

Exhibit No.: _____
Issue(s): Income Eligible Programs/Late Fees
Witness/Type of Exhibit: Marke/Direct
Sponsoring Party: Public Counsel
Case No.: GR-2021-0320

DIRECT TESTIMONY

OF

GEOFF MARKE

Submitted on Behalf of the Office of the Public Counsel

**THE EMPIRE DISTRICT GAS COMPANY
D/B/A LIBERTY**

FILE NO. GR-2021-0320

February 15, 2022

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EMPIRE DISTRICT GAS COMPANY
CASE NO. GR-2021-0320

1 **I. INTRODUCTION**

2 **Q. Please state your name, title and business address.**

3 A. Geoff Marke, PhD, Chief Economist, Office of the Public Counsel (OPC or Public Counsel),
4 P.O. Box 2230, Jefferson City, Missouri 65102.

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

6 A. I have been in my present position with OPC since 2014 where I am responsible for economic
7 analysis and policy research in electric, gas, water, and sewer utility operations.

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

9 A. Yes. A listing of the Commission cases in which I have previously filed testimony and/or
10 comments is attached in Schedule GM-1.

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

12 The purpose of my testimony is to provide support for my recommendation for a Critical Needs
13 Program consistent with the non-unanimous stipulation and agreement in Spire, Ameren
14 Missouri and Empire District Electric's most recent rate cases (GR-2021-0108, ER-2021-0240,
15 and ER-2021-0312). I also recommend funding and procedural changes related to ratepayer-
16 funded Low-Income Weatherization Assistance Program ("LIWAP"), and for an adjustment
17 to the Company's Late Fees.

18 **II. CRITICAL NEEDS PROGRAM**

19 **Q. What is the Critical Needs Program?**

20 A. In Case No. GR-2021-0108, Legal Services of Eastern Missouri recommended the funding and
21 adoption of pilot program modeled after Baltimore Gas & Electric's ("BG&E") Critical Needs
22 Program ("CNP"). The BG&E program recognized that there are vulnerable customers who

1 may not have the capacity to research and apply for assistance, negotiate reasonable payment
2 plans, or properly navigate the application process. Yet their circumstances make them
3 particularly vulnerable to harm if they become disconnected. In response, the CNP streamlines
4 and expedites the processes to help customers stay connected. The pilot’s initial goal was to
5 implement immediate access to existing resource assistance (bill payment, repair, consumer
6 protections, etc...) to customers that seek assistance in nontraditional utility CSR venues (e.g.,
7 hospitals, public and private assistance agencies, shelters, etc...). The CNP is a voluntary
8 program that trains customer “navigators,” who work in nontraditional utility CSR venues. The
9 navigators utilize a simple form under a “fast-track” protocol that provides an expedited
10 process that should:

- 11 • Maintain or restore utility services
- 12 • Avoid negative impacts on residents with serious medical conditions
- 13 • Address build-up of utility bill arrears
- 14 • Provide a streamlined process to complementary services

15 **Q. Is this still a pilot program for BG&E?**

16 A. No. The program’s success lead it to becoming a statutory requirement for utilities in
17 Maryland, and the service is now largely administered by the State’s Social Service
18 Department with additional funding through the Maryland’s Fuel Fund program.

19 **Q. Wouldn’t those elements (Department of Social Service and an independent funding
20 stream) be beyond the scope of the Commission’s power in this case?**

21 A. They would; however, I am not suggesting anything more than to what parties in Spire’s recent
22 rate case agreed, which was to model the initial pilot program that BG&E produced, other than
23 for Ameren Missouri to partner with Spire and contribute an equivalent amount in funding this
24 endeavor to maximize program efficiency.

1 **Q. Do you have any additional information to share on this topic of critical needs**
2 **customers?**

3 A. I have spoken with BG&E representatives, and they have expressed a willingness to help
4 Empire and interested stakeholders with the mechanics behind such a program. I have also
5 included attachments GM-2A through GM-2D, which provide more detail about the Maryland
6 program as well as sample customer consent forms (both paper and internet). I recommend
7 program financing of up to \$30K annually (split 50/50 between ratepayers/shareholders) for
8 the three-year pilot program, with regular meetings from interested stakeholders in Empire's
9 Low-Income Collaborative to see if equivalent success can be achieved for Empire's Gas
10 customers as the BG&E pilot produced. By utilizing the BG&E model framework, and
11 collaborating with Spire, Ameren Missouri and the Empire District Electric Company I believe
12 this could produce excellent results.

