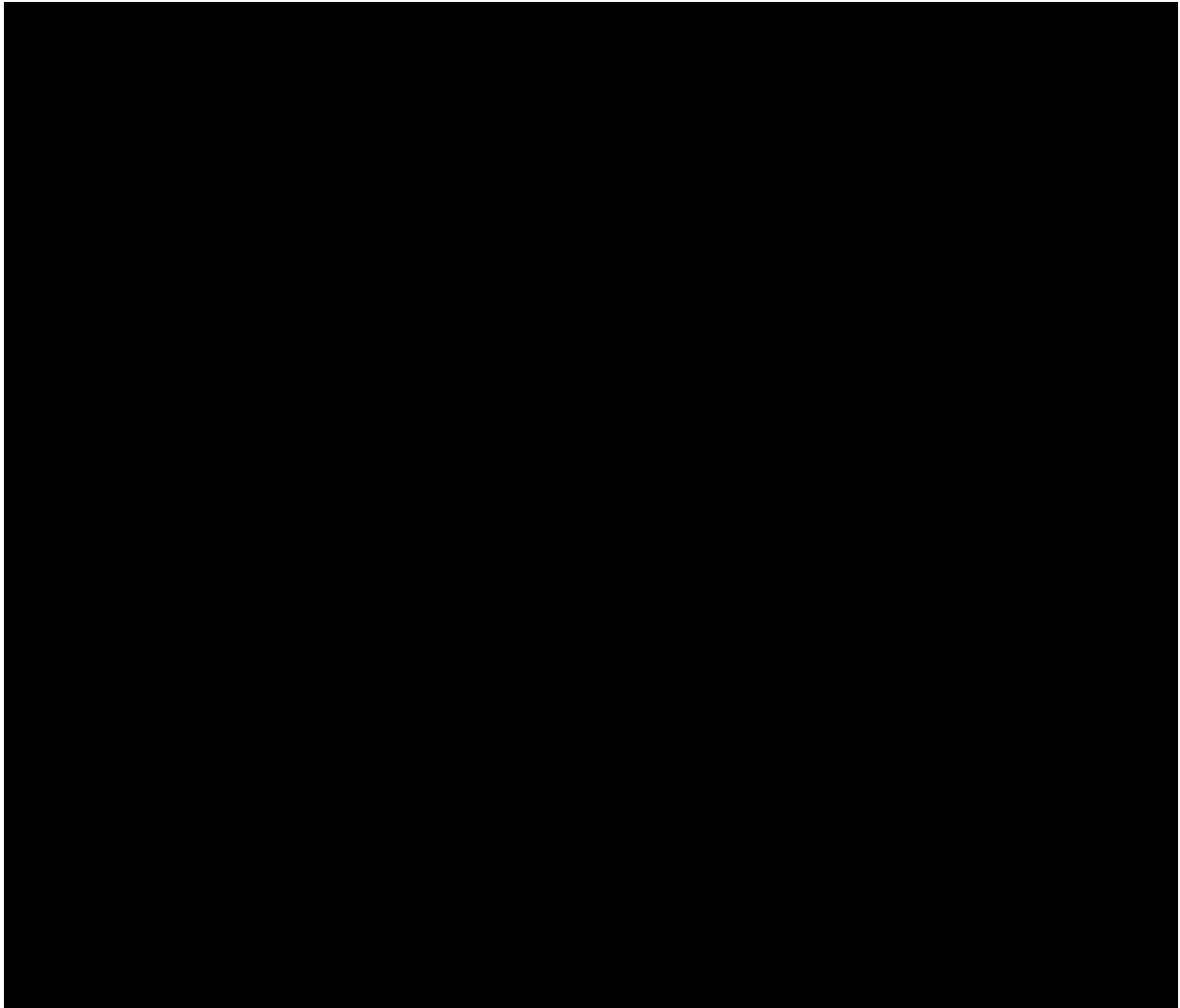
20 Staff reviewed actual program costs Liberty sought to recover through its DSIM charge
21 to ensure only reasonable and prudently incurred costs are being recovered through
22 the DSIM Rider. Staff reviewed and analyzed, for prudence, Liberty’s adherence to contractual
23 obligations, adequacy of controls, and compliance with approved tariff sheets. Liberty provided
24 Staff accounting records for all programs’ costs it incurred during the Review Period
25 of October 1, 2023, through September 30, 2025. Staff categorized these costs by program and
26 segregated them between incentive payments and program administrative costs. The results of
27 Staff’s categorization of programs’ costs are provided in Table 2 as a total for the Review Period
28 shown below:

