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| **Exhibit No.:** | _______________ |
| **Issue(s):** | Administrative & General Expenses/ Cost Trackers/FAC & Related |
| **Witness/Type of Exhibit**: | Schaben/Direct |
| **Sponsoring Party**: | Public Counsel |
| **Case No**.: | ER-2024-0261 |

# DIRECT TESTIMONY

# OF

# ANGELA SCHABEN

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 Confidential Information that has been redacted.

July 2, 2025

# PUBLIC

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**DIRECT TESTIMONY**

**OF**

**ANGELA SCHABEN**

**THE EMPIRE DISTRICT ELECTRIC COMPANY, D/B/A LIBERTY UTILITIES, INC.**

**CASE NO. ER-2024-0261**

## INTRODUCTION

**Q. What is your name, title, and business address?**

A. Angela Schaben, Utility Regulatory Auditor, Office of the Public Counsel ("OPC" or "Public Counsel"), P.O. Box 2230, Jefferson City, Missouri 65102.

**Q. What are your qualifications and experience?**

A. Please refer to the Schedule ADS-d1 attached hereto.

**Q. Have you testified previously before the Missouri Public Service Commission?**

A. Yes.

**Q. What is the purpose of your testimony?**

A. The purpose of my testimony is to recommend certain administrative and general ("A&G") expense disallowances, propose additional FAC reporting requirements, and opine on cost trackers. Additionally, I recommend increasing Transmission Congestion Rights revenue in the revenue requirement in order to reasonably reflect revenue collection trends.

## ADMINISTRATIVE AND GENERAL EXPENSES

**Q. What are administrative and general ("A&G") expenses, and would you include in your explanation examples of expenses that would fall into this expense category?**

A. Administrative and general expenses include costs necessary to sustain daily business operations. Costs included within the A&G category include rents, supplies, salaries and benefits, utilities, insurance, etc.

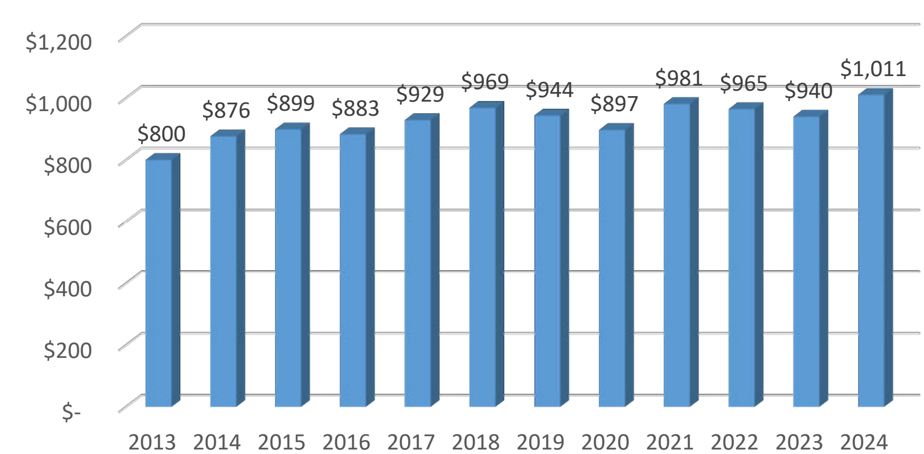
**Q. What are operations and maintenance ("O&M") expenses and would you provide in your explanation examples of expenses that would fall into this expense category?**

A. O&M expenses encompass costs that are necessary to operate an organization, and would generally include all non-fuel costs, and costs incurred to repair and maintain equipment. Operating expenses support business objectives while maintenance encompasses ongoing building, system, equipment, etc. upkeep. O&M expenses include A&G expenses.

**Q. What do Empire's non-fuel O&M expenses look like over the past ten years?**

A. Table 1 below shows Empire's non-fuel O&M expenses over the past ten years. Empire's average non-fuel O&M expenses generally have increased over time.

Table 1: Empire District Electric Company Non-Fuel O&M per Customer



[1]

[1] Source for actuals is the annual FERC Form 1 totals.