13 **III. WEATHERIZATION**

14 **Q. What is Empire's current LIWAP funding amount?**

15 A. Empire collects an annual budget of \$71,500 from ratepayers.

16 **Q. Has this funding level remained the same since its inception?**

17 A. To the best of my understanding it has remained the same since its initial creation in Case
18 No. GR-2009-0434.

19 **Q. What is your recommendation regarding LIWAP funding?**

20 A. I recommend that Empire shareholders contribute \$100K in weatherization to recognize the
21 Company's failure to fund LIWAP programs in the past and to be consistent with every
22 other utility in the state. Such a long overdue commitment would at least be a step in the
23 right direction in terms of fulfilling corporate social responsibility assertions the APUC put
24 forward in its acquisition of Empire in Case No. EM-2016-0213. The total amount of
25 LIWAP funding would be set at \$171,500 annually but would not result in a revenue
26 requirement increase (\$71,500 ratepayers and \$100K shareholders).

1 Furthermore, as a result of the uncertainty surrounding COVID-19, federal funding, and
2 securing appropriate labor for completing LIWAP projects I recommend that Empire’s four
3 Community Action Agencies (“CAA’s”): Missouri Valley Community Action Agency,
4 Community Services Inc. of Northwest Missouri, Community Action Partnership of North
5 Central Missouri, and the West Central Missouri Community Action Agency be given
6 further discretion in how utility funds are utilized. That is, the CAA’s should be allowed to
7 utilize the annual utility funding to incentivize and retain employees through bonuses, be
8 able to direct funding towards marketing and be able to utilize funds on reasonable “pass-
9 over” measures related to health and safety to ensure projects are completed.

10 **Q. Do you have any additional recommendations as it pertains to low-income assistance**
11 **programs?**

12 A. Yes.

13 I recommend that Empire’s Customer Service Reps (“CSRs”) who receive calls from
14 customers struggling to pay bills ask for consent from that customer to forward their contact
15 information to the relevant Community Action Agency (“CAA”) so that a representative
16 from a CAA may contact them about weatherizing their home free of charge and other
17 assistance if eligible.

18 I also recommend that the Empire Annual Low-Income meetings include relevant gas
19 community action agencies.

20 **Q. Are these recommendations consistent with the most recently filed non-unanimous**
21 **stipulation and agreement in Empire’s electric rate case?**

22 A. Yes.

1 **IV. LATE FEES**

2 **Q. What are the benefits associated with late fees?**

3 A. The two arguments supporting the continued use of late fees include: 1.) greater revenue
4 assurance (late fees offset the revenue requirement assuming the Company is not over-
5 earning); and 2.) late fees should (theoretically) encourage timely payments.

6 **Q. Do you support late payment fees?**

7 A. No. I have not seen any evidence to support that late payment fees are an appropriate deterrent
8 to non-payment, and I believe that any additional fee added to an already financially struggling
9 customer will increase the likelihood of disconnection. I believe the threat of disconnection is
10 the primary deterrent to incentivize timely payments, and that Empire should be doing
11 everything in its power to provide an affordable service, which should include minimizing
12 punitive charges that make it more likely for already struggling customers to fall off.

13 **Q. Do you know of any Commissions that recently ordered elimination of late fees?**

14 A. Yes. The Kentucky Public Service Commission ruled against their continued use in Case No:
15 2020-00141.¹ I am also aware that many state commissions ordered suspending late fees
16 throughout the COVID-19 pandemic.

17 **Q. What is Empire's late payment fee?**

18 A. 0.5% is added onto a customer's bill, if their bill is unpaid at the delinquent date.

19 **Q. Do you have any recommendations to modify this amount?**

20 A. I recommend that Empire's late fees be lowered to match the short term debt recommendations
21 made by OPC witness David Murray in the most recent Empire electric rate case, which is
22 0.25% annually. Such an amount would more accurately reflect the cost of service, minimize
23 the punitive pressure on struggling customers and still incentivize timely payments by having
24 the "threat" of late payment.

¹ See GM-3

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

2 A. Yes.