29 *Continue on next page*

Table 2⁸

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Liberty incurs administrative costs directly related to the implementation of its approved energy efficiency programs. Staff uses the term “administrative” to mean all costs other than incentives.⁹ Staff reviewed each administrative category of cost to determine the reasonableness of each individual item of cost and if the costs were directly related to energy efficiency programs and recoverable from customers through the DSIM Charge.

⁸ **



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⁹ Incentives are program costs for direct and indirect incentive payments to encourage customer and/or retail partner participation in programs and the costs of measures, which are provided at no cost as a part of a program.

1 Liberty provided Staff with its policies related to reimbursement of employee incurred travel
2 and business expenses and approval authority for business transactions.

3 Liberty provides incentive payments to its customers as part of its approved energy
4 efficiency programs. Incentive payments are an important instrument for encouraging
5 investment in energy efficient technologies and products by lowering higher upfront costs for
6 energy efficiency measures compared to the cost of standard measures. Incentive payments can
7 also complement other efficiency policies such as appliance standards and energy codes to help
8 overcome market barriers for cost-effective technologies.

9 For this current review period, the incentive cost to program administrative cost ratio
10 was 69% of total costs for incentives and 31% of total costs for program administrative costs.

11 During the Review Period, Liberty provided workpapers illustrating information related
12 to incentives paid, and the workbooks that the contractors use to keep their data for the 2023
13 and 2024-25 program results. Liberty launched the ETrack+ tracking system in 2024,
14 which was also discontinued at the end of MEEIA Cycle 1, on March 31, 2025. These program
15 results workbooks support the tracking of all rebates, energy and demand savings from
16 the ETrack+ tracking system. Liberty also provided 2023 and 2024-25 program financial
17 workbooks, which are the general ledger entries associated with these incentives.
18 Vendor invoices were provided in Data Request 15, which document incentives paid and they
19 were cross-referenced in the program results workbooks. Staff was able to create a summary
20 reconciliation between the program results and program financial workbooks provided by
21 Liberty. There were only a few differences between the two sets of data, which were minimal
22 and explained by the Company.

23 **B. Administrative Costs**

24 **1. Description**

25 During this MEEIA prudence review, Staff evaluated all administrative expenses
26 incurred to identify Cycle 1 costs that were not specifically MEEIA related under this category
27 or if there was missing information to determine eligibility. Staff requested the Company
28 provide invoices related to implementation contractors; conferences and meetings along with
29 the agendas or related information; travel expenses including airfare, meals, transportation;
30 memberships, sponsorships and association fees; and other miscellaneous administrative
31 program costs.

1 Staff sent Data Requests to the Company for all administrative costs and supplemental
2 Data Requests for certain administrative costs, and Liberty's responses explained the purpose
3 of those expenses. Based on Staff's review, Staff is not recommending disallowing any
4 administrative costs during this review.

5 **2. Conclusion**

6 Staff found all submitted expenses for the MEEIA program to be justified and allowable
7 under the MEEIA programs.

8 **3. Documents Reviewed**

- 9 a. Staff Data Requests: 0002, 0002.1, 0002.2, 0003, 0006, 0010, 0012,
10 0013, 0014, 0015, 0016, 0021, 0021.1 and 0023.

11 *Staff Expert: Stacy L. Henderson*

12 **C. Implementation Contractors**

13 **1. Description**

14 Liberty hired business partners for design, implementation, and delivery of its portfolio
15 of residential and business energy efficiency programs. Contracting with competent,
16 experienced, and reliable program implementers is extremely important to the success of
17 Liberty's energy efficiency programs.

18 As stated in the administrative costs section above, all expenses incurred by the
19 Implementation Contractors were also reviewed for accountability of expenses of the
20 Residential and Business Energy Efficiency Programs, and no disallowances are recommended.

21 Liberty selected and contracted with the organizations identified in Table 3 to
22 implement individual MEEIA programs. All of the implementers identified in Table 3 are
23 nationally recognized contractors that have solid histories of energy efficiency programs'
24 design and implementation.

