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Experience, Meter Reads, and SBEDR
Witness: Brent Baker
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Electric Company
Case No.: ER-2019-0374
Date Testimony Prepared: March 2020

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

Surrebuttal Testimony

of

Brent Baker

on behalf of

**The Empire District Electric Company
a Liberty Utilities Company**

March 2020



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OF
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THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
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1 **I. INTRODUCTION**

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

3 A. My name is Brent Baker. My business address is 602 South Joplin Avenue, Joplin,
4 Missouri.

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

6 A. I am employed by Liberty Utilities Service Corp. as the Vice President of National
7 Customer Experience for Liberty Utilities Co. (“Liberty Utilities”), which owns
8 regulated electric, natural gas, water, and wastewater utilities operating in three
9 regions across the United States – the East, Central, and West Regions. As Vice
10 President of National Customer Experience, I am responsible for customer
11 engagement strategy and execution, including operation of call centers, billing,
12 metering, revenue assurance, local offices, key account services, energy efficiency,
13 and communications.

14 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

15 A. I am testifying on behalf of The Empire District Electric Company, a Liberty Utilities
16 company (“Liberty-Empire” or “Company”). Liberty-Empire is part of Liberty
17 Utilities’ Central Region.

1 **Q. ARE YOU THE SAME BRENT BAKER WHO FILED DIRECT AND**
2 **REBUTTAL TESTIMONY IN THIS MATTER ON BEHALF OF LIBERTY-**
3 **EMPIRE?**

4 A. Yes. In my direct and rebuttal testimonies filed with the Missouri Public Service
5 Commission (“Commission”), I introduced the Company witnesses, provided
6 background information on the Company, discussed the rate relief requested by the
7 Company, described the Company’s commitment to its customers, and addressed the
8 elimination of customer payment fees associated with online credit and debit card
9 payments and the Company’s compliance with certain provisions in the stipulations
10 and agreements in the merger docket (Commission Case No. EM-2016-0213).

11 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN**
12 **THIS PROCEEDING?**

13 A. With my surrebuttal testimony, I respond to portions of the rebuttal testimonies of
14 Office of the Public Counsel (“OPC”) witnesses Amanda Conner and Geoff Marke,
15 on the issues of credit card fees, customer experience, and estimated meter reads. I
16 also respond to a recommendation from Staff witness Robin Kliethermes regarding
17 one of the Company’s economic development riders.

18 **II. CREDIT CARD FEES**

19 **Q. HOW DOES THE COMPANY PROPOSE TO RECOVER THE COSTS**
20 **ASSOCIATED WITH ONLINE CARD PAYMENTS?**

21 A. The Company proposes to eliminate credit card convenience fees for individual
22 customers and to recover the costs associated with processing online card payments in
23 the Company’s overall cost of service, similar to the way bank fees are recovered.

24 **Q. WHAT IS STAFF’S POSITION ON THIS ISSUE?**

1 A. On pages 82 and 105 of the Staff Report – Cost of Service, Staff states its
2 recommendation that convenience fees for customers paying bills by credit card be
3 eliminated, with the cost of processing such payments to be included in the
4 Company’s cost of service.

5 **Q. WHAT IS OPC’S POSITION ON THIS ISSUE?**

6 A. OPC opposes the positions of Staff and the Company on this issue. In her rebuttal
7 testimony, OPC witness Conner states that 25% of Liberty-Empire customers use
8 credit cards to pay their utility bills, but Ms. Conner claims the Company’s fee
9 proposal will “benefit wealthier customers to the detriment of low-income customers –
10 a cross-subsidization of wealthier customers by low-income customers.”

11 **Q. DOES MS. CONNER PROVIDE ANY SUPPORT FOR HER STATEMENT**
12 **THAT ONLY WEALTHIER CUSTOMERS USE CREDIT CARDS TO PAY**
13 **THEIR BILLS?**

14 A. No, she does not, and I am not aware of any evidence to support her claim. Although
15 the Company generally attempts to assign costs to the appropriate cost-causers as part
16 of its cost of service study, online transactions are a normal part of daily life for many
17 Liberty-Empire customers. The fees associated with these transactions are similar to
18 bank fees the Company incurs and are included in the cost of service paid by all
19 customers. We believe it is not only important from a customer service perspective to
20 provide our customers the choice to pay online, but doing so also reduces the amount
21 of customer service representative hours needed to receive and process in person
22 payments from our customers in our many local offices.

