

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

In the Matter of the Application of The)
Empire District Electric Company d/b/a)
Liberty for an Order Granting Billing)
Variances Related to the Company's)
Implementation of Customer First)

File No. EE-2024-0232

STAFF RECOMMENDATION

COMES NOW Staff of the Missouri Public Service Commission and submits the accompanying Staff Recommendation Memorandum, and in support thereof states as follows:

1. On February 13, 2024, The Empire District Electric Company d/b/a Liberty (“Empire,” or “Company”) filed with the Missouri Public Service Commission (“Commission”) an *Application for Temporary Variances, Request for Waivers, and Motion for Expedited Treatment* (“Application”)¹. In its filing, Empire requested temporary billing variances from Commission Rules 20 CSR 4240-13.015(1)(C) and 20 CSR 4240-13.020(6), as well as a waiver from the prefiling notice requirement of 20 CSR 4240-4.017(1), the newspaper requirement of 20 CSR 4240-13.065(2), and for the Commission to issue its order on an expedited basis. Empire plans to implement its Customer First Program in April 2024 for electric customers. To maintain its implementation timeline, Empire requested an order approving the variances effective prior to April 8, 2024.

2. On February 14, 2024, the Commission ordered Staff to file a recommendation or a status report by February 29, 2024, and on February 27, 2024,

¹ Additionally, on March 5, 2024, Empire filed a Supplement to its Application to address good cause for its requested waiver of the prefiling notice requirement of 20 CSR 4240-4.017(1).

Staff filed a status report indicating its intent to file its recommendation by March 8, 2024. On March 5, 2024, the Commission issued an order directing Staff to “file a Recommendation or status report no later than March 8, 2024. ”Staff’s Recommendation, in Memorandum form, accompanies this pleading.

3. Based upon the representations of Empire and based upon Staff’s investigation and analysis of the Application, Staff recommends that the Commission grant Empire’s Application, including its request for a temporary variance from Commission Rules 20 CSR 4240-13.015(1)(C) and 20 CSR 4240-13.020(6), with the following conditions as in recent Customer First variance cases:

1. In its next general rate case, Empire will provide each tariffed rate class billing determinants (customer usage, number of bill and number of customers) by month, cycle with cycle dates that were utilized for billing purposes, and season to Staff in the following format: raw billing determinants, any and all adjustments separately (for proration, season, or any other reason) that were made to raw billing determinants, and the ending billing determinants. The ending monthly billing determinants should be the billing determinants Empire utilizes to conduct its revenue requirement analysis in its general rate case.
2. Empire’s tariff sheet P.S.C. MO. No. 6, Sec. 5, Original Sheet No. 27 allows for the Company to collect a \$20 charge for “each bad check or any type of electronic payment rendered to Company as payment of a bill,” which Staff believes may apply to failed auto pay withdrawals due to insufficient funds. Staff recommends that the Company consider waiving this fee for auto pay withdrawals for a period of 90 days after the transition.
3. Empire should waive late fees for at least ninety (90) days.
4. The Company should hold customers who autopay their bills who incur overdraft fees imposed by financial institutions and over-the-limit fees imposed by credit card companies that they would not have incurred but for Empire changing when it charges for electric service harmless from those fees.

5. The Company shall file an update in this docket on its Customer First transition ninety (90) days after the transition occurs. That update shall include the following information:
 - 1) A detailed description of all technical and customer service issues encountered during the transition, including what the issue was, how the issue occurred, the time period during which the issue persisted, and the resolution if applicable.
 - 2) The number of customers who received a bill for a usage period of less than twenty-six (26) or more than thirty-five (35) days for a monthly billed customer, and the reason(s) why this occurred. This should be broken down by month for each month following the transition.
 - 3) The number of customers whose bills were delayed following the transition and the reason for the delayed bill. This should be broken down by month for each month following the transition.
 - 4) Start times, end times, and duration of the following outages/closures/downtimes as part of the Customer First transition: the data processing blackout, Liberty's walk-in and drive-thru office closures, the My Account downtime, and Kubra unavailability. Any unplanned or unexpected outages/closures/downtimes should be notated as such. The Company should also list all other outages/closures/downtimes that were not included in this list but related to the Customer First transition.

WHEREFORE Staff respectfully submits this Staff Recommendation and accompanying Staff Recommendation Memorandum and recommends that the Commission, on an expedited basis, grant Empire's Application with the conditions set forth herein and in the accompanying memorandum, and make such further orders as the Commission deems proper.

