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Witness: Gregory W. Tillman
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Before the Public Service Commission
of the State of Missouri

Direct Testimony

of

Gregory W. Tillman

on behalf of

The Empire District Electric Company

May 2021

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THE EMPIRE DISTRICT ELECTRIC COMPANY
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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Gregory W. Tillman. My business address is 601 South Joplin Avenue, Joplin, Missouri.

Q. By whom are you employed and in what capacity?

A. I am employed by Liberty Utilities Service Corp. as Senior Manager, Rates and Regulatory Affairs for Liberty Utilities' Central Region, which includes The Empire District Electric Company ("Empire" or "Company").

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of Empire.

Q. Please describe your educational and professional background.

A. I earned a Bachelor of Science in Electrical Engineering from the University of Tulsa in 1987. Prior to joining Liberty Utilities in May 2019, I had over 26 years of experience in the regulated and deregulated energy industry including roles in regulatory, pricing, billing, and metering information. In 1990, after serving on active duty as a Signal Officer in the United States Army, I joined Public Service Company of Oklahoma ("PSO"). From 1990 through 1997, I was employed in various positions at PSO, including in the Information Services, Business Planning, Rates and Regulatory, and Ventures departments. During my tenure with the Rates and Regulatory Department, I served as the Supervisor of Power Billing and Data Collection. In this position, I managed the billing for large industrial and commercial customers and led the implementation of PSO's real-time pricing program. I also managed the implementation of real-time pricing for the three remaining utilities in the Central and South West Corporation – Southwestern Electric Power Company, Central Power and Light, and West Texas Utilities.

In 1997, I joined the Retail Energy Department of the Williams Energy Company as the Manager of Systems for the retail gas and electric data and billing. I also managed the customer billing function at Williams Thermogas as well as the billing and accounting systems support functions at Williams Communications. From 2000 to 2002, I served as the Vice President of Energy Solutions for Automated Energy. In 2008, following several assignments as a consultant and project manager in various industries, I joined Oklahoma Gas & Electric Company ("OG&E") as a Senior Pricing Analyst. I was promoted to Manager of Pricing in January 2010 and became the Product Development Pricing Leader in 2013. While at OG&E, I was instrumental in developing and managing OG&E's pricing strategy and products, including the design and implementation of OG&E's SmartHours™ rate. From November 2015 to May 2019, I was employed at Walmart, Inc. as a Senior Manager of Energy Regulatory analysis. In that role, I advocated for Walmart's positions in regulatory proceedings throughout the nation. I have been in my current position with Liberty Utilities since May 2019.

Q. Have you previously testified before the Missouri Public Service Commission ("Commission") or any other regulatory agency?

A. I have not previously testified before the Commission. However, I have testified in more than 40 regulatory proceedings before 19 other state regulatory agencies. My testimony addressed the topics of revenue requirement, rate design, revenue allocation, pricing, customer impacts, tariffs, and terms and conditions of service.

Q. What is the purpose of your direct testimony in this proceeding?

A. The purpose of my testimony is to sponsor certain pro forma billing and revenue adjustments for the Company, introduce rate schedules for time-of-use ("TOU") pricing rates for certain customer classes, and propose a new green energy tariff schedule to allow customers to offset the carbon emissions of their electricity consumption through the purchase of renewable energy certificates ("REC") associated with the Company's wind facilities.

II. REVENUE ADJUSTMENTS

Q. Which of the Revenue Adjustments are you sponsoring?

A. I am sponsoring the following Revenue Adjustments:

Revenue Adjustment 3	Customer Annualization
Revenue Adjustment 4	Revenue Normalization
Revenue Adjustment 5	Customer Load Growth

Q. Please describe Revenue Adjustment 3, Customer Annualization.

A. The Customer Annualization adjustment ensures that the test year revenue and billing determinants for each of the weather normalized classes reflect the annualized number of Empire customers and their related consumption based on the customer count at the end of the test year. The customer count at the end of the test year and the resulting adjustments for each of these five classes are shown in Figure 1. The total revenue adjustment for customer annualization is an increase in test year revenue of $1,296,257.