**Q. How do Liberty's non-fuel O&M expenses compare to those of its Missouri electric investor-owned utility ("IOU") peers?**

A. Table 2 below compares Liberty's O&M expenses in relation to its Missouri electric IOU peers. From 2013 through 2017, only the utility now known as Evergy Missouri West (formerly KCP&L Greater Missouri Operations ("GMO")) incurred O&M expenses higher than pre-Liberty Empire's. In 2018, only the utility now known as Evergy Metro (formerly Kansas City Power & Light ("KCP&L")) incurred O&M expenses higher than post-Liberty Empire's by less than $100 per customer. From 2019 through 2024, post-Liberty Empire's non-fuel O&M expenses greatly exceeded the non-fuel O&M expenses of its Missouri electric IOU peers.

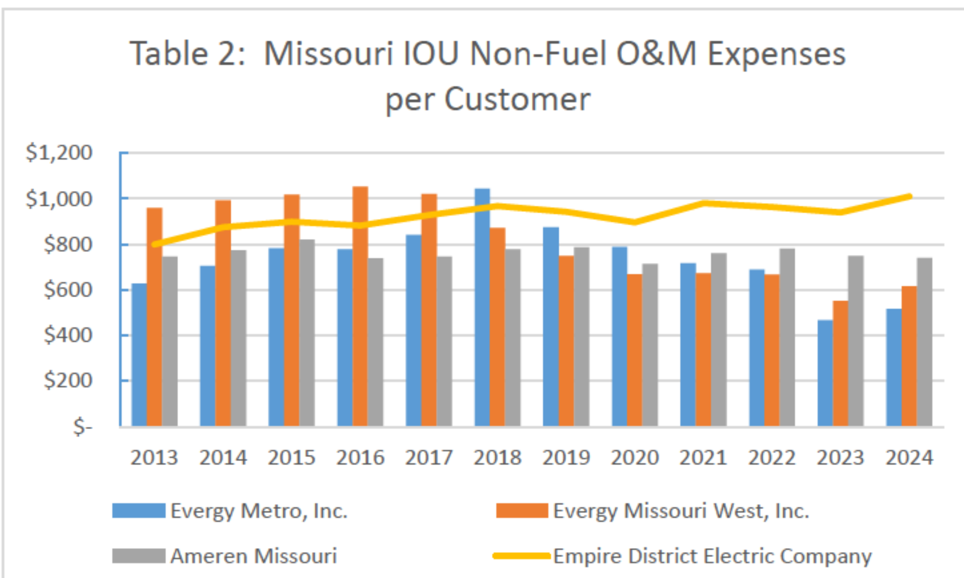


Table 2: Missouri IOU Non-Fuel O&M Expenses per Customer [2]

[2] Source for actuals is the annual FERC Form 1 totals.

**Q. Did an event occur in 2018 that should have affected non-fuel O&M expenses of both GMO and KCP&L?**

A. In June 2018, GMO and KCP&L merged with Westar Energy, Inc. to create Evergy ("Evergy merger").[3]

**Q. How would that merger affect the non-fuel O&M expenses of GMO and KCP&L?**

A. I believe that it is reasonable to conclude the Evergy merger contributed to non-fuel O&M efficiencies which would lower GMO's and KCP&L's non-fuel O&M expenses from what they otherwise would have been. Part of the Evergy merger settlement agreement allowed for "equitable sharing of merger savings between customers and shareholders."[4] Table 2 above further demonstrates that Evergy Metro and Evergy Missouri West post-merger non-fuel O&M costs decreased from pre-merger levels of non-fuel O&M expense. The decrease in Evergy Missouri West's O&M expense is quite significant as shown in Table 2.

**Q. Did Empire undergo a similar merger about the same time when GMO and KCP&L did?**

A. Yes. About two years earlier, on March 16, 2016, The Empire District Electric Company ("Empire"), Liberty Utilities (Central) Co. ("LU Central"), and Liberty Sub Corp. filed a joint application seeking an order authorizing LU Central and Liberty Sub Corp. to acquire all of the common stock of Empire.[5] In other words, a merger occurred between Empire and Liberty Utilities ("Empire acquisition"), approved by the Commission on September 7, 2016.[6] With

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[3] https://investors.evergy.com/news-releases/news-release-details/evergy-announces-2018-results-and-declares-quarterly-dividend

[4] Evergy March 12, 2018 Investor Update; https://investors.evergy.com/static-files/c2a5852c-4a92-419d-ba05-b12fd8f156f3; also attached as ADS-D-2.

