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Sponsoring Party:	Public Counsel
Case No.:	ER-2024-0261

DIRECT TESTIMONY

OF

LENA M. MANTLE

Submitted on Behalf of the Office of the Public Counsel

THE EMPIRE DISTRICT ELECTRIC COMPANY
D/B/A LIBERTY

FILE NO. ER-2024-0261

*** ____________________________________ ***

Denotes Highly Confidential Information that has been redacted.

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July 2, 2025

PUBLIC

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DIRECT TESTIMONY

OF

LENA M. MANTLE

THE EMPIRE DISTRICT ELECTRIC COMPANY d/b/a LIBERTY

CASE NO. ER-2024-0261

Q. Please state your name and business address.

A. My name is Lena M. Mantle and my business address is P.O. Box 2230, Jefferson City, Missouri 65102. I am a Senior Analyst for the Office of the Public Counsel ("OPC").

Q. Please briefly describe your experience and your qualifications.

A. I have been employed by the OPC in my current position since August 2014. In this position, I have provided testimony and support in electric, natural gas, and water cases for the Public Counsel. Prior to my employment for the OPC, I worked for the Staff of the Missouri Public Service Commission ("Staff") from August 1983 until I retired in December 2012. During the time that I was employed at the Missouri Public Service Commission ("Commission"), I worked as an Economist, Engineer, Engineering Supervisor and Manager of the Energy Department.

Attached as Schedule LMM-D-1 is a brief summary of my experience with OPC and Staff along with a list of the Commission cases in which I filed testimony, Commission rulemakings in which I participated, and Commission reports to which I contributed. I am a Registered Professional Engineer in the State of Missouri.

To provide a basic understanding of the Fuel Adjustment Clause ("FAC") as it operates in Missouri, I have attached as Schedule LMM-D-1 to this testimony the whitepaper I authored titled, "Electric Utility Fuel Adjustment Clause in Missouri: History and Application." To help understand how the

Southwest Power Pool ("SPP") impacts resource planning I have attached as Schedule LMM-D-3 the whitepaper I authored titled, "Resource Planning of a Vertically Integrated Utility in the RTO World."

Q. Why are you testifying?

A. Throughout this testimony I provide support for OPC witness Dr. Geoff Marke's testimony regarding the issues with management at the Empire District Electric Company d/b/a Liberty ("Liberty") that OPC has discovered through discussions with customers and review of information for this case.

I explain how Liberty's original filing was incorrect and the steps OPC took to remedy the incorrect filing. I also explain how Liberty is misrepresenting to its residential customers the total impact of Liberty's requested increase to residential rates.

I explain why the Commission should terminate Liberty's FAC or, at a minimum, change its FAC sharing mechanism from a 95/5 sharing to a 50/50 sharing.

Q. What are the examples of things you have observed that indicate to you that Liberty is mismanaged?

A. The following, which I elaborate on in my testimony:

1. The magnitude of the difference between the increase Liberty stated it was requesting in its original early November filing and the increase it stated in its late February filing;
2. How OPC discovered that Liberty was misrepresenting its request in November;
3. How, despite having a FAC since 2008, Liberty is misrepresenting how its FAC operates;
4. How Liberty is manipulating its residential customer bill calculation to make it seem the increase is lower than it actually is;

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5. The "mistakes" Liberty still has in its filed case that are worth millions of dollars, despite Liberty having the nearly four month delay between when it originally filed its case on November 6, 2024, and when it refiled its case on February 26, 2025;
6. Liberty's lax attitude regarding the determination of normalized costs and revenues included in the determination of the FAC and its cost to serve; and
7. Liberty's numerous resource planning decisions that have increased the risk to customers of volatile and unpredictable bills.

These are scattered throughout my testimony. However, I have summarized and listed them on Schedule LMM-D-4 attached to this testimony.

<u>Rate Case Filing</u>

Q. When did Liberty first initiate this general rate case?

A. Liberty filed its sixty-days' notice of its intent to file a general electric rate case on March 25, 2024. On August 30, 2024, it filed a request for a waiver from the Commission rule requirement to file the case within 180 days of the date it filed the notice. The Commission waived that requirement. Liberty first filed proposed tariff sheets and direct testimony on November 6, 2024 – 226 days after its 60-day notice.

Q. Do you know why Liberty delayed filing its rate case tariff sheets and testimony?

A. Only what Liberty has said. In its waiver request, Liberty stated that the date of its filing had fluctuated "due to a number of factors." In his direct testimony filed on November 6, 2024, Liberty witness Timothy N. Wilson, President of Liberty Electric, gave only one reason: "we decided to wait until early November to file the case in order to provide additional time for our employees to learn how to

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navigate the new [backbone information technology systems, including a Customer Information System] and work out any challenges from the transition."[1]

Q. In its November 6, 2024, initial case filing how did Liberty characterize the impact of its rate increase request?

A. In its November 6, 2024, letter that accompanied its proposed tariff sheets, Liberty said that it was requesting an increase of $92.1 million which was a 15.99% increase over current base rate revenues. Liberty estimated its requested monthly increase for a residential customer using 1,000 kWh to be $30.84 or 19.15%. For ease of reference, the filing letter is attached to this testimony as Schedule LMM-D-5.

Q. In its February 26, 2025, case re-filing how did Liberty characterize the impact of its rate increase request?

A. In its February 26, 2025, tariff filing letter,[2] Liberty said that the tariff sheets it originally filed on November 6, 2024, were designed to increase its annual revenues by $92.1 million due to an error, and that it designed its new tariff sheets to increase its annual revenues by $152,855,209. This is a <u>$60.7 million "error."</u> $152,855,209 is a <u>66% increase</u> above the $92.1 million increase that Liberty requested in November! I have never seen an error anywhere near this magnitude before in an electric utility's request to this Commission to increase its general rates. Either Liberty's management must have woefully underestimated the amount of the increase that it needed to meet its determination of its cost to serve or it misunderstood fundamental concepts used when making rates in Missouri.

As to the impact after the correction, the letter that accompanied this tariff filing only noted that this was an increase of 29.64% over current base rate revenues. There was no estimate of the impact on residential customer bills.

[1] Pages 15 – 16.
[2] Attached as Schedule LMM-D-3.

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Q. Do you know how did Liberty discovered the "error" that resulted in its February 26, 2025, tariff filing?

A. Yes. Liberty discovered the error after OPC Counsel and I initiated discovery followed by numerous discussions with Liberty personnel through emails and phone calls, as well as additional data requests.