Figure 1. Customer Annualization Adjustment

Class	Customer Count	Revenue Adjustment
Residential General	133,124	$1,089,565
Commercial Building	18,355	$260,378
Small Heating	3,025	$3,240
General Power	1,802	$152,914
Total Electric Building	932	$(209,839)
Total	**157,849**	**$1,296,257**

Q. Please describe Revenue Adjustment 4, Revenue Normalization?

A. Revenue normalization refers to the adjustment necessary to remove the effects of temporary impacts to Test Year revenue due to external factors. Typically, this adjustment deals with the impact of weather on the revenue of weather sensitive classes; however, in this case, Empire also adjusted the test year billing determinants and revenue for certain other impacts and billing issues during the test year. In addition to the weather normalization adjustment, these impacts include:

1) Adjustments to remove the effects of the Covid-19 Pandemic:
    a) on weather sensitive classes (this adjustment is combined with the weather normalization adjustment),
    b) on the LP class' industrial customers;
2) An adjustment to remove the impacts of bill estimations that exceed a normal level;
3) An adjustment to remove the impacts of a net metering billing issue; and,
4) An adjustment to remove the impacts of a demand reset billing issue.

Q. Please describe the Company's adjustment which includes the impacts of weather and the Covid-19 impact on sales to the weather sensitive classes.

A. The revenue adjustment associated with the weather impact and Covid-19 impact to the weather sensitive classes incorporates the adjustments described in the Direct Testimony of Empire witness Eric Fox. This adjustment reflects a total revenue impact during the test year of $2,972,146.

Q. Was the Covid-19 impact limited to only these weather sensitive classes?

A. No. Sales to the Company's Large Power ("LP") class, which consists primarily of our largest industrial customers were also impacted by the Covid-19 pandemic.

Q. What was the impact from the Covid-19 pandemic on the LP class sales during test year?

A. The impacts were based on an analysis of in the LP class based on the same weather and Covid-19 models used to normalize the weather sensitive classes. The models and sales adjustments for the LP class are presented and described in Witness Fox's testimony. To maintain the consistency between the adjustments for the LP class with the other classes there is a minimal adjustment due to weather in addition to the significant Covid-19 impacts on sales. The adjustment for the Covid-19 pandemic results in an increase to the revenue for the LP class of $2,615,826.

Q. Please describe the issue surrounding estimated meter reads included in the Company's recorded billing determinants.

A. As described in the Direct Testimony of Empire witness, Jon Harrison, the billing data contains estimated reads during the test year. Generally, the number of estimates exceed the norm in the test year and could impact the accuracy of the Company's class cost of service study and rate design.

Q. Does the estimated meter read issue affect the overall consumption included in the test year?

A. The processes surrounding estimated reads leads to limited impacts on the test year sales data when viewed from an annual sales perspective. A certain portion of estimated reads are eliminated during the normal billing process as they are cancelled and re-billed to ensure more accurate billing. The cancel/re-bill process replaces the original estimate with an adjusted, more accurate, reading in the billing data. The remaining estimated reads have a limited impact on the billing determinants for the test year since the estimates themselves are trued up using an actual read in the ensuing month. The actual read data in the ensuing month ensures that the total consumption billed over the period which includes estimated reads followed by an actual read reflects the actual consumption over the same period.

Q. Given this, why is an adjustment necessary?

A. Estimates that occur either prior to or at the end of the test year may result in an impact to the test year billing determinants and should be adjusted. Additionally, inaccurate estimates may cause billing determinants to be inadvertently shifted between seasons, billing periods, or blocks within a billing period. Empire has introduced pro forma adjustments to utilize improved estimation routines to mitigate the impact of any inaccurate estimated reads from the test year.

Q. Please summarize the process Empire took to remove the impacts of the estimated reads from the Company's total billing determinants.

A. First, Empire created a listing of all estimated reads that were not cancelled and rebilled during the test year. Next, estimates were re-calculated using improved estimation routines. Next, the monthly net changes to billing determinants were determined by summing the individual changes. Finally, the weather impacts were applied to the data and the revenue associated with the net billing determinant changes was calculated.

Q. What is the resulting revenue adjustment?

A. The adjustment to remove the impact of estimated reads was a decrease to revenue of $17,917.

Q. Do the results of the Company's adjustments to address estimated reads provide a more accurate reflection of the sales for the class cost of service and rate design?

A. Yes. The adjustments to the billing determinants and associated revenue to remove the impact of abnormal estimations result in a reasonable reflection of the actual sales for each month of the test year.

Q. Please describe the net metering billing issues which required adjustments to the test year billing determinants and revenue data.

A. Due to a meter reading issue for net metering customers, in which the meter reads were inappropriately entered, excessive net metering credits were calculated and recorded to some net metering customer accounts. These credits were applied to the billing for ensuing months resulting in reduced revenue and kWh sales data being billed and recorded.

