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MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL & BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

DIRECT TESTIMONY

OF

MATTHEW R. YOUNG

THE EMPIRE DISTRICT ELECTRIC COMPANY, d/b/a Liberty

CASE NO. ER-2024-0261

Jefferson City, Missouri
July 2025

****** Denotes Confidential Information ******

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Q. Please state your name and business address.

A. My name is Matthew R. Young. My business address is 615 E. 13th Street, Kansas City, Missouri 64106.

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

A. I am a Utility Regulatory Audit Supervisor on the Staff of the Missouri Public Service Commission ("Staff").

Q. Please describe your educational background and experience.

A. A summary of my education and experience is attached to this testimony as Schedule MRY-d1.

EXECUTIVE SUMMARY

Q. What is the purpose of your direct testimony?

A. I am sponsoring Staff's Direct Accounting Schedules that are being filed concurrently with this direct testimony. Staff's recommendation regarding the amount of the revenue requirement increase for The Empire District Electric Company, d/b/a Liberty ("Empire") is mostly based on actual historical information through the update period ending September 30, 2024. Staff will revise its revenue requirement recommendation based on actual information through March 31, 2025, as part of its true-up audit.

In this testimony, I will provide an overview of the results of Staff's direct audit and its recommended revenue requirement for Empire. During Staff's examination, several Staff members participated in the review of Empire's books and records. The components of Staff's review include (1) capital structure and return on equity, (2) rate base investment, (3) revenue, (4) operation & maintenance expenses, (5) depreciation & amortization expense, and (6) income taxes, all of which are represented in the formula below.

I will also sponsor Staff's adjustments to the cost of service for amortization expense, Asbury retirement accounting authority order, Customer First disallowance, Customer First O&M expense, pensions, other post-employment benefits, supplemental executive retirement plan, and income taxes.

<u>OVERVIEW OF STAFF'S REVENUE REQUIREMENT DIRECT TESTIMONY</u>

Q. Please explain the components of the cost of service for a regulated, investor owned public utility.

A. The cost of service for a regulated, investor-owned public utility is its cost of providing utility service determined by the following formula:

COS = O + (V-D)R where,

COS = Cost of Service

O = Operating Costs (Payroll, Maintenance, etc.), Depreciation, and Taxes

V = Gross Valuation of Property Required for Providing Service (including plant and additions or subtractions of other rate base items)

D = Accumulated Depreciation Representing Recovery of Gross Depreciable Plant Investment

V – D = Rate Base (Gross Property Investment less Accumulated Depreciation = Net Property Investment)

R = Rate of Return

(V-D)R = Return Allowed on Rate Base

At other times, the terminology "cost of service" and "revenue requirement" have been used interchangeably. In this testimony, Staff will refer to the "revenue requirement" in terms of the increase or decrease in revenues based on the current total cost of service as compared to the current revenue level that exists in current rates.

Q. What is the objective of an audit of a regulated, investor-owned public utility for ratemaking purposes?

A. The objective of the audit is to determine the appropriate amounts of the cost of service components for the regulated entity within its tariffed service territory. All relevant factors are examined and a proper relationship of revenues, expenses, and rate base is maintained. The following summarizes the process for making the revenue requirement determination:

(1) Selection of a test year. The test year income statement represents the starting point for determining a utility's existing annual revenues, operating costs, and net operating income. Net operating income represents the return on investment based upon existing rates. The test year approved by the Missouri Public Service Commission ("Commission") for Case No. ER-2024-0261 is the twelve months ended September 30, 2023, with a true-up through March 31, 2025.[1] Several types of adjustments such as "annualization," "normalization," and "disallowance" adjustments are made to the test year results when the unadjusted amounts do not fairly represent the utility's most current, ongoing, and appropriate annual level of revenues and operating costs. These adjustments are described later in this testimony.

(2) Selection of a "test year update period." A proper determination of revenue requirement is dependent upon matching the components of rate base, return on investment,

[1] Case No. ER-2024-0261, *Order Establishing True-up Period, April 23, 2025*.

revenues and operating costs at a point in time. This is referred to as the "matching" principle. It has been standard practice in Missouri for ratemaking to utilize a period that is beyond the established test year in which to match the major components of a utility's revenue requirement. By utilizing an update period, information can be reflected beyond the established test year and be based upon more current information. In its *Order Establishing Test Year,* the Commission ordered a September 30, 2024, update period.

(3) Selection of a "true-up date" or "true-up period." A true-up date generally is established when a significant change in a utility's cost of service occurs after the end of the test year update period, but prior to the operation-of-law date, and the significant change in cost of service is one the parties and/or Commission has decided should be considered for establishing the cost of service in the current case. In this case, the Commission has authorized a true-up period of March 31, 2025.[2]

(4) Determination of the Rate of Return, which is represented by the "R" in the formula above. An examination of the cost-of-capital must occur to allow Empire the opportunity to earn a fair rate of return on its net investment ("rate base") that is utilized in providing utility service. Staff witness, Christopher C. Walters, has performed a cost-of-capital analysis of which he discusses the results of his analysis in his direct testimony. Staff witness James A. Busch provides direct testimony sponsoring an adjustment related to Customer First issues.

(5) Determination of Rate Base, which is represented by the (V-D) in the formula above. A utility's rate base represents the net investment that is used in providing utility service, and this net investment is what the rate of return is applied to that permits the

[2] Case No. ER-2024-0261, *Order Establishing True-up Period, April 23, 2025*.

utility the opportunity to earn a return. Staff has utilized a rate base as of September 30, 2024, in this case for its direct filing. Rate base includes plant-in-service, accumulated reserve, cash working capital, materials and supplies, prepayments, gas inventories, customer advances, customer deposits, accumulated deferred income tax ("ADIT"), as well as various regulatory assets and liabilities.

(6) Net Operating Income from Existing Rates, which is represented by the "O" in the formula above. In order to develop net income from existing rates, the operating revenues, expenses, depreciation, and taxes for the test year is used. The utility's revenue and expense categories are examined to determine whether the unadjusted test year results require adjustment to fairly represent the utility's most current level of operating revenue and expense. Several changes can occur during any given year that will impact a utility's annual level of operating revenue and expense. The test year has been adjusted to reflect the Staff's determination of the appropriate ongoing levels of revenue and expense.