Q. Would you provide more detail?

A. Yes. Nine days after its filing on November 6, 2024, Liberty had a Webex call with OPC to explain its filing. In its presentation, Liberty told OPC that in the rate case it was requesting that its FAC be rebased, but that it anticipated that the impact to its customer rates from rebasing its FAC would be minimal because of how much customers were currently paying through its FAC. This seemed odd to me and my counsel since FAC revenues are not considered in a rate increase request.

Just as odd to me was a graph shown during the presentation which showed that one of the drivers of the $92.14 million increase was an increase in fuel related costs of $60.67 million. To me this was inconsistent with a different graph which Liberty provided in that presentation which showed that only $0.39 million of the requested increase of $92.14 million was due to fuel-related costs.

After this meeting, I started reviewing Liberty's filing to try to figure out these inconsistencies. I became even more confused when I read the proposed exemplary customer notice provided in the filing[3] that stated that rebasing energy costs would increase Liberty's annual gross revenues by $41.8 million.

At that point I had three wildly varying numbers for the increase in Liberty's FAC fuel and purchased power costs - $60.67 million, $41.8 million, and $0.39 million.

[3] Direct Schedule LP-3 of Leigha Palumbo's testimony filed on November 6, 2024. Attached to this testimony as Schedule LMM-D-7.

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Q. What did you do next?

A. I compared Liberty's proposed FAC base[4] found on Schedule TWT-3 of Liberty witness Todd Tarter's direct testimony with Liberty's currently effective FAC base. This schedule showed Liberty's proposed FAC base was $86 million - almost twice the current base of $44 million.[5] My search of the FAC workpapers provided with the filing proved frustrating because they did not show the development of the inputs into the fuel model Liberty used and how Liberty normalized its proposed FAC components. Since Liberty's workpapers did not disclose the sources of many of the numbers or how they were derived, I issued data requests to Liberty asking for additional information.

Q. What did you learn from Liberty's responses to your data requests?

A. According to Liberty's response to OPC data request 8001,[6] Liberty's $41.8 million increase due to rebasing fuel that Liberty provided in its filing letter was the incremental increase between the base fuel costs parties had agreed to in Liberty's previous rate case and Liberty's proposed base fuel costs in this case. In other words, the $41.8 million was the difference between Liberty's proposed new FAC base of $86 million and its current FAC base of $44 million.

Q. Does not the FAC base match the level of the costs of those same FAC components that are included in an electric utility's cost-of-service?

A. They should be the same since the purpose of a FAC is to capture the variations over time of the FAC base components used for setting general rates. Looked at it annually, a FAC should be designed to capture the difference between an electric utility's actual FAC base component costs and the level of the costs of those same

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[4] Liberty witness Todd W. Tarter direct testimony, Schedule TWT-3, filed on November 6, 2024 but later withdrawn. Identical to Schedule TWT-3 filed on February 26, 2025.

[5] As I reviewed Schedule TWT-3, I found that the sum of his "Other Energy Related and Adjustment" amounts did not equal the sum shown below the list of the amounts. When calculating the sum, Mr. Tarter did not include the "Fuel Admin/Labor" costs. It is uncertain from the filing whether or not Liberty is proposing to include these costs in its FAC.

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components included in that utility's annual cost-of-service which the Commission used for setting that utility's general rates associated with that FAC.

Q. Since, on an annual basis, for designing FAC and general rates, the FAC base matches the level of the costs of those same FAC components that are included in an electric utility's cost-of-service, does this mean that of the $92.14 million increase Liberty requested, $48.1 million was due to increases in the costs included in its current FAC base?

A. No. Liberty's $86 million is for all of its electric operations, not just those in Missouri. Further, the $86 million includes 100% of Liberty's transmission costs whereas Liberty's current FAC includes less than 100% of them. To get the correct amount of increase of the FAC costs, transmission costs need to be consistently calculated.

Q. Did you independently quantify what Liberty's current FAC base would be based on the $86 million and other information Liberty provided?

A. Yes. I used the information Liberty provided in its data request response to quantify how it would change the base of Liberty's current FAC. To be consistent with the current treatment of transmission costs in Liberty's FAC, I multiplied Liberty's proposed total company MISO transmission costs and SPP transmission costs by 0.5 and 0.1939 respectively as set in the last rate case. Then I added the result to the total company amounts for fuel costs and other current FAC components making sure that, using the limited information provided, that no new cost types were included in the calculation of the FAC base amount. At that point a fair calculation of the increase in the FAC costs could be made.

The difference between the current base amount and Liberty's proposed costs in this case is $27.6 million total company. Finally, I multiplied that result by the appropriate Missouri jurisdictional allocator to get the appropriate Missouri

[6] Provided as Schedule LMM-D-8.

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FAC base increase. That result is $24.3 million.[7] This is the Missouri jurisdictional increase to the current FAC net costs.

Q. If the increase to the current FAC base is $24.3 million, then what was the $0.39 million "Fuel Related" portion of the increase that Liberty included in its presentation?

A. Liberty witness, Mr. Wilson included this graph with the $0.39 million amount in his November 6, 2024, testimony so I issued a data request to Liberty to get a clarification on how this $0.39 was calculated. According to Mr. Wilson's response to OPC data request 8003,[8] this was the difference between "[a]ll fuel related revenues and expenses" in the test year of $60,673,098 and "[a]ll FAC tariff revenues collected from the customers during the test year" of $(60,279,425).

In response to follow up data request 8003.1,[9] Mr. Wilson revealed that the $60,673,098 was not actually "[a]ll fuel related revenues and expenses" in the test year, but the difference between the actual fuel related expenses and Liberty's surrebuttal position in its 2021 general rate case, Case No. ER-2021-0312.

Q. Does this mean that Liberty's test year revenues were almost sufficient to cover its fuel costs in that test year?

A. No. While this is exactly what Mr. Wilson implied, it is an inaccurate comparison. The $60,279,425 of revenues from FAC charges during the test year (October 2022 through September 2023) was for Liberty to recover 95% of the difference between the fuel costs it recovered through permanent rates and the actual fuel costs it incurred from the accumulation periods ending February 2022, August 2022 and February 2023. The actual fuel-related expense total was for actual costs Liberty incurred in the test year, and it included costs that are not

[7] The workpaper for this amount is provided as Schedule LMM-D-9.
[8] Attached as Schedule LMM-D-10.

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FAC costs. The net of Liberty's FAC revenues and its actual fuel costs demonstrates nothing regarding its rate increase request.

