

Exhibit No:
Issue(s): Retirement Benefits
Witness: William L. Gipson
Sponsoring Party: The Empire District
Electric Retirees and
Spouses Association,
LLC
Type of Exhibit: Direct Testimony
File No.: ER-2024-0261
Date Testimony Prepared: July 21, 2025

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2024-0261

DIRECT TESTIMONY OF

WILLIAM L. GIPSON

ON BEHALF OF

THE EMPIRE DISTRICT ELECTRIC RETIREES AND SPOUSES ASSOCIATION, LLC

July 21, 2025

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

2 A. My name is William L. Gipson. My address is 299 Oak Tree Point Lane, Shell Knob,
3 Missouri 65747.

4 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?**

5 A. I am testifying on behalf of The Empire District Electric Retirees and Spouses
6 Association, LLC. ("EDRA"). As the name implies, EDRA is an association of
7 approximately 700 retirees of The Empire District Electric Company ("Empire",
8 "Company") and their spouses.

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

10 A. I hold a Bachelor of Science Degree in Business Management Technology and an
11 Associate Degree in Computer Science from Missouri Southern State College
12 (now University) in Joplin, Missouri.

13 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

14 A. I have 30 years of experience in the electric industry with The Empire District
15 Electric Company. From 2002 until my retirement in 2011, I was the President
16 and Chief Executive Officer of Empire. Prior to that role, I held various roles with
17 Empire including Executive Vice President and Chief Operating Officer and Vice
18 President of Commercial Operations.

19 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THIS OR ANY**
20 **OTHER REGULATORY BODY?**

1 A. Yes, I have presented testimony before the Missouri Public Service Commission
2 (“Commission”), the Kansas Corporation Commission, the Oklahoma
3 Corporation Commission, and the Arkansas Public Service Commission.

4 **Q: WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

5 A: EDRA is concerned the Company, or its parent(s), may consider a pension risk
6 transfer scheme.

7 **Q: WHAT IS A PENSION RISK TRANSFER SCHEME?**

8 A: Increasingly, companies are transferring some, or all, of their pension liability to
9 an insurance company by buying annuities with the funds set aside to meet the
10 pension liability. This transfer of responsibility takes the pension liability off the
11 company’s books, may reduce some expenses and may eliminate some future
12 balance sheet volatility.

13 **Q: WHY IS THIS A CONCERN TO EDRA?**

14 A: This isn’t necessarily bad and is permitted under federal pension rules so long as
15 the company adheres to its fiduciary duties and selects the “safest annuity
16 available” in selecting the insurance company which will receive the pension
17 assets.

18 EDRA’s main concern is that the retirees may be left with significantly more risk
19 than before the transfer. Specifically, that the insurance company ownership
20 structure is shaky, that the retiree’s money transferred to this insurance

1 company is comingled with other funds and the investments bought by the
2 insurance company are of a lower quality.

3 **Q: OTHER THAN THE COMPANY SELECTING A LESS-THAN-DESIRABLE**
4 **INSURANCE COMPANY, ARE THERE OTHER ISSUES THE COMMISSION**
5 **SHOULD BE MADE AWARE?**

6 A: Yes. When any insurance company takes over the pension obligation from the
7 original company the protection that had been provided by the federal
8 government through the Pension Benefit Guarantee Corporation (the PBGC) is
9 replaced by a state insurance agency offering a much lower level of protection if
10 the insurance company ultimately goes bankrupt. Which means the retirees
11 might not get their full earned benefit.

12 **Q: TO YOUR KNOWLEDGE, HAS THE COMPANY OR ANY OF ITS PARENTS**
13 **CONSIDERED A PENSION RISK TRANSFER SCHEME AS IT PERTAINS TO THE**
14 **LIBERTY UTILITIES DEFINED BENEFIT PENSION PLAN?**

15 A: In EDRA DR 2.3 we asked:

16 “As it pertains to the LIBERTY UTILITIES DEFINED BENEFIT PENSION
17 PLAN, to the knowledge of the Company and / or its Officers has the
18 Company considered any Pension Risk Transfer arrangements?”

19 And the company answered:

1 “No, the Company has not considered any Pension Risk Transfer
2 arrangements.”

