

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

In the Matter of a Working Case to Consider Best Practices for Recovery of Past-Due Utility Customer Payments After the Covid-19 Pandemic Emergency ) ) Case No. AW-2020-0356

**LIBERTY’S RESPONSE TO COMMISSION ORDER**

COME NOW The Empire District Electric Company (“EDE”), The Empire District Gas Company (“EDG”), Liberty Utilities (Missouri Water) LLC (“Liberty Water”), and Liberty Utilities (Midstates Natural Gas) Corp. (“Midstates”), all Liberty Utilities companies (collectively, “Liberty” or “Company”), and respectfully submit this Response to Commission Order.

On May 13, 2020, the Missouri Public Service Commission (“Commission”) opened this working file to consider best practices for Missouri utilities to use when moving to recover past-due amounts from customers following the COVID-19 pandemic emergency. On June 24, 2020, the Commission issued its *Notice of Ex Parte and Extra-Record Communications and Order Directing Responses* (the “*Order Directing Responses*”). In part, the *Order Directing Responses* requires responses by July 15, 2020, to a list of 21 questions. Contained below are Liberty’s responses to these 21 questions for EDE – electric and water, EDG, Liberty Water, and Midstates.

**1. What date did the company initiate the suspension of discontinuances of service as a result of the COVID-19 pandemic emergency?**

**Response:** As a result of the COVID-19 pandemic, Liberty initiated the suspension of service disconnects as of March 16, 2020.

**2. Please describe practices used prior to the suspension of customer discontinuances that were used to minimize past due accounts receivable.**

**Response:**

All: Average Payment Plan/Budget Billing, short-term and long-term payment arrangements, 50% agreements (customer pays 50% of total and balance in 3 installments), and Cold Weather Rule during cold weather season.

Midstates: Two past due notifications sent prior to disconnection (1<sup>st</sup> notice sent 4 days after bill due date, 2<sup>nd</sup> notice sent 5 days after 1<sup>st</sup> notice) and 2 phone calls sent prior to disconnection (1<sup>st</sup> call generated 5 days after bill due date, 2<sup>nd</sup> call generated 24 hours to potential disconnection).

EDG and EDE: Shut off notice sent 2 days after due date and 2 phone calls 12 days after shut off notice sent. Customers with an email address listed on their account received a monthly video message if their bill is higher or lower than \$30 a month.

Liberty Water: Shut off notice sent 2 days after due date and 2 phone calls 12 days after shut off notice sent. Customers with an email address listed on their account received a monthly video message if their bill is higher or lower than \$30 a month.

**3. Please describe efforts made since the suspension of discontinuances to mitigate past due accounts receivable.**

**Response:**

All: Customer emails encouraging customers facing a potential hardship to call in to discuss payment options and available assistance. Alerting customers to be aware of scams during times of uncertainty and providing energy efficiency tips.

Midstates: One soft call made 5 days after bill due date as a reminder of customer's past due balance, extended Cold Weather Rule, and special payment arrangements. "Goodwill Donation" – Customer Service Representatives ("CSRs") given \$250 to assist customers having trouble paying bill. Suspended late fees.

EDE and EDG: Mailed past due notices reminding customers of past due balance and energy assistance information. Credit & Collections department called energy assistance agencies to assist customers that had previously qualified for funding and called the customer to set them up on an agreement on balance after agency pledge. "Goodwill Donation" – CSRs given \$250 to assist

customers having trouble paying bill. Extended Cold Weather Agreement until May 31<sup>st</sup> and made extended payment agreements. Suspended late fees.

Liberty Water: Mailed past due notices reminding customers of past due balance and energy assistance information. “Goodwill Donation” – CSRs given \$250 to assist customers having trouble paying bill. Extended Cold Weather Agreement until May 31<sup>st</sup> and made extended payment agreements. Suspended late fees.

**4. Please provide examples of customer communication regarding changes in collection practices related to accounts subject to discontinuance.**

**Response:** Please see Appendix A for website postings (<https://missouri.libertyutilities.com/kirksville/residential/safety/covid-19-statement.html> –and– <https://central.libertyutilities.com/all/residential/safety/covid-19-statement.html>).

Please see Appendix B for messages posted on Facebook and Twitter. Please see Appendix C for example customer emails. Please see Appendix D for example past due notices. Messages on bills were as follows:

April - To assist customers who may be facing financial hardship during the COVID-19 public health emergency, Liberty Utilities has temporarily suspended service disconnections for non-payment until further notice. Please visit [www.libertyutilities.com](http://www.libertyutilities.com) for more information.

May - To assist customers who may be facing financial hardship during the COVID-19 public health emergency, Liberty Utilities has temporarily suspended service disconnections for non-payment until further notice. Please visit [www.libertyutilities.com](http://www.libertyutilities.com) for more information.

June/July - To assist customers facing financial hardship due to COVID-19, Liberty Utilities has suspended service disconnections for non-payment until July 15, 2020 and will resume sending disconnection notices July 16. Please visit [www.libertyutilities.com](http://www.libertyutilities.com) for more information.