Table 3

Reivew Period October 1, 2023 through September 30, 2025			
MEEIA Programs	Planned Annual Energy Savings (kWh)	Planned Annual Demand Savings (kW)	Program Implementors
Efficient Products	1,372,500	186	ICF, Apogee Interactive, Inc.
Multifamily	261,250	41	ICF
HVAC Rebate	1,037,500	180	ICF
SBDI	3,048,300	315	ICF
C&I Program	14,405,450	1,456	ICF/AEG
Total MEEIA Programs	20,125,000	2,177	

Staff examined the contracts between Liberty and the implementers in an effort to determine if the terms of the contract were followed during the implementation of the residential and business programs. During the review of invoices, ICF, Apogee, and AEG invoices were cross-checked to the general ledger¹⁰ and all invoices were reviewed.

2. Conclusion

Staff found no indication that Liberty has acted imprudently regarding the supervision of its program implementers.

3. Documents Reviewed

- a. Liberty’s 2022 Energy Efficiency Plan;
- b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets; and,
- c. Staff Data Requests: 0002, 0003, 0006, 0021 and 0021.1.

Staff Expert: Brooke Mastrogiannis and Stacy Henderson

D. Billed Program Costs

1. Description

For the Review Period, Liberty billed customers through a separate line item on customers’ bills titled “Energy Efficiency Investment Charge” to recover estimated energy efficiency programs’ costs and estimated Company’s TD. The “Energy Efficiency Investment

¹⁰ General Ledger for the period under review was provided in response to Staff Data Request No. 0002.

1 Charge” is based on the customer’s monthly consumption and the applicable energy efficiency
2 investment rates approved by the Commission in Case No. EO-2025-0046.¹¹ During the
3 Review Period of October 1, 2023 through September 30, 2025, Liberty billed
4 customers \$4,122,355 to recover its estimated energy efficiency programs’ costs for
5 MEEIA Cycle 1. For the same period, Liberty actually spent \$5,681,255 on its energy efficiency
6 programs. Thus, Liberty under-collected \$1,558,900 from its customers during the
7 Review Period for MEEIA Cycle 1 Program Costs. The monthly amounts that are either
8 over- or under-collected from customers are tracked in a regulatory asset account, along with
9 monthly interest. After the conclusion of Liberty’s recent general rate case in ER-2024-0261,
10 the Rider DSIM will not be updated again and will be allowed to expire. Any remaining
11 balances associated with Cycle 1 and Schedule DSIM, whether recoverable or refundable, will
12 be tracked in a regulatory asset or liability account and used to offset rates in the next general
13 rate case. The interest associated with these over- or under-collected amounts are provided in
14 Section V of this Report.

15 **2. Conclusion**

16 Staff found no indication that Liberty has acted imprudently regarding the calculation
17 of the estimated billed program costs related to the cost recovery of its MEEIA program costs.
18 The monthly amounts that were over- or under-collected from customers are tracked in a
19 regulatory asset or liability account, along with monthly interest, and used to offset rates in the
20 next general rate case.

21 **3. Documents Reviewed**

- 22 a. Approved MEEIA Energy Efficiency and Demand Side Management
23 Programs Tariff Sheets;
- 24 b. DSIM Rider Case No. EO-2025-0046; and,
- 25 c. Staff Data Requests: 0002 and 0026.

26 *Staff Expert: Brooke Mastrogiannis*

¹¹ Rate changes occurred during the Review Period in support of revisions to Promotional Practices Schedule Pro Rider DSIM – Energy Efficiency Investment Charge of Liberty’s Schedule No. 6, Section 4, 5th Revised Sheet No. 21f in Case No EO-2025-0046.

1 **E. Throughput Disincentive Costs Billed and Actual**

2 **1. Description**

3 According to Liberty’s current tariff, Throughput Disincentive (“TD”) means to
4 represent the utility’s lost margins associated with the successful implementation of MEEIA
5 programs.¹² For a utility that operates under a traditional regulated utility model, a “throughput
6 incentive” is created when a utility’s increase in revenues is linked directly to its increase in
7 sales. In theory, this relationship between revenues and sales creates a TD, when the utility
8 engages in any activity that would decrease sales, such as utility sponsored energy efficiency
9 programs. The TD allows the utility to recover its lost margin revenues associated with the
10 successful implementation of the MEEIA programs.