Q. How did the Company calculate the adjustments necessary to remove the impact of the net metering billing issue from the test year sales and revenue data?

A. The Company recalculated the billing for each month in which a customer was credited for the excessive balance of net metering credits. The net change in what was recorded for kWh sales and revenue for each month was calculated as well as the associated revenue and the credits were removed from the test year data.

Q. What was the impact on the test year revenue resulting from this adjustment?

A. The net impact totaled an increase to revenue of $93,903

Q. What was the demand reset billing issue?

A. The Company discovered a billing issue which had a limited effect on the test year data. This issue resulted from an issue with demand metering following the installation of an AMI meter. The demand reads were not being reset while the meters were still being manually read resulting in demand reads not being accurate in the ensuing month if the monthly maximum demand did not exceed the previous months demand.

Q. What is a demand reset and how does the failure to perform the reset affect the billing determinants?

A. The demand register records the maximum value of consumption during any pre-defined interval of time. In this instance, it is any 15-minute period during the billing month. A demand reset consists of resetting the demand register in the meter to a value of 0 after the meter is read each month. If the meter reader fails to reset the demand register, the previous month's demand reading remains in the register. If, in the following month the maximum demand does not exceed the previous month's reading, the demand reading will reflect the reading from the previous month and not that of the current billing month. This causes the reading to exceed the actual maximum demand and results in an over-billing for the ensuing period.

Q. What was the revenue impact resulting from the pro forma adjustment?

A. This adjustment removed revenue totaling $3,582.

Q. Please describe Revenue Adjustment 5, Large Customer Load Growth.

A. This adjustment ensures that the test year reflects sales for new customers and increased loads which were added after the start of the test year.

Q. What is the revenue adjustment due to Large Customer Load Growth?

A. The net increase for this adjustment is $5,934,722.

III. TIME OF USE SCHEDULES

Q. Is the Company proposing new rate options in this docket?

A. Yes. Empire is proposing a Residential Time-of-Use schedule and a Commercial Time-of-Use schedule ("RGT" and "CBT", respectively) for its residential and small commercial customers. Additionally, the Company is proposing a Large Power Time-of-Use ("LPT") rate schedule available to certain large LP customers.

Q. What are TOU rates?

A. TOU rates present different prices associated with the corresponding costs to provide electricity during pre-determined times of the day. In its simplest form, the structure includes two time periods typically referred to as on-peak and off-peak. The on-peak period is broadly defined by the periods of the day in which system loads are highest and off-peak times are associated with the remaining periods in which loads are typically lower. Costs of providing electricity are different during these defined time periods. It follows that the prices during the on-peak are somewhat higher than the prices during the off-peak time periods. As customers respond to the pricing signals by reducing or shifting load away from the on-peak periods, they reduce demands on the system resulting in more efficient use of system resources and lower overall costs for all customers.

Q. What are the primary goals associated with the introduction of TOU rates?

A. The over-arching goal is to provide a tool for customers to have more control of their electricity bill. For example, if a customer shifts load from the higher priced on-peak period to the lower-priced off-peak period, she will create a direct reduction to her electric bill. Additionally, another primary goal is supported because she is using system resources more efficiently and reducing the overall cost of providing service to all customers.

Q. Do non-participants benefit from the more efficient use of system resources encouraged by TOU rates?

A. Absolutely. While there is no direct bill impact to non-participants as TOU participants shift load from the on-peak period, overall costs are reduced for the utility. In the near term, the overall costs of energy supply are reduced since more efficient generating units provide a higher portion of the energy needs. The reduced demand during high load periods leads to a reduction in the capacity requirements to serve our customers and the associated costs of providing the required capacity.

Q. What are the primary drivers for introducing the TOU rate schedules?

A. These rate schedules are the initial steps and an integral part of a strategy to modernize the Company's rate structures. Current rate structures provide little choice to customers, are antiquated, and only loosely tie prices to the underlying cost of providing electric service to customers. Modernization of our rates will address these shortcomings. Since the cost of energy varies with the time that the customer uses electricity, the Company desires to establish rate structures that support our modernization strategy and provide choices to customers.

Q. Briefly describe the overall objectives of Empire's rate modernization strategy?

A. The Company hopes to accomplish three objectives. First, we believe it is critical to connect the price signals more directly to the underlying costs of providing service. Second, our goal is to incentivize efficient customer behavior through these pricing products. Finally, and, we believe, most importantly, Empire hopes to provide customers with a choice of pricing products. Customers have a wide range of needs and desires, which we believe we can address through the introduction of a range of pricing products. The introduction of TOU rate structures in this proceeding lays the groundwork for establishing the Company's overall strategy.

