

Exhibit No.:
Issue(s): *Customer Service*
Estimated Bills
Witness: *Gary Bangert*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
Case No.: *ER-2019-0374*
Date Testimony Prepared: *March 27, 2020*

MISSOURI PUBLIC SERVICE COMMISSION
FINANCIAL AND BUSINESS ANALYSIS DIVISION
CUSTOMER EXPERIENCE DEPARTMENT

SURREBUTTAL TESTIMONY

OF

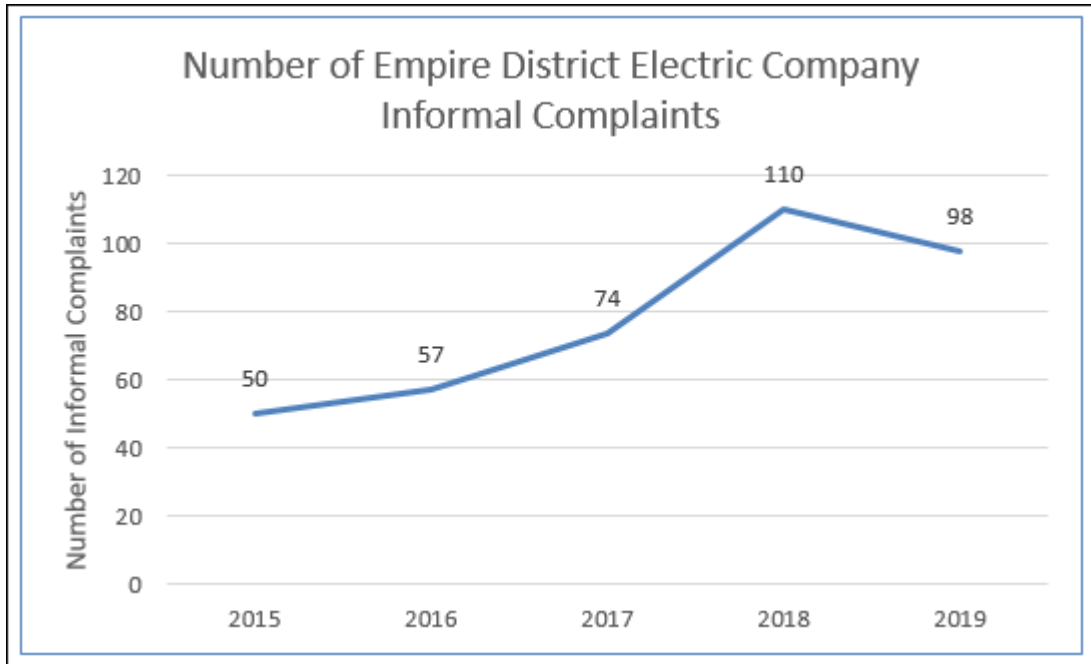
GARY BANGERT

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2019-0374

Jefferson City, Missouri
March 2020

1 contacts related, at least in part, to estimated bills. The number of informal complaints has
2 increased since 2015, as shown in the following chart:



5 The Commission’s Consumer Services Department has received 23 informal complaints so far
6 this year, as of March 11, 2020. Many of the informal complaints involving Empire received
7 since 2018 have been related to estimated bills or high bills.

8 Dissatisfaction with estimated bills was also the predominant topic of customer
9 testimony provided at the February 2020 local public hearings for this proceeding in Bolivar,
10 Joplin, and Branson. The Company’s response to Staff’s Data Request (“DR”) No. 0255
11 substantiated the large volume of estimated bills. The following table, from DR No. 0255,
12 provides the number of estimated bills, on a monthly basis, from January 2017 to
13 February 2020:

1

Number of Estimated Bills at Empire District Electric Company				
	2017	2018	2019	2020
January	742	5594	1730	5668
February	362	10639	663	1179
March	232	19393	1114	
April	521	14469	682	
May	545	20874	1011	
June	354	17894	997	
July	1866	17982	2864	
August	637	14388	5557	
September	1001	6309	9681	
October	509	15534	19306	
November	2769	9810	15593	
December	11517	9644	25578	

2

3 Q. Does the information presented in the preceding table support an observation
4 that there were periods with significant numbers of estimated bills?

5 A. Based on Staff's calculations, a monthly average of approximately 677 bills
6 were estimated from January to October 2017. From November 2017 to December 2018 a
7 monthly average of 12,630 bills were estimated – representing about a 1,866% increase in
8 estimated bills.

9 Q. What other findings are supported by the table?

10 A. It appears that the number of estimated bills returned to more normal levels from
11 January to June 2019, but then dramatically increased again from July to December 2019 to an
12 average of about 13,097 estimated bills per month. The number of estimated bills decreased
13 to 5,668 in January 2020 and 1,179 bills in February 2020.