**5. Please describe any changes in procedures related to customer payment arrangements since initiating the suspension of discontinuances of service.**

**Response:** Liberty extended the Cold Weather rule until the first of June and then started COVID-19 special payment arrangements. Residential customers: pay 12% (Midstates is 1/12) of total and balance in 11 installments. Commercial customers: 50% of total balance and 6 installments

or 33% of total balance and 3 installments. Liberty also began offering installments for deposits.

Additionally, Liberty began allowing customers on the Average Payment Program to remain on the program although their accounts were past due, and EDE customers on the Low Income Pilot Program were allowed to remain on the program although their accounts were more than 60 days past due.

**6. Please provide documentation of the number of customers with payment arrangements, on a monthly basis, by customer class, from March 2016 to 2020 YTD. For each period, provide the number of Cold Weather Rule and non-Cold Weather Rule payment arrangements for residential customers.**

**Response:** Please see Appendix E for details pertaining to Midstates, and please see Appendix F for all remaining entities.

**7. Please describe the alternatives discussed by company management to collect past due accounts receivable without unduly burdening vulnerable customers when discontinuances of service are resumed. For each alternative, please describe the associated advantages and disadvantages. Please describe how alternatives to collect past due accounts receivable will be communicated to customers.**

**Response:** The following procedures and actions were discussed and implemented by Liberty management.

- COVID-19 Payment Arrangement: Advantages – allowing residential customer to pay 12% (1/12<sup>th</sup> Midstates) down and balance to be paid out in 11 installments, Commercial -50% of total balance and 6 installments or 33% of total balance and 3 installments. A small down payment to prevent disconnection. Disadvantages – length of time to pay account in full.
- During outbound collection calls the customer has the option to speak with a representative to make a payment arrangement on arrears. Advantages – customer can make a payment arrangement during the collection call to prevent disconnection and having to call back through the queue. Disadvantages – none.
- Credit & Collections Department reached out to customers that had received energy assistance to let them know about the extended funding and worked with the agencies to get the additional funding for the customers. Advantages – This allowed the customer to receive additional funding without having to contact the agency and fill out additional paperwork. Disadvantages – The customer may not have qualified for additional funding.

Alternatives to collect past due accounts will be communicated by CSRs when customers call with questions regarding their account. The CSRs will be offering COVID-19 payment

arrangements to customers calling in with past due accounts to prevent disconnection. Please refer to Liberty's response to Question 4 for additional customer communications.

**8. What criteria will be used to determine the timing for resuming discontinuances of service?**

**Response:** Pursuant to its Notice Regarding Change in Practices filed in Case No. AO-2020-0335 on June 15, 2020 (attached hereto as Appendix G), beginning July 16, 2020, Liberty will be sending shut-off notices, charging late fees, sending collection notices, and working disconnects. Practices will not return to normal all at once, however. To begin, Liberty will use a higher threshold for collection calls and will send two additional reminder letters to customers to give them an additional 60 days to pay or make payment arrangements before a balance is turned over to collections.

- Midstates: will start with \$250 in arrears and 60 days past due.
- EDE: will start with \$750 in arrears and 90 days past due.
- EDG: will start with \$250 in arrears and 60 days past due.
- Liberty Water: will start with \$250 in arrears and 60 days past due.

Liberty will continually reevaluate these practices, considering industry practices, government guidelines and directives, call levels, and the number of customers with past due accounts.

**9. If applicable, describe COVID-19 related changes to the company's community-funded assistance program (i.e. Dollar More, Dollar Help etc.). If eligibility requirements were modified in an effort to assist more customers, did the changes result in increased pledges on customer accounts, please explain.**

**Response:** Project Help fund guidelines were relaxed to allow customers that normally pay timely but were affected by COVID-19 to qualify. Normally, these funds are for elderly/over age 60 and disabled. In the past, the Company has generally helped one or two customers a month through Project Help. For the months of May and June, 2020, Liberty helped 15 customers and pledged over \$9,000 in funding. Additionally, the "Goodwill Donation" was established, allowing CSRs an

allotment of \$250 to assist customers having trouble paying their bill.

10. **Please identify the amount of revenues foregone as of June 30, 2020 due to the COVID pandemic by revenue type, such as late fees, reconnection fees, etc. (Note: This should not include any estimates of “lost revenues” due to a reduction in sales to customers attributable to the COVID pandemic or economic downturn, which is being requested separately below.) Also, please provide an estimation for the period of July 1, 2020 through December 31, 2020 for the revenues forgone.**

**Response:** Please see the attached confidential Appendix H for late fees foregone as of June 30, 2020. This is based on actual late fees that would have been charged to customers during the moratorium period. Appendix H also contains the forecasted amounts, based on daily average of April 2020 – June 2020. The forecasted amount assumes that late fees resume after August 3, 2020. This response will be supplemented to provide information regarding reconnection fees.