(7) Determination of Net Operating Income Required. The net income required for Empire is calculated by multiplying Staff's recommended rate of return by Staff's recommended rate base. Net income required is then compared to net income available from existing rates in Item (6) above. The difference, after factoring-up for income taxes, represents the incremental change in the utility's rate revenues required to cover its operating costs and to provide a fair return on investment used in providing electric service. If a utility's current rates are insufficient to cover the operating costs and provide a fair return on investment, the comparison of net operating income required (Rate Base x Recommended Rate of Return) to net income available from existing rates (Operating Revenue less Operating Costs, Depreciation, and Income Taxes) will result in a positive amount, which indicates that the utility

requires a rate increase. If the comparison results in a negative amount, this indicates that the utility's current rates may be excessive.

Q. Please identify the types of adjustments that are applied to unadjusted test year results so as to reflect the current annual level of operating revenue and expense for a utility.

A. The following types of adjustments are used to reflect a utility's current annual level of operating revenue and expense:

(1) Normalization Adjustments. A utility's rates are intended to reflect normal ongoing operations. A normalization adjustment is required when the test year contains an abnormal event. An example of this type of adjustment is weather normalization. Actual weather conditions during the test year are compared to 30-year "normal" values. The weather normalization adjustment restates the test year sales volumes and revenues to reflect normal weather conditions.

(2) Annualization Adjustments. Annualization adjustments are required when changes have occurred during the test year, update and/or true-up period that have not been fully reflected in the unadjusted test year results. An example of this is payroll. Because Empire's test year is the 12 months ending September 30, 2023, it does not include an entire year of the pay increases for employees that occurred through September 30, 2024. Staff used the payroll rates in effect at September 30, 2024, to annualize payroll expense. An adjustment was proposed to the test year to capture the impact of the payroll increase as if that increase existed for the entire annual period. The same process will be utilized for the true-up period of March 31, 2025, to recognize changes in payroll through that date.

(3) Disallowance adjustments. Disallowance adjustments are proposed to eliminate costs during the test period that are not considered to be prudent, reasonable, appropriate,

non-recurring or not of benefit to Missouri ratepayers and thus disallow recovery from ratepayers. Staff has proposed items such as certain dues and donations and earnings-based compensation for removal from the test year in this current case.

(4) Isolated Adjustments. A proforma adjustment is proposed due to an event that generally occurs beyond the test year, update or true-up cut-off date. These adjustments occur anytime a party proposes to include the effects of an event without considering the revenue requirement associated with the offsetting items. The Commission allows parties to request the inclusion of the revenue requirement associated with proforma or isolated adjustments in the calculation of the cost of service. These adjustments must be proposed with caution as these adjustments must be known and measurable and must be examined to determine whether its inclusion will affect the relationship between revenue, expense and investment. Staff's direct case does not propose any isolated adjustments.

Q. What amount of revenue requirement increase did Empire request in this case and what return on equity ("ROE") percentage was this request based?

A. Empire requested an increase in annual revenue of $152.8 million. The increase in annual revenue contemplates a 10.00% ROE.

Q. How is the revenue requirement determined for a regulated utility?

A. First, the utility's cost of service must be calculated. Staff has examined all aspects of the case that would affect the test year in this case. Staff began with utilizing the test year of the 12 months ending September 30, 2023. Staff then examined all aspects of the cost of service and updated its calculations for most items through September 30, 2024.

Q. Please describe Staff's direct cost of service (revenue requirement) filing in this rate proceeding.

A. The results of Staff's audit of Empire's books and records as part of this proceeding can be found in the Staff's filed Accounting Schedules and is summarized on Accounting Schedule 1, Revenue Requirement. Accounting Schedule 1 demonstrates that Staff's recommended revenue requirement in this proceeding is $121,803,116. The recommended revenue requirement is premised on a mid-point recommended rate of return ("ROR") after tax of 7.024%. Staff is recommending a midpoint ROE of 9.50%, with a range of 9.00% to 10.00% as calculated by Staff witness Christopher C. Walters. Staff's revenue requirement at the low and high ROR range is $112,763,363 to $130,808,884.

Q. Did Staff include a true-up allowance in its Accounting Schedules?

A. No. Not in this case. Staff's Accounting Schedules contain a true-up allowance when one or more material changes in the cost of service is anticipated to be reflected in Staff's true-up case. Examples of material changes include, but are not limited to, major investments in rate base or payroll increases. In this particular rate case, Staff has not identified any major events expected prior to the March 31, 2025 true-up date that would affect the revenue requirement.

Q. Does Staff expect to change its Accounting Schedules for items that are not considered for true-up?

A. Yes. Staff anticipates that a reconciliation between Staff and Empire's revenue requirements will reveal cost items in Staff's case that will require correction. Staff will address errors prior to its true-up filing and communicate corrections to the revenue requirement in subsequent testimony.

Q. Please list the items that are included in Staff's recommended rate base in its direct case.

A. The rate base items itemized in Staff's Accounting Schedule 2 were updated as of September 30, 2024, either through an ending balance as of that date or a 13-month average of balances through September 30, 2024. All of the rate base items are supported by the direct testimony of various Staff witnesses and will be restated as an ending balance or 13-month average as of March 31, 2025, as part of Staff's true-up audit.

Q. Please explain how the various Staff members contributed to create a combined work product in rate proceedings.

A. The Staff auditors in this case relied upon the work from several other Staff departments in order to calculate the revenue requirement for Empire in this case. Weather normalized revenue and the recommended rate of return are some examples of data analysis and inputs that are provided to the Auditing Department for inclusion in the Accounting Schedules. Each Staff member who has contributed a calculation or input for inclusion in the Accounting Schedules has submitted direct testimony in this case providing discussion on each topic that they were assigned along with their recommendation on the issue. Signed affidavits and credentials for all Staff members who contributed to the direct cost of service filing and for which they are responsible are attached to each Staff member's testimony.

Q. Please describe the direct testimony Staff has filed for this current rate proceeding.

A. Each Commission Staff member has direct testimony that sponsors specific issues. The testimony provides an explanation of each specific area of concern or adjustment with Staff's recommendation. Schedule MRY-d2 attached to this testimony summarizes Staff's witnesses which contributed to Staff's direct cost of service and their associated area of responsibility.

Q. On what date will Staff file its direct class cost of service and rate design testimony in this proceeding?

A. Staff's class cost of service and rate design testimony and associated schedules will be filed on July 21, 2025.

AMORTIZATION OF ELECTRIC PLANT

Q. What is amortization of electric plant?

A. Electric plant is amortized to expense so that the investment in intangible assets can be systematically spread over the useful lives. It essentially is similar to depreciation expense except that the term amortization is used in relation to intangible assets while depreciation refers to tangible assets. Empire's intangible plant assets primarily consist of its investments in software.