11 Liberty calculates TD monthly based upon all end use measures installed during the
12 month and the savings associated with each installed measure. For Cycle 1, the TD calculation
13 is prescribed in the Rider DSIM where $TD = MS \times TBR \times NTGF$.¹³ Staff reviewed the
14 various components of the TD calculation for the accuracy and proper timing of measure
15 counts. During the Review Period, Liberty billed customers \$2,025,305 for the Cycle 1
16 estimated Company TD. The actual Company TD for Cycle 1 for the Review Period
17 was \$1,657,292. Thus, Liberty over-collected \$368,013 from its customers during the
18 Review Period for Cycle 1 TD. The monthly amounts that are either over- or under-collected
19 from customers are tracked in a regulatory asset account, along with monthly interest,
20 until Liberty files for rate adjustments under its Rider DSIM and new energy efficiency
21 investment rates are approved by the Commission.

22 **2. Conclusion**

23 Staff found no indication that Liberty has acted imprudently regarding the calculation
24 of the TD billed or the actual TD calculation related to the cost recovery of its MEEIA TD costs
25 or recovery of those costs.

26 **3. Documents Reviewed**

- 27 a. Liberty’s *2022 Energy Efficiency Plan*;

¹² Tariff MO P.S.C. Schedule No. 6, 1st revised, Sheet No. 2.1.

¹³ Throughput Disincentive = Monthly Savings x Tail Block Rate x Net to Gross Factor. The Empire District Electric Company, d/b/a Liberty Rider DSIM MO P.S.C. Schedule No. 6, 1st Revised Sheet No. 21.

- b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;
- c. DSMAG Reports; and,
- d. Staff Data Requests: 0008, 0017, 0020, and 0024.

Staff Expert: Amanda C. Conner

V. GROSS ANNUAL ENERGY AND DEMAND SAVINGS (kWh and kW)

1. Description

The purpose of Liberty’s energy efficiency programs is for customers to use less energy; and, therefore, everything else being equal, reduce the need for adding more generation to its system. In the 2022 Stipulation, Liberty planned for cumulative annual energy savings of 17,202 kWh and demand savings of 2,353 kW for MEEIA Cycle 1.

Achieved cumulative deemed annual energy and demand savings compared to the planned cumulative annual energy and demand savings for the same period is important to understanding the overall performance of Liberty’s energy efficiency programs. Table 4 provides a comparison of achieved savings and planned savings for Liberty’s residential and business programs specifically for MEEIA Cycle 1 for the Review Period. If Liberty was unable to achieve its planned energy and demand savings levels, that could be an indication the programs were not being prudently administered by the implementers and by Liberty.

The results in Table 4 below indicate that Liberty’s individual programs did meet most of their energy and demand savings targets during the Review Period of Liberty’s MEEIA 2022 Plan.

Table 4

MEEIA 1						
Cycle 1 Totals (kWh & kW) October 1, 2023 through September 30, 2025						
MEEIA Programs	Achieved Annual Energy Savings (kWh)	Planned Annual Energy Savings (kWh)	Variance	Achieved Annual Demand Savings (kW)	Planned Annual Demand Savings (kW)	Variance
Efficient Products	1,681,640	1,372,500	309,140	289	186	103
Multifamily	-	261,250	(261,250)	-	41	(41)
HVAC Rebate	1,484,497	1,037,500	446,997	323	180	143
Total Residential Programs	3,166,137	2,671,250	494,887	612	406	206
SBDI	1,692,392	2,822,500	(1,130,108)	397	315	82
C&I Program	26,755,116	14,631,250	12,123,866	3,886	1,456	2,430
Total Business Programs	28,447,508	17,453,750	10,993,758	4,283	1,771	2,512
Total Portfolio	31,613,645	20,125,000	11,488,645	4,895	2,177	2,718