11. **Please provide the change in revenues on an overall basis, and by rate class, by month, starting with February 2020 through June 2020 and the amount attributable to the impacts of the COVID-19 pandemic. Also, please provide estimated revenue changes, by rate class for the period July 1, 2020 through December 31, 2020.**

**Response:** Please see the attached confidential Appendix I for overall changes in revenue from February 2020 – June 2020 when comparing actual revenue to budgeted revenue. At this time, the Company is still evaluating the revenue impact attributable to the COVID-19 pandemic. Regarding what impact COVID-19 will have on revenues for the remainder of 2020, many factors are unknown, and Liberty has not estimated possible revenue changes at this time.

12. **Please quantify for each of the following costs that has been incurred due to the COVID-19 pandemic to date: incremental bad debt expense, incremental costs to allow employees to work at home, additional cleaning expense, protective supplies for employees, costs related to new assistance programs implemented to aid customers with payment of bills, costs incurred for possible sequestration, and any other cost tracked by your utility. Also provide a current annual projection for each of these costs.**

**Response:** Please see confidential Appendix J for details of costs due to the COVID-19 pandemic, excluding bad debt expense. The Company is continuing to analyze and isolate the impact of COVID-19 on bad debt expense and will supplement this response.

13. **Please quantify for each of the following categories the savings that has been realized due to the COVID-19 pandemic to date: external travel costs, external training costs, utilities expense for office use, or any other savings category tracked by your utility. Also provide a current annual projection for each of these savings categories.**

**Response:** The Company is still in the process of determining the impact of COVID-19 on the above categories and will provide a supplemental response.

14. **Please provide a detailed estimate/projection of any Covid-19 related costs that might be covered by governmental reimbursement programs (federal and/or state). Have applications been made for any federal or state grants, loans or other measures of assistance associated with the COVID pandemic? If so, please provide a list of such.**

**Response:** The Company is unaware of any federal or state grants, loans or other measures of assistance available to it associated with the COVID-19 pandemic.

15. **Are limitations being placed on hiring, salary/benefit increases, discretionary construction expenditures, etc. due to the COVID-19 pandemic or any other reason? If yes, please provide documentation setting out the reasons for and the terms of such limitations.**

**Response:** At this time, Liberty has not placed limitations on hiring, salary/benefit increases, or construction expenditures due to the COVID-19 pandemic. Management, however, continues to evaluate the situation.

16. **Have employee layoffs occurred due to the COVID-19 pandemic? If so, how many employees were released? Have or will the implementation of any voluntary employee reduction programs in 2020 for Covid-19 or other reasons occur? If yes, please provide the timing of the program, and its rationale.**

**Response:** No employee layoffs have occurred due to the COVID-19 pandemic. No voluntary employee reduction programs for COVID-19 or other reasons are currently planned for 2020.

17. **Please describe any programs now being implemented or planned to be implemented in the future to assist customers in returning to current status.**

**Response:** Please see above responses to Questions 3-5 and 7-9. Extended payment arrangements for residential and commercial customers are being offered. CSRs encourage customers to apply for energy assistance. Outbound dialer calls notify customer of past due

balances. During the call, the customer has the option to press 1 to speak to a representative. This allows the customer the opportunity to make a payment arrangement on their past due balance.

**18. Please describe any programs now being implemented or planned to be implemented in the future to assist the most vulnerable or at risk customers.**

Response: Please see above responses to Questions 3-5, 7-9, and 17. Extended payment arrangements for residential and commercial customers are being offered. CSRs encourage customers to apply for energy assistance. Credit & Collections Department reached out to low income customers and provided support by reaching out to the assistance agencies to obtain additional funding and set up a payment plan if the customer still had a balance after the agency pledge. The Company donated \$60,000 to assistance agencies in Missouri that provide utility bill assistance. Liberty continues to evaluate its options and assess the changing conditions.

**19. For electric providers – Please provide any class changes in load overall and by customer class by month starting in February 2020.**

**Response:** Please see the attached confidential Appendix K.

**20. Please provide, and update as appropriate, the timing of the company’s plans to restart collecting late fees from customers and when the company may begin disconnecting customers for non-payment.**

**Response:** Pursuant to its Notice Regarding Change in Practices filed in Case No. AO-2020-0335 on June 15, 2020 (attached hereto as Appendix G), beginning July 16, 2020, Liberty will be sending shut-off notices, charging late fees, sending collection notices, and working disconnects.

**21. If your utility has not already filed an application with the Commission requesting special accounting treatment of incremental COVID costs and/or “lost revenues,” do you plan to do so at some point in the future? If yes, please discuss the timing of the application and the types of financial impacts you would request be included.**

The Company has not filed an application with the Commission requesting special accounting treatment of incremental COVID-19 costs and/or “lost revenues,” but Liberty continues to monitor and gather details pertaining to the impact of the pandemic.



WHEREFORE, Liberty respectfully submits this Response to Commission Order and requests such relief as is just and proper under the circumstances.

/s/ Diana C. Carter  
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**CERTIFICATE OF SERVICE**

I hereby certify that the above document was filed in EFIS on this 15<sup>th</sup> day of July, 2020, with notice of the same sent to all counsel of record.

/s/ Diana C. Carter