[5] File No. EM-2016-0213; **JOINT APPLICATION OF THE EMPIRE DISTRICT ELECTRIC COMPANY, LIBERTY UTILITIES (CENTRAL) CO., AND LIBERTY SUB CORP. AND CONTINGENT REQUEST FOR WAIVER**; https://efis.psc.mo.gov/Document/Display/136640.

[6] File No. EM-2016-0213; **ORDER APPROVING STIPULATIONS AND AGREEMENTS AND AUTHORIZING MERGER TRANSACTION**; https://efis.psc.mo.gov/Document/Display/60279.



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that acquisition Empire became one of a number of regulated utilities and unregulated entities ultimately owned by Algonquin Power & Utilities Corp.

**Q. Did the Commission order customer protections for Missouri customers when it authorized these Evergy and Liberty mergers?**

A. Yes, but they are very dissimilar. The "Ratepayer Protections" section included in the Commission Staff Stipulation and Agreement for the Empire acquisition by Liberty ensures the merger will be rate-neutral without clear benchmarks by which to measure what constitutes the success of rate neutrality. In contrast, the Evergy merger determined that, over the first five years after closing, net savings were projected at approximately $555 million after transition costs of $72 million. These savings were "estimated to be $28 million in 2018, increasing to $160 million per year from 2022 and beyond."[7] The clear winner in the Empire acquisition were Empire's shareholders, who received approximately $34 per common share[8], whereas Empire's customers received ambiguous assurances.

**Q. Why would A&G and non-fuel O&M expenses be expected to decrease after a merger or acquisition?**

A. In theory, merging should lead to enhanced economies of scale. Enhanced economies of scale occur when savings arise from spreading costs over a larger organization, eradicating duplicative costs and streamlining operations.

[7] Report and Order, File No. EM-2018-0012, page 9. https://efis.psc.mo.gov/Document/Display/76299.
[8] https://www.prnewswire.com/news-releases/algonquin-power--utilities-corp-completes-acquisition-of-the-empire-district-electric-company-609135805.html; see also Schedule ADS-d-3.



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**Q. Did economies of scale follow Liberty's acquisition of Empire?**

A. Not that I can tell. Empire's non-fuel O&M expenses between 2018 and 2024 are the highest since before Liberty acquired it.

**Q. Can you identify any specific reasons why A&G per Empire customer would increase after the acquisition?**

A. Yes. One reason for increasing A&G costs per Empire customer is the subsidization of non-regulated parent company assets through indirect cost allocations. Another reason for increasing A&G costs could correlate with the early retirement of the Asbury coal plant, after investing in $141 million in 2014 to retrofit Asbury with an Air Quality Control System to comply with federal regulations before its abandonment in 2019. The Air Quality Control System was projected to extend Asbury's operational life through 2035.[9] Due, in part, to Empire's abandonment of Asbury in 2019, Empire incurred approximately $193 in fuel and purchased power costs during winter storm Uri in February 2021.

**Q. Company-wide, from 2013 to 2024, what are Empire's A&G expenses per customer?**

A. Liberty's A&G expense per customer in 2024 was $402. Table 3 below shows Empire's A&G expense before the Liberty acquisition and after. The Empire acquisition was approved by the Commission in 2016 and was completed on January 1, 2017. Empire's A&G expenses increased from 2013 through 2017. The year 2018 appears as an outlier and could partially be explained by certain economic conditions present in 2018[10] that affected each of the Missouri electric IOUs as shown in Table 4 below. However, despite Liberty acquiring Empire and

[9] Empire District Electric et al. v. Public Service Commission of the State of Missouri; See attached Schedule ADS-d-4.
[10] https://www.bls.gov/blog/2019/what-happened-to-natural-gas-prices-at-the-end-of-2018.htm; see also "State of the Markets Report 2018, attached as ADS-d-5.