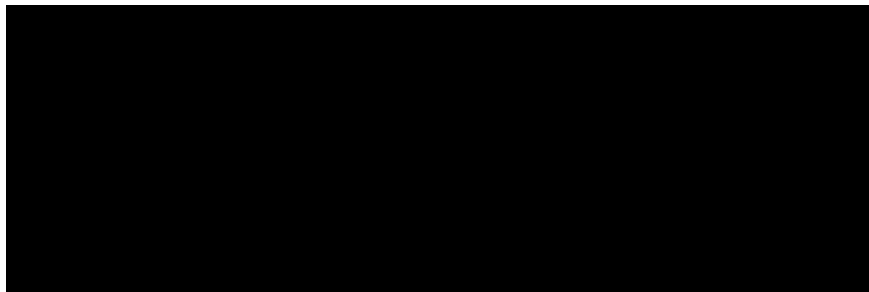
Total resource cost test (“TRC”) means a test that compares the sum of avoided utility costs, including avoided probable environmental costs to the sum of all incremental costs of end-use measures that are implemented due to the program, plus utility costs to administer, deliver, and evaluate each demand-side program and costs of the statewide Technical Resource Manual (“TRM”). Commission Rule 20 CSR 4240-20.094(4)(I) states:

The commission shall consider the TRC test a preferred cost-effectiveness test. For demand-side programs and program plans that have a TRC test ratio greater than one (1.0), the commission shall approve demand-side programs or program plans, budgets, and demand and energy savings targets for each demand-side program it approves.

A TRC less than 1.0 indicates the program costs outweigh the benefits. Staff compared the TRC test for each program to the six TRC targets identified in the Cycle 1 Plan. Liberty’s response to Data Request No. 0024 provides TRC results for Cycle 1 PY 2023 and PY 2024. Confidential Table 5 below provides the TRC for each program.

Confidential Table 5

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1 One program reflected a TRC of less than 1.0 in 2023: ** [REDACTED] **
2 and one program reflected a TRC of less than 1.0 in 2024: ** [REDACTED] **. **
3 Commission Rule 20 CSR 4240-20.094(6)(B) states in part that:

4 If the TRC calculated for a demand-side program not targeted to low-
5 income customers or a general education campaign is not cost effective,
6 the electric utility shall identify the causes why and present possible
7 demand-side program modifications that could make the demand-side
8 program cost-effective. If analysis of these modified demand-side
9 program designs suggests that none would be cost effective, the demand-
10 side program may be discontinued. In this case, the utility shall describe
11 how it intends to end the demand-side program and how it intends to
12 achieve the energy and demand savings initially estimated for the
13 discontinued demand-side program. Nothing herein requires utilities to
14 end any demand-side program which is subject to a cost-effectiveness
15 test deemed not cost-effective immediately.

16 Per Liberty's *Notice of Dismissal* in Case No. EO-2025-0124, Liberty's Cycle 1 has
17 ended as of March 31, 2025. Therefore, there is no way to improve the cost-effectiveness test
18 of the HVAC Rebate program, and the program is discontinued.

19 **2. Conclusion**

20 Staff found no indication that Liberty has acted imprudently regarding the calculation
21 of the energy savings.

22 **3. Documents Reviewed**

- 23 a. Liberty's *2022 Energy Efficiency Plan*;
- 24 b. Stipulations and Agreement in Case No. EO-2022-0078;
- 25 c. Approved MEEIA Energy Efficiency and Demand Side Management
26 Programs Tariff Sheets;
- 27 d. Staff Data Requests: 0007, 0008, 0017, 0020, 0024; and,
- 28 e. 2023 and 2024 Benefit Cost Model Reports for the TRC review.

29 *Staff Expert: Amanda C. Conner*

30 **VI. INTEREST**

31 **1. Description**

32 Staff reviewed the interest calculations for program costs, as provided in
33 Liberty's response to Staff Data Request No. 0005 for the Review Period. Liberty's tariff sheet

1 1st Revised Sheet No. 21b, provides that for program costs and TD: “Such amounts shall
2 include monthly interest on cumulative over- or under- balances at the Company’s monthly
3 Short-Term Borrowing Rate.” Staff verified the Company’s average monthly short-term
4 borrowing rates were applied correctly to the over- or under-recovered balances for program
5 costs. The short-term borrowing rates utilized were obtained from Liberty’s Finance
6 Department and are based on forecasted commercial paper rates utilized in Liberty’s money
7 pool calculation.

8 During the Review Period, Liberty’s total for the interest amount accrued for the
9 Company’s program costs and throughput disincentive was (\$48,428).

10 **2. Conclusion**

11 Staff found no indication that Liberty’s interest calculations were incorrect; therefore,
12 Staff found no indication that Liberty acted imprudently regarding the calculation of
13 the interest.