Q. Why is Empire able to propose TOU rates at this time?

A. Empire's implementation of the automated metering infrastructure ("AMI") enables the introduction of time-based rates since the time-based energy consumption data is now available to support the measurement, pricing, and billing of this more advanced pricing structure.

Q. Are customers generally receptive to time-based rate structures?

A. As discussed earlier, customers have a wide range of needs and desires when it comes to their preferred pricing structures. Many customers are attracted to the savings opportunities available with the TOU rate structure; however, they must first understand the pricing structure itself and overcome any perceived risks of bill increases under the rates structures due to the inability to reduce or shift load during the on-peak pricing period.

Q. Does the Company's proposal address the need for customer understanding of the rates being offered and to mitigate the customers' perceived risk of higher bills under the TOU rate?

A. Yes. To increase customer understanding of these new pricing programs, the Company proposes a customer education program to communicate the availability of the new rate structure and its features and benefits to customers. In order to alleviate any perceived risks of bill increases, Empire has included a first year, "best-bill guarantee" within its proposed RGT and CBT rates.

Q. Please provide an overview of the proposed customer education program.

A. The customer education program consists of two parts. The first is geared toward providing our customers with general information regarding the benefits of a time-of-use rate structure and how their choices on the program will impact their electric bill. The TOU Subscription Program is focused on the recruitment and enrollment of the customers into the TOU program. Company witness Tisha Sanderson describes the TOU education program in her testimony.

Q. How would the best-bill guarantee work for customers that opt into the TOU rates?

A. The best-bill guarantee promises that if, after 12-months of receiving service on the TOU rate, the customer has paid more under the TOU rate than they would have under the standard tariff rate, the Company will calculate the difference and refund that amount to the customer in the form of a bill credit. Following the customer's first year on the TOU rate, the customer may switch back to the standard rate or remain on the TOU rate without the benefit of the best-bill guarantee.

Q. Will these rate schedules be made available to all customers in their respective classes?

A. Not initially. Due to limitations on the availability of AMI metering and the need to understand the impact of these rates on both the customers and the Company, Empire is proposing to limit the availability of the proposed rates during the first year. In the case of the residential and small commercial programs, the Company is proposing to limit availability to no more than 500 residential and no more than 200 commercial customers in the Joplin and Webb City districts of our service territory. After the first year, the Company will determine if the program should be expanded incrementally or possibly made available to all residential and small commercial customers.

For the LPT rate, the Company is proposing to limit the rate to no more than 3 current LP customers that have a maximum demand of 5 MW or greater during the previous 12-month period. After the first year, the Company may expand the program incrementally or to make the rate available to any customer taking service on the LP rate schedule.

Q. Has the Company created new rate classes within its class cost of service study to reflect the TOU rates?

A. No. While the Company will include the rate classes within the class cost of service for the TOU classes in a future case, we currently lack the data necessary to accurately assign costs to the TOU classes within the current case. New rate classes would require information, which is currently unavailable, about the customers that will eventually choose to subscribe to the TOU rates and how those customers will modify their usage based on the TOU rates.

Q. How does Empire propose to establish the costs associated with these new rate structures in the absence of established TOU rate classes?

A. The proposed TOU rates were designed based on the underlying embedded costs associated with the respective classes for which the TOU rates are being developed. In other words, the TOU rates are revenue neutral to the standard rate classes. This means that, on average, customers in the class would pay the same for their consumption regardless of the rate they choose. If an average customer switches from the standard rate to the TOU rate and does not modify his usage pattern, his bill for the TOU rate will be the same as if he were billed on the standard rate.

Q. You described that a change in a customer's usage pattern will impact his bill. Does this change also impact the Company's overall revenue relative to the standard base rate revenue?

A. Yes. If a customer shifts consumption from the on-peak period to the off-peak period relative to average consumption, the base rate revenue related to that consumption will be decreased. Similarly, if the customer's consumption shifts from the off-peak period to the on-peak period, the base rate revenue will increase. These changes in revenue include shifts in both the base fuel portion of the customer bill and the non-fuel base rate portion of the customer bill.