23 **Q. MS. CONNER NOTES THAT YOUR DIRECT TESTIMONY PROVIDES**
24 **THAT THE ONLY METHOD OF PAYMENT WHICH RESULTS IN A**

1 **DIRECT CHARGED FEE TO CUSTOMERS IS THROUGH THE USE OF**
2 **THEIR CARD. SHE THEN STATES THAT THOSE “WHO USE THIRD-**
3 **PARTY VENDOR CONVENIENCE LOCATIONS (KIOSKS) TO PAY THEIR**
4 **ELECTRIC BILLS ARE CHARGED AND PAY A ONE-DOLLAR**
5 **CONVENIENCE FEE TO THE VENDOR EACH AND EVERY TIME THEY**
6 **USE THE KIOSK TO PAY THEIR EMPIRE ELECTRIC BILL,**
7 **REGARDLESS OF WHETHER THEY PAY THEIR BILL BY CASH, MONEY**
8 **ORDER, CREDIT CARD, OR OTHERWISE.” HOW DO YOU RESPOND?**

9 A. My direct testimony should be corrected in this regard. In addition to the direct
10 charged fee for online card payments, 13 grocery stores in various communities (not
11 including Joplin) charge \$1 for a payment to be made by cash or check and \$2.25 for a
12 payment to be made by card. Previously, these grocery stores accepted payments in
13 person and with no direct charge convenience fee. Recently, however, these stores
14 switched from in-person payment collections to the use of kiosks and began imposing
15 and collecting the direct charged fees.

16 Although the Company has received numerous inquiries specifically about the
17 online card fees, it would be most equitable for these grocery store kiosk fees to be
18 included in the Company’s proposal. Like with fees for online card payments, these
19 grocery store kiosk fees should be eliminated for individual customers, and the
20 Company should recover the costs in the Company’s overall cost of service. The
21 Company, however, is not making that additional request at this time.

22
23
24

1 **III. CUSTOMER EXPERIENCE**

2 **Q. IN HIS REBUTTAL TESTIMONY, OPC WITNESS MARKE QUESTIONS**
3 **THE COMPANY’S REPORTING OF RELIABILITY METRICS. HOW DO**
4 **YOU RESPOND?**

5 A. It is understandable for Dr. Marke to ask the question regarding “major events.” It is
6 unusual for the Company to not have an event exceeding 10% of the customer base in
7 a given year. For the years mentioned by OPC, however, the Company did not have a
8 major event. It would be to the Company’s advantage to show a major event, as those
9 are excluded from the “controllable” outage statistics. In other words, the Company
10 would have better metrics for SAIDI if a major event was able to be removed from the
11 numbers for “w/o a MED.”

12 **Q. OPC WITNESS MARKE, AT PAGE 5 OF HIS REBUTTAL TESTIMONY,**
13 **RESPONDS “NO” TO THE QUESTION OF WHETHER LIBERTY-EMPIRE**
14 **PRODUCED QUALITY SERVICE AS JUDGED THROUGH QUANTITATIVE**
15 **METRICS. DOES LIBERTY-EMPIRE PROVIDE QUALITY SERVICE?**

16 A. Most definitely. Liberty-Empire provides safe and reliable service. Dr. Marke,
17 however, has made a valid observation about call service levels and JD Power
18 measurements. Liberty Utilities is committed to improving customer satisfaction
19 (CSAT), which is the point in participating in JD Power surveys. Empire did not
20 participate before, however, we were in the JD Power syndicated survey, and our score
21 has improved by 13 points since the merger. The purpose of participating in the survey
22 is to determine both how well we are performing and what we can do to improve in the
23 future. The survey is providing data to allow us to develop a strategic roadmap to
24 improve CSAT.

1 **Q. WHAT IS THE COMPANY'S RESPONSE TO DR. MARKE'S REBUTTAL**
2 **COMMENTS ON CALL SERVICE LEVELS?**

3 A. Liberty-Empire has struggled to meet the service levels due to the amount of turnover
4 experienced post-merger. The turnover was mainly created by retirements of people in
5 positions across Liberty-Empire, which has allowed many experienced customer
6 service representatives ("CSRs") opportunities for advancement (e.g., CSRs moving
7 into accounting, human resources, etc.). While it is not uncommon for employees to be
8 promoted from the customer service department, the contact center had 50% turnover
9 in 2017 and 2018. To compound the turnover, new employees take 60%-70% of the
10 number of calls of an experienced employee. Once the Company was aware of the
11 impact of the turnover, it committed to adding additional staffing to make up for the
12 decreased effectiveness of new CSRs. I personally made calls to the Staff of the
13 Commission at the first realization of the impact of the turnover and have presented
14 the reasons and the plan to improve to the Staff each year since the merger.