Q. What else did you learn from Mr. Wilson's response to OPC data request 8003.1?

A. In his response Mr. Wilson revealed Liberty had excluded transmission expense and capacity cost totaling $38,007,783 from Liberty's surrebuttal position calculation of fuel expense from its prior rate case—which Liberty had used as its basis for changes. With this correction, he said the fuel-related expense increase was only $31,833,139 – not $60,673,098. Following the logic Liberty used to calculate the $0.39 million fuel-related impact for its November 6, 2024, filing, the "correction" in Mr. Wilson's data request response would change the impact of fuel-related costs on Liberty's rate increase request as Liberty filed it from $0.39 million to $(28,446,286). But this result makes no sense given an increase in fuel and purchase power costs of $41.8 million.

Q. Did Mr. Wilson, in his response to data request 8003, explain why Liberty thought offsetting fuel related costs with FAC revenues was appropriate?

A. No.

Q. Should FAC revenues be considered when determining the amount of a general rate increase?

A. No. In a rate case, the amount of the increase is the difference between the cost to serve the customers and the revenues that are currently being generated. This is shown in the simple equation below:

$$\$ \text{ increase} = (\$ \text{ cost to serve}) - (\$ \text{ current revenues})$$

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[9] Attached as Schedule LMM-D-11.

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Test year costs are normalized and/or annualized to best estimate future costs which are then used to determine the amount of revenue necessary to recover the cost-to-serve. Test year actual revenues are also normalized and annualized. In addition to adjustments to revenues to account for abnormal weather impacts and customer growth, test year revenues from interim mechanisms that are being billed to recover past costs should be excluded from the utility's revenues used to determine the amount of increase. These mechanisms operate outside of general rate cases and once the revenue is recovered through these mechanisms, their rates change.

Liberty has three interim rate mechanisms through which the Commission allows it to recover costs from its retail customers: (1) Liberty's Missouri energy efficiency investment act ("MEEIA") mechanism, (2) Liberty's securitization mechanism, and (3) Liberty's FAC. Including the revenues from any of these mechanisms in test year annualized, normalized revenues would result in a change in revenues that, if new general rates are designed based on them, will not meet the utility's cost-to-serve, even at the time when those new rates first take effect.

A simplistic example may help. Assume that test year costs, including a return on investment, are $100 million. The utility is asking that the costs of a new generating unit be included in plant which results in a cost-to-serve of $120 million per year. Currently the utility's rates are generating $100 million of revenue annually. The utility has three interim rate mechanisms that are each recovering $10 million in revenue per year. This is shown in Table 1 below.

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Table 1
Acme Utility Test Year

	Cost	Revenue
TY Cost	$100	
Increase in Costs	$20	
Requested Cost-to-Serve	**$120**	
Permanent Rates		$100
Mechanism A		$10
Mechanism B		$10
Mechanism C		$10
Total Revenue		**$130**

Using the simple equation above, if the total revenues are considered, the general rate increase due to Acme Utility would be:

Cost to Serve		$120
Total Revenues	-	$130
Revenue Increase		$(10)

If this was how permanent rates were determined, then Acme Utility would be required to reduce its general rates even though its cost-to-serve had increased.

But Mechanisms A, B, and C, are not recovering the utility's cost-to-serve. Instead, they are designed to allow the utility to recover differences between its past actual costs and the amount of those costs that were included in its cost-to-serve used to design its general rates. Assume that the rates in these mechanisms change every six months to capture these historical differences in costs that occurred. The conclusion from the information in Table 1 that the rates of Acme Utility should decrease could result in a deficit the month after the Mechanisms change. Table 2 shows what happens when Mechanisms A, and B change to $5 million in the next six months and the revenues from Mechanism C change to a negative $5 million.

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Table 2
Acme Utility Six Months Later

	Cost	Revenue
TY Cost	$100	
Increase in Costs	$20	
Requested Cost to Serve	**$120**	
Permanent Rates		$100
Mechanism A		$5
Mechanism B		$5
Mechanism C		$(5)
Total Revenue		**$105**

In this example, as soon as the revenue from a mechanism drops, Acme Utility cannot cover its costs.

The proper comparison is the Requested Cost-to-Serve to the revenues from the general rates. In this example, the increase in rates necessary to meet the cost-to-serve using the simple equation above is:

Cost to Serve		$120
Revenues from permanent rates	-	$100
Revenue Increase		$ 20

This simple example shows why the revenues used in a rate case must not include revenues from interim rate mechanisms with rates that change between rate cases; interim rate mechanisms like Liberty's FAC and MEEIA charges.

Q. Have FAC revenues ever been included in test year normalized revenues used for determining Liberty's cost-of-service in any prior Missouri Liberty rate case since the Missouri Legislature enabled the Commission to authorize FACs ?

A. No.

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Q. How many rate cases has Liberty filed where it correctly treated FAC revenues?

A. The Commission first authorized Liberty to use a FAC in Case No. ER-2008-0093. This is the eighth rate case in which Liberty has requested continuation with modifications of its FAC. This is the first case in which it has treated its FAC revenues in this manner.

Q. Since the Missouri Legislature enabled the Commission to authorize FACs has any other Missouri investor-owned electric utility ever included FAC revenues from the test year for quantifying its rate increase request?

A. No. The other three investor-owned utilities have filed almost 20 general rate cases since the Commission first authorized their FACs and none of them treated FAC revenues in the test year in this manner.

Q. Is Liberty including FAC test year revenues in the revenues it applies against its cost-of-service just a FAC issue?

A. No. As shown above, how FAC revenues are treated impacts the revenue increase determination and the rate design. If carried out as Liberty has requested, it would result in rates that cannot meet Liberty's cost-to-serve.

Q. What did Public Counsel do after you verified that Liberty had incorrectly included FAC revenues in its test year revenues?

A. On January 30, 2025, OPC informally challenged Liberty as to the $92.1 million limit of its requested general rate increase embedded in its tariff sheets. Our quandary was whether Liberty was going to hold to the amount of the $92.1 million increase it was requesting through its tariff sheets or if it would seek the amount that its cost-to-serve analysis would support. Our analysis showed that, based on Liberty's cost-to-service analysis it needed an increase in revenues of approximately $153 million, not the increase of $92 million that it said was requesting. While we would have liked to have limited Liberty's request to $92

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million, we were concerned where the case might go when Liberty realized that its filed tariff sheets would under-recover its analysis of its cost-to-serve and the potential impact of that confusion late in the rate case for the Commission, Liberty, and the other parties.

Q. How did Liberty respond?

A. Four days later, on February 3, 2025, Liberty filed what it described as "substitute"[10] tariff sheets it designed to effectuate a $153 million annual increase in its Missouri retail revenues to replace its original filing for a $92 million increase.