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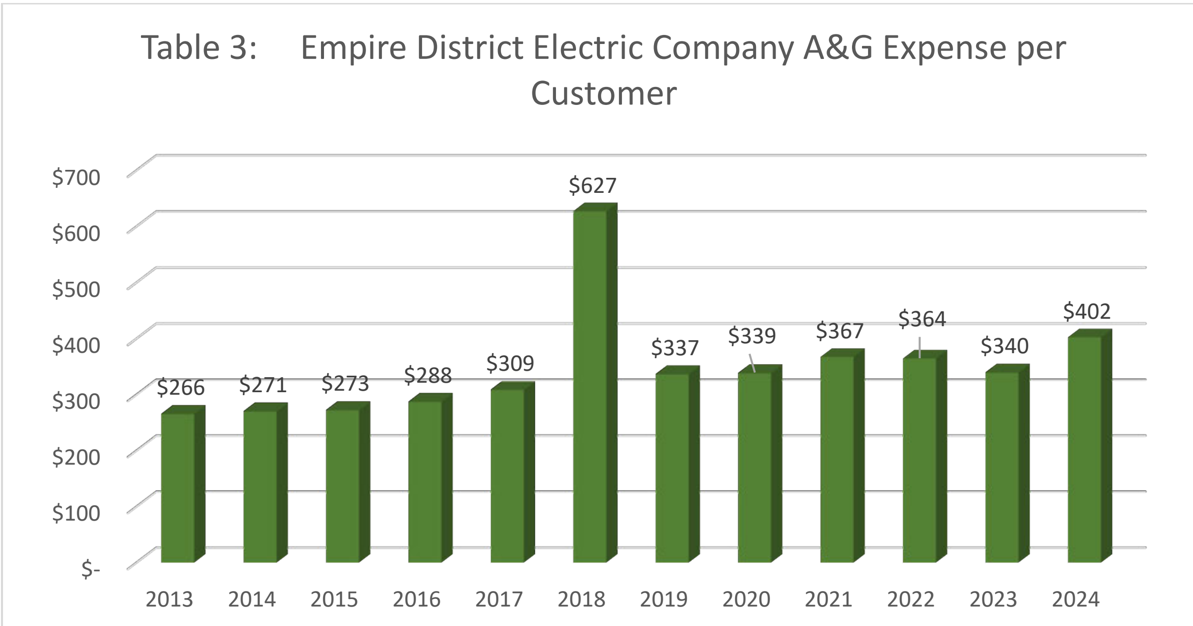
spreading A&G costs over affiliates, including Empire, Empire's A&G expenses from 2019 through 2024 continued to climb higher than its pre-merger levels.




**Q. How do Empire's A&G expenses per customer compare to those of its Missouri electric IOU peers over this same period of time?**

A. Table 4 below shows that comparison. As the table shows, Empire's A&G expenses per customer have increased consistently after Liberty acquired it. In contrast, Evergy's A&G expenses per customer decreased after the KCP&L and GMO acquisition.

**Q. Do you know why Empire's A&G expenses per customer would increase after Liberty acquired it despite the opportunity for realizing increased economies of scale?**

A. A variety of possible reasons exist. One reason is poor utility management decisions which lead to inefficient spending. Another reason involves expense allocations. Empire is one of the largest regulated utility companies under the Liberty/Algonquin umbrella. Due to its size Empire receives the largest percentage of the expenses that are allocated from its parent



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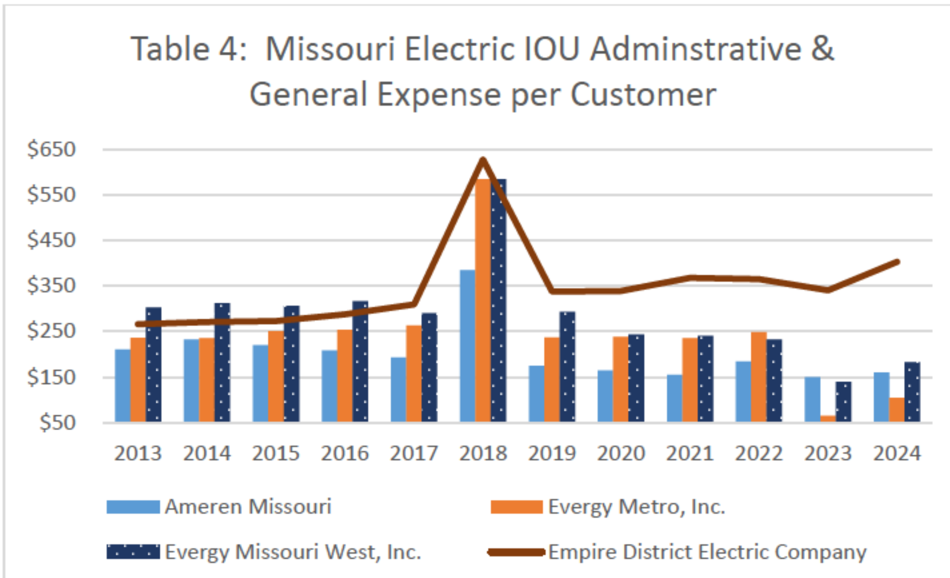
company. Since Empire receives the largest allocated share of expenses from its parent, there could be an increased likelihood of Empire being allocated a disproportionate share of costs for services which Empire's customers neither received nor from which they benefitted.




