

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

In the Matter of The Empire District)
Electric Company’s Request for Authority)
to File Tariffs Increasing Rates for Electric) Case No. ER-2019-0374
Service Provided to Customers in its)
Missouri Service Area)

RENEW MISSOURI’S INITIAL BRIEF

COMES NOW Renew Missouri and for its *Initial Brief* states:

Introduction

On August 14, 2019, The Empire District Electric Company, a Liberty Utilities company (“Liberty-Empire” or the “Company”) filed this rate case seeking a \$26.5 million general rate increase. Since then, the economic situation dramatically shifted due to COVID-19 and the ensuing national, state, and local stay-at-home orders that have led to unprecedented financial disruption for many Missourians. Acknowledging that Liberty-Empire and its customers now face significant disruptions the parties worked towards a resolution to this rate case (over the phone and through video conferencing) that would advance the public welfare, ensure efficient facilities, and balance substantial justice between customers and Liberty-Empire.

On April 15th, Liberty-Empire, the Staff of the Missouri Public Service Commission (“Staff”), Midwest Energy Consumers Group (“MECG”), Empire District Electric Company SERP Retirees (“EDES”), the Empire District Retired Members & Spouses Association LLC (“EDRA”), Renew Missouri, Natural Resources Defense Council (“NRDC”), National Housing Trust (“NHT”), and the Sierra Club (collectively, the “Signatories”) filed a Stipulation and Agreement outlining a path to resolve this case.

This Stipulation is supported by the substantial evidence pre-filed with the Public Service Commission (“Commission”) and approval of these terms together as a complete resolution of this rate case will result in just and reasonable rates and will allow Liberty-Empire to continue providing essential, safe, and reliable service.

Issue 2.F: What should be the amount of the residential customer charge?

The signatories to the Stipulation and Agreement filed on April 15th agreed that Empire’s customer charge should remain \$13 per month. The Office of the Public Counsel (“OPC”) was the only party to object to the Stipulation and Agreement but takes the position that the residential customer charge should remain \$13 per month. In addition to being uncontested, maintaining the customer charge is supported by the policy and evidence in the pre-filed record.

In prior cases, the Commission has explained the type of costs that should be allocated to the customer charge, stating:

Customer-related costs are the minimum costs necessary to make electric service available to the customer, regardless of how much electricity the customer uses. Examples include meter reading, billing, postage, customer account service, and a portion of the costs associated with required investment in a meter, the service line drop, and other billing costs. Customer-related costs are generally recovered through the customer charge while other costs are recovered through volumetric rates that vary with the amount of electricity used.¹

Here, the Staff’s Direct Class Cost of Service Report provides analysis of the what the customer charge should be when considering those categories of costs. At page 14 of its

¹ Case No. ER-2014-0258, Doc. No. 4742, Report and Order p. 75.

Report, the Staff concludes: “[t]he functionalized residential customer charge calculated within Staff’s CCOS is \$11.91.”² This figure was reached by considering and included the following the costs necessary to make electric service available to the customer:

- Distribution – services (investment and expenses)
- Distribution – meters (investment and expenses)
- Distribution – customer installations
- Customer deposit
- Customer meter reading
- Other customer billing expenses
- Uncollectible accounts (write-offs)
- Customer service & information expenses
- Sales expense³

The Commission has also previously discussed that various policy outcomes that should be taken into account when determining the residential customer charge, stating:

In any event, the Commission is not bound to set the customer charges based solely on the details of the cost of service studies. The Commission must also consider the public policy implications of changing the existing customer charges. There are strong public policy considerations in favor of not increasing the customer charges.⁴

Renew Missouri’s Emily Piontek testified that the Commission’s prior guidance has recognized the variety of policy reasons to keep the mandatory customer charges a low as possible, including customer control over bills and conservation and energy signals.⁵ In this case, increasing the customer charge would “have a detrimental impact on low-income customers, low-usage customers, and on the overall energy conservation and

² Ex. No. 104, p. 14.

³ Ex. No. 104, pp 14-15.

⁴ Case No. ER-2014-0258, Doc. No. 4742, Report and Order p. 76.

⁵ Ex. No. 401, p. 2.

energy efficiency goals.” Furthermore, increases to the fixed customer charge can act as a disincentive to the proliferation of Distributed Energy Resources, like solar panels.⁶

These policy outcomes support maintaining the residential customer charge at its current level even in times of economic prosperity. Unfortunately, the pandemic of COVID-19 has led to wide-spread economic downturn, making any increase to the customer charge an even tougher financial burden.⁷ Due to these circumstances, and with consideration of the pre-filed evidence and the agreement of the parties, the Commission should order that the Customer charge remain \$13.

Conclusion

The Commission should issue an order approving the terms outlined in the Stipulation and Agreement. Approval of these terms together as a complete resolution of this rate case will result in just and reasonable rates and will allow Liberty-Empire to continue providing essential, safe, and reliable service.

WHEREFORE, Renew Missouri submits its *Initial Brief*.

Respectfully,

/s/ Tim Opitz

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⁶ Ex. No. 400, p. 9.

⁷ Ex. No. 209.

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 6th day of May 2020:

/s/ Tim Opitz