Q. What did Liberty state for its reason for filing the "substitute" tariff sheets?

A. In its letter accompanying its "substitute" tariff sheets, Liberty's counsel did not admit that these substitute tariff sheets were being filed to correct a $60 million error. She simply stated:

> An inquiry was made by a party <u>regarding the presentation</u> of the amount of the requested rate increase. To address this matter, Liberty is filing the following substitute tariff sheets:
>
> (Emphasis added)

Q. Did Liberty's substitute tariff sheet filing allay Public Counsel's concerns?

A. No. Instead, it raised new ones. We still were concerned that Liberty was presenting to the Commission and its customers that it was requesting a 15.99% increase when the increase to meet its cost to serve was 30%. Liberty was telling residential customers that the rates it was proposing would increase their bills by approximately $30 when the actual impact, if Liberty was to recover its requested cost to serve was about $42.

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[10] Historically the Commission has allowed utilities to make technical corrections to tariff sheets before they go into effect and to change tariff sheets that they file to comply with Commission orders, by filing new tariff sheets that bear the same issuance and effective dates as the sheets replace. This change was not due to a technical issue or to comply with a Commission order.

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We became concerned with Liberty trying to use the tariff sheet substitution process to make a substantive changes to its tariff sheets—increasing its proposed rates—when ratemaking is a core Commission function. Public Counsel is not keen on substituting tariff sheets for any reason, but understands the Commission has a practice of allowing substitutions for minor non-substantive technical errors, such as an incorrect font or an incorrect format.

<u>Liberty's Representation of the Impact of Its Request</u>

Q. When you reviewed these "substitute" tariff sheets did you notice any change in Liberty's representation of the amount of its requested rate increase?

A. No. I did not see any change in the presentation of the rates in the proposed tariff sheets. The rates were presented in the same manner as before. What I did notice was that the rates significantly increased. I noticed no other changes to the tariff sheets.

Q. Is there anything else that you want to point out from Liberty's filing letter that accompanied its "substitute" tariff sheets?

A. Yes. The letter included the following explanation of the reason for the changes to the tariff sheets:

> With its direct filing, the Company proposes to rebase its net fuel and purchase power ("F&PP") costs it has recovered through its current Fuel Adjustment Clause ("FAC") and its revenue recovered through its Energy Efficiency Cost Recovery "EECR" rate. When considering the rebasing of the FAC and EECR revenues in the amount of $(60,718,585), the net additional operating revenue increase is $92,136,624. The revised rate schedules are designed, in total, to increase Liberty's gross annual electric base rate revenues by approximately $152,855,209 million, exclusive of applicable gross receipts, sales, franchise, or occupational fees or taxes, or a 30.10% increase over current base rate electric service revenues. For an average residential customer using 1,000 kWh, the requested rate change, including the rebasing of F&PP and EECR costs, will increase the bill from $167.40 to $198.68, or approximately 18.69 percent.

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Despite the recognition that the original tariff sheets as filed would not result in a revenue increase great enough to meet its analysis of its cost-to-serve, Liberty did not give up on its position that the FAC revenues that it collected in the test year would offset the impact of its proposed increase in permanent rates. Not backing down on this incorrect position, Liberty then stated that this 30.10% increase in its cost-to-serve would only have an impact of 18.69% on customers' bills.

Q. How did Public Counsel respond to Liberty filing "substitute" tariff sheets?

A. Public Counsel filed a motion on February 5, 2025, requesting the Commission dismiss the case given the magnitude of the rate increase requested and the fact that the testimony and minimum filing requirements filed on November 6 were no longer consistent with the tariff sheets filed. Staff filed a similar motion to dismiss adding to its motion an assertion that it would not have the time necessary to audit this new request with the then currently ordered procedural schedule.

Before the Commission issued an order responding to these requests, Liberty, on February 26, 2025, withdrew its original tariff sheet filing that it had made on November 6, 2024, and the tariff sheet filing it made on February 3, 2025 in tariff tracking no. JE-2025-0069. On that same day Liberty filed in this case new testimony and new tariff sheets, which the Commission assigned tariff tracking no. JE-2025-0127.

Q. How did Liberty characterize its requested increase in its February 26, 2025, filing?

A. In its filing letter Liberty stated that its requested increase was now 29.64%. This is in contrast to both its February 3, 2025, tariff filing which it said was for a 30.10% increase and its November 6, 2024, filing which it said was for a 15.99% increase.

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Q. What impact on residential customers' monthly bills did Liberty provide with each of these filings?

A. In its original November 6, 2024, filing, Liberty stated that its request would increase residential typical customer bills for 1,000 kWh usage from $161.09 to $191.93 or $30.84. In its February 3, 2025, "substitute" tariff sheets filing, Liberty stated the tariff sheets would increase the typical residential customer bill from $167.40 to $198.68 or $31.38 a month. So even though the requested increase was 66% higher, the bill impact was $0.54 or $1.85 higher.

In its press release for the February 26, 2025, tariff sheet filing, Liberty states that the average monthly increase for residential customers would be between $33 and $39 a month.

Q. Can you explain how a 66% increase in Liberty's revenues request would only increase the impact on the typical residential bill for 1,000 kWh of usage by $3 to $9?

A. No. There is no explanation for how a rate increase that is 66% higher will only increase the bill impact by 10%. Attached to this testimony as Schedule LMM-D-12 is a copy of a handout that I prepared for OPC that was handed out upon request to customers at the recent townhall meetings held in June for Case No. OO-2025-0233 regarding Liberty's billing problems. If the Commission allowed the rates provided on Liberty's February 26, 2025, tariff sheets to become effective, then this handout shows a Liberty residential customer using 1,000 kWh will see an increase of $48.40 in the summer months of June through September and an increase of $46.78 in the months of October through May. Taking into account only the permanent rates (excluding interim mechanism rates), this equates to a 31.51% increase in the summer months and a 33.80% increase in the other months.

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Q. Do you know how Liberty calculated a $33 to $39 a month impact on residential customers with 1,000 kWh usage?

A. Yes. Because I was getting a much different number based on information I obtained from the testimony Liberty filed on February 26, 2025, I sent Liberty OPC data request 8019 asking how it calculated the $33 to $39 a month impact. Liberty's response is attached as Schedule LMM-D-13.

Q. Would you explain the difference between your town hall handout and Schedule LMM-D-13 as to calculating the impact of Liberty's last tariff filing on residential customers' bills?

A. The difference between Liberty's calculation and mine (shown on Schedule LMM-D-12) is the bottom section of the second page of Schedule LMM-D-13 which is titled, "Total Bill Impact Analysis." The key to understanding how Liberty came up with its $33 to $39 impact is the $12.12 Liberty chose to add to the current bill to account for "fuel" charges.

Q. What does Liberty mean by "fuel" charges?

A. Liberty explains in a footnote on this schedule that **"fuel" charges** are the sum of its current FAC base factor of $0.00870 per kWh and a FAC rate of $0.00342 per kWh[11] multiplied by 1,000.

