

Exhibit No.
Issues: Customer Service Operations,
Extension Tariff
Witness: Brent A. Baker
Type of Exhibit: Direct Testimony
Sponsoring Party: Empire District Electric Co.
Case No. ER-2014-0351
Date Testimony Prepared: August 2014

**Before the Public Service Commission
of the State of Missouri**

**Direct Testimony
of
Brent A. Baker**

August 2014



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OF
BRENT A. BAKER
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2014-0351

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1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Brent A. Baker, and my business address is 602 Joplin Avenue, Joplin, Missouri.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am presently employed by The Empire District Electric Company (“Empire” or “Company”) as Director
6 of Customer Service. I have held this position since April 2011.

7 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL**
8 **EXPERIENCE.**

9 A. I graduated from Missouri University of Science and Technology (formerly, University of Missouri –
10 Rolla) in 2002 with a Bachelor of Science degree in Civil Engineering. I began my employment with
11 Empire in May 2002. I have held the position of Structural Engineer in Line Engineering. I also held the
12 position of Manager of Distribution Design prior to assuming my present position.

13 **PURPOSE**

14 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING BEFORE**
15 **THE MISSOURI PUBLIC SERVICE COMMISSION (“COMMISSION”)?**

16 A. I will discuss the reorganization of Empire’s customer service department, recent technology
17 improvements, and necessary changes to Empire’s line extension policy.

18 **CUSTOMER SERVICE DEPT. REORGANIZATION AND TECHNOLOGY IMPROVEMENTS**

19 **Q. PLEASE DESCRIBE THE REORGANIZATION OF EMPIRE’S CUSTOMER SERVICE**
20 **DEPARTMENT AND THE RECENT TECHNOLOGY IMPROVEMENTS.**

21 A. For the last three years, Empire has been making many improvements to customer service. To better meet
22 the needs of the communities and customers served by Empire, Empire has implemented technology
23 improvements and reorganized its customer service department. A VoIP phone system was implemented to

1 improve response time at our contact center. Through VoIP, we have a more robust phone system, as well
2 as an improved IVR (Interactive Voice Response), allowing us the capability to expand the number of
3 agents taking calls in times of high call volume, such as a storm. As part of the reorganization of the
4 customer service department, a group was created to focus on economic, business, and community
5 development. This new group reviewed Empire's limitations in terms of economic growth and
6 development.

7 **Q. PLEASE DESCRIBE THE FINDINGS OF EMPIRE'S CUSTOMER SERVICE DEPARTMENT.**

8 **A.** An economic development rider was implemented in Empire's last general rate case, Commission Case No.
9 ER-2012-0345. This rider has served as a tool in aiding customer growth. Empire, however, identified
10 additional areas in need of improvement. Our review found that neighboring electric cooperatives and
11 municipalities are able to be more flexible when serving new customers. For example, City Utilities offers
12 a feasibility analysis with a 10 year payback period, and various cooperatives and municipalities are able to
13 include underground costs in the feasibility analysis or revenue test. Empire has determined that it needs to
14 make certain changes in order to compete for new customers and be on a more level playing field with
15 cooperatives and municipal utilities in Empire's service territories.

16 **LINE EXTENSION POLICY**

17 **Q. PLEASE DESCRIBE THE PROPOSED CHANGES TO EMPIRE'S LINE EXTENSION POLICY.**

18 **A.** Our current tariffs include some information that is no longer relevant or reflective of customer
19 preferences. One example is where we reference "Rural Customers". "Rural Customers" is defined in our
20 tariff, but Empire currently treats "rural customers" and "urban customers" the same. For example, Empire
21 currently installs meter poles for any customer who requests this installation, but our current tariff specifies
22 a "central service pole" for "rural customers." We are requesting the designation or specification of "rural
23 customers" be eliminated. Empire is also proposing changes to its revenue test for line extensions to non-
24 residential customers. Empire proposes to expand the current one year revenue test to a three year revenue
25 test and proposes to include underground facility costs in the costs allowed to be covered by revenue. We
26 believe these changes will be appreciated and utilized by our customers.

27 Lastly, Empire has reorganized its line extension specification tariff sheets to make them easier to navigate.

28 **Q. WHY ARE THE CHANGES TO EMPIRE'S LINE EXTENSION POLICY NECESSARY?**

1 A. Some of our current policies impede expansion by our current customers and even cause some potential
2 customers to locate elsewhere. The proposed line extension changes will enable Empire to better compete
3 with neighboring electric cooperatives and municipal utilities. Changing the revenue test from one year to
4 three years will reduce startup costs for small businesses, making it more attractive to move to or expand in
5 the state of Missouri and within Empire's service territories. In addition, the changes will allow Empire to
6 operate more efficiently and, over the long-term, will during most situations improve reliability of service
7 to our customers as more underground facilities are installed.

8 **Q. DOES THE MOVEMENT TOWARD MORE UNDERGROUND FACILITIES IMPROVE**
9 **RELIABILITY AND CUSTOMER SERVICE?**

10 A. Yes. In many cases, the move to underground is cost effective, more reliable and found to be more
11 aesthetically pleasing by many of our customers. The cost difference between overhead and underground
12 services continues to shrink, as code requirements for overhead require increasingly larger and more
13 expensive materials. The proposed changes to the non-residential line extension policy will better facilitate
14 underground service and result in increased reliability during most situations. In addition, the proposed
15 policy will provide additional consistency for all customers regardless of where they are located. For
16 example, new subdivision electric installations for those whose lots are no larger than 0.5 acres are required
17 to be installed underground. (4 CSR 240-23.010 (10)) The changes we propose are consistent with the
18 spirit of this rule and will benefit more.

19 **Q. HOW WILL THE REVISED LINE EXTENSION POLICY INCREASE EMPIRE'S OPERATING**
20 **EFFICIENCY?**

21 A. The proposed changes will eliminate additional extension cost comparisons allowing quicker response time
22 to potential customers and reducing system design man-hours.

23 **Q. WILL THESE CHANGES HAVE AN IMPACT ON CURRENT CUSTOMERS?**

24 A. Yes. Empire incurs a certain amount of fixed costs in order to provide safe and reliable service to its
25 customers. As the overall number of customers increases, the amount of fixed costs to be recovered from
26 each customer decreases.

27 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

28 A. Yes.

AFFIDAVIT OF BRENT A BAKER

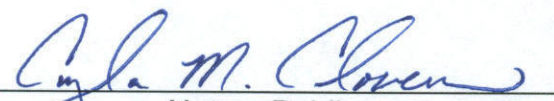
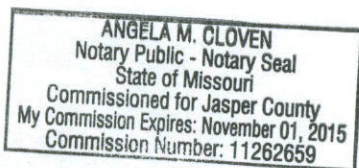
STATE OF MISSOURI)
) ss
COUNTY OF JASPER)

On the 26th day of August, 2014, before me appeared Brent A. Baker, to me personally known, who, being by me first duly sworn, states that he is the Director of Customer Service of The Empire District Electric Company and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.



Brent A. Baker

Subscribed and sworn to before me this 26th day of August, 2014.



Notary Public

My commission expires: 11/01/2015