14 **3. Documents Reviewed**

- 15 a. Approved MEEIA Energy Efficiency and Demand Side Management
16 Programs Tariff Sheets; and,
- 17 b. Staff Data Requests: 0002, 0005, 0005.1, and 0008.

18 *Staff Expert: Brooke Mastrogiannis*

19 **VII. EARNINGS OPPORTUNITY (“EO”)**

20 **1. Description**

21 Liberty’s EO is designed to provide a substitute for earnings lost on physical plant
22 that was not built by Liberty because of the energy and demand savings achieved by Liberty’s
23 MEEIA programs. The MEEIA 2022 Plan includes a target EO of approximately \$370,000 and
24 a stretch (bonus) EO of \$110,787 for the MEEIA Cycle 1 period. Liberty’s tariff sheet defines
25 Earnings Opportunity Award Determination as:

“Cycle 1 Earnings Opportunity” (EO) means the annual incentive ordered by the Commission based on actual spending, participation targets and additional metrics defined in the EO table, Appendix F to Exhibit KD-1. The Company’s EO will be \$369,289 if 100% achievement of the planned targets are met. EO is capped at \$480,076. Potential Earnings Opportunity adjustments are described on Sheet No. 1. The Earnings Opportunity Matrix outlining the payout rates, weightings, and caps can be found at Sheet No. 1.¹

1 Staff reviewed the Cycle 1 total approved budget, along with the Earnings Opportunity
2 Calculation table from Appendix F of the Commission approved 2022 Stipulation. During this
3 review, Staff was able to verify that Liberty did not recover more than its approved EO for
4 Cycle 1. During this Review Period, the Cycle 1 EO recovered was \$208,045.

5 **2. Conclusion**

6 Staff has verified that Liberty has not recovered earnings opportunity in excess of the
7 amounts awarded.

8 **3. Documents Reviewed**

- 9 a. Liberty’s 2022 *Energy Efficiency Plan*;
10 b. Liberty Tariff Sheet 21 through 21f;
11 c. Liberty Cycle 1 Global Stipulation and Agreement EO-2022-0078;
12 d. DSIM Rider filings EO-2025-0046; and,
13 e. Staff Data Requests: 0003, 0008, 0017, and 0022.

14 *Staff Expert: Obianuju S. Ezenwanne*

15 **VIII. MEEIA LABOR**

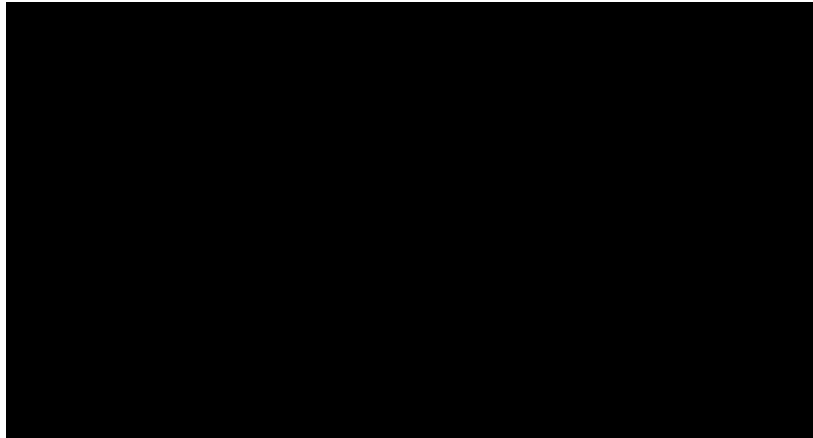
16 **1. Description**

17 For MEEIA Cycle I, Liberty included labor costs that are allocated towards the MEEIA
18 DSIM Rider and excluded from base rates in its cost of service. For the Review Period of
19 October 1, 2023 through September 30, 2025, the majority of labor costs were attributed
20 to implementation contractors. Labor for one Liberty employee was also included.
21 Staff reviewed all of the invoices Liberty provided in this MEEIA prudence review in response
22 to Data Request No. 0019.1 and 0019.2 for Implementation Contractors. Staff also reviewed

1 additional information for Liberty employee labor costs, including hourly rates and hours
2 worked as well as the scope of their services. Confidential Table 6 below is a summary of these
3 labor costs:

4 **Confidential Table 6¹⁴**

5 **



6 **

7
8 After reviewing all of the labor cost data, Staff determined that \$4,137.50 had been included as
9 labor costs for Arkansas Electric C&I Rebates and Missouri Gas C&I Rebates. Staff discussed
10 this with the Company, and the Company agreed the amount should not have been included.
11 The Company plans to make an adjustment to remove the amount no later than May 2026. Staff
12 will monitor this adjustment to ensure it is made.