Q. Are Liberty retail residential customers currently paying these "fuel" charges?

A. No. Customers currently are paying $0.00870 per kWh for fuel costs. This amount is included in the per kWh rates used to calculate Liberty's current revenues for summer and winter, as shown at the top of the second page of Schedule LMM-D-13. By Liberty adding this "fuel" cost to its current bill calculation, the current bill includes this amount for fuel twice. Not only is adding this "fuel" cost illogical, including it twice results in a higher "current" bill, which in turn results in a smaller difference between the current and proposed bill and, therefore, a lower percent bill change.

Q. Does the $0.00342 per kWh that Liberty included in its calculation of the $12.12 account for its current fuel costs?

A. No. The $0.00342 per kWh is for recovery of prior, not current fuel costs. It was the FAC rate charged from December 1, 2024, through May 31,2025 for Liberty to recover $6.3 million of fuel and purchased power costs Liberty incurred, but did not recover through its permanent rates, for the FAC accumulation period of March 1, 2024 through September 30, 2024, plus about $0.5 million to true-up the previous recovery period of December 1, 2023 through May 2024, and $0.5 million in interest for carrying costs on FAC costs incurred since the beginning of the accumulation period.[12]

The $0.00342 per kWh is to recover a regulatory asset for costs from a previous time period. It is not a fuel cost.

Q. Is there anything else in this Liberty table in Schedule LMM-D-13 that is misleading?

A. Yes. In this analysis, Liberty set its FAC rate to zero when calculating its proposed bill.

Q. Is this because Liberty is proposing to end its FAC in this case?

A. Liberty is not proposing to terminate its FAC in this case. Instead, Liberty is asking the Commission to modify its FAC to expand it to flow even more costs it incurs to its retail customers.

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[11] This was Liberty's FAC rate from December 31, 2024, through May 31, 2025, for secondary service customers.

[12] Liberty Tariff P.S.C. No. 6, Sec. 4, cancelled 9th Revised Sheet 17g. While this sheet says that it was for the accumulation period ending February 29, the date of February 29 is an error that did not get changed from the 8th Revised Sheet 17g.

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Further, if the Commission does not authorize Liberty to continue its FAC in this case, Liberty would still have a FAC charge for the next twelve months because of the requirement for recovery of currently accumulating FAC costs above/below the level of what currently is set in Liberty's general rates. In addition, there is a statutory requirement of a true-up of that amount.[13]

Q. Does rebasing a FAC reset the FAC rates to zero?

A. No. FAC rates do not change in general rate cases. Rebasing just changes the amount of fuel costs that are recovered through permanent rates. Liberty's current FAC rate will be the same the day after tariff sheets are effective in this case as it was the day before. Liberty's FAC rates will remain the same until Liberty's next FAC recovery period begins – either June or December.

Q. Could Liberty have overlooked that its FAC rates will not go to zero the next time when its new general rates take effect?

A. In my opinion, "No." This is how FACs always have worked for Liberty and all the Missouri electric investor-owned utilities. I do not understand why now, over 15 years after the Commission first authorized Liberty to have a FAC, Liberty cannot understand how its FAC works.

Q. Have you discussed how FACs work to Liberty personnel?

A. Yes. Through my OPC Counsel, I shared with Liberty Public Counsel's analysis of the typical Liberty residential customer bill impact in December 2024. Beginning in mid-February 2025 I had a series of Webex calls, emails, and telephone calls with Charlotte Emery of Liberty regarding the FAC. Aaron Doll and Todd tarter also participated in these Webex calls. I forwarded them spreadsheets to help explain. Even so, Liberty still does not acknowledge that the FAC revenues to recover fuel costs from accumulation periods in the past do

[13] Section 386.266.5(2) RSMo.

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offset increases in the FAC costs in this case that the FAC rate will not go to zero when new rates from this case go into effect.

Q. Is the FAC rate for residential customers still $0.00342 as shown in Liberty's bill analysis?

A. No. In fact, at the time of the filing of this testimony, the secondary FAC rate is $0.00566 per kWh. It changed on June 1, 2025, and will change again December 1, 2025. It is an interim rate not tied to general rate cases but to the schedule set out in Liberty's FAC tariff sheets.

Q. Liberty shows an EECR charge on its calculation of a typical Liberty residential customer's current bill but not on its proposed bill. Do you agree with this treatment of the EECR charge?

A. Yes. In its filing, Liberty has proposed to do away with the EECR charge that it is currently charging its customers so it is appropriate to be zero on the proposed bill.

Q. Liberty also shows MEEIA and Securitization charges on its calculation of a current typical Liberty residential customer. Do you agree that including these charges is correct?

A. Yes, but these rates have already changed since Liberty did its analysis and may change again before new Liberty permanent rates take effect. These charges should be included on both the current and the proposed bills. However, the current securitization charge is lower now than when Liberty did this analysis but will likely change again before rates are effective in this case. Neither of these charges will change in this general rate case. They are also interim rates that change outside of rate cases according to the tariff sheets of each charge.

If these interim charges are included in information about bill impacts given to the public, then there needs to be a notice about how those charges will change and the rates used for them should be the best known at the time the

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information is given to the public. It is simpler to focus on the general rates that will change due to the rate case.

Q. Why is it important to get these typical residential customer bill impacts as correct as possible?

A. In the past 18 months Liberty has shown an unconscionable disregard for its customers as it deals with its self-created billing problems. I believe that in as much as Liberty wants to increase its rates to recover the cost-to-serve it advocates in the testimony it has filed in this case, it also does not want to openly admit to its residential customers the impact of its request on their bills. It knows that it is unlikely the Commission will approve its total request so it is unlikely customers will receive a $40 to $50 increase their monthly bills. However, this is what Liberty is requesting and it should not mislead its customers on what it is asking for.

The Commission needs to be aware of Liberty's attempt to evade telling the truth to its customers, i.e., its lack of candor.

<u>The Commission Should End Liberty's Fuel Adjustment Clause</u>

Q. Why is the OPC asking the Commission to end Liberty's FAC?

A. A FAC is a privilege, not a right.[14] A FAC moves fuel and purchase power cost risk away from the utility and to its retail customers. While the utility does not have complete control over its fuel and purchased power costs, its customers have no control over them. Customers do not choose when a utility builds generation or what type of generation it builds. Customers do not choose to rely on the energy markets instead of building generation. Customers do not choose whether to hedge natural gas purchases or to buy that gas off the spot market as needed. Customers do not choose when or whether to do maintenance on power plants.

[14] Section 386.266.5 RSMo "The commission shall have the power to approve, modify, or reject adjustment mechanisms …."

