

Exhibit No.: _____
Issue: MEEIA Cycle 1 – DSIM EEIC
Witness: Kimberly Dragoo
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Sponsoring Party: The Empire District
Electric Company
Case No.: EO-2022-0078
Date Testimony Prepared: July 2024

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

Direct Testimony

of

Kimberly Dragoo

on behalf of

The Empire District Electric Company

July 31, 2024



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FOR THE DIRECT TESTIMONY OF KIMBERLY DRAGOO
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
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DIRECT TESTIMONY OF KIMBERLY DRAGOO
THE EMPIRE DISTRICT ELECTRIC COMPANY
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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Kimberly Dragoo, and my business address is 465 Sykes Road, Fall River,
4 MA, 02720.

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

6 A. I am employed by Liberty Utilities Services Corp. (“LUSC”) as the Director of Key
7 Account and Energy Programs across all Liberty Utilities Co. entities, including The
8 Empire District Electric Company d/b/a Liberty (“Liberty” or the “Company”).

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

10 A. I am testifying on behalf of Liberty.

11 **Q. Please describe your educational and professional background.**

12 A. I hold a Bachelor of Science degree from Bridgewater State University and an M.B.A
13 from Boston University. I have been developing and engaged in the implementation of
14 energy efficiency programs since 2002, first for National Grid as the Manager of
15 Commercial and Industrial energy efficiency programs and later as a consultant with
16 ICF where I was a Senior Director. In June of 2020, I joined Liberty as the Senior
17 Manager of Efficiency overseeing the electric, gas, and water efficiency programs in
18 the Company’s East and Central regions. In August of 2023, I transitioned into my
19 current role as Director of Key Accounts and Efficiency Programs.

20 **Q. Have you previously testified before the Missouri Public Service Commission**
21 **(“Commission”) or any other regulatory agency?**

1 A. Yes, I have previously testified before this Commission, specifically for Liberty's
2 MEEIA Cycle I application under docket EO-2022-0078. I have also testified on behalf
3 of Liberty entities before the Iowa Utilities Board, the Massachusetts' Department of
4 Public Utilities, the Arkansas Public Service Commission, and the New York Public
5 Service Commission.

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

7 A. In this testimony, I discuss the updates to Liberty's Demand Side Investment
8 Mechanism ("DSIM") calculation which appears on our Missouri customer bills as the
9 Energy Efficiency Investment Charge ("EEIC"), Rider DSIM, tariff sheet no. 21f. I
10 also discuss modifications to the Residential Heating, Ventilation, and Air
11 Conditioning ("HVAC") Rebate, Promotional Practices tariff sheet no. 27e.

12 **II. DSIM CALCULATION AND TARIFF SHEET UPDATE**

13 **Q. Why is Liberty proposing an update to the DSIM Rider?**

14 A. Liberty is required to update the DSIM at least once annually, to account for any over
15 or under collection.

16 **Q. Please describe the updates Liberty is presenting in the DSIM calculation?**

17 A. Liberty is including three updates to the DSIM calculation, as discussed below.

18 1. Modifications to the DSIM filed in May 2023, identified by the Staff of the
19 Commission and recommended for inclusion in the Company's next DSIM
20 update. This recommendation was presented by Staff member Nancy Harris,
21 Utility Regulatory Auditor for the Missouri Public Service Commission, by
22 email on May 30, 2023.

1 2. A reconciliation of the projected spending and savings for program year
2 2023 against the actual spending and savings achieved for program year
3 2023.

4 3. The inclusion of an earnings opportunity for 2023.

5 **Q. Please describe the modifications to the 2023 DSIM that are being presented with**
6 **this filing?**

7 A. The following modification are being presented within this filing:

8 1. A downward adjustment to the sales forecast to include only Missouri based
9 Liberty electric customers who have not opted out of MEEIA. The original
10 forecast used in the calculation included sales projections for all of Liberty
11 electric and projected usage for opt out customers.

12 2. There were four adjustments to the throughput disincentive mechanism. The
13 2022 data was reconciled to include the 2022 throughput disincentive. The
14 calculation of the throughput disincentive for 2023 was updated to include
15 kWh savings in 2023 for measures installed in 2022. There was an update to
16 the allocation of kWh savings to each block rate based on weather
17 normalization calculation in prior rate case. Finally, Liberty incorporated the
18 carrying costs in the reconciliation of the program activity.

19 **Q. Please describe the reconciliation of the 2023 data presented in this DSIM?**

20 A. In the DSIM update filed in May of 2023, the 2023 data was projected based on planned
21 participation, spending and savings. In this filing, the 2023 data reflects actual
22 participation, spending and savings from the program participants.

23 **Q. Liberty has not previously included an earnings opportunity as part of the DSIM,**
24 **why is it being included now?**

1 A. As part of the initial stipulation for MEEIA Cycle 1, Liberty negotiated performance
2 metrics that if achieved would allow the Company to include an earnings opportunity
3 as part of the future energy efficiency investment charge. The core metrics included
4 spending 75% of the approved program budget (weighted at 80%) and spending 75%
5 of the final budget on approved measures (weighted at 20%). In the first year of
6 MEEIA, Liberty did not achieve these metrics, so no earnings opportunity was included
7 as part of the Company's last DSIM update. In 2023, Liberty exceeded the metric to
8 spend 75% of the approved budget by spending \$3,170,693 (79.42%) of the \$3,992,314
9 MEEIA budget, creating Liberty's first earnings opportunity.

10 **Q. How is the earnings opportunity calculated?**

11 A. Liberty was approved to receive a 9.25% return on the MEEIA spend associated with
12 the performance metrics. For the performance metric associated with 75% of the
13 program spend the approved calculation is (program spend * rate of return) * metric
14 weight. For 2023, this is (\$3,170,693)*.8 resulting in an earnings opportunity of
15 \$293,289. The proposed revisions address these changes.

16 **III. HVAC CHANGES**

17 **Q. Please describe the updates Liberty is presenting to the Residential Heating,**
18 **Ventilation, and Air Conditioning (“HVAC”) Rebate within the Promotional**
19 **Practices Schedule.**

20 A. Liberty is proposing three updates to the to the Residential Heating, Ventilation, and
21 Air Conditioning (“HVAC”) Rebate. These include:

- 22 1. adjusting the minimum equipment standard from a SEER 15 or higher to a
23 SEER2 15 or higher to align with appliance standards that went into effect
24 1/1/2023;

- 1 2. modifying the range of rebates from \$100-\$550 to \$100-\$750 to reflect a
2 30% increase in the rebate to the customer and align with the rebates offered
3 by other Missouri utilities; and
4 3. shifting the rating for all rebates from SEER to SEER2 to align with industry
5 standards for efficiency ratings that went into effect 1/1/2023.

6 **Q. Is Liberty proposing other changes to the HVAC Rebate which will not be**
7 **reflected in the tariff sheet?**

8 A. Yes. To maintain program cost effectiveness, Liberty is proposing a shift in calculating
9 the Total Resource Cost (“TRC”) for the Residential HVAC Rebate Program from a
10 per unit to a per ton basis for the 2024 program year. This shift in methodology would
11 align Liberty with the TRC calculation methodology in place at other Missouri utilities.

12 **Q. Does this conclude your Direct Testimony?**

13 A. Yes.

VERIFICATION

I, Kimberly Dragoo, under penalty of perjury, on this 31st day of July, 2024, declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Kimberly Dragoo