Q. Does the Company's proposal address the impact to fuel and non-fuel revenue based on changes in customer behavior?

A. Yes. The proposed rates are designed to be revenue neutral at the class level. This means that, on average, customers in the class would pay the same for their consumption regardless of the rate they choose. However, the goal of the proposed TOU rate structure is to encourage customers to shift load from the peak period to the off-peak period. As customers shift load and become more efficient, revenues are impacted by that change. This includes a change in the fuel revenue as well as a change in the non-fuel revenue collected by the Company.

Q. Is this change in revenue consistent with cost-causation principles?

A. Yes. The change in revenue for the participating customers reflects the changes in the underlying costs resulting from the change in the customers behavior.

Q. How is fuel revenue impacted by a change in the customers consumption pattern?

A. Shifts in consumption from the on-peak period to the off-peak period will reflect the associated change in fuel costs on the customer's bill and the fuel revenue associated with the change in the consumption pattern. Empire's base rates contain a certain amount of fuel costs associated with the kWh consumed by the customer. The standard rate applies the average fuel cost, or base fuel rate, to all kWh regardless of the time the kWh is consumed. The TOU rate differentiates the base fuel rate for kWh consumed in the on-peak period from that consumed in the off-peak period. This differentiation is reflected in the fuel portion of revenue as customer consumption patterns change.

Q. Does the current treatment of fuel in the Company's FAC adequately address the changes in the fuel portion of the revenue?

A. No. The calculation of the Net Base Energy Cost ("NBEC") in the FAC does not accommodate the difference in fuel revenue for TOU customers. Empire is proposing to include a TOU NBEC adjustment to account for these differences. The update to the FAC tariff is described in the Direct Testimony of Empire witness Aaron J. Doll.

Q. How does the change in non-fuel revenue impact the Company's financials?

A. A change in non-fuel revenue due to differences between a TOU customer's consumption and the normal consumption patterns will lead to a change in the revenue associated with the new TOU rates when compared to the standard rates. Similar to the impact in the fuel revenue portion of the bill, as customers shift consumption to the lower priced periods, the revenue will be decreased for each kWh shifted. This will reduce the non-fuel portion of the customers' bills and impact the Company's recovery of its authorized return.

Q. How will this impact be resolved in future rate cases?

A. As more customers opt into the TOU rate schedules and participation stabilizes, the Company will establish corresponding TOU rate classes and appropriately allocate costs and revenues to the new classes. Additionally, as the Company understands the migration of customers from the standard rate schedule to the TOU rate schedule pro forma adjustments can be created to adequately mitigate revenue erosion due to customer migration to the TOU rates. These actions will provide reasonable protection to the Company's opportunity to recover its authorized revenue.

Q. How does the Company propose to address non-fuel revenue impacts due to the introduction of the TOU rates prior to the next rate case?

A. The Company proposes to calculate a non-fuel revenue impact and track the revenue impact through a newly established retail purchased power tracker.

Q. What is retail purchased power?

A. Retail purchased power refers to the costs associated with programs that create a reduction in retail load. Other examples of retail purchased power include revenue reductions associated with successful energy efficiency projects, credits paid for voluntary load reduction programs, and credits paid to net metering customers that install rooftop solar panels.

Q. How will the impact be calculated?

A. The Company will calculate the non-fuel portion of the base rate for each customer's monthly consumption at the standard rate and at the TOU rate and determine the difference in the revenue. These differences will be accumulated in a retail purchased power tracker.

Q. Is Empire requesting Commission approval to establish a tracker for the retail purchased power costs?

A. Yes. As the Company does not have a history regarding the impact on the revenue related to the non-fuel portion of the TOU rate and in order to mitigate the potential impact on the Company's recovery of its authorized revenue, Empire is requesting a tracker for these costs. During Empire's next Missouri rate case, the Company will request the recovery of the balance recorded in the tracker.

Q. Earlier in your testimony, you stated that the proposed TOU rate schedules are the initial steps following AMI implementation that the Company is proposing to modernize its rate structures. Generally, what steps does Empire plan to take in the future to continue its strategy of modernizing its rates?

A. The Company intends to establish TOU rates that would apply to all major non-lighting customer classes. To that end, establishing a TOU rate structure for the General Power ("GP") and Total Electric Building ("TEB") classes will be of utmost importance. Beyond the introduction of TOU rate options to these customers, the Company will be conducting additional research and analyses to guide the continued modernization of its rate structures and pricing options available to customers.