Q. How did Staff include the amortization of electric plant?

A. Staff included amortization expense by annualizing the amortization of intangible assets that carried a positive net value at September 30, 2024. Staff will update this adjustment to reflect March 31, 2025, intangible asset amortization in its true-up revenue requirement. Additionally, the discussion on the Customer First Implementation (below) will describe an adjustment to ongoing amortization expense related to Staff's disallowance.

ASBURY RETIREMENT ACCOUNTING AUTHORITY ORDER

Q. What is the Asbury retirement Accounting Authority Order ("AAO")?

A. Per the *Amended Report and Order* in Case No. ER-2019-0374 effective August 2, 2020, the Commission found that the retirement of Asbury to be extraordinary, unusual, unique and not recurring. Therefore, the Commission held that an AAO was appropriate to defer a final decision on the financial impacts of retiring Asbury[3] based on the criteria set forth in the *Global Stipulation and Agreement* ("Agreement"). Based on the Agreement, an AAO was established, beginning January 1, 2020, to separately track and quantify changes from base amounts included in Case No. ER-2019-0374 as reflected in Appendix D to the Agreement. The items included in the AAO deferral are as follows:

a. Rate of return on Asbury Plant,
b. Accumulated Depreciation,
c. Accumulated and Excess Deferred Income Tax,
d. Fuel inventories assigned to the Asbury Plant,
e. Depreciation expense,
f. All non-fuel/ non-labor operating and maintenance expenses,
g. All labor charges for maintaining and operating the Asbury Plant,
h. Property taxes assigned to the Asbury Plant, and
i. Any costs associated with the retirement of the Asbury Plant, including dismantlement and decommissioning, non-Empire labor excluded.

At OPC's[4] request, the following items were also included in an AAO by the Commission:

a. Cash working capital and income tax gross up associated with Asbury,
b. Any fuel or SPP[5] revenues or expenses associated with Asbury that do not flow through the FAC, and
c. Revenue from scrap value or value of items sold.

Q. What was the intent of the AAO?

A. The intent of the AAO was to track and defer the changes to cost of service items reflected in Empire's rate case, No. ER-2019-0374, caused by the Asbury retirement so as to allow any savings associated with Asbury's retirement or additional costs associated with the retirement to be returned to or charged to customers in subsequent rate cases. The Signatories to the Agreement acknowledged that the purpose of an AAO is to defer a final decision on

[3] *Amended Report and Order*, Case No. ER-2019-0374, issued July 23, 2020, pages 118-120.
[4] Office of the Public Counsel ("OPC").
[5] Southwest Power Pool ("SPP").

current costs until a future rate case and that, in that future rate case, the signatories and the Commission are not bound by the terms of the AAO in setting new rates.[6]

Q. Was the AAO addressed in Empire's next rate case?

A. Yes. Paragraph four of the *Non-Unanimous Partial Stipulation and Agreement* approved by the Commission in ER-2021-0312 states:

> The Signatories further agree that Staff's EMS run included with its surrebuttal filing reflects a quantification for the items included in the Commission's AAO issued in Case No. ER-2019-0374 through June 30, 2021. The Asbury AAO authorized in Case No ER-2019-0374 will continue, but upon the effective date of new rates in this case, the baseline balances will be reset to zero, as Asbury will not be reflected in those rates.

Q. What became of the Asbury retirement costs that were tracked and deferred in accordance with the AAO?

A. On March 21, 2022, Empire filed a petition to issue securitized utility tariff bonds regarding the retirement of the Asbury generating plant in Case No. EO-2022-0193. The Commission's *Amended Report and Order* in the financing case allowed Empire to securitize the retirement costs of Asbury, but because some environmental costs were based on projections, Empire was directed to true-up costs in its next rate case filing.

Q. Did Staff compare the projected environmental costs that were securitized to the actual costs incurred?

A. Yes. Staff calculated the true-up of environmental costs and recommends amortizing the resulting liability to customers over a four-year period.

Q. Is the Asbury retirement AAO still needed?

[6] *Global Stipulation and Agreement* ER-2019-0374 dated April 15, 2020 pages 9-10.

A. No. The retirement of Asbury is essentially completed. As such, Staff recommends the Commission inform the parties that Empire no longer has the authority to track and defer retirement costs related to the Asbury facility and must follow the guidance contained in the Uniform System of Accounts for such costs.

CURRENT AND DEFERRED INCOME TAX

CURRENT INCOME TAX EXPENSE

Q. How did Staff calculate current income tax expense in its revenue requirement?

A. To calculate current income tax expense, Staff converted the book net operating income into ratemaking net taxable income by recognizing various tax timing differences.

Q. What are tax timing differences?

A. Tax timing differences occur when a cost (or revenue) is recorded differently on a company's books than it is reported on the company's tax returns. For example, large companies generally use accrual accounting to record bad debt expense on its books, but on their tax returns, account write-offs are reported on a cash basis. The difference between the accrual and cash basis of accounting causes a difference in net income, which leads to a tax timing difference that is usually temporary in nature. A reversal of a temporary difference is reflected in net income over time.

Q. Did Staff use all of the tax timing differences on Empire's tax return to calculate net taxable income?

A. No, that would be inappropriate for ratemaking purposes. A majority of tax timing differences are not included in the ratemaking income tax calculation as only particular differences are applicable to the ratemaking cost of service. Continuing the example of the bad debt tax timing difference above, Staff's ratemaking adjustment to the bad debt expense accrued in the test year is generally made in a rate case so that customers are charged for the expense on a cash basis. For this cost, rates and tax returns both reflect a cash basis, so including a timing difference in the ratemaking income tax calculation is not appropriate.

Other tax timing differences are effectively prohibited from influencing ratemaking income tax expense by the Internal Revenue Service's ("IRS") regulations. Specifically, the IRS's tax code prohibits ratemaking recognition of depreciation timing differences caused by method or life accounting treatment of a regulated company's assets. This protected status of a tax timing difference is typically referred to as the IRS's normalization rules for accelerated depreciation.

Q. Are tax timing differences the only factors needed to calculate ratemaking income tax expense?

A. No. Tax timing differences are used to convert book income to ratemaking taxable income (or net operating loss). Income tax expense is calculated by applying the current income tax rates to the ratemaking taxable income, but income tax credits are another factor applied to further reduce the tax burden. The remaining ratemaking income tax payable after tax credits are recognized is the current income tax expense charged to ratepayers. See Schedule 11 of Staff's Accounting Schedules for the full calculation of current income tax expense.