**Q. Has Algonquin taken any action lately which increases the likelihood that Empire is being allocated a disproportionate share of A&G expenses?**

A. Yes. Algonquin sold most of its non-regulated renewable energy businesses in January 2025.

**Q. How does the sale of Algonquin's non-regulated renewable energy businesses affect the allocation of expenses to Empire?**

A. A percentage of overall corporate costs, including Customer First, were allocated to the non-regulated assets before the sale. Now that the majority of Algonquin's non-regulated businesses were sold they are no longer available to distribute expenses to for cost allocation purposes; therefore, the percentages of expenses allocated to the regulated businesses are increased—same pie, larger slices, *i.e.*, they would receive cost allocations that otherwise



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would have previously gone to the non-regulated businesses, regardless of whether the services for which the costs are allocated actually benefit the regulated business customers.

**Q. Would you provide examples of the types of costs/expenses which are allocated to Empire?**

A. Yes. Payroll, incentive compensation, training, travel, various information technology and cybersecurity costs, including Customer First, are some examples of costs which are allocated from Algonquin Power & Utilities Corp. ("APUC"), Liberty Utilities Corp. ("LUC"), Liberty Algonquin Business Services ("LABS"), and Liberty Utilities Service Corp. ("LUSC"), etc., to Empire as well as other regulated utilities under the Algonquin umbrella. According to APUC's Cost Allocation Manual, APUC indirect costs are allocated between regulated and non-regulated affiliates utilizing a three-factor formula. Those indirect costs assigned to regulated operations, are further allocated based on a utility four-factor methodology based on customer count, utility net plant, non-labor expenses, and labor expenses.

**Q. Are you proposing that the Commission limit the amounts of the costs/expenses typically allocated to Empire when determining rates in this case?**

A. Yes. Empire's history of inadequate management decisions made by or on behalf of this company ultimately negatively affected its customers. Empire's parent company had the opportunity to utilize economies of scale to reduce O&M and A&G costs per customer after the acquisition, yet A&G increased to levels higher than pre-acquisition levels. Captive ratepayers should not be financially liable for poor management decisions.

**Q. What are you recommending to the Commission?**

A. Empire's A&G costs per customer is significantly higher than the other Missouri electric IOUs. Additionally, Empire has not shown that its share of costs allocated by the parent company are proportionate to the benefits ratepayers receive from said costs. Mergers should lead to



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efficiencies through economies of scale, which benefit both customers and shareholders. Evergy's merger projected $555 million in savings. Evergy's O&M expenses and A&G expenses per customer have been decreasing since its merger in 2018. Liberty was not required to show savings or efficiencies resulting from its acquisition of Empire. Liberty's post-acquisition O&M expenses and A&G expenses per customer have increased well beyond its pre-acquisition expenses levels, indicating that Liberty's customers have not received post-merger operational efficiency benefits. Liberty's customers have been paying some of the highest utility rates in the State and now Liberty is requesting an even higher revenue requirement. For Liberty's customers to achieve some sort of merger benefits, rather than detriments, I recommend the Commission order Liberty's A&G expenses per customer to align with Liberty's Missouri electric IOU peers' average A&G expense per customer of approximately $149 in 2024. Based on Liberty's current approximate 164,320 Missouri customers, this approach would reduce revenue requirement by approximately $41,572,960. If the Commission prefers a Liberty specific alternative, I recommend that Liberty's A&G expense per customer should not exceed the 2013-2016 pre-merger average of $274.50. This Liberty specific alternative, based on pre-merger A&G costs per customer would reduce revenue requirement by approximately $20,950,800. Liberty customers should not be worse off post-merger than they were before. Empire was acquired by APUC, a company that already held multiple utilities and has since acquired several more. Empire customers should have received merger benefits through synergies and economies of scale. Instead, they are paying some of the highest electric rates, and utility A&G expenses per customer, in the State.