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil

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Attorney for the Staff of the
Missouri Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record as reflected on the certified service list maintained by the Commission in its Electronic Filing Information System this 8th day of March 2024.

/s/ Jeffrey A. Keevil

MEMORANDUM

TO: Missouri Public Service Commission
Official Case File, Case No. EE-2024-0232
The Empire District Electric Company d/b/a Liberty

FROM: Charles Tyrone Thomason - Senior Research/Data Analyst, Customer Experience
Lovena Jahr - Research/Data Analyst, Customer Experience

/s/ Contessa King 03/08/2024
Customer Experience Dept. / Date

SUBJECT: Staff Recommendation Regarding Empire’s Application for Temporary Variances and Request for Waivers

DATE: March 8, 2024

OVERVIEW

On February 13, 2024, The Empire District Electric Company d/b/a Liberty (“Empire,” or “Company”) filed with the Missouri Public Service Commission (“Commission”) an Application for Temporary Variances, Request for Waivers, and Motion for Expedited Treatment. In its filing, Empire requested temporary billing variances from Commission Rules 20 CSR 4240-13.015(1)(C) and 20 CSR 4240-13.020(6), as well as a variance from the prefiling notice requirement of 20 CSR 4240-4.017(1), the newspaper requirement of 20 CSR 4240-13.065(2), and for the Commission to issue its order on an expedited basis. Empire plans to implement its Customer First Program in April 2024 for electric customers. To maintain its implementation timeline, Empire requested an order approving the variance effective prior to April 8, 2024.

On February 14, 2024, the Commission ordered Staff to file a recommendation or a status report by February 29, 2024. Staff filed a status report on February 27, 2024, indicating its intent to file its recommendation by March 8, 2024.

Based upon its investigation and analysis of the variance request, Staff recommends that the Commission approve Empire’s request for a temporary variance from Commission Rules 20 CSR 4240-13.015(1)(C) and 20 CSR 4240-13.020(6) with the same conditions under which the Commission approved Liberty’s¹ variance requests in Case Nos. GE-2024-0201, WE-2024-0202 and SE-2024-0203.²

¹ For the purposes of this recommendation, “Liberty” refers to the parent company of Empire District Gas Company, Empire District Electric Company, Liberty (Missouri Water), and Midstates Natural Gas Company.

² *Order Granting Variances*, February 29, 2024, Case Nos. GE-2024-0201, SE-2024-0203 and WE-2024-0202.

THE APPLICATION

According to Empire, it intends to implement a new technology platform known as Customer First in April 2024. Customer First includes a new billing system called SAP, which will replace Empire's current system Customer Watch. The Customer First program includes technology investments, system upgrades, infrastructure improvements, and changes to business processes related to customer information, finance and accounting, network operations, procurement, accounts payable, employee time, and payroll services.

Unlike Liberty's other Customer First implementations, there is no meter read transition plan for Empire. According to Empire, "Currently, EDE does not have delayed billing scenarios, where the meter reading is well before the expected billing date. As such, EDE does not need a meter reading and transition plan similar to the one provided in Case No. GE-2024-0046."³ The implementation of Customer First does not contemplate deviation from the requirements of Commission Rules 20 CSR 4240-13.015(1)(C) and 20 CSR 4240-13.020(6). However, in the event of any unexpected conversion issues, there might be some bills that would have meter reading service periods outside of the 26-35 day monthly billing period. Due to service period being calculated differently in the legacy Customer Watch system versus SAP, the service period date range will be one day more than the actual meter reading date range on the first bill. For example, a bill between April 1 – May 5 would be for 35 days. However, the service period will appear as 36 days. Therefore, out of an abundance of caution, Empire is requesting temporary variances from Commission Rules 20 CSR 4240-13.015(1)(C) and 20 CSR 4240-13.020(6) for two months, likely April and May 2024. Commission Rule 20 CSR 4240-13.015(1)(C) defines a "billing period" as "a normal usage period of not less than twenty-six (26) nor more than thirty-five (35) days for a monthly billed customer." Commission Rule 20 CSR 4240-13.020(6) states:

A utility may bill its customers on a cyclical basis if the individual customer receives each billing on or about the same day of each billing period. If a utility changes a meter reading route or schedule which results in a change of nine (9) days or more of a billing cycle, notice shall be given to the affected customer at least fifteen (15) days prior to the date the customer receives a bill based on the new cycle.