DEFERRED INCOME TAX EXPENSE

Q. What type of deferred income tax expense did Staff include in its revenue requirement?

A. When the tax benefit of a tax timing difference is concurrently passed to customers (referred to as the "flow through" ratemaking methodology), the benefit's effect on the cost of service is principally the same as the benefit's effect to the utility's income tax payable to taxing authorities. Flowing a tax benefit to customers does not generate deferred taxes from a ratemaking perspective. However, Staff included deferred taxes for timing differences that are not passed to customers (referred to as "normalized" ratemaking methodology). Normalized timing differences create a mismatch between the income tax expense in rates and the income tax payable generated on tax returns. The largest normalized tax timing difference is typically depreciation expense, which is protected from flow-through ratemaking by IRS regulations. In order to fully normalize the tax timing difference caused by depreciation, ratepayers are charged deferred tax expense in order to prevent the flow-through of the upfront tax benefits.

Q. Why do you call the depreciation tax timing differences an "upfront" tax benefit?

A. By design, the depreciation tax timing difference is temporary in nature. When the federal government constructed the accelerated depreciation tax benefit, it did not intend for tax payers to avoid paying taxes, but instead intended taxpayers to defer their tax payments from the current period to future periods. The government's desire is to provide companies with additional cash flow with the hope that the cash is reinvested in the business and/or the economy. However, the total tax liability is not reduced over the long-term as taxpayers pay off the deferred tax liability as the temporary differences unwind. Because depreciation is a normalized timing difference, ratepayers essentially provide the utility cash for income taxes that will not be due until future periods. To summarize, depreciation results in an upfront benefit because Empire's tax payments can be deferred to the future and the utility is able to collect cash in advance of a payment being made.

ACCUMULATED DEFERRED INCOME TAXES

Q. What is Accumulated Deferred Income Taxes ("ADIT")?

A. ADIT represent the prepayment of income taxes by Empire's customers prior to the payment being made to taxing authorities. As explained in the Deferred Income Tax section, there are various normalized tax timing differences that lead to a mismatch in the income tax expense in rates and the income tax a utility actually pays to the IRS and other taxing entities. The net balance in the deferred tax reserve represents a customer-supplied source of cost-free funds to Empire. Therefore, Empire's rate base is reduced by the ADIT balance to avoid customers paying a return on investments that are ratepayer funded.

Q. How did Staff calculate the ADIT balance?

A. Staff included the book ADIT balance as of September 30, 2024, in the rate base schedule of its direct accounting schedules. Staff will true-up ADIT with March 31, 2025, balances in its true-up revenue requirement.

Additionally, Staff did not include ADIT related to the Asbury power plant in rate base. This amount of ADIT was recognized as an offset to the securitization bonds approved in Case No. EO-2022-0193 and should not reflected in Empire's base rates.

EXCESS ACCUMULATED DEFERRED INCOME TAXES

Q. What are Excess Accumulated Deferred Income Taxes ("EADIT")?

A. EADIT are tax liabilities that were previously deferred to future periods via tax timing difference, but the tax liability has ceased to be payable in the future.

Q. Does Empire have EADIT?

A. Yes. On December 22, 2017, the federal Tax Cuts and Jobs Act ("TCJA") was signed into law and took effect on January 1, 2018. A prominent feature of the TCJA was a change in the federal corporate tax rate from 35% to 21%. When the tax rate changed, a portion of Empire's ADIT transitioned from temporary tax timing differences to permanent timing differences. In 2020, the state of Missouri enacted a similar tax reduction that changed the corporate tax rate from 6.25% to 4%. These changes in tax rates essentially forgave a portion of the tax payments Empire had deferred in prior years.

Q. Has tax reform been addressed in Empire's prior rate cases?

A. Yes, EADIT generated by tax reform was addressed in Case No. ER-2019-0374, Empire's first case following the TCJA. EADIT was again addressed in Empire's following rate case, Case No. ER-2021-0132.

Q. Did Staff include the ongoing amortizations in the current revenue requirement?

A. Yes. The amortization of Empire's unprotected EADIT has been completed and the over-amortization as of September 30, 2024, is included in the amortization tracker recommended by Staff witness Nathan Bailey. For protected EADIT, Staff included an annualized amount of ongoing amortizations as an offset to total income tax expense.

Q. Until the EADIT has been returned to customers, is it appropriate to include the unamortized balance of EADIT in rate base?

A. Yes. The unamortized balance of EADIT represents income tax expense the customers have provided to the utility but the utility has not, and is not required to pay to taxing authorities. The balances are appropriate to include in rate base to avoid charging customers a return on cost-free funds that they provided to the utility.

Q. Is Empire's EADIT tracker still necessary?

A. No. As a result of Empire's prior rate case, a tracker was established to capture the difference between EADIT amortizations included in rates and actual EADIT amortized.

However, the implementation of the tax reform, as well as the ratemaking approach to EADIT, is more certain and routine at this point in time. As such, Staff recommends including a normalized amount of EADIT ARAM amortization and the discontinuation of Empire's EADIT amortization tracker.

CUSTOMER FIRST IMPLEMENTATION

Q. What is the Customer First issue?

A. This issue is fully defined in the direct testimony of Staff witness Charles Tyrone Thomason. Essentially, Staff supports an adjustment to remove a portion of Empire's Customer First software that is related to the billing function as Empire has struggled with a substantial number of customer service issues. For reasons detailed by Mr. Thomason, Staff reduced plant-in-service by $60 million and accumulated depreciation reserve by $1 million to reflect the current state of Empire's billing capabilities. Staff additionally adjusted ongoing amortization expense and ADIT to reflect Staff's position on the Customer First software.

Q. How did Staff quantify the rate base value of the Customer First disallowance?

A. As described by Mr. Thomason, the customer billing function of Customer First continues to challenge Empire and its customers so should not be included in Empire's rates at this time. In Empire's response to Staff Data Request No. 0248, it indicated that the Customer Information System ("CIS") portion of the initial software investment (also known as Customer First Foundations) was the system responsible for customer billing. As such, Staff used the Customer First capital expenditure details to identify the percentage of Empire's investment in Customer First Foundations that is related to the CIS. Staff then applied the CIS percentage to the September 30, 2024, plant-in-service and accumulated depreciation reserve book balances for Customer First Foundations to remove the net amount of CIS from rate base. Staff also offset the ongoing amortization expense to reflect the removal of CIS as well as the September 30, 2024, book balance of ADIT driven by the CIS.

CUSTOMER FIRST OPERATION AND MAINTENANCE (O&M) EXPENSE

Q. What is Customer First O&M expense?

A. When the Customer First software went live in April 2024, Empire began incurring additional O&M costs related to running the software. Staff included an annualized amount of the additional O&M based on actual costs from April 2024 through September 2024, reduced by an amount commiserate with the disallowance to the Customer First investment.