15 **Q. OPC WITNESS MARKE ALSO QUESTIONS THE COMPANY'S**
16 **CHARITABLE GIVING. DO YOU BELIEVE THE COMPANY'S**
17 **CONTRIBUTIONS ARE EFFECTIVELY ASSISTING THE COMMUNITIES**
18 **YOU SERVE?**

19 A. Yes. The Company has a strong commitment to communities and makes many efforts
20 to give back to the communities it serves. In addition to the nearly \$500K in giving
21 each year, the Company provides each employee with three Liberty days, which are
22 days off from normal work to volunteer to the communities it serves. Specifically
23 mentioned, Children's Haven received \$5,000 in 2019 and \$11,000 from a Liberty
24 Utilities charity golf tournament in 2018. Ronald McDonald House received \$13,000

1 from the Liberty Utilities charity golf tournament in 2019. Additionally, the Company
2 gave \$70,000 to United Way in 2019 and \$75,000 to United Way in 2018 as an
3 employee match. Dr. Marke mentions the Taney County Partnership, which was noted
4 as Branson/Lakes Area in our accounting system, which receives \$10,000 per year.
5 The Company also gives to organizations like Children’s Center, protecting abused
6 children - \$5,000 in 2017, Breast Cancer Foundation of the Ozarks - \$2,500 annually,
7 ASPIRE single parent scholarship - \$3,000 each year. School foundations are
8 supported when requests arise. Crowder College Foundation, Southwest Baptist
9 University, Missouri Southern Foundation, Webb City Schools, Aurora Schools,
10 Seneca Schools, and Joplin Schools received together over \$30,000 as a group each
11 year since the merger.

12 Dr. Marke mentions the Company not giving to low income matching
13 programs but fails to mention the \$1.5 million commitment over ten years to
14 assistance agencies providing weatherization. Weatherization is specifically provided
15 to low-income families meeting requirements of the assistance agencies. Finally, Dr.
16 Marke observes that we serve mostly rural areas, which impacts the opportunity to
17 donate. We rely on our local relationships to find opportunities to give and attempt to
18 stay in line with many of our peers in our communities. The local leadership is
19 actually illustrated by Dr. Marke’s mention of Target, Wal-Mart, and Costco. These
20 are typically purchases made by our employees to help local, small town organizations
21 provide things like table decorations and giveaways at events for small communities.

22 **Q. ON PAGE 12 OF HIS REBUTTAL TESTIMONY, WITHIN HIS “CUSTOMER**
23 **EXPERIENCE” SECTION, OPC WITNESS MARKE DISCUSSES OPC’S**

1 **RECOMMENDATIONS REGARDING THE ASBURY POWER PLANT. HOW**
2 **DO YOU RESPOND?**

3 A. As noted in my rebuttal testimony, the Commission has repeatedly ruled that the
4 retirement of Asbury is not an issue for this case. To the extent a direct response is
5 required at this time, the Company does not agree with OPC's recommendations
6 regarding the impact of the retirement of Asbury.

7 **IV. METER READS**

8 **Q. OPC TAKES ISSUE WITH THE COMPANY'S ESTIMATED METER READS.**
9 **WHAT IS THE COMPANY'S POLICY ON ESTIMATING METER**
10 **READINGS?**

11 A. It is the Company's goal to read every meter every month. However, on occasion,
12 Liberty-Empire does estimate when meters are obstructed or when safety concerns are
13 present at a residence. The Company may also need to estimate during inclement
14 weather and short staffing. If possible, readers are moved to other areas to cover
15 vacations and vacancies.

16 **Q. PLEASE EXPLAIN THE PERIODS OF UNUSUALLY HIGH ESTIMATED**
17 **METER READS.**

18 A. Similar to the call service levels, these issues arise over time and take time to recover
19 from, once discovered. Our peak of estimates was in 2018, when we estimated
20 approximately 180,000 meters, and in 2019, only estimated approximately 100,000
21 meter reads. I personally called the Commission Staff at the first knowledge of the
22 impact of the situation and continued to inform along the way. In an effort to be
23 transparent and fair to Union employees, in late 2017, the Company announced its
24 plans to move to AMI. During most of 2018, the Company experienced an increase in

1 estimated meter reads, as it struggled maintaining the appropriate meter reader staffing
2 levels and was unable to utilize contractors. However, in late 2018, the Company was
3 successful with Union contract negotiations, which allowed for the use of contractors
4 for meter reading, this allowed for a reduction in estimated meter reads. Unfortunately,
5 beginning in August 2019, the Meter Reading department had four readers on medical
6 leave at the same time for several months. This, coupled with other factors, led to the
7 Company again experiencing an increase in estimated bills.