14 Q. Is Empire allowed to produce bills based on estimated meter readings?

15 A. Yes. Commission rules permit utilities to render bills based on estimated usage
16 for specific reasons. These reasons include extreme weather conditions, emergencies,

1 labor agreements, or work stoppages¹ and “[w]hen the utility is unable to obtain a meter reading
2 for reasons beyond the utility’s reasonable control.”²

3 Q. Did Staff observe controllable factors that contributed to the Company’s
4 inability to obtain actual meter readings during months when the number of estimated bills were
5 above normal?

6 A. Yes. Staff noted that actual meter reader staffing was not maintained at
7 authorized staffing levels during the times when the Company was frequently estimating meter
8 readings. The Company’s response to Staff’s DR Nos. 0256 and 0257 provides authorized
9 meter reader staffing levels, Company staffing levels, and contract meter reader staffing levels
10 from January 2017 to February 2020. The following table illustrates the authorized meter
11 reader staffing level versus actual Company meter reading and contract meter reader staffing
12 from January 2017 to February 2020:

13

Number of Meter Readers at Empire District Electric Company (2017 - 2020 Authorized Staffing Level - 25)								
	2017		2018		2019		2020	
	Company	Contract	Company	Contract	Company	Contract	Company	Contract
January	23	0	21	0	21	4	17	8
February	22.5	0	20.5	0	21	4	17	10
March	22	0	19.5	0	21	4		
April	22.5	0	19	0	20	4		
May	23.5	0	20	0	20	4		
June	23.5	0	20	0	20	4		
July	24	0	21	0	20	4		
August	25	0	21	1	19	4		
September	24	0	21	1	18	4		
October	24	0	21	1	18	5		
November	23	0	21	4	18	8		
December	22	0	20.5	4	19.5	8		

14

¹ Service and Billing Practices 20 CSR 4240-13.020(2)(A)2.

² Service and Billing Practices 20 CSR 4240-13.020(2)(A)3.

1 Q. What findings are supported by the meter reader information provided by
2 the Company?

3 A. The authorized meter reader staffing level has been 25 since January 2017.
4 Based on Staff's calculations, the Company and contract meter reader staffing level was on
5 average ~~23.4~~21.5 per month between November 2017 and December 2018 when the number of
6 estimated bills was significantly elevated. The Company did not initiate the use of contract
7 meter readers until August 2018. The number of estimated bills returned to more normal levels
8 from January to June 2019 when the Company maintained a meter reader staffing level of
9 24 or 25. The number of estimated bills increased substantially from July to December 2019
10 when the number of meter readers was as low as 22. By February 2020 the number of estimated
11 bills was approaching normal levels and there were 27 meter readers.

12 Q. Did Staff develop any conclusions from this meter reader staffing data?

13 A. Yes. The Company's efforts to maintain meter reader staffing levels at or above
14 authorized levels appears to have a direct bearing on the number of estimated meter readings.
15 In Staff's opinion, maintaining adequate meter reader staffing levels is a controllable factor that
16 is essential for minimizing the number of estimated bills.

17 Q. Is Staff aware of any potential rule violations related to the estimated bills
18 produced by Empire?

19 A. Yes. Staff has identified potential rule violations.

20 Q. Was Staff able to identify the number of customers affected by these
21 rule violations?

22 A. No. At this time, Staff cannot identify the number of customers impacted by
23 rule violations, because Staff only became aware of the severity of these problems at the

1 February local public hearings. While limited time did not permit quantification of the
2 customer impact, in Staff's opinion, even one customer rule violation is unacceptable. I will
3 list each potential violation and include examples illustrating actual customer experiences:

- 4 • Based on customer feedback, the Company does not consistently include a clear
5 notation on customers' bills when they are based on estimated usage.
6 Commission rules state that "[a] utility shall clearly and conspicuously note on
7 the bill that it is based on estimated usage; ..." ³ Customers at the local public
8 hearings testified that estimated bills did not always include a notation that the
9 bill was based on estimated usage.
- 10 • The Company does not communicate specific required information to all
11 customers that receive estimated bills for three consecutive billing periods.
12 Commission rules state: "If a utility is unable to obtain an actual meter reading
13 for three (3) consecutive billing periods, the utility shall advise the customer by
14 first class mail or personal delivery that the bills being rendered are estimated,
15 that estimation may not reflect the actual usage, and the customer may read and
16 report their electric, gas, sewer, or water usage to the utility on a regular basis."⁴
17 Customers testified at local public hearings that they received at least three
18 consecutive estimated bills and did not receive correspondence from the
19 Company advising them of the estimated readings and giving them the option to
20 self-report electric usage. Customers stated they did not discover how often their
21 bill was estimated or actions they could take until they called the Company's
22 contact center to question the accuracy of their bills. The Commission's
23 Consumer Services Department informed Staff that while investigating an
24 informal complaint from a customer who received three estimated bills,⁵ the
25 Company provided a draft letter that could be sent to customers with three
26 consecutive estimated bills, but the Company could not provide a copy of the
27 actual letter sent to this customer.