GRID RESILIENCE AND INNOVATION PARTNERSHIP AWARDS

Q. What are Grid Resilience and Innovation Partnership ("GRIP") awards?

A. Under the Infrastructure Investment Jobs Act, the Department of Energy ("DOE") reimburses firms for 50% certain capital project costs with GRIP awards.

Q. Has Empire been approved to receive GRIP funding?

A. Yes. The DOE has selected Empire to receive GRIP awards for projects currently underway. At this time, the capital improvements are ongoing and GRIP awards have not been received so Empire's rate base in this case is unaffected.

Q. How should the GRIP funding be accounted for?

A. When the funds are disbursed to Empire, the cost of the asset in Construction Work in Progress ("CWIP") should be reduced by the amount received which is consistent with the standard accounting for Contributions In Aid of Construction ("CIAC"). In the event that the awards are received subsequent to the plant being placed into service, Staff recommends that Empire reduce the gross cost of the plant by the amount of CIAC, and also make appropriate adjustments to its current Plant in Service Accounting ("PISA") deferral to correct the deferred balances.

PENSIONS

Q. What are pensions?

A. Pensions are a form of employee compensation that offers vested employees income subsequent to their retirement.

Q. How are pension costs accounted for?

A. The Financial Accounting Standard Board ("FASB") promulgates accounting instructions in its Accounting Standards Codification ("ASC"). Pensions are addressed in subtopic 715-30. Prior to the ASC, the FASB addressed pension expense in its Financial Accounting Standard 87 ("FAS 87") and Financial Accounting Standard 88 ("FAS 88"). My testimony will refer to FAS 87 and FAS 88 to remain consistent with testimony in prior rate cases before the Commission.

Q. How has pension expense been addressed in Empire's recent rate cases?

A. Pension expense has typically been explicitly addressed in various stipulations between the parties with the exception of Empire's Case No. ER-2019-0374 in which it was addressed in the Commission's *Amended Report and Order*. Generally, Empire's rate cases provide for the pension rate allowance to be set equal to its most current pension expense as calculated by an actuary. Additionally, the agreements establish and continue a tracker mechanism for Empire's pension expense, in which any excess or deficit in the pension rate allowance to be treated as a regulatory asset or liability. The resulting net balance is then included in Empire's rate base, and amortized over five years as an addition or reduction to ongoing pension expense.

Q. What does Staff recommend for FAS 87 pension expense in the current case?

A. Staff recommends continuing the historical ratemaking approach to pension expense and recommends the continuation of historically approved trackers and agreements. As such, Staff's direct revenue requirement reflects the actuarily determined FAS 87 2024 pension expense and the current tracker balance as of September 30, 2024.

Q. What does Staff recommend for FAS 88 pension expense?

A. FAS 88 sets the accounting treatment for the current recognition of gains and losses related to settlements and curtailments of pension plans. Upon retirement, employees have the option to receive their benefits as annuity payments or lump-sum distributions. A lump sum distribution that exceeds certain materiality thresholds requires the recognition of a gain or a loss under FAS 88 guidance. According to Case No. ER-2010-0130, Appendix C of the *Non-Unanimous Stipulation and Agreement* regarding treatment of special events for pensions and OPEB states this regulatory asset or liability will not be added to rate base, and it will be amortized over five years. Consistent with this stipulation, Empire's current unrecovered amount of FAS 88 charges was not included in Staff's rate base but it is included in the amortization of pension expense.

Q. Did Staff review Empire's contributions to the pension trust?

A. Yes. Consistent with prior rate cases, Staff has included a prepaid pension asset in rate base. The prepaid pension asset represents the cumulative amount of pension contributions in excess of actual costs through September 30, 2024.

<u>OTHER POST-EMPLOYMENT BENEFITS</u>

Q. What are Other Post-Employment Benefits ("OPEB")?

A. Much like pensions, OPEBs are a form of employee compensation that offers vested employees benefits subsequent to their retirement. The primary OPEB is healthcare coverage.

Q. How are OPEBs costs accounted for?

A. The FASB sets accounting instructions in its ASC. OPEBs are also addressed in subtopic 715-30 along with pensions. Prior to the ASC, the FASB addressed OPEB expense in its Financial Accounting Standard 106 ("FAS 106"). My testimony will refer to FAS 106 to remain consistent with testimony in prior rate cases before the Commission.

Q. How has OPEB expense been addressed in Empire's recent rate cases?

A. OPEB expense has typically been explicitly addressed in various stipulations between the parties with the exception of Empire's Case No. ER-2019-0374 in which it was addressed in the Commission's *Amended Report and Order*. Generally, Empire's rate cases provide for the OPEB rate allowance to be set equal to its most current OPEB expense as calculated by an actuary. Additionally, the agreements intended to ensure that Empire contributed the full amount of the OPEB expense it collected in rates to an external trust fund. The OPEB agreements also established and continued a tracker to quantify the difference between the OPEB rate allowance and the actuarially determined actual FAS 106 expense.

Q. What does Staff recommend for the FAS 106 OPEB expense in the current case?

A. Staff recommends continuing the historical ratemaking approach to OPEB expense and recommends the continuation of historically approved trackers and agreements. In the current case, Staff's direct revenue requirement reflects $0 of ongoing OPEB expense and the current tracker balance as of September 30, 2024, amortized over five years. Staff's rate base does not include liability amounts caused by negative OPEB expense. However, Empire has an OPEB liability as of September 30, 2024, due to past positive OPEB expenses that were less than the OPEB allowance in rates. This balance is included in Staff's rate base.

Q. Why does Staff recommend $0 for ongoing OPEB expense and exclude rate base driven by negative OPEB expense?

A. The stipulation in Empire's Case No. ER-2010-0130, and carried forward in future agreements, has language in the event that OPEB expense becomes negative, as the actuary has calculated for 2024. Prior agreements state that in the event of negative expense, rates should be set to zero until the time the related OPEB liability can be reduced by positive OPEB expense. The agreement in ER-2010-0130 also specifies that the related liability is a non-cash item and should be excluded from rate base in future years. Staff's revenue requirement reflects this agreement.

<u>SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN</u>

Q. What is the Supplemental Executive Retirement Plan ("SERP")?

A. SERP is a plan designed to provide pension benefits to retired employees that would have been received but for the limitations on compensation and benefits imposed under Sections 401(a)(17) and 415(b) of the Internal Revenue Code.

Q. How does Empire account for SERP costs?

A. Empire accrues for SERP costs in a manner that is similar to the guidance of FAS 87, although SERP benefits are not funded through an external trust. For ratemaking, Staff does not include SERP expense on an accrual basis but includes a reasonable amount of cash SERP payments.

