

Exhibit No.: 100
Issues: Change of Supplier
Witness: Daniel I. Beck
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: EO-2017-0277
Date Testimony Prepared: September 7, 2017

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

REBUTTAL TESTIMONY

OF

DANIEL I. BECK

CHANGE OF SUPPLIER REQUEST OF BRANDON JESSIP

CASE NO. EO-2017-0277

*Jefferson City, Missouri
September 2017*

Staff Exhibit No. 100
Date 10-10-17 Reporter A.F.
File No. EO-2017-0277

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REBUTTAL TESTIMONY

OF

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CHANGE OF SUPPLIER REQUEST OF BRANDON JESSIP

CASE NO. EO-2017-0277

Q. Please state your name and business address.

A. Daniel I. Beck and my business address is Missouri Public Service Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

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

A. I am employed by the Missouri Public Service Commission ("Commission") as the Manager of Engineering Analysis, which is in the Operational Analysis Department in the Commission Staff Division. My credentials are attached as Schedule DB-r1 to this testimony.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide a summary of this case and respond to the direct testimony of Brandon Jessip.

Q. What is Staff's recommendation to the Commission in this case?

A. The Staff of the Missouri Public Service Commission ("Staff") recommends that, because Empire discontinued service to the house and property in question over two and one-half years ago, the Missouri Public Service Commission ("Commission") find that § 393.106, RSMo., is inapplicable in this situation, and since no utility is providing electric service to the property, Brandon Jessip can choose his service provider without an order from the Commission. In the alternative, if the Commission finds that presently only Empire can

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1 lawfully serve the property unless the Commission grants relief, then Staff recommends that
2 the Commission approve the Application for Change of Electric Service Provider
3 (“Application”) of Brandon Jessip (“Applicant”) finding that the requested change in electric
4 service providers to the structures on the property located at 7082 Nighthawk Road, Neosho,
5 Missouri 64850 is in the public interest for reasons other than a rate differential, pursuant to
6 Sections 393.106.2 and 394.315.2 RSMo (2016), 4 CSR 240-2.060, and 4 CSR 240-3.140,
7 and order that the electric service be changed from Empire to New-Mac.

8 Based on Staff’s investigation the structures located at 7082 Nighthawk Road,
9 Neosho, Missouri have not had electric service for at least two and one-half years and Empire
10 removed its facilities (a pole, transformer and service line) two and one-half years ago that
11 would be required to serve this property. Both Empire and New-Mac have easements and
12 lines that cross the property, and both are within a reasonable distance to extend service to the
13 house and outbuilding. In addition, the old house was a shell that lacked floors, most interior
14 walls and the electrical wiring in the house due to theft. While some repairs have been done,
15 the house will need extensive work before it is inhabitable.

16 Q. Did Mr. Jessip provide a diagram or map of the property in question in his
17 Application or direct testimony?

18 A. No, but Mr. Jessip’s direct testimony includes seven (7) photographs of the old
19 house on the property. Two photos show the exterior of the old home, four photos show the
20 interior of the old home and the last photo shows the electric meter base and weatherhead. To
21 provide an overview of the property, Staff has included several satellite views of the property
22 from Google Maps as Schedules DB-r2 and DB-r3.

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1 Q. Do the satellite views show some of the features Mr. Jessip describes in his
2 direct testimony?

3 A. Yes. The 29.79 acres that make up the property are located at the corner of
4 Nighthawk Road and Foliage Road. From that corner, the property is approximately 1320
5 feet (1/4 miles) wide and 990 feet (3/16 miles) long. The barn has a silver roof and the old
6 home has a white roof. The two pipeline easements that cross the property can most clearly
7 be seen by looking for the diagonal clearings on the neighboring properties. The New-Mac
8 "easement that goes through the center of my property" is less visible but several poles can be
9 seen in the close-up satellite view following a north-south path on the west side of the pond
10 (Schedule DB-r3). There are also electric lines running on the east and north sides of the
11 property. The well that Mr. Jessip discusses in his direct testimony is not visible on the
12 satellite photo.

13 Q. The photo labeled file6.jpeg shows a meter base and weatherhead. Does this
14 mean that service could be reconnected tomorrow?

