

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

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

INITIAL BRIEF

COMES NOW the Midwest Energy Consumers Group (“MECG”), and for its Initial Brief, respectfully states:

Overview

The Staff of the Commission, MECG, the International Brotherhood of Electrical Workers Local Union No. 1474, Renew Missouri Advocates d/b/a Renew Missouri, and The Empire District Electric Company d/b/a Liberty (“Liberty,” “Empire,” or the “Company”) filed a Non-Uniform Stipulation and Agreement that attempted to resolve all pending issues in this docket.¹ The Office of Public Counsel (“OPC”) and Consumers Council of Missouri filed objections to that stipulation and so parties proceeded with the evidentiary hearing. After the hearing, the Commission discussed its concerns about the lack of performance metrics within that stipulation and agreement and asked signatories to try again while giving some direction on certain additional modifications. After several weeks of discussion, Staff, MECG, Renew Missouri, and Liberty filed the Supplemental Stipulation and Agreement on December 12th.²

In addition to maintaining the previously negotiated benefits for customers that include a reduced revenue increase, phase-in of rates with no carrying cost, equal allocation to the rate classes, and progress on moving rate design towards cost of service, the supplemental stipulation

¹ *Non-Uniform Global Stipulation and Agreement*, Doc. No. 381.

² *Supplemental Stipulation and Agreement*, Doc. No. 598.

establishes billing and customer service metrics that Liberty must meet for three consecutive months, starting on January 1, 2026 before any rate change can take effect. These terms represent a reasonable resolution of the rate case that balances the interests of the Company and its customers. The Commission should adopt these negotiated terms as a resolution to the contested issues.

Non-unanimous Stipulation and Agreement

The Stipulation and Agreement, as supplemented to include performance metrics, provides a path for the Commission to resolve the major questions in this case including the size of the rate increase, the allocation of that increase among the classes, the rates for each class and billing components, and metrics that Liberty must meet in order to see any change to rates. Each of these items is discussed below.

Revenue requirement increase and phase-in

At the time of its true-up testimony, Liberty's pre-filed case sought an increase of over \$164 million.³ The Staff's true-up testimony recommended an increase of \$122 million with a revenue requirement range of \$111,968,690 to \$130,136,106.⁴ The OPC's pre-filed testimony included additional adjustments that would lead to a reduced increase if each was adopted.⁵

The signatories to the stipulation and agreement propose that the Company be permitted a \$97 million dollar increase.⁶ This revenue requirement remains significant but is a dramatic reduction in favor of customers who will also benefit from this increase being phased-in over a three year period with no carrying costs. Furthermore, the Company has agreed not to file another rate case until at least 24 months after the effective date of rates in this case. This will give

³ Ex. 19, Emery Surrebuttal and True-up Direct, p. 21.

⁴ Ex. 174, Young Surrebuttal and True-up Direct, p. 20.

⁵ Tr. Vol. 11, p. 46.

⁶ *Non-Unanimous Global Stipulation and Agreement*, Doc. No. 381, p. 2.

customers some period of rate stability to expect.⁷ The agreed-upon rate increase is a reasonable result balancing the interests of the Company and its customers and should be approved by the Commission.

Allocation of that increase among the classes

The Class Cost of Service Study (“CCOS”) analysis provided by MECG and Liberty show that certain classes are not paying appropriate cost-based rates. Specifically, MECG’s witness Kavita Maini’s CCOS using the Average & Excess 4 NCP showed that certain classes should see a less than system average rate increase if allocated based on cost of service.⁸ If revenues are allocated to classes and align closely with the class cost responsibility, equity is maintained because each class pays its fair share of costs. Furthermore, if rates align with cost of service, they reflect accurate pricing signals that drive consumer behavior, which results in more efficient use of the system and minimizes system costs.⁹ That said, other factors such as gradualism and rate continuity may also be considered as secondary considerations when it comes to revenue allocation in a particular rate case. In its pre-filed testimony, MECG supported a gradual approach to revenue allocation for this case.

Now, as a signatory to the stipulation and agreement, MECG supports the allocation of the increase on an equal percentage to the classes.¹⁰ The Commission should adopt this allocation in conjunction with the other interdependent terms of the stipulation and agreement and its supplement.

⁷ *Id.* at pp. 3-4.

⁸ Ex. 700, Maini Direct, p 11.

⁹ Ex. 700, Maini Direct, p. 20.

¹⁰ *Non-Unanimous Global Stipulation and Agreement*, Doc. No. 381, p. 6.

The rates for each class and billing components

The CCOS studies in this case show an under-recovery of fixed costs through demand charges under the current rate design. Specifically, at present, the billing demand charges recover 23% of the total base rate costs while the cost of service study indicates that 57% of the costs should be recovered from these demand charges. This suggests that there is over recovery of fixed costs from the energy charges.¹¹ To make movement towards cost of service guidance MCEG recommends the Commission address this imbalance with the limited steps included in the stipulation and agreement as follows:

- (2) For LGS, SP, LP classes – increase demand charges by 1.25 times the overall class increase with the remaining revenue not recovered in the demand charges recovered through a uniform percent increase to the customer and kWh charges,
- (3) increase the transmission interruptible credit to \$6/kW,
- (4) Residential summer charges stay flat (existing winter decline stays),
- (5) Residential customer charge will remain at current amount,
- (6) All changes are equal percent within residential, except that the Time Choice differential stays the same size,
- (7) Time Choice differentials stay the same in all classes.¹²

These terms are a reasonable compromise between the signatories to this case, are supported by the evidence put forward in the testimony of MCEG's Kavita Maini, and should be adopted in conjunction with the other interdependent terms of the stipulation and agreement and its supplement.

Metrics that Liberty must meet in order to see any change to rates

While the initial stipulation and agreement did contain provisions for the stakeholders to meet and develop performance metrics related to the customer first and billing issues, the Commission made clear it wanted more specific details to consider. The Supplemental Stipulation and Agreement contains additional terms listing performance metrics and establishes the additional

¹¹ Ex. 700, Maini Direct, p. 26.

¹² *Non-Unanimous Global Stipulation and Agreement*, Doc. No. 381, p. 6.

requirement that the Company must perform adequately for three consecutive months before any increase can become effective. These are reasonable terms and should be adopted by the Commission.

Conclusion

In total, the increase in this case will have a significant impact on Liberty's customers. The efforts by the parties have produced a stipulation and agreement, as supplemented, that balances the Company's need for an increase to support the provision of service with the interests of customers in paying just and reasonable rates for that service. The Commission should issue an order that implements and incorporates the terms and conditions within the stipulation and agreements.

WHEREFORE, MECG submits its initial brief in support of the Non-unanimous Stipulation and Agreement and the Supplemental Stipulation and Agreement filed in this case.

Respectfully,

/s/ Tim Opitz

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 16th day of December 2025:

/s/ Tim Opitz