**Q. How did you determine your recommendation?**

A. Empire's A&G costs per customer in 2024 is $402, according to FERC form 1 information. Empire's Missouri electric IOU peers' average A&G cost per customer in 2024 is $149. The difference between $402 and $149 is $253. If Liberty is held to the same standard as its Missouri peers and A&G expense per customer is reduced by $253 for each of its 164,320 customers, then the revenue requirement reduction is approximately $41,572,960.



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Alternatively, Empire's 2024 A&G cost per customer is $402, and Empire's A&G pre-merger expense per customer between 2013 and 2016 averages $274.50, a difference of $127.50. That difference multiplied by 164,320 customers equates to a $20,950,800 revenue requirement reduction.

## REGULATORY EXPENSE TRACKERS

**Q. What is an "Expense Tracker" in the context of rate regulation?**

A. Expense tracking mechanisms are used to defer costs on a utility's regulatory books for consideration in future rate cases where they generally have the effect of ensuring an increase in the utility's future rate revenues beyond those available from normal rate case processes.

**Q. What are benefits and downsides of expense trackers of which you are aware?**

A. One benefit, maybe the sole benefit, of expense trackers is that, from a utility's perspective, they reduce the adverse impacts of regulatory lag—increases in costs that the utility experiences after its rates were last set are not reflected in its current rates so that arguably it is under-recovering for that expense. On the other hand, by keeping its expenses low or reducing them below what they were when the Commission sets its rates, a utility can increase its earnings. Expense trackers reduce or eliminate that incentive. A paper published by NRRI entitled "How Should Regulators View Cost Trackers?" points out that cost trackers potentially diminish efficient management of regulatory activities:

> Cost trackers can reduce utility efficiency. "Just and reasonable" rates require that customers do not pay for costs the utility could have avoided with efficient or prudent management. Regulation attempts to protect customer from excessive utility costs by scrutinizing a utility's costs in a rate case, conducting a retrospective review of costs, applying performance based incentives, and instituting regulatory lag. Cost trackers diminish one or more of these regulatory activities. In some cases, they diminish all of them. The consequence is the increased likelihood that customers



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will pay for excessive utility costs.[11] Since utilization of cost trackers reduce Company risk relating to prudent or efficient management practices, the risk and regulatory lag reduction should be factored into return on equity ("ROE") rate.

**Q. When is it appropriate to consider an expense tracker?**

A. According to this Commission, they should only be considered for extraordinary costs. In File No. EU-2014-0077, the Commission determined that only extraordinary costs, which are "unusual and infrequent" are appropriately recovered through trackers. The Commission said:

> In Missouri, rates are normally established based off of a historic test year. The courts have stated that an AAO allows the deferral of a final decision on current *extraordinary* costs until a rate case and therefore is not retroactive ratemaking. Consistent with the language in General Instruction No. 7, the Commission has evaluated the transmission costs for which Companies seek an AAO to determine if they are an usual and infrequent occurrence. The Commission concludes they are not.[12]

**Q. Do you know of circumstances where the Commission has authorized expense trackers?**

A. Yes. The Commission has previously approved deferral accounting, by use of a tracker or an accounting authority order, for costs incurred resulting from (1) an Act of God or (2) new legislation or rules. For example, regarding the former, the Commission has allowed deferral accounting for costs the utility incurred in responding to extreme or unprecedented events, such as Storm Uri[13] and COVID[14]. Regarding the latter, the Commission has allowed deferral accounting resulting from certain legislation and rules, including gas pipeline replacement