15 A. No. The photo titled file5.jpeg shows the interior of the wall where the meter
16 base and weatherhead are currently located. The round hole in the wall is the same hole that
17 can be seen within the meter base. Normally, a breaker box would be installed inside the
18 home before service is connected. Instead, this resembles a home that is being built, but
19 needs extensive electrical work before permanent service can be established. Normally, I
20 would expect a customer to establish temporary service near such a house that requires
21 extensive interior construction so the vast majority of the interior work can be completed
22 before connecting permanent electrical service.

23 Q. What do the photographs Mr. Jessip provided in his testimony reveal?

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1 A. The photo titled file.jpeg shows an Empire pole with a yellow tag located near
2 the driveway of the old home. That same photo also shows the weatherhead on the side of the
3 house, but the meter base is not visible because of vegetation. The photos titled file2.jpeg,
4 file3.jpeg, and file4.jpeg show that the interior walls have all been removed and the few
5 interior studs that are visible appear to be where load bearing walls are located. These three
6 photos also show that most of the floors have been removed and that a significant portion of
7 the outside walls have new studs and sheeting installed.

8 Q. In his application Mr. Jessip refers to the "property" while you have also used
9 both the terms "property" and "structures." Do they have different meanings?

10 A. Missouri statutes have a specific definition for structure, which follows:

11 "Structure" or "structures", an agricultural, residential, commercial, industrial
12 or other building or a mechanical installation, machinery or apparatus at which
13 retail electric energy is being delivered through a metering device which is
14 located on or adjacent to the structure and connected to the lines of an
15 electrical supplier. Such terms shall include any contiguous or adjacent
16 additions to or expansions of a particular structure. Nothing in this section shall
17 be construed to confer any right on a rural electric cooperative to serve new
18 structures on a particular tract of land because it was serving an existing
19 structure on that tract.

20
21 Although Empire has removed its facilities, it is Staff's understanding that Empire
22 provided service to the property through a meter pole that was located on the property. For
23 rural properties, it is common for the lines on the customer side of the meter to separately
24 extend to a house, a barn and a well. Based on the Application and direct testimony of Mr.
25 Jessip, Staff believes that when he uses the term "property" he is referring to the house, the
26 barn and the well. Note that the statute contemplates multiple structures may be located on a
27 particular tract of land.

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1 Q. Before Mr. Jessip filed his Application, did Staff discuss electric service to his
2 property with him?

3 A. Yes. Mr. Jessip contacted Staff about electric service to the property and on
4 March 14, 2017, informal complaint number C201701516 was opened to further investigate
5 the issue. In response to requests from Staff, Empire sent a reply to Staff that confirmed
6 Empire's belief that the structures on the property could not be served by New-Mac, unless
7 the Commission granted a change of supplier. In its reply Empire stated, "Empire asserts that
8 a change of supplier is not in the public interest." That reply is attached as Schedule DB-r4.
9 Empire also stated in that reply that, at Mr. Jessip's request, Empire had removed its pole,
10 transformer and service line in January 2015 with the understanding that the house was to be
11 demolished. Since the informal complaint process did not resolve the issue to Mr. Jessip's
12 satisfaction, he filed the Application on April 20, 2017.

13 Q. Based on Staff's interpretation of the law and the facts presented, does Staff
14 believe the Commission needs to grant a change of supplier before New-Mac can serve the
15 existing structures on this property?

16 A. No. In its June 26, 2017 Motion to Dismiss, Staff stated the following:

17 "Staff's review of the record shows that the applicant is currently not being
18 served by Empire or New-Mac, that Empire has not served the applicant's
19 property in over two years, and Empire does not currently have all of the
20 permanent facilities on the applicant's property required to serve the structure,
21 as the pole, transformer, and service line have been removed. It is Staff's view
22 that RSMo. 393.106 is inapplicable in this situation, and since no utility is
23 providing electric service to the property; the applicant can choose his service
24 provider without an order from the Commission. This view is supported by the
25 Commission's previous holdings that the Missouri anti-flip-flop statutes,
26 Sections 393.106.2 and 394.315.2 RSMo, and the exceptions contained
27 therein, are applicable only after an electric corporation or cooperative
28 "commences" providing electric service to a facility."
29

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1 Q. Does Empire currently serve any structures on the property?