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All these are decisions that Liberty makes, and all of these decisions impact Liberty's fuel and purchased power costs.

Customers end up getting the brunt of bad decisions in all of these areas. If Liberty builds the wrong type of generation,[15] then it must build additional generation, and Liberty expects its customers to pay for both. If Liberty enters into purchased power agreements ("PPAs") requiring payments which are much greater than the revenues they generate, then its customers end up paying the difference. If routine maintenance is not conducted or is delayed and a generator has a forced outage at a time of high market prices, then, unless the Commission prevents it, Liberty's customers end up paying for both the high market prices and the repairs. If the corporate philosophy is to prematurely shut down coal power plants that have recently received emission upgrades, then customers end up paying for both the retired coal plant and the recent upgrades. Corporate gets to tout its progress toward its carbon free policy goal; Customers get to pay.

Liberty's customers are currently paying for all of these bad Liberty corporate decisions. Many of these are decisions were made in the past. Some are ongoing. One way to help assure that Liberty takes on more of the risk of these types of decisions is to expose it to the risk of assuming the consequences of its decisions on fuel and purchased power costs. Ending Liberty's FAC will accomplish that. Liberty can enjoy a positive regulatory lag if it can reduces its fuel and purchased power prices below the level that is included in in its general rates.

Q. You previously testified that Liberty's FAC would not go to zero at the end of this case. How do you propose that the Commission end Liberty's FAC?

A. The difference between the actual fuel and purchased power costs Liberty incurs and the fuel and purchased power costs it recovers through permanent rates would

[15] See direct testimonies of OPC witnesses John A. Robinett and Jordan Seaver.

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continue to be tracked until the Commission's order in this case becomes effective. New FAC rates are to go into effect December 1, 2025. New rates from this case are likely to go into effect on January 2, 2026. At that time, the tracking of the differences in cost would end. Customers would continue to pay the FAC rate set on December 1, 2025, through May 31, 2026. The new FAC rate would true up the differences from the December 1, 2025 through January 2, 2026 and interests accumulated. This would be the last FAC rate. Any true-up amounts would be placed in a regulatory asset/liability account to be accounted for in Liberty's next general rate case.

Q. Do Liberty's customer service issues, including those surrounding its implementation of its new "Customer First" billing system affect your recommendation for the Commission to end Liberty's FAC?

A. In part, yes. In the past few years Liberty's actions have shown its disregard for its customers. The sheer magnitude of the number of billing issues, the numbers of customers they have affected, and the time that it is taking Liberty to resolve them is another indication of how Liberty views its captive customers—the proverbial golden goose. Liberty's $153 million general rate increase request in this case also shows that Liberty views its customers to be its "golden goose."

Liberty's disregard for the Commission and the regulatory process is shown earlier in this testimony and in the direct testimony of OPC witness Dr. Geoff Marke. Liberty's filings are at best sloppy and inaccurate, and at worst intentionally misleading. Liberty is not being forthcoming and transparent in its responses to data requests from OPC and Staff.

A FAC is a privilege, but Liberty is taking it for granted and using it to take advantage of its customers. The Commission should take this privilege away from Liberty and allow its customers a rest from one of the unending additional interim charges requested by Liberty.

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<u>An Alternative: Increase the FAC Sharing Percentage for Liberty</u>

Q. What if the Commission wants to authorize Liberty to continue its FAC; do you have a recommendation?

A. Yes. Although my recommendation is to end Liberty's FAC, if the Commission wants to authorize Liberty to continue it, then I would recommend that it change the FAC incentive mechanism to a 50/50 sharing.

Section 386.266.1 RSMo. allows the Commission to include in FACs features designed to provide incentives to improve the efficiency and cost-effectiveness of fuel and purchased-power procurement activities. In 2008 the Commission authorized Liberty to have a FAC. At that time the Commission determined that prudence reviews themselves were not enough to assure that Liberty would strive to improve the efficiency and cost effectiveness of its fuel and purchased power activities. Therefore it included in Liberty's FAC a sharing mechanism that required Liberty, if actual cost were greater than fuel costs included in the base rates, to absorb 5% of that increase. Likewise, Liberty would be allowed to keep 5% of any savings if actual costs were below the costs included in base rates. For the three years ending February 2025, Liberty customers have paid $237.7 million or 98% of the fuel and power costs incurred by Liberty with Liberty only absorbing $5.4 million or 2%.

Q. Why are you recommending a 50/50 sharing of the difference between actual and normalized FAC costs?

A. Customers have no say in the decisions that impact fuel and purchased power costs. They are simply the purse that Liberty keeps dipping into. While Liberty does not control every aspect that impacts fuel and purchase power costs, it does control and make many of the decisions that impact these costs. Liberty's current sharing mechanism requires minimal Liberty "skin in the game."

An increase in the share Liberty absorbs or keeps would send a signal to Liberty to look out for its retail customers, not just itself. Given the massive

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amounts of risk Liberty has placed on its customers in the last decade and the large capital costs that Liberty is currently incurring and will be asking customers to pay because of its generation resource decisions, I recommend that Liberty and its customers equally share the difference between actual costs and the costs included in the permanent rates. If the Commission believes a 50/50 sharing is too much Liberty "skin in the game," any increase in Liberty's share still would send a signal to Liberty that it needs to be more aware of how its decisions on fuel and purchased power costs impact its customers. I provide Table 3 below that shows, for the last six accumulation periods, Liberty's total FAC costs, the amounts customers paid, the amounts Liberty absorbed given the current 95/5 sharing, and what Liberty would have absorbed if different sharing percentages, ranging from 90/10 to 50/50, had been in effect for those same time periods.

Table 3
Fuel Cost Recovery with Different Sharing

Sharing	Mo Juris Cost	Customers	Liberty	Recovered	Absorbed
95/5	$243,176,649	$237,746,882	$5,429,767	97.77%	2.23%
90/10	$243,176,649	$232,317,115	$10,859,534	95.53%	4.47%
80/20	$243,176,649	$221,457,581	$21,719,068	91.07%	8.93%
70/30	$243,176,649	$210,598,048	$32,578,601	86.60%	13.40%
60/40	$243,176,649	$199,738,514	$43,438,135	82.14%	17.86%
50/50	$243,176,649	$188,878,980	$54,297,669	77.67%	22.33%

Q. If Liberty's sharing had been different than 95/5 during these prior accumulation periods would Liberty's FAC costs have been lower?

A. I believe so. The purpose of the sharing mechanism is to incentivize Liberty to make decisions that result in more efficient fuel and purchased power decisions, i.e., less costly. If instead of a 95/5 sharing Liberty had had a 50/50 sharing mechanism, Liberty would have had a strong incentive to reduce its FAC costs because it would get to keep half of the amount that it saves; not just absorbing half of an increase.