Q. What does Staff support for SERP costs in this case?

A. Staff reviewed historical SERP payments and adjusted SERP expense to reflect payments made during the three-month period ending September 30, 2024 to reflect the last-known SERP obligation.

RIVERTON 10 AND 11

Q. What is the issue with Riverton 10 and 11?

A. Changes to Missouri statutes authorized by Senate Bill 4 will allow Empire to include costs from the rehabilitation of Riverton units 10 and 11 in its ongoing PISA deferral when the units are returned to an in-service status. However, the *Stipulation and Agreement* approved by the Commission in Case No. EA-2023-0131 includes a condition that, "In the initial rate case in which [Empire] proposes inclusion of the costs of repair/replacement of Riverton Unit 10 and/or Unit 11, [Empire] shall provide testimony on the decision process followed during the repair/replacement of Riverton Units 10 and 11 as well as any changes in policy resulting from that process."

Q. What does Staff recommend?

A. Staff recommends that Empire account for PISA deferrals tied to Riverton units 10 and 11 so that they will be readily identifiable in the rate case for which Empire is seeking recovery. In addition, Staff recommends that Empire similarly account for the net value of plant and ADIT so that amounts are readily identifiable in Empire's rate recovery request.

POLICIES AND CONTROLS

Q. Did Staff receive notice of specific concerns from former employees during the audit period of this rate case regarding Empire's policies and controls?

A. Yes. During the pendency of this case, Staff received two separate communications from former Empire employees regarding Empire's behavior surrounding its choice to capitalize or expense costs as they are incurred. Both individuals essentially attempt to alert the Commission that Empire employees are directed by management to take actions that have an inflationary effect on rate base in order to achieve a greater level of earnings at the detriment of ratepayers. More specifically, Empire is accused of:

- Classifying a disproportionate amount of projects as capital instead of O&M
- Unnecessarily replacing equipment instead of repairing
- Not attempting to control cost on capital projects
- Retaining contractors for projects rather than utilize internal labor
- Retaining contractors without a competitive bid process
- Accepting inappropriate gratuities and/or other quid-pro-quo from contractors hired by Empire, and
- Other imprudent actions.

Q. How did Staff respond to the allegations?

A. Staff submitted a series of data requests designed to explore Empire's 1) existing capitalization methodologies, 2) internal controls and policies governing ethical interactions with 3rd parties, 3) internal approval processes for capital expenditures and, 4) decisions to utilize contractors. I will discuss each topic below and summarize recommendations in the conclusion.

EXISTING CAPITALIZATION METHODOLOGY

Q. What is a capitalization methodology?

A. Investor owned utilities operating in Missouri are required to keep all accounts in conformity with the Uniform System of Accounts ("USOA") prescribed by FERC. The USOA contains definitions; general instructions; electric plant instructions; operating expense instructions; accounts that comprise the balance sheet, gas plant, and income operating revenues; and operation and maintenance expenses. The large utilities in Missouri are also regulated by the Securities and Exchange Commission ("SEC") and are subject to the FASB's ASC. Additionally, all investor owned utilities are required to file its tax returns in accordance with the IRS' Internal Revenue Code ("IRC"). Each of these systems, USOA, ASC, and the IRC, contain authoritative guidance on how utilities should decide if a cost is capitalized to the balance sheet (e.g. plant in service) or expensed to the income statement. Empire's overall approach to capitalizing costs to the balance sheet is considered its capitalization methodology.

Q. Does Empire have support for its capitalization methodology?

A. Yes. In response to Staff Data Request Nos. 0379 and 0380, Empire provided reports from the PA Consulting Group and PricewaterhouseCoopers as support for its current labor capitalization approach. Empire additionally provided support in Data Request No. 0376 detailing the basis for capitalization for its non-labor costs.

Q. Does Staff have concerns with Empire's capitalization methodology?

A. Yes, Staff has two concerns with Empire's capitalization methodology in this case. First, Staff finds that the capitalization basis for Injuries and Damages ("I&D"), as well as worker's compensation costs, appears to be an arbitrary ** [redacted] ** between expense and capital accounts. An analytical evaluation of an underlying cost's relationship with ongoing construction is unlikely to produce such an allocator.

Second, Empire did not provide support for its accounting approach for one time expenditures that become capitalized such as lost load studies or severance costs. Staff recommends that Empire conduct an internal audit of I&D and worker's compensation costs to establish an objective relationship to capital projects. Also, Staff recommends that Empire examine the costs entering clearing accounts that are cleared to capital projects in order to ensure the costs included in rate base have a definitive relationship to construction.

CONTROLS AND POLICIES GOVERNING ETHICS

Q. Does Empire have formal policies requiring the ethical behavior of employees?

A. Yes. Several of Empire's policies contain guidelines requiring employees to adhere to general ethical standards regarding disclosing confidential information, bribery, quid-pro-quo, conflict of interests, and acceptance of gifts or gratuities from business organization or financial institutions which do business with Empire.

Q. Do these policies set forth clear and concise boundaries for ethical behavior?

A. No. Empire's ethical guidelines are generalized in most instances. As an example, Empire's policy no. 100-930-200-003, titled "Policy on Supplier Code of Conduct", outlines the ethical acceptance of gifts as:

**

[redacted]

[redacted]

- [redacted]

- [redacted][7] [redacted]

**

Staff is cautious to accept this policy as a well structured guideline when the list of non-prohibited gifts blurs the boundary of what is acceptable. However, Staff recognizes that judging ethical behavior is a subjective and perhaps a legal determination and without clear evidence of misbehavior, the Commission's courses of action is limited.

Q. What does Staff recommend on ethical behavior?

A. Staff recommends that the Commission direct Empire to internally review its operations to ensure ethical policies clearly communicate expectations and the policies are enforced.

INTERNAL APPROVALS FOR CAPITAL EXPENDITURES

Q. Does Empire have an internal process for capital expenditures?

A. Yes. Once a capital project is conceptualized, Empire will begin a process to plan to create documentation supporting the project requirements and assign personnel to manage the project. All projects require a capital project expenditure form and projects that are expected to exceed ** [redacted] ** trigger a requirement to attach a business case to the project's planning and approval documentation. The business case and the capital project expenditure form provide a description of the project, what alternatives to the project were considered and why they were rejected, and the risks associated with not approving the project

[7] Staff Data Request No. 0369.

among other things. The project request will then be passed to a number of individuals for approval depending on the following project cost:

**

[redacted][8]

**

Q. At what level is the decision made to use internal labor or external contractors for a project?

A. The decision to utilize internal employees or external contract resources rests with the designated project sponsor or project manager. This individual considers the qualitative factors of the project to plan for the human resources required on a case-by-case basis.[9] The individual serving as the project manager is from the business area requesting approval for the project.