2 A. No, the property is not currently receiving electric service from any electric
3 provider.

4 Q. Did Empire serve any structures on the property in the past?

5 In its response to the application Empire states that Empire commenced permanent
6 service to the property prior to 1980. Empire also states that it provided service to the
7 property with Mr. Jessip as its customer of record from September 8, 2014, to approximately
8 January 13, 2015, or approximately four (4) months. Mr. Jessip states that the property has
9 been abandoned for at least seven (7) years and that he purchased it from The United States
10 Department of Housing and Urban Development ("HUD") on January 2, 2014. The property
11 consists of 29.79 acres, a well, a barn and an old uninhabited house.

12 Q. If the Commission determines that the anti-flip-flop statutes are applicable,
13 does Staff recommend that the Commission find that granting Mr. Jessip a change in electric
14 service providers for the structures on the property from Empire to New-Mac is in the public
15 interest for reasons other than a rate differential?

16 A. Yes.

17 Q. Why?

18 A. There are a number of factors the Commission should consider.

19 Q. What are they?

20 A. The relative abilities of Empire and New-Mac to serve the structures, the
21 relative benefits to Empire and New-Mac of serving the structures, the impacts of the existing
22 utility easements on the property, the impacts of making the house habitable, Mr. Jessip's
23 strong preference in service provider,

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1 Q. Are both Empire and New-Mac capable of providing safe and reliable electric
2 service to the structures on Mr. Jessip's property?

3 A. Yes. I believe that both Empire and New-Mac have distribution facilities
4 nearby that are reliable and would remain reliable with the addition of Mr. Jessip's electric
5 load.

6 Q. Are those distribution facilities located within a reasonable distance from the
7 property?

8 A. Yes. The facilities are on the 29.79 acre property and are located in close
9 proximity to the old home. While Empire's claim that its facilities are closer than New-Mac's
10 is correct, New-Mac's facilities are also located within a reasonable distance of the structures.
11 To illustrate this, one need look no further than Empire's tariffs. Specifically, Sheet No. 17a
12 of Sec. 5 of Empire's tariffs is where Empire's Distribution Extension Policy for Residential
13 Customers Not in a Subdivision is located and that policy has been approved by the
14 Commission. This policy offers no cost extensions for distances up to 1000 feet if along
15 existing roadways and no cost extensions of 300 feet if not along existing roadways. The
16 location of the old home would easily meet this criteria for both Empire's and New-Mac's
17 facilities.

18 Q. Would both Empire and New-Mac benefit by serving the structures in the
19 future?

20 A. Yes. Since neither utility has received any revenue from Mr. Jessip in the last
21 two and one-half years, additional revenue that contributes towards fixed costs would be of
22 benefit to the electric utilities in the short run and to the ratepayers in the long run. Since
23 electric cooperatives are also member-owned, the short run benefits should flow to all

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1 customers while the short run benefits for an investor-owned utility should flow to
2 shareholders.

3 Q. Are the existing easements on the property relevant to the public interest?

4 A. In my opinion, yes. Since the easements allow electricity to flow to this
5 property and other customers, the public has an interest in these easements. This particular
6 property has more easements than one would normally expect for a 29.79 acre property since
7 there are two pipeline easements, and both Empire and New-Mac have line easements. It
8 seems illogical that an easement would cross a property, but that property would be
9 preempted from being served by the facilities on that easement.

10 Q. Why do you view that making the house habitable is relevant to the public
11 interest?

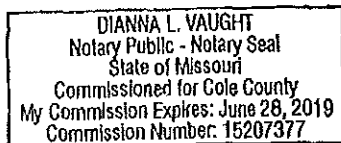
12 A. Remodeling the old house to make it habitable would have economic value
13 that is arguably small when compared to the total economic output of Neosho. However, the
14 addition of remodeled housing stock and the overall improvement for the immediate rural area
15 is not insignificant.

16 Q. Has Mr. Jessip expressed a strong preference to be served by New-Mac?

17 A. Yes. In the Application and his direct testimony, his preference for New-Mac
18 is stated. In addition, the fact that he has gone through the informal complaint process, filed
19 for a change of supplier, filed direct testimony and agreed to a procedural schedule that will
20 last for several more months demonstrates his strong preference to be served by New-Mac.