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Q. Has Liberty acted in an inefficient manner that has affected the cost effectiveness of its fuel and purchased power activities despite its current 95/5 sharing mechanism?

A. Yes. The decisions that impact electric utility fuel and purchased power costs the most are the generation resource decisions. Decisions on the type and size of generation resources to be built or, since the start of the Southwest Power Pool energy market in 2014, what not to build, has influenced the fuel and purchased power costs even more than the commodity price of the fuel used by that generation.

Q. Who makes these generation resource decisions?

A. Liberty. Its customers have no say.

Q. What generation resource decisions has Liberty been made since the Commission authorized Liberty's FAC that has affected the fuel and purchased power for which its customers are paying now?

A. Perhaps the biggest decision regarding the generation of energy was Liberty's decision to allow SPP control over its transmission lines and over when to dispatch its generation resources. With this decision, Liberty also began paying the SPP for each MWh of energy its customers use. This cost was determined to be "purchased power" and is recovered as such through Liberty's FAC.

Q. Did Liberty decide to join the SPP energy markets?

A. Yes, with Commission authorization. While joining is voluntary, there is a Federal Energy Regulatory Commission ("FERC") order that strongly encourages vertically integrated utilities to join a regional transmission organization ("RTO") or an independent system operator ("ISO").

Q. Does Liberty participate in SPP's decisions?

A. Yes, it does.

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Q. Does the SPP compensate Liberty for its generation that SPP dispatches?

A. Yes. Ideally, Liberty has cost effective generation that is dispatched by SPP in the same or greater amounts as the energy "purchased" by Liberty to meet its customers' energy demand. In this hypothetical example, the revenues received for the generation would cover the cost of meeting Liberty's energy load.[16]

Q. For Liberty generation bid into the SPP energy markets, who determines whether or not to bid that generation into the markets for dispatch?

A. Liberty.

Q. Aside from deciding at what price to bid its generation into the SPP energy markets, does Liberty make decisions that impact whether or not it can bid a generation resource into the SPP energy markets?

A. All generation requires maintenance and maintenance outages. The timing of planned maintenance outages affects the bidding of the resource into the market. If a resource is on an outage, it cannot be bid into the market.

Q. Do you know of any instance where Liberty's scheduled generating maintenance planning significantly impacted its fuel and purchased power costs?

A. Yes. Liberty did not weatherize and otherwise prepare its Riverton 10 and 11 combustion turbine generating units to be available to operate on fuel oil before the winter of 2021 so that during Storm Uri in February 2021 when market prices skyrocketed it could not dispatch them. Riverton 11 unit was **______________ ______ **[17] and the Riverton 10 unit was unusable ** ______________________ ________________ **.

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[16] This is described in my whitepaper "Resource planning of a Vertically Integrated Utility in the RTO World" attached as Schedule LMM-D-3.

[17] Riverton 11 was operational however it never started on fuel oil due to **______________________ ____ **. In Case No. EO-2022-0040, Liberty witness John Olsen stated that **_____________ ** were made and all were unsuccessful.

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Q. Who decides what maintenance to do and when to do it?

A. Liberty.

Q. Have other Liberty decisions impacted its fuel and purchased power costs since the Commission authorized it to use a FAC?

A. Yes. Liberty sold itself to a Canadian company, Algonquin in 2017. Algonquin's corporate approach was to pursue renewables, both in its unregulated and regulated operations.

Q. Was Algonquin's approach public before it acquired Liberty?

A. Yes.

Q. Did Algonquin's approach affect Liberty's fuel and purchased power costs?

A. Yes. Liberty decided to retire its 296 MW Asbury coal plant 15 years before its expected retirement date even though it had recently spent $125 million on it to make it compliant with emissions standards and extend its life. Even though annually Liberty was receiving nearly enough revenues from the SPP markets to cover its fuel cost and was very reliably dispatchable,[18] Liberty retired its Asbury plant saying that it estimated the plant would have cost $300 million if it was allowed to continue until its expected retirement date. Customers will be paying the stranded cost of Asbury for over another decade through securitization charges.

Q. Was there an instance soon after Liberty retired Asbury where it could have considerably reduced Liberty's fuel and purchased power costs?

A. If Asbury had been available during Storm Uri in February 2021, I have calculated that it could have offset Storm Uri costs by $70 million.

[18] Source: Net FPP Variance Reports provided monthly as required by FAC rule for August 2017 through August 2019.

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Q. Is Liberty's decision to retire Asbury impacting its FAC costs now?

A. Yes. Currently Liberty has entered into PPAs for capacity to meet its SPP resource adequacy requirements. This would not have been necessary if Asbury had not been retired. In addition, currently excess capacity is at a premium in SPP. If Liberty had not retired Asbury, its capacity would be very valuable.

Q. Did Liberty's customers decide to retire Asbury?

A. No. Liberty did.

Q. Does Liberty currently have generation resources that are not cost-effective in the SPP markets?

A. Yes. Liberty has purchased power agreements with two wind projects that, on a monthly basis, do not provide SPP revenues greater than the contract price for that energy sold into the SPP markets. In just the 12 months ending May 2025, these two wind PPA contracts have cost customers **_____** million.

Q. Who decided to enter into these purchased power agreements?

A. Liberty.

Q. Has Liberty made any other decisions that have impacted its fuel costs?

A. With Asbury retired, Liberty needed capacity. Instead of building a thermal dispatchable unit with an accredited capacity in SPP close to its nameplate capacity, Liberty chose to build wind generation. Consistent with Algonquin's corporate policy, Liberty built three wind projects that nameplate total 600 MW of generation.[19]

Q. How did Liberty justify these three wind projects to the Commission?

A. Liberty had tax equity partners that paid half of the cost of the wind projects. These partners would receive the federal production tax credits and Liberty would receive the capacity, energy, and renewable energy credits ("RECs"). Liberty assured its customers and the Commission that these wind projects would make its customers money.

Q. Does Liberty sell the energy these wind projects generate into the SPP energy markets and get revenues from those sales?

A. Yes. There is no fuel cost since they generate electricity from wind so they are consistently bid into market when they are available and the wind is blowing.[20] Just prior to going into rates, the transformers at the biggest wind project stopped working,[21] so there was no generation from that wind project for a period of time. These wind projects increased Liberty's plant in service by almost 20% in Liberty's last general rate case, Case No. ER-2021-0312.