³ Service and Billing Practices 20 CSR 4240-13.020(2)(C)5.

⁴ Service and Billing Practices 20 CSR 4240-13.020(3).

⁵ Informal Complaint # C202001241.

- 1 • Customers are not consistently offered an appropriate amount of time to pay
2 account balances resulting from underestimated usage. Commission rules state:
3 “In the event of an undercharge, the utility shall offer the customer the option to
4 pay the adjusted bill over a period at least double the period covered by the
5 adjusted bill.”⁶ For example, if a customer’s usage was underestimated for two
6 consecutive months, they should be offered four months to pay off the additional
7 amount due on the adjusted bill. The Commission’s Consumer Services
8 Department noted that an Empire customer filed an informal complaint stating
9 they received an adjusted bill covering two consecutive months of
10 underestimated usage, and they were expected to pay the account balance within
11 one month.⁷

12 Q. Is Staff aware of any other potential rule violations related to Empire’s
13 billing practices?

14 A. Yes. Staff was informed by the Commission’s Consumer Services Department
15 that the Company had exceeded the maximum allowable number of days in a billing period.
16 Commission rules state: “Billing period means a normal usage period of not less than twenty-six
17 (26) nor more than thirty-five (35) days for a monthly billed customer ... except for initial,
18 corrected, or final bills;”⁸ Staff discovered during an informal complaint investigation that a
19 customer was billed for 37 days and that 288 customers received a bill for more than 35 days
20 in this same billing cycle.⁹ Staff also analyzed an informal complaint from a different billing
21 period where a customer received an estimated bill covering a billing period of 37 days.¹⁰

⁶ Service and Billing Practices 20 CSR 4240-13.025(1)(C).

⁷ Informal Complaint # C202001284.

⁸ Service and Billing Practices 20 CSR 4240-13.015(1)(C).

⁹ Informal Complaint # C202001135.

¹⁰ Informal Complaint # C202001248.

1 Consequently, it appears that billing periods longer than the maximum period may occur in
2 more than a few isolated situations.

3 Q. Does Staff have any recommendations for Empire related to estimated billing
4 practices or rule violations described in the previous discussion?

5 A. Yes. Staff's recommendations include the following:

- 6 1) Incorporate data into its monthly reports to Commission Staff regarding
7 the number of estimated meter readings, the number of estimated meter
8 readings exceeding three consecutive estimates, the number of bills with a
9 billing period outside of 26 to 35 days, and the Company and contract meter
10 reader staffing levels.
- 11 2) Evaluate the authorized meter reader staffing level and take action to maintain
12 adequate meter reader staffing levels in order to minimize the number of
13 estimated bills.
- 14 3) Initiate action to more clearly communicate on customer's bills when they are
15 based on estimated usage.
- 16 4) Ensure that all customers who receive estimated bills for three consecutive
17 months receive the required communication regarding estimated bills and their
18 option to report usage.
- 19 5) Ensure that all customers who receive an adjusted bill due to underestimated
20 usage are offered the required amount of time to pay the amount due on past
21 actual usage.
- 22 6) Evaluate meter reading practices and take action to ensure that billing periods
23 stay within the required 26 to 35 days, unless permitted by exceptions listed in
24 the Commission's rules.

25 Q. Does Staff have any additional recommendations for the Commission?

1 A. Yes. Staff recommends that the Commission require Empire to file notice within
2 this case by September 1, 2020, containing an explanation of the actions it has taken to
3 implement the above recommendations.

4 Q. Will Staff continue to monitor Empire's actions regarding estimated billing from
5 this point forward?

6 A. Yes. Staff will continue to monitor Empire's estimated bill numbers and their
7 actions in this area while this rate case is pending and afterwards. If necessary, Staff may
8 proceed in another case to bring this matter to the Commission for appropriate action.

9 Q. Does this conclude your surrebuttal testimony?

10 A. Yes, it does.

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) Case No. ER-2019-0374
Tariffs Increasing Rates for Electric Service)
Provided to Customers in its Missouri)
Service Area)

AFFIDAVIT OF GARY BANGERT

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW GARY BANGERT and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing Surrebuttal Testimony; and that the same is true and correct according to their best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

/s/ Gary Bangert
_____)
GARY BANGERT

**Correction to Bangert Surrebuttal Testimony
in Case No. ER-2019-0374
April 6, 2020**

- Correction on page 5, line 5
 - The average number of Company and contract meter readers per month should be **21.5** and **not** 23.4 between November 2017 and December 2018.