21 Q. Does this complete your rebuttal testimony?

22 A. Yes it does.



Daniel I. Beck, P.E.
Manager of Engineering Analysis Unit
Operational Analysis Department
Commission Staff Division

Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

I graduated with a Bachelor of Science Degree in Industrial Engineering from the University of Missouri at Columbia. Upon graduation, I was employed by the Navy Plant Representative Office in St. Louis, Missouri as an Industrial Engineer. I began my employment at the Commission in November, 1987, in the Research and Planning Department of the Utility Division (later renamed the Economic Analysis Department of the Policy and Planning Division) where my duties consisted of weather normalization, load forecasting, integrated resource planning, cost-of-service and rate design. In December, 1997, I was transferred to the Tariffs/Rate Design Section of the Commission's Gas Department where my duties include weather normalization, annualization, tariff review, cost-of-service and rate design. In June 2001, I was transferred to the Engineering Analysis Section of the Energy Department, which was created by combining the Gas and Electric Departments. I became the Supervisor of the Engineering Analysis Section, Energy Department, Utility Operations Division in November 2005. Since that time my title has been changed to Manager of the Engineering Analysis Unit, Operational Analysis Department, Commission Staff Division and the Engineering Analysis Unit has added responsibilities in the area of depreciation.

I am a Registered Professional Engineer in the State of Missouri. My registration number is E-26953.

**List of Cases in which prepared testimony was presented by:
DANIEL I. BECK, PE**

<u>Company Name</u>	<u>Case No.</u>
Union Electric Company	EO-87-175
The Empire District Electric Company	EO-91-74
Missouri Public Service	ER-93-37
St. Joseph Power & Light Company	ER-93-41
The Empire District Electric Company	ER-94-174
Union Electric Company	EM-96-149
Laclede Gas Company	GR-96-193
Missouri Gas Energy	GR-96-285
Kansas City Power & Light Company	ET-97-113
Associated Natural Gas Company	GR-97-272
Union Electric Company	GR-97-393
Missouri Gas Energy	GR-98-140
Missouri Gas Energy	GT-98-237
Ozark Natural Gas Company, Inc.	GA-98-227
Laclede Gas Company	GR-98-374
St. Joseph Power & Light Company	GR-99-246
Laclede Gas Company	GR-99-315
Utilicorp United Inc. & St. Joseph Light & Power Co.	EM-2000-292
Union Electric Company d/b/a AmerenUE	GR-2000-512
Missouri Gas Energy	GR-2001-292
Laclede Gas Company	GR-2001-629
Union Electric Company d/b/a AmerenUE	GT-2002-70
Laclede Gas Company	GR-2001-629
Laclede Gas Company	GR-2002-356
Union Electric Company d/b/a AmerenUE	GR-2003-0517
Missouri Gas Energy	GR-2004-0209
Atmos Energy Corporation	GR-2006-0387
Missouri Gas Energy	GR-2006-0422
Union Electric Company d/b/a AmerenUE	GR-2007-0003
The Empire District Electric Company	EO-2007-0029/EE-2007-0030
Laclede Gas Company	GR-2007-0208
The Empire District Electric Company	EO-2008-0043

cont'd DANIEL I. BECK, PE
List of Cases in which
prepared testimony was presented