[11] NRRI How Should Regulators View Cost Trackers, page 16; Schedule ADS-d-6.
[12] *In the Matter of the Application of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company for the Issuance of an Accounting Authority Order Relating to Their Electrical Operations and for a Contingent Waiver of the Notice Requirement of 4 CSR 240-4.020(2)*; File No. EU-2014-0077; ***REPORT AND ORDER***, issued July 30, 2014, page 10.
[13] *In the Matter of the Application of Evergy Missouri West, Inc. d/b/a Evergy Missouri West for a Financing Order Authorizing the Financing of Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds*; File No. EF-2022-0155.
[14] *In the Matter of the Application of Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West for an Accounting Authority Order Allowing the Companies to Record and Preserve Costs Related to COVID-19 Expenses*; File No. EU-2020-0350; ***REPORT AND ORDER***, issued January 13, 2021



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rules[15] and lead water lines replacement rules[16]. In these cases, extraordinary costs not already included in a utility's cost of service, are incurred.

**Q. Are there other rationales for why costs should not be tracked?**

A. Yes. Aside from the incentive to minimize expenses, utility revenue requirements are continually changing between test years based on real time operations and management decisions. Some utility costs could increase while other costs concurrently decrease. For example, new investments promoting efficiency should alternatively reduce maintenance costs. Attempting to isolate and track selected costs, while simultaneously overlooking continuous changes in a utility's revenue requirement that may otherwise offset these costs, opens the regulatory system up to "gaming" and could lead to excessive and unfair rates. Isolating and tracking certain costs increases for future recovery leads to "piecemeal ratemaking" that disrupts the fundamental balance of accounting matching principles, achieved by measuring all elements of test year revenue requirement at a same point in time in formal rate cases.

Cost tracking mechanisms should only be approved on occasions when compelling circumstances substantiate deviating from the traditional ratemaking procedure of auditing all test year costs and revenues in a balanced and synchronized manner in determining a reasonable overall revenue requirement, as specified in EU-2014-0077. Additionally, costs or revenues changes deferred or tracked through a tracking mechanism should meet all the following criteria to justify preferential and exceptional rate recovery treatment:

1. Significant enough to cause a material impact upon revenue requirements and business financial performance between rate cases.
2. Causing volatile and significant swings in income and cash flows.

[15] https://efis.psc.mo.gov/Document/Display/15058
[16] https://mostpolicyinitiative.org/wp-content/uploads/2021/03/Water-Infrastructure-Science-Note.pdf



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3. Utility management has little control or influence over cost or revenue levels.
4. Readily verifiable through expedited regulatory reviews and straightforward administration.
5. Balanced in a manner where cost mitigating impacts are reported in a manner that adheres to test year matching principles.

Tracking mechanisms initiated for specific costs eliminates management efficiency incentives normally caused by regulatory lag. If every dollar of tracked cost is eligible for future rate recovery through deferral, there is less incentive for management to aggressively pursue cost containment for such costs, only to focus on other business areas where earnings are impact by cost containment. Furthermore, pursuit of newer efficiencies involving any risks, or incurring additional untracked costs in connection with tracked costs, would discourage the pursuit of said efficiencies according to rational business behavior

**Q. Does cost tracking add to the Commission's, and others', resource commitments and regulatory responsibilities?**

A. Yes. Through creation of cost deferral accounting entries and carrying charges requiring thorough analyzation for accuracy and prudence, each cost tracking mechanism imposes additional regulatory burdens upon the Commission, its Staff, Public Counsel, and intervening parties. However, regulatory resources required for such critical analysis is often limited even as regulatory burdens increase.

## FUEL ADJUSTMENT CLAUSE AND ADDITIONAL TARIFF CLARIFICATIONS

**Q. Are SPP administrative fees currently a recoverable FAC expense in Empire's tariff?**

A. No. SPP administrative fees are not recoverable through Empire's FAC. Currently, Administration Service fees reported on Schedules 1A and 12 are not allowed.