In August 2023, Liberty requested the same variances for its Midstates Natural Gas ("MNG") subsidiary in Case No. GE-2024-0046. That case also pertained to Liberty's transition to Customer First, and was similar in substance to the present case. The Commission granted the variances with the following conditions:

³ Company response to Staff Data Request Nos. 0002 and 0004. However, Staff noted that the Company states on page 2 of its Application: "A grant of the requested variances will benefit customers and avoid harm to Liberty, as the ability to vary meter reading and billing schedules will allow for the implementation of Customer First." EDE is the Company's abbreviation for Empire District Electric Company.

A. In its next general rate case, Liberty will provide each tariffed rate class billing determinants (customer usage, number of bill and number of customers) by month, cycle with cycle dates that were utilized for billing purposes, and season (for the residential firm service, provide the first 30 Ccf and over 30 Ccf) to Staff in the following format: raw billing determinants, any and all adjustments separately (for proration, season, or any other reason) that were made to raw billing determinants, and the ending billing determinants. The ending monthly billing determinants should be the billing determinants Liberty utilizes to conduct its revenue requirement analysis in its general rate case.

B. Liberty's tariff sheet P.S.C. MO. No. 2, 1st Revised Sheet No. 20 allows for the Company to collect a \$15 charge for a "Check tendered to the Company which is dishonored for reasons other than bank error," which Staff believes could apply to failed auto pay withdrawals due to insufficient funds. The Company shall waive this fee for failed auto pay withdrawals for a period of 90 days after the transition.

C. Liberty shall waive late fees for an additional thirty (30) days. A 90-day period will allow for one new normal billing cycle to take place after the transition, allowing Liberty to verify that any issues with the transition have been resolved.

In addition, the Commission ordered the Company to update its website to reflect the mailed letters and to hold harmless autopay customers who incur overdraft and over-the-limit fees by financial institutions and credit card companies as a result of the billing transition.

In December 2023, Liberty also requested similar variances for its Empire District Gas Company and Missouri Water subsidiaries regarding the implementation of Customer First.⁴ The Commission granted the variances with the same conditions, absent the website changes, along with one additional condition:

D. The Company shall file an update in this docket on its Customer First transition ninety (90) days after the transition occurs. That update shall include the following information:

i. A detailed description of all technical and customer service issues encountered during the transition, including what the issue was, how the issue occurred, the time period during which the issue persisted, and the resolution if applicable.

ii. The number of customers who received a bill for a usage period of less than twenty-six (26) or more than thirty-five (35) days for a monthly billed customer, and the reason(s) why this occurred. This should be broken down by month for each month following the transition.

iii. The number of customers whose bills were delayed following the transition and the reason for the delayed bill. This should be broken down by month for each month following the transition.

⁴ In Case Nos. GE-2024-0201, WE-2024-0202 and SE-2024-0203.

iv. Start times, end times, and duration of the following outages/closures/downtimes as part of the Customer First transition: the data processing blackout, Liberty's walk-in and drive-thru office closure, the My Account downtime, the IVR downtime, and Kubra unavailability. Any unplanned or unexpected outages/closures/downtimes should be notated as such. The Company should also list all other outages/closures/downtimes that were not included in this list but related to the Customer First transition.

In the present case, as with the prior cases, the Company has requested a waiver from the newspaper requirement of 20 CSR 4240-13.065(2), which states:

A utility filing an application for a variance with the commission shall mail, contemporaneously with the filing, copies of the application by first class mail to the newspaper with the largest circulation in each county within the utility's service area affected by the variance, the public counsel and each party in the utility's most recent rate case who represented residential customers.

The Company also requested that the Commission issue its order on an expedited basis, on the grounds that "Liberty filed this Application as soon as possible after learning of the possible need for the variances."

CUSTOMER IMPACT

Staff submitted several data requests ("DR" or "DRs") to Empire to obtain further information regarding the current case and to inquire about any anticipated customer service unavailability.