[8] Staff Data Request No. 0368.
[9] Staff Data Request No. 0369.

Q. Does Empire have internal controls in place to prevent the misappropriation of assets?

A. Yes. For example, Empire's procurement policy includes the segregation of duties in the procurement process. To ensure appropriate segregation, ** [redacted] **

Q. Did Staff find evidence of imprudent activity between Empire's employees and outside vendors?

A. No. However, examining the exchanges between internal and external parties is beyond Staff's scope in this rate case. Staff recommends that the Commission order Empire to conduct an internal audit of Empire's labor and non-labor procurement processes for audit risks and policy compliance.

CONCLUSION

Q. Please summarize Staff's findings and recommendations.

A. Staff finds that generally, Empire has policies and controls that relate to the concerns brought forth by both of the former Empire employees. However, the majority of policies and controls Empire provided as support for its operational practices are scheduled to be reviewed every three years but the dates shown on the policies indicate the reviews are not being executed. Staff is concerned that if Empire does not maintain the due diligence required to keep its policies up to date then it may follow that Empire could spend as little effort enforcing its policies and controls. As such, Staff recommends the Commission order Empire to initiate internal audits to:

- Examine the capitalization rate applied to I&D and worker's compensation costs;
- Review processes and controls over costs passing through clearing accounts to ensure capitalized have a definitive relationship with capital activity;
- Ensure its ethical conduct policies clearly communicate expectations;
- Ensure policies and controls on ethical conduct are enforced;
- Review authorization procedures for capital projects to ensure costs and plans are properly reviewed so that the project provides the most benefit to ratepayers at the least cost;
- Ensure policies governing the procurement of labor and non-labor required for a capital project clearly communicate expectations; and
- Ensure controls governing the authorization of capital projects and the procurement of labor and non-labor required for a capital project are enforced.

Q. When should these internal audits be completed?

A. The Commission should allow Empire one year from the operation of law date in this rate proceeding to complete these internal audits. Further, the Commission should direct Empire to file the results of the internal audits in this rate case docket for review by the parties to this case.

Q. Does this conclude your direct testimony?

A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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

AFFIDAVIT OF MATTHEW R. YOUNG

STATE OF MISSOURI)
) ss.
COUNTY OF Jackson)

COMES NOW MATTHEW R. YOUNG and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Matthew R. Young*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Matt Young
MATTHEW R. YOUNG

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 30th day of June 2025.

[signature]
Notary Public

B. L. STIGGER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES JANUARY 2, 2028
JACKSON COUNTY
COMMISSION #24332661

Matthew R. Young

Educational and Employment Background and Credentials

I am employed as a Utility Regulatory Audit Unit Supervisor for the Missouri Public Service Commission ("Commission"). I earned a Bachelor of Liberal Arts Degree from The University of Missouri – Kansas City in May 2009 and a Master of Science in Accounting, also from The University of Missouri – Kansas City, in December 2011. I have been employed by the Commission as a Regulatory Auditor since July 2013.

As a Utility Regulatory Audit Unit Supervisor, I perform rate audits and prepare miscellaneous filings for consideration by the Commission. I review exhibits and testimony on assigned issues, develop accounting adjustments and issue positions which are supported by workpapers and written testimony. For cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums. In addition, I oversee the work product produced by other Staff auditors.

Cases in which I have served as a subject matter expert, and the scope of my contributions, are listed below:

Case/Tracking Number	Company Name	Scope of Audit	Testified at Hearing
GR-2025-0107	Spire Missouri	Deferred Overhead Assets	
GR-2024-0369	Ameren Missouri	AMI Deferral, Meter Reading Expense, Discrete Adjustments	
ER-2024-0261	Liberty (Empire)	Plant Amortization, Asbury Retirement AAO, Customer First, Pensions, OPEBs, SERP, Construction Accounting AAO, Income Taxes, Environmental Tracker	
GO-2024-0214	Spire Missouri	Revenue Requirement	
ER-2024-0189	Evergy West	Border Customers, Capitalized Overheads, Common Use Billings, Hawthorn Solar Investment, Income Taxes, Off System Sales, PAYS® Program, Miscellaneous Revenues	

Case/Tracking Number	Company Name	Scope of Audit	Testified at Hearing
WA-2023-0450 SA-2023-0451	Confluence Rivers	Rate Base, Purchase Price	
GO-2023-0432	Spire Missouri	Revenue Requirement	
GT-2023-0229	Liberty Midstates	Revenue Requirement, Capitalized Overheads	
EA-2022-0328	Evergy West	Production Tax Credits	Yes
ER-2022-0337	Ameren Missouri	Plant, Reserve, Sioux Deferral, Fuel Inventory, Fuel Expense, Fuel Prices, Coal Refinement, Intangible Amortization, Extended Amortization, Incentive Compensation, Exceptional Performance Bonus, Income Taxes, IRA Tracker, Capitalized Overheads	
GO-2022-0339	Spire Missouri	Revenue Requirement	
GR-2022-0179	Spire Missouri	Capitalized Overheads	
GO-2022-0171	Spire Missouri	Capitalized Overheads	
ER-2022-0129 ER-2022-0130	Evergy Metro Evergy West	Prospective Tracking, Income Taxes, Fuel Expense and Inventory, DSM Opt-Out and Iatan Regulatory Assets, Plant, Reserve, Amortization Expense.	
EO-2022-0105	Evergy Metro	Revenue Requirement Issues	
ER-2021-0240 GR-2021-0241	Ameren Missouri	Incentive Compensation	
GR-2021-0108	Spire Missouri	Capitalized Overheads, Income Taxes, Rate Base Amortizations	Yes
SA-2021-0017	Missouri American Water Company	Feasibility Studies, Construction Cost Estimates	Yes
GO-2021-0030 GO-2021-0031	Spire – East and Spire – West	ISRS Rate Base	
GA-2021-0010	Spire – West	Costs to Expand Distribution System	