Q. Has the Company agreed to any additional research and analyses of rate structures in previous proceedings?

A. Yes. In the most recent rate case, Case No. ER-2019-0374, the Company agreed to work with parties to explore modification of the rate structures of its rate schedules to subdivide it winter billing months into a peak winter and shoulder month seasons to reflect, at a minimum, the difference in the cost of market energy among current winter months to the extent is consistent with reasonable rate design principles. While this item has not yet been completed by Empire, it will be addressed in conjunction with the overall rate structure modernization being pursued by the Company.

Q. What other items will the Company address in its rate modernization strategy?

A. Empire expects to identify required data and establish an integrated data warehouse and analysis model consisting of its AMI data, marginal and embedded cost data and customer preference data to support its rate modernization efforts. As we better understand our customers' preferences and can identify the appropriate offerings to meet their needs, the data from our AMI system coupled with the underlying cost information and customer specific consumption information will enable the design of new options that will be reviewed with the key stakeholders and potentially become new rate options available to customers. While not all opportunities have been identified, the Company expects that additional TOU options with dynamic pricing components, price security options, and special end-use rates such as EV charging or renewable offerings will be assessed for introduction in future proceedings.

IV. RENEWABLE ENERGY PURCHASE SCHEDULE

Q. Is Empire proposing to incorporate a schedule for the purchase of RECs by its non-residential customers?

A. Yes. The Company is proposing the Renewable Energy Purchase ("REP") schedule, a new schedule that will allow non-residential customers to purchase RECs to offset the carbon emissions of up to 100% of their electricity purchases from Empire.

Q. Has the REC purchase schedule been the subject of a prior Commission case?

A. Yes. The Company agreed in the Non-Unanimous Stipulation and Agreement in Case No. EA-2019-0010 to allow non-residential customers to purchase a portion of RECs received from the wind project. The Commission subsequently found in its Report and Order in that case (p. 47) that "formalizing the process for the sale of RECs from the Wind Projects to non-residential customers is a reasonable and necessary condition to the granting of the certificates."

Q. How does the sale of RECs benefit Empire's customers?

A. The availability of RECs for purchase will allow Empire's commercial and industrial customers to reduce the environmental footprint associated with their electricity purchases from the Company while simultaneously providing a direct reduction to the cost of the wind projects to Empire's Missouri customers.

Q. How is the price for the REC Purchase Schedule determined?

A. The price for REC sales will reflect the average weighted price for the Company's REC sales for the previous calendar year. This price will approximate the value of the RECs associated with the Company's wind resources for our customers and ensure that the value they receive for the RECs are commensurate with market conditions. The initial price of RECs will reflect the sale of RECs for the 12-months ending December 31, 2021. Subsequent REC price updates will be published by February 1st based on the previous calendar year REC sales and shall become effective with the first billing cycle in March. Additionally, in order to respond to changes in market conditions, if the value of RECs changes by more than five percent during any quarterly period the price will be updated to reflect the updated value.

Q. How will the proceeds from the REP schedule be treated?

A. Proceeds from the sale of RECs, net of any transaction costs, will be credited to customers through the Company's fuel adjustment clause rider as REC revenue. This treatment is consistent with the treatment of other REC sales, as discussed by witness Doll.

Q. Are there limits to the RECs that any individual customer can purchase?

A. A customer can purchase RECs to offset the emissions of up to 100 percent of electricity purchases in increments of 25 percent.

Q. How will the RECs purchased by customers be treated?

A. The Company will retire all RECs purchased under this schedule on behalf of each participating customer.

V. OTHER TARIFF CHANGES

Q. Are you proposing other changes to the Company's tariff sheets?

A. Yes. I am proposing two additional changes to the tariff. Empire is replacing the Special Transmission Service Contract: Praxair Schedule SC-P and Special Transmission Service Schedule ST with a new Transmission Service Schedule TS. Also, the Company is proposing to close the Optional Time of Use Adjustment Rider OTOU.

Q. Why is the Company proposing to replace Schedules SC-P and ST with Schedule TS?

A. The Company is proposing this change to reflect the nature of the service as transmission service and to eliminate the reference to the customer's former name.

Q. Is the Company's proposal to close Rider OTOU related to the proposed TOU rates?

A. Yes. Rider OTOU is no longer needed since the Company is introducing new TOU rate options for customers.

VI. CONCLUSION

Q. Does this conclude your Direct Testimony?

A. Yes.

VERIFICATION

I, Gregory W. Tillman, under penalty of perjury, on this 28th day of May, 2021, declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Gregory W. Tillman