3 Further in EDRA DR 2.4 we asked:

4 “As it pertains to the LIBERTY UTILITIES DEFINED BENEFIT PENSION
5 PLAN, to the knowledge of the Company and / or its Officers has the
6 Company retained consultants for the purpose of considering any
7 Pension Risk Management arrangements including buy-in or buy-out
8 arrangements?”

9 And the company answered:

10 “No, the Company employs consultants who manage the plan assets and
11 continue to assess if there are any risks.”

12 Then in EDRA 3.2 we asked:

13 “Data Request 2.3 stated, “As it pertains to the LIBERTY UTILITIES
14 DEFINED BENEFIT PENSION PLAN, to the knowledge of the Company and
15 / or its Officers has the Company considered any Pension Risk Transfer
16 arrangements?” Liberty’s response stated, “No, the Company has not
17 considered any Pension Risk Transfer arrangements.” Does this “no”
18 answer also apply to the Officers of the Company?”

19 And the company answered:

1 "Yes, the "no" in the response to Data Request 2.3 also applies to the
2 Officers of the Company."

3 Finally, in EDRA 3.3 we asked:

4 "Data Request 2.4 stated, "As it pertains to the LIBERTY UTILITIES
5 DEFINED BENEFIT PENSION PLAN, to the knowledge of the Company and
6 / or its Officers has the Company retained consultants for the purpose of
7 considering any Pension Risk Management arrangements including buy-
8 in or buy-out arrangements?" Liberty's response stated, "No, the
9 Company employs consultants who manage the plan assets and
10 continue to assess if there are any risks." Does this "no" answer also
11 apply to the Officers of the Company?"

12 And the company answered:

13 "Yes, the "no" in the response to Data Request 2.4 also applies to the
14 Officers of the Company."

15 So, based on the company's responses to inquiries I have no knowledge that the
16 company may be considering a pension risk transfer scheme as it pertains to the
17 LIBERTY UTILITIES DEFINED BENEFIT PENSION PLAN.

18 **Q: HAS THE COMPANY AGREED TO ANY KIND OF PENSION FUNDING**
19 **REQUIREMENTS?**

1 A: Yes. As a part of a stipulation and agreement from the Empire merger case EM-
2 2016-0213, the company agreed:

3 “(3) Empire will continue to fund its pension plan in accordance with the
4 procedures found in Appendix C to the Unanimous Stipulation and Agreement
5 filed on May 12, 2010, in Case No. ER-2010-0130, and approved by Commission
6 order issued May 19, 2010. Such annual contributions to the pension plan are at
7 least equal to the greater of either minimum funding requirements of ERISA, or
8 the accrued cost of the pension plan, as required by the Commission.”

9 Subsequently, as a part of a stipulation and agreement from the Liberty/Empire rate
10 case ER-2021-0312, the company agreed:

11 “All other provisions of the STIPULATION AND AGREEMENT AS TO EDRA, Case
12 EM-2016-0213, remain unchanged.”

13 One of those provisions is subparagraph (3) above.

14 **Q. HOW DOES EDRA VIEW A PENSION RISK TRANSFER ARRANGEMENT IN**
15 **LIGHT OF THE COMMITMENTS THE COMPANY HAS MADE WITH REGARD TO**
16 **PENSION FUNDING?**

17 A. EDRA finds the two to be in direct conflict. EDRA expects the company to honor
18 its written commitments and Commission Orders in the prior cases to continue
19 to fund the pension plan and to not consider a pension risk transfer
20 arrangement.

1 **Q: DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

2 **A: Yes.**

AFFIDAVIT OF WILLIAM L. GIPSON

STATE OF MISSOURI)

COUNTY OF Barry)

On this 18th day of July, 2025, before me appeared William L. Gipson, to me personally know, who, being by me first duly sworn, states that he is the Chair of the Benefits Committee of the Empire District Retirees and Spouses Association and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his knowledge, information and belief.

William L. Gipson
William L. Gipson

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned Notary Public, on this the 18th day of July, 2025.

Suzanne Hand
Notary Public

My Commission Expires: December 25, 2027