<u>Company Name</u>	<u>Case No.</u>
Missouri Gas Utility, Inc.	GR-2008-0060
The Empire District Electric Company	ER-2008-0093
Trigen Kansas City Energy Corporation	HR-2008-0300
Union Electric Company d/b/a AmerenUE	ER-2008-0318
Kansas City Power & Light Company	ER-2009-0089
KCP&L Greater Missouri Operations Company	ER-2009-0090
Missouri Gas Energy	GR-2009-0355
The Empire District Gas Company	GR-2009-0434
Union Electric Company d/b/a AmerenUE	ER-2010-0036
Laclede Gas Company	GR-2010-0171
Atmos Energy Corporation	GR-2010-0192
Kansas City Power & Light Company	ER-2010-0355
KCP&L Greater Missouri Operations Company	ER-2010-0356
Union Electric Company d/b/a Ameren Missouri	GR-2010-0363
Kansas City Power & Light Company	ER-2012-0174
KCP&L Greater Missouri Operations Company	ER-2012-0175
Chaney vs. Union Electric Company	EO-2011-0391
Veach vs. The Empire District Electric Company	EC-2012-0406
The Empire District Electric Company	ER-2012-0345
KCP&L Greater Missouri Operations Company	ET-2014-0059
Kansas City Power & Light Company	ET-2014-0071
Union Electric Company d/b/a Ameren Missouri	ET-2014-0085
Missouri Gas Energy	GR-2014-0007
Union Electric Company d/b/a Ameren Missouri	EA-2012-0281
Union Electric Company d/b/a Ameren Missouri	EA-2014-0136
Summit Natural Gas of Missouri, Inc.	GR-2014-0086
Grain Belt Express Clean Line LLC	EA-2014-0207
Union Electric Company d/b/a Ameren Missouri	ER-2014-0258
Kansas City Power & Light Company	ER-2014-0370
Ameren Transmission Company of Illinois	EA-2015-0146
KCP&L Greater Missouri Operations Company	EA-2015-0256
KCP&L Greater Missouri Operations Company	ER-2016-0156
Union Electric Company d/b/a Ameren Missouri	ER-2016-0179
Kansas City Power & Light Company	ER-2016-0285
Grain Belt Express Clean Line LLC	EA-2016-0358

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Empire District Electric
State: Missouri
COMMISSION INQUIRY/COMPLAINT

Date Received: 3/14/2017
Customer Name: Brandon Jessip
Account Number: 686655
Address: 7082 Nighthawk Rd, Neosho, MO
Telephone Number: 417-592-1816
Commission Contact: Dan Beck
Inquiry Number: C201701516

INQUIRY/COMPLAINT

Remodeling a vacant house that has not had service from Empire for approximately 2 years. Service, pole, and transformer were removed at that time. New Mac has distribution line running through property. Brandon was told that he needs permission from PSC to have New Mac supply home. His home address is 11728 Palm Rd, Neosho.

COMMENTS/RESOLUTION

On 1/13/15, Brandon Jessip called Empire and requested the pole between the road and his meter be removed at 7082 Nighthawk Road, Neosho, Missouri. Notes on the job drawn up by the engineer indicate that the home at that address was to be demolished. Therefore, Empire removed its pole, transformer and service line to accommodate the demo. An engineer inspected the property on 3/17/17 and found that the home was not removed, but has been remodeled.

Pursuant to MO.REV.STAT. §393.106.2, "(o)nce an electrical corporation or joint municipal utility commission, or its predecessor in interest, lawfully commences supplying retail electric energy to a structure through permanent service facilities, it shall have the right to continue serving such structure, and other suppliers of electrical energy shall not have the right to provide service to the structure except as might be otherwise permitted in the context of municipal annexation, pursuant to section 386.800 and section 394.080, or pursuant to a territorial agreement approved under section 394.312. The public service commission, upon application made by an affected party, may order a change of suppliers on the basis that it is in the public interest for a reason other than a rate differential."

Since Empire supplied retail electric energy to the property at issue, and the property is not subject to statutory exceptions related to municipal annexation or territorial agreement, Empire has the right to continue serving the property unless the public service commission changes suppliers on the basis that it is in the public interest for a reason other than a rate differential. Empire asserts that a change in utility supplier is not in the public interest.

Empire's service is closer to this property than New Mac's. According to Empire's engineer, New Mac would need to set at least 2 poles and run at least a couple hundred

feet of service line to deliver electric service to the property. There is already a partially completed meter loop on the side of the property that is closest to Empire's transformer.

Empire serves 7087 Nighthawk, which is across the street and slightly North of the property; and 7176 Nighthawk, which is South of the property. Empire also supplies electric services to customers to the East and West of the property. In order to serve the property once again, Empire would only need to hang a transformer and run about 70 feet of overhead service line. No new poles would need to be set.

Empire Contact: Hayley Sirmon
Investigation Completed Date
Customer contacted by

Phone: 417-625-6130

Date