Empire has implemented what it refers to as a "robust customer outreach plan" to inform its customers of the implementation of Customer First and the anticipated effects. It has added a landing page to its website highlighting changes the customer will see, along with a home page website alert with a link to the landing page.⁵ Additionally, January bills were mailed with a bill insert providing information about the other changes that customers will experience as a result of the Customer First implementation, including a new account number and a new bill appearance. Empire will also include information about the implementation of Customer First in its monthly-emailed customer newsletters for March, and intends to send a letter by mail to every affected customer the week of the transition. Empire will also communicate in advance of the transition with its larger, non-residential customers and send an email to its ACH (Automated Clearing House) customers who may be impacted by billing delays.⁶

Staff inquired about, and Empire provided, the blackouts and closures anticipated as part of its Customer First implementation.⁷ Similar to the Empire District Gas Company and Missouri Water

⁵ The dedicated landing page can be seen here: [New Customer Experience - Residential - Central - Liberty \(libertyutilities.com\)](http://libertyutilities.com)

⁶ Company response to Staff Data Request No. 0001. Staff has reviewed the website, bill insert, a draft of the mailed letter, and flyer.

⁷ Company response to Staff Data Request No. 0006.

implementations, there will be a data processing blackout affecting payments and service orders starting the final week of March 2024. No payments will be entered into the legacy Customer Watch system starting on March 29, 2024, no service turn off orders will be completed in Customer Watch after March 27, 2024, and no service turn on orders will be completed in Customer Watch after April 2, 2024. After these dates, any such events will be recorded by hand and entered into SAP after the conversion. Customer Watch will be unavailable for 1-3 hours on April 3, 2024, but will otherwise be available as a read-only resource for CSRs (Customer Service Representatives).

Empire plans to close its walk-in offices in Branson, Joplin, Neosho, and Ozark to walk-in and drive-thru traffic from April 8-19, 2024. Empire has tentative plans for the temporary unavailability of other services as well. My Account, which is the online portal through which Empire's customers are able to access their accounts, will not allow any payments or changes to be made from March 29 to April 5, 2024, and will be completely unavailable April 6-7, 2024. When the new My Account is available on April 8, the mobile version may not be immediately accessible for an unknown period of time. KUBRA, the Company's third-party payment vendor, will be unavailable from March 29 to April 8, 2024. The Company's IVR (Interactive Voice Response) system will remain online for the entire transition but with limited functionality as features are upgraded.

In its Application, Empire stated its intent to take the following steps to alleviate customer impacts: (a) suspend late/non-payment disconnects, and (b) send letters and conduct other outreach efforts to inform customers of changes due to the implementation of Customer First. Empire also stated its agreeability to implementing the same conditions that were mandated in the Commission's Order approving the GE-2024-0046 variance and the additional condition recommended by Staff in the Empire District Gas Company and Missouri Water dockets. Staff agrees that these conditions remain prudent in this case in order to mitigate adverse impact to customers during the Customer First transition period.

CONCLUSION

Staff believes that the requested temporary variances are warranted and recommends Commission approval, but with the following five conditions that were ordered in the prior cases:

1. In its next general rate case, Empire will provide each tariffed rate class billing determinants (customer usage, number of bill and number of customers) by month, cycle with cycle dates that were utilized for billing purposes, and season to Staff in the following format: raw billing determinants, any and all adjustments separately (for proration, season, or any other reason) that were made to raw billing determinants, and the ending billing determinants. The ending monthly billing determinants should be the billing determinants Empire utilizes to conduct its revenue requirement analysis in its general rate case.

2. Empire's tariff sheet P.S.C. MO. No. 6, Sec. 5, Original Sheet No. 27 allows for the Company to collect a \$20 charge for "each bad check or any type of electronic payment rendered to Company as payment of a bill," which Staff believes may apply to failed auto pay withdrawals due to insufficient funds. Staff recommends that the Company consider waiving this fee for auto pay withdrawals for a period of 90 days after the transition.
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BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

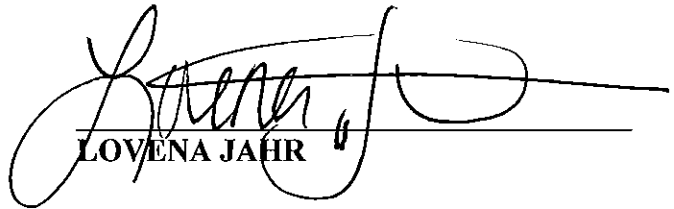
In the Matter of the Application of The Empire)
District Electric Company d/b/a Liberty for an) **Case No. EE-2024-0232**
Order Granting Billing Variances Related to the)
Company's Implementation of Customer First)

AFFIDAVIT OF LOVENA JAHR

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

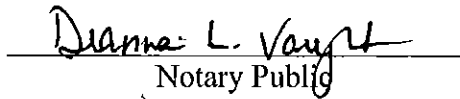
COMES NOW LOVENA JAHR, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.


LOVENA JAHR

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5th day of March 2024.


Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377