8 **Q. WHAT STEPS HAS THE COMPANY TAKEN TO REDUCE THE NUMBER**
9 **OF ESTIMATED READS?**

10 A. As noted, it is the Company's goal to read every meter every month. In an effort to
11 meet this goal, the Company has reallocated meter readers to cover service areas that
12 had vacant positions. Additionally, the Company allowed for employees to work
13 additional overtime. The Company has worked with its meter reading contractor. The
14 contractor hired an extra person to help keep their routes on schedule, and the
15 contractor will continue to work with the Company to provide additional solutions as
16 needed. While the estimated meter reads in the first two months of 2020 continue to be
17 higher than early 2017, they have drastically improved from late 2019.

18 **Q. IF A BILL IS BASED ON ESTIMATED USAGE, IS THIS NOTED ON THE**
19 **BILL?**

20 A. Yes. When an account is estimated, “_____ Kwh Estimated” is printed in bold font on
21 the statement following the meter number and read date information. The Company is
22 unaware of any system or other issue which would cause customers to receive
23 estimated bills without estimate reflected on the bill.

1 **Q. DOES THE COMPANY TRAIN ITS CUSTOMER SERVICE WORKERS ON**
2 **HOW TO RESPOND TO CONCERNS REGARDING ESTIMATED BILLS?**

3 A. Yes. The Company has various procedures, training tools, and customer letters as it
4 relates to estimated reads. There are also suggested talking points utilized in the
5 Company's call center and walk in locations when addressing questions and concerns
6 regarding estimated bills.

7 **Q. WHEN A BILL HAS BEEN ESTIMATED, IS THE AMOUNT DUE FROM**
8 **THE CUSTOMER TRUED-UP?**

9 A. Yes. When a bill is estimated, any potential under or over estimation is automatically
10 adjusted when the meter is read. This can result in a credit or charge on the following
11 bill.

12 **Q. WHAT MAY A CUSTOMER DO IF THEY BELIEVE THEIR BILL WAS**
13 **ESTIMATED INCORRECTLY?**

14 A. If a customer believes their bill was estimated incorrectly, we ask that they contact
15 Customer Service by telephone or in person. A customer may always request a manual
16 meter read. As noted, if the estimate is determined to be incorrect, the bill will be
17 adjusted.

18 **V. ECONOMIC DEVELOPMENT RIDER**

19 **Q. ON PAGE NINE OF HER REBUTTAL TESTIMONY, STAFF WITNESS**
20 **ROBIN KLIETHERMES RECOMMENDS THAT A REDUCED LEVEL OF**
21 **REVENUES BE RECOVERABLE FROM ALL CUSTOMERS THROUGH A**
22 **SEPARATE LINE ITEM ON THE CUSTOMERS' BILLS. WHAT IS THE**
23 **COMPANY'S POSITION ON THIS STAFF RECOMMENDATION?**

1 A. The Company must object to this recommendation regarding a separate line item being
2 shown on customer bills with regard to the Company's Limited Large Customer
3 Economic Development Rider ("SBEDR") which was put in place pursuant to RSMo.
4 393.1640.

5 **Q. PLEASE EXPLAIN THE NEED FOR THE OBJECTION.**

6 A. The statute requires the cost recovery method. This was a choice by the Missouri
7 Legislature – not a Company choice. Adding a line item to the bills of all customers,
8 as recommended by Staff, would create confusion and lead to customer frustration.
9 We anticipate that adding a line item for this cost recovery would increase calls and
10 complaints from our residential customers, creating an unmanageable situation for our
11 CSRs and possibly leading to the need to hire additional staff.

12 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

13 A. Yes.

VERIFICATION OF BRENT BAKER

Brent Baker, under penalty of perjury, declares that the foregoing surrebuttal testimony is true and correct to the best of his knowledge, information, and belief.

/s/ Brent Baker _____
Vice President of National Customer Experience