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Case/Tracking Number	Company Name	Scope of Audit	Testified at Hearing
WR-2020-0264	Raytown Water Company	Tank Painting and Tower Maintenance, Taxes, Leases, Capitalized Depreciation	
GO-2020-0229 GO-2020-0230	Spire – East and Spire – West	ISRS Rate Base	
GA-2020-0105	Spire – West	Costs to Expand Distribution System	
WA-2019-0366 SA-2019-0367	Missouri American Water Company	Sale of Assets, Rate Base	
WA-2019-0364 SA-2019-0365	Missouri American Water Company	Sale of Assets, Rate Base	
GO-2019-0356 GO-2019-0357	Spire – East and Spire – West	Overhead Costs in Rate Base, Reconciliation	Yes
ER-2019-0335	Ameren Missouri	Incentive Compensation, Fuel Inventory	
WO-2019-0184	Missouri American Water Company	ISRS Rate Base	
SA-2019-0161	United Services Inc.	Application for Certificate, Rate Base	
ER-2018-0145 ER-2018-0146	Kansas City Power & Light & KCP&L Greater Missouri Operations	Fuel Prices & Inventories, Purchased Power Expense, Pensions, OPEBs, SERP, Outside Services	
WM-2018-0104	Missouri American Water Company	Rate Base	
WM-2018-0023	Liberty Utilities	Sale of Assets, Rate Base	
WR-2017-0343	Gascony Water Company	Rate Base	Yes

Case/Tracking Number	Company Name	Scope of Audit	Testified at Hearing
GR-2017-0215 GR-2017-0216	Laclede Gas Company & Missouri Gas Energy	Pensions, OPEBs, SERP, Incentive Compensation, Equity Compensation, Severance Costs	Yes
WR-2017-0139	Stockton Hills Water Company	Revenue, Expenses, Rate Base	
ER-2016-0285	Kansas City Power & Light	Forfeited Discounts, Bad Debt Expense, Customer Growth, Cash Working Capital, Payroll and Payroll Related Costs, Incentive Compensation, Rate Case Expense, Renewable Energy Standards Cost Recovery, Property Taxes	Yes
SR-2016-0202	Raccoon Creek Utility Operating Company	Rate Base	
ER-2016-0156	KCP&L Greater Missouri Operations	Payroll, Payroll Benefits, Payroll Taxes, Incentive Compensation, Injuries and Damages, Insurance Expense, Property Tax Expense, Rate Case Expense	
SR-2016-0112	Cannon Home Association	Revenues and Expenses, Rate Base	
WR-2016-0109 SR-2016-0110	Roy-L Utilities	Revenues and Expenses, Rate Base	
WO-2016-0098	Missouri American Water Company	ISRS Revenues	
WR-2015-0246	Raytown Water Company	Revenues and Expenses, Rate Base	
SC-2015-0152	Central Rivers Wastewater Utility	Verification of amounts identified in Complaint	

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Case/Tracking Number	Company Name	Scope of Audit	Testified at Hearing
WR-2015-0104	Spokane Highlands Water Company	Revenues and Expenses, Rate Base	
GR-2015-0026	Laclede Gas Company	Plant Additions and Retirements, Contributions in Aid of Construction	
GR-2015-0025	Missouri Gas Energy	Plant Additions and Retirements, Contributions in Aid of Construction	
WR-2015-0020	Gascony Water Company	Revenues and Expenses, Rate Base	
SM-2015-0014	Raccoon Creek Utility Operating Company	Sale of Assets, Rate Base, Acquisition Premium	
ER-2014-0370	Kansas City Power & Light	Injuries & Damages, Insurance, Payroll, Payroll Benefits, Payroll Taxes, Property Taxes, Rate Case Expense	Yes
SR-2014-0247	Central Rivers Wastewater Utility	Revenues and Expenses, Rate Base, Affiliated Transactions	
HR-2014-0066	Veolia Energy Kansas City	Payroll, Payroll Benefits, Payroll Taxes, Bonus Compensation, Property Taxes, Insurance Expense, Injuries & Damages Expense, Outside Services, Rate Case Expense	
GO-2014-0179	Missouri Gas Energy	Plant Additions, Contributions in Aid of Construction	
GR-2014-0007	Missouri Gas Energy	Advertising & Promotional Items, Dues and Donations, Lobbying Expense, Miscellaneous Expenses, PSC Assessment, Plant in Service, Depreciation Expense, Depreciation Reserve, Prepayments, Materials & Supplies, Customer Advances, Customer Deposits, Interest on Customer Deposits	

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Case/Tracking Number	Company Name	Scope of Audit	Testified at Hearing
SA-2014-0005	Central Rivers Wastewater Utility	Application for Certificate, Revenue and Expenses, Plant in Service, Depreciation Reserve. Other Rate Base Items	

Empire District Electric Company, d/b/a Liberty ER-2024-0261 Staff Direct Testimony	
Staff Witness	**Issue Responsibility**
Nathan Bailey, CPA	Rate Case Expense, Regulatory Amortizations, Amortization Tracker
Alan J. Bax	Allocation Factors, Loss Study
Christopher Boronda	Plant, Reserve, Maintenance Deferred Assets, Maintenance Expense
Malachi Bowman	Depreciation
Kim Cox	Annualized Retail Revenues
James A. Busch	Customer First
Claire M. Eubanks, PE	Transmission & Distribution Projects
Sydney Ferguson	Advertising, Credit Card Fees, Leases, Low Income Pilot Program, Critical Needs Program
Jared Giacone	Wind Construction and Expense, PISA, Property Taxes, Riverton O&M Tracker, Severance, Solar Rebates, VOLL Study, PAYGO Tracker
Marina Gonzales	Large Power Revenue, MPPM
Randall T. Jennings	Billing Determinants, Excess Facilities Charges
Shawn E. Lange, PE	Fuel Modeling
Melanie Marek	Bad Debt Expense, Capitalized Depreciation, I&D, Insurance, PSC Assessment, Rating Agency Fees, Incentive Compensation, Misc. Revenues
Brooke Mastrogiannis	Fuel Adjustment Clause
Angela Niemeier	Corporate Allocations
Broderick Niemeier	Plant Additions, Riverton Repairs
Antonija Nieto	State Line Water Usage, SPP Revenue and Expenses, Fuel Expense, Fuel Inventory
Hari K. Poudel	Energy Efficiency Adjustment, Lighting Revenue
Lindsey Smith	CWC, Customer Advances, Customer Deposits, Dues and Donations, EEI, Materials and Supplies, Payroll, Payroll Taxes, Payroll Benefits, Prepayments
Michael L. Stahlman	Weather Normalization, 365-day, Rate Block Adjustment
Justin Tevie	Market Prices, Economic Development Rider
Charles Tyrone Thomason	Customer First
Christopher C. Walters	Capital Structure, Cost of Equity, Cost of Debt
Matthew R. Young	Plant Amortization, Asbury AAO, Income Taxes, Customer First, GRIP Awards, Pensions, OPEBs, SERP, Riverton 10 and 11 Accounting, Former Employee Communications