**Q. Should SPP admin costs flow through Empire's FAC?**

A. No. Administrative costs are not extraordinary or volatile and do not meet the standard cost tracking mechanism criteria. In ER-2014-0370, In the Matter of Kansas City Power & Light



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Company's Request for Authority to Implement a General Rate Increase for Electrical Service, the Commission stated the following in its *Report and Order:*

> KCPL has requested that SPP Schedule 1-A and 12 fees be included in its FAC. The Commission finds that these fees are administrative in nature and not directly linked to fuel and purchased power costs. These fees support the operation of SPP and are not needed for KCPL to buy and sell energy to meet the needs of its customers. These fees are neither fuel and purchased power expenses nor transportation expenses incurred to deliver fuel or purchased power. The Commission concludes that including such fees would be unlawful under Section 386.266.1, RSMo, and, therefore, Schedule 1-A and 12 fees should not be included in the FAC. These fees are appropriate for recovery in base rates.[17]

**Q. What is your recommendation regarding the recovery of SPP admin costs?**

A. On behalf of the Office of the Public Counsel, for the reasons this Commission expressed, I continue to support the position that no SPP or other regional transmission organization ("RTO") administrative costs are recoverable through a FAC. I recommend the continued exclusion of the recovery of SPP admin or other RTO admin costs through Empire's FAC.

**Q. Are there additional SPP charge types that should not flow through Liberty's FAC?**

A. Yes. Liberty should not recover the following charge types through its FAC:

Ot El RvOffSys LTFSTF PTP Trns
Ot El RvOffSys NnFrm PTP Trns
Sch 11 NITS
Sch 11 PTP
Sch 1 PTP
SPP Fixed Chg - Native Load inclusive of Schedule 1-A
SPP Var Chg Schedule 12

[17] File No. ER-2014-0370, ***Report and Order***, issued September 2, 2015, page 36.



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**Q. Why should these charge types not flow through Liberty's FAC?**

A. They currently are not in Liberty's FAC, they appear to be administrative, and I have found no explanation which describes their purpose. If they are not truly administrative in nature, Liberty has the opportunity to rebut me.

**Q. Do you have recommendations regarding Liberty's monthly FAC reporting?**

A. Yes. I recommend that the monthly as-burned fuel report supplied by Liberty required by rule 20 CSR 4240-3.190(1)(B) to explicitly designate fixed and variable components of the average cost per unit burned including commodity, transportation, emission, tax, fuel blend, and any additional fixed or variable costs associated with the average cost per unit reported to include hourly day ahead and real-time locational market prices for Liberty's generating resources also be included in its 3.190 reports. Additionally, I recommend that the monthly FAC filings should be updated to include information relating to all generation resources added between rate cases.

**Q. What are Transmission Revenue Rights ("TCRs") and Auction Revenue Rights ("ARRs")?**

A. According to SPP's glossary, an ARR is a financial right, awarded during the Annual ARR Allocation Process that entitles the holder to a share of the auction revenues generated in the applicable TCR Auction(s) and/or entitles the holder to self-convert the ARRs to TCRs. And a TCR is a financial right entitling the holder to a share of the congestion revenue collected in the Day-Ahead Market.[18]

**Q. What is the correct dollar amount of TCR revenues to include in Liberty's revenue requirement and FAC base factor for this case?**

A. The revenue requirement and FAC base calculated in this case should include **__________ ** of TCR revenues. TCR revenues from 2021 through 2025 are consistently

[18] https://www.spp.org/glossary/



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higher than TCR revenues between 2014 through 2020. Therefore, TCR revenues included in this case should realistically reflect the TCR revenue trend calculated using an average of TCR revenues over the past five years.

**Q. Why did you use an average of the past five years over the weighted average estimate of Liberty?**

A. Based on 2024 actuals and YTD 2025 actuals, the practice of weighted average estimating appears to underestimate anticipated TCR revenues. Utilizing a 5-year average that captures and normalizes a range of actual TCR revenues delivers a more realistic estimation.

**Q. Does this conclude your testimony?**

A. Yes.

**BEFORE THE PUBLIC SERVICE COMMISSION**
**OF THE STATE OF MISSOURI**

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|---|---|---|
| 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 ANGELA SCHABEN**

**STATE OF MISSOURI** )
) **ss**
**COUNTY OF COLE** )

Angela Schaben, of lawful age and being first duly sworn, deposes and states:

1. My name is Angela Schaben. I am a Utility Regulatory Auditor 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.

Angela Schaben
Utility Regulatory Auditor

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.