Q. Did Liberty assure its retail customers that they would benefit from these wind projects?

A. Yes. Liberty proposed a "customer protection plan," also called the "market price protection mechanism" or "MPPM," where benefits and costs of these projects would be tracked for the first ten years. Liberty agreed that, if the costs were greater than the benefits, then Liberty would provide, in the next general rate case following the end of the ten years, half of that net cost back to customers.

Q. Would that make customers whole?

A. No. It would only reduce the net cost of these wind projects to customers.

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[19] These three wind projects did not "replace" the Asbury plant as energy from the wind projects is not available unless the wind is blowing.

[20] However, due to the contract with Liberty's tax equity partners that requires the projects to always generate when the wind is enough to provide energy, results in the bid price for these wind projects being negative reducing the revenues that Liberty receives.

[21] The root cause analysis showed that there were a number of issues that contributed to the failure of the transformers. See *Public Counsel's Reply to Staff's Response Regarding the Neosho Ridge Outage,* Case No. EO-2023-0087.

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Q. How is the MPPM working out?

A. Liberty is exaggerating the benefits and not accounting for all of the costs. For more detail, see the testimony of OPC witness Manzell Payne.

Q. Has Liberty's poor maintenance planning of its Riverton Units 10 and 11 had impacts to its fuel and purchased power costs other than due to their unavailability during Storm Uri?

A. Yes. During Storm Uri, Liberty's Riverton 10 and 11 small combustion turbines ("CTs") at its Riverton site were not available due to a forced outage.[22] One of these turbines was Liberty's ***____________ ***[23] These units were nearing their end of life so Liberty decided to not repair the units. ***____________ ____ _________ *** However, Liberty did not notify the SPP properly and so as to not be delayed due to the time it would take to get a request through SPP, Liberty decided to repair one of these CTs, Riverton 10.

Q. With the repair, is Liberty going to extend it planned retirement date for Riverton 10?

A. No. It is still Liberty's plan to retire Riverton 10 and 11 in 2026 when the new CTs are commercially operable. For more information on these CTs and Liberty's decisions, see the testimony of OPC witness John Robinett.

Q. Who delayed informing SPP that Liberty planned to replace Riverton Units 10 and 11?

A. Liberty.

[22] A forced outage is an unplanned shutdown of a generating unit due to unexpected events like equipment failure or emergencies.

[23] ***____ ____ _________***

Q. Is there anything else about Liberty's decision to rebuild these CTs that affects fuel and purchased power costs?

A. Liberty chose to build two small CTs knowing that SPP was working on changing its resource adequacy requirements to increase them to avoid what happened during Storm Uri. Instead of building larger CTs, Liberty chose to build two small CTs and, as I have said before, now finds itself needing additional capacity. It has filed a sixty-day notice with this Commission that it will be filing for a certificate of convenience and necessity ("CCN") in Case Number EA-2025-0299 to add natural gas generation to meet SPPs new winter resource adequacy requirements.

Q. How does this new SPP resource adequacy requirement affect fuel and purchased power costs?

A. With the need for additional capacity, Liberty has entered into short-term purchased power contracts for capacity. The cost of these short-term contracts are included in Liberty's FAC for recovery from its customers.

Q. Who decided the small size of these new Riverton CTs leaving Liberty to rely on these capacity purchased power contracts to meet SPP's resource adequacy requirements?

A. Liberty.

Q. Has the Commission addressed the prudency of these Liberty decisions?

A. Of the decisions where prudency was brought before the Commission, it has found none imprudent.

However, this is not about prudence or imprudence. This is about risk. As Liberty made each of these decisions, because Liberty had a FAC, almost 98% of the cost increase risk was placed on its retail customers. Liberty was exposed to almost no fuel and purchased power cost risk. Therefore, I am recommending

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the Commission either end Liberty's FAC or place greater risk on Liberty regarding the impact on fuel and purchased power costs of Liberty's decisions.

Q. Would you briefly explain here how all these decisions impact fuel and purchased power costs that flow through Liberty's FAC?

A. The SPP energy markets take away much of the risk to Liberty regarding the addition of generation. Prior to the SPP energy markets, resource planning decisions were made based on the expected load of the utility. At that time, resource planning was the art of determining the resources that best fit the utility's load characteristics and would supply expected load in a manner that assured reliability at the lowest cost. Expensive base load plants provided inexpensive energy but were the best to meet the continuous load of the utility. Intermediate plants were not as expensive to build but a bit more expensive to run to generate electricity. Even though energy from peaker plants was expensive to generate, this increased cost was balanced by the lower capital cost[24] of the plant. Renewables had their place since there is typically no fuel cost, but the renewables were built around these plants because of their undependable dispatchability.

Now, with the SPP taking the responsibility for meeting Liberty's customers load, Liberty is free to build as it wishes with little risk,[25] as long as it meets SPP's resource adequacy standards and this Commission relies on those SPP resource adequacy requirements for reliability.

On the customers' side, the SPP energy markets assure the availability of energy. Their utility no longer has this responsibility. Utility resources that cannot provide energy at times of highest market cost exposes customers to high market prices that customer will pay for through the FAC. There is no risk for Liberty with respect to purchased power contracts.

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[24] Lower with respect to the cost of building base load and intermediate plants.
[25] Liberty still needs to justify its building of power generation to the Commission in CCN cases.

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Q. How would a change in the sharing mechanism 50/50 affect this dynamic?

A. Because Liberty would be exposed to half of the impact of high market prices, it would be more likely to plan to have resources that are available to at least cover its customers' energy requirements during times of high market prices. On the flip side, Liberty would be less likely to enter into costly PPAs for wind projects that include a "take-or-pay" clause requiring the generation whenever the wind is blowing, regardless of how low (or negative) the market price is so the wind project owner can acquire production tax credits.

For these reasons, I recommend the Commission realize the burden that Liberty has put on its customers and how that burden will increase with this rate increase case and the upcoming addition to its generation and eliminate Liberty's FAC mechanism. At the very least, the Commission should change the sharing mechanism to 50/50 sharing mechanism to relieve some of the risk that Liberty is requesting be placed on its customers.

Q. Does this conclude your direct testimony?

A. Yes, it does.

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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	)	Case No. ER-2024-0261
Increasing Rates for Electric Service	)	
Provided to Customers in Its Missouri	)	
Service Area	)	

AFFIDAVIT OF LENA M. MANTLE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Lena M. Mantle, of lawful age and being first duly sworn, deposes and states:

1. My name is Lena M. Mantle. I am a Senior Analyst for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my direct testimony.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

Lena M. Mantle
Senior Analyst

Subscribed and sworn to me this 1st day of July 2025.

TIFFANY HILDEBRAND
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES AUGUST 8, 2027
COLE COUNTY
COMMISSION #15637121

Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2027.