13 **2. Conclusion**

14 Other than the adjustment in labor costs Staff has already discussed with the Company,
15 and they have agreed the amount should not have been included, Staff found no indication that
16 Liberty has acted imprudently regarding the calculation of MEEIA labor.

17 **3. Documents Reviewed**

- 18 a. Approved MEEIA Energy Efficiency and Demand Side Management
19 Programs Tariff Sheets; and,
20 b. Staff Data Requests: 0002, 0003, 0019, 0019.1, and 0019.2.

21 *Staff Expert: Brooke Mastrogiannis*

14 **

**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Second Prudence Review of)
the Missouri Energy Efficiency Investment Act)
(MEEIA) Cycle 1 Energy Efficiency Programs) File No. EO-2026-0117
of The Empire District Electric Company d/b/a)
Liberty)

AFFIDAVIT OF OBIANUJU S. EZENWANNE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, OBIANUJU S. EZENWANNE, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

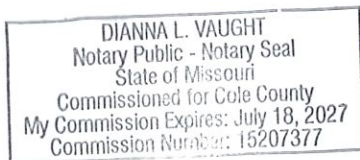
Further the Affiant sayeth not.



OBIANUJU S. EZENWANNE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 31st day of March 2026.



Dianna L. Vaught
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Second Prudence Review of)
the Missouri Energy Efficiency Investment Act)
(MEEIA) Cycle 1 Energy Efficiency Programs) File No. EO-2026-0117
of The Empire District Electric Company d/b/a)
Liberty)

AFFIDAVIT OF AMANDA C. CONNER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, AMANDA C. CONNER, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

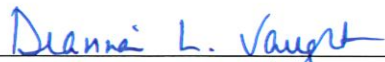


AMANDA C. CONNER

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 1st day of April 2026.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Second Prudence Review of)
the Missouri Energy Efficiency Investment Act)
(MEEIA) Cycle 1 Energy Efficiency Programs) File No. EO-2026-0117
of The Empire District Electric Company d/b/a)
Liberty)

AFFIDAVIT OF BROOKE MASTROGIANNIS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, BROOKE MASTROGIANNIS, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

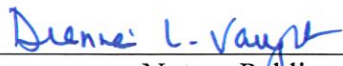


BROOKE MASTROGIANNIS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 31st day of March 2026.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

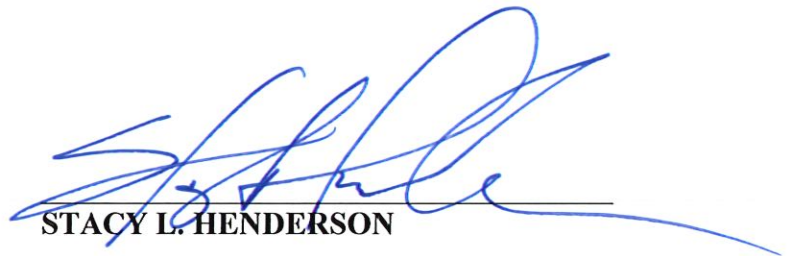
In the Matter of the Second Prudence Review of)
the Missouri Energy Efficiency Investment Act)
(MEEIA) Cycle 1 Energy Efficiency Programs) File No. EO-2026-0117
of The Empire District Electric Company d/b/a)
Liberty)

AFFIDAVIT OF STACY L. HENDERSON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

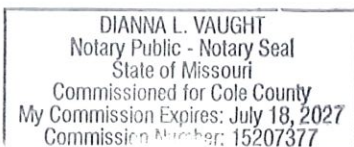
COMES NOW, STACY L. HENDERSON, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

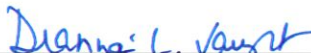
Further the Affiant sayeth not.


STACY L. HENDERSON

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 1st day of April 2026.





Notary Public