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Issue(s)	Customer Experience/ Weather Normalization Rider/ Energy Efficiency/Low Income Pilot Program
Witness/Type of Exhibit:	Marke/Rebuttal
Sponsoring Party:	Public Counsel
Case No.:	ER-2019-0374

REBUTTAL TESTIMONY

OF

GEOFF MARKE

Submitted on Behalf of the Office of the Public Counsel

EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2019-0374

**

**

**Denotes Confidential Information
that has been Redacted**

March 3, 2020

NON-PROPRIETARY

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

In the Matter of The Empire District)
Electric Company's Request for Authority)
to File Tariffs Increasing Rates for Electric) Case No. ER-2019-0374
Service Provided to Customers in its)
Missouri Service Area)

AFFIDAVIT OF GEOFF MARKE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Geoff Marke, of lawful age and being first duly sworn, deposes and states:

1. My name is Geoff Marke. I am a Regulatory Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.



Geoff Marke
Chief Economist

Subscribed and sworn to me this 3rd day of March 2020.



TIFFANY HILDEBRAND
My Commission Expires
August 8, 2023
Cole County
Commission #15637121

My commission expires August 8, 2023.



Tiffany Hildebrand
Notary Public

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REBUTTAL TESTIMONY
OF
GEOFF MARKE
THE EMPIRE DISTRICT ELECTRIC COMPANY
CASE NO. ER-2019-0374

1 **I. INTRODUCTION**

2 **Q. What are your name, title and business address?**

3 A. Geoff Marke, PhD, Chief Economist, Office of the Public Counsel (“OPC” or “Public
4 Counsel”), P.O. Box 2230, Jefferson City, Missouri 65102.

5 **Q. Are you the same Geoff Marke that filed direct revenue requirement testimony?**

6 A. Yes.

7 **Q. What is the purpose of your rebuttal revenue requirement testimony?**

8 A. My testimony responds to the direct testimony regarding:

- 9 • Customer Experience
 - 10 ○ The Empire District Electric Company and/or Liberty Utilities Company
 - 11 (“Empire,” “Liberty,” “Empire-Liberty”) witness Brent Baker;
- 12 • Weather Normalization Rider
 - 13 ○ Empire witness Timothy S. Lyons;
- 14 • Energy Efficiency Programs and Low-Income Pilot Program
 - 15 ○ Empire witness Nathaniel W. Hackney

16 My silence regarding any issue should not be construed as an endorsement of, agreement with,
17 or consent to any other party’s filed position.

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1 **II. CUSTOMER EXPERIENCE**

2 **Q. What is Empire’s operating philosophy?**

3 A. According to Empire witness Brent Baker, the cornerstones of Liberty Utilities’ values are
4 Quality, Care, and Efficiency, and these values translate to the operations of their business.¹

5 **Q. Did Mr. Baker provide some illustrative examples?**

6 A. Yes. Mr. Baker cites to Occupational Safety and Health (“OSHA”) safety reductions (e.g., 50%
7 reduction in motor vehicle accidents) made by the Company as an example of an activity that
8 encompasses all three values.²

9 Additionally he references a “community partnership survey” administered throughout
10 Liberty’s subsidiaries including in Missouri in which the Company plans to use to potentially
11 inform plans for smart street lighting or electric vehicle charging stations (as examples)
12 depending on the needs of each particular community.³

13 Mr. Baker highlights the Company’s presence in local Chamber of Commerce activities and
14 references a variety of local organizations to whom Empire has provided support or
15 contributions.⁴

16 Finally, Mr. Baker also references Empire witness Tim Wilson’s direct testimony on the
17 premature retirement of the Asbury Power Plant as an example of Liberty Utility cornerstones
18 in action.⁵ I will respond to these examples in turn later in this testimony.

19
20

¹ Case No. ER-2019-0374 Direct Testimony of Brent Baker p. 4, ll. 12-13.

² Ibid. p. 4, ll. 13-19.

³ Ibid. p. 3, ll. 7-17.

⁴ Ibid. p. 6, ll. 5-20.

⁵ Ibid. p. 4, ll. 20-24 and p. 5, ll. 1-3.

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1 **Operating Philosophy: Quality**

2 **Q. Did OPC request Mr. Baker to define Quality and how Quality has translated to**
3 **measurable performance deliverables?**

4 A. Yes, Empire's response to OPC DR-2054 as it pertains to Quality is as follows:

5 Quality – Providing reliable, clean, safe and responsive service to our customers for
6 the commodities we provide. We are committed to creativity, diligence, and urgency
7 in everything we do. Measured by reliability metrics.⁶

8 **Q. Has Empire provided reliable service?**

9 A. It is difficult to draw meaningful conclusions from the reliability standards created by the
10 Institute of Electrical and Electronics Engineers ("IEEE") and reported to the Commission and
11 FERC. Table 1 includes Empire's six year annual reliability metrics including the 6-year
12 average for comparative purposes.

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⁶ Empire response to OPC DR-2054, See Sch. GM-1.

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1 Table 1: Empire, EIA Form 861 SAIDI⁷ and SAIFI⁸ Reliability Data 2013-2018⁹

	SAIDI w/MED ¹⁰	SAIDI w/out MED ¹¹	SAIFI w/MED ¹²	SAIFI w/out MED ¹³
2018	141.750	102.550	1.253	1.120
2017	147.720	116.590	1.365	1.220
2016	96.680	96.680	1.035	1.035
2015	115.720	115.720	1.338	1.338
2014	150.760	127.920	1.413	1.366
2013	146.000	146.000	1.000	1.000
6-year avg.	133.105	117.576	1.234	1.179

2
3 **Q. What should the Commission note from the table?**

4 A. At first blush, I have some concerns that the data was reported incorrectly. For example, the
5 SAIDI and SAIFI with and without a major event scores are the same, respectively, in 2016,
6 2015, and 2013. That is, Empire is claiming that for three of the six years there was never a
7 system outage that encompassed at least 10% of its customers at once. This seems unlikely.
8 Otherwise, Empire's 2018 scores are more or less in line with its six-year average.
9 Schedule GM-2 contains a breakdown of each of the Missouri investor-owned utilities'
10 reliability scores over six years. As one would expect from a largely rural utility, Empire
11 customers experience more frequent and longer outage durations, but also experience fewer
12 major events (defined as outages that exceed 10% of the customer base at one time).

⁷ System Average Interruption Duration Index (SAIDI) measures the time in minutes that the average customer was without power during the year.

⁸ System Average Interruption Frequency Index (SAIFI) measures the number of outages experienced by the average customer during the year.

⁹ See Sch. GM-2 for a breakdown of all years including a comparison with Ameren Missouri, KCPL and GMO.

¹⁰ Average yearly duration of outages, in minutes, including major event days (an event impacting at least 10% of the customers in the operating area).

¹¹ Average yearly duration of outages, in minutes, excluding major event days.

¹² Average yearly frequency of outages, including major event days (an event impacting at least 10% of the customers in the operating area).

¹³ Average yearly frequency of outages, excluding major event days.

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1 **Q. Has Empire produced Quality service as judged through other quantitative metrics?**

2 A. In short, no. My direct testimony spoke at length about Empire-Liberty's call-center metrics
3 and JD Power Scores. I will not repeat my concerns on those issues, other than to reprint the
4 JD Power results as seen in Figure 1:

5 Figure 1: J.D. Power 2018 Electric Utility Residential Customer Satisfaction Study Results:

6 Empire District Electric Overall Results **

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1 **Q. Have other concerns come to your attention since you filed direct testimony?**

2 A. Yes. Since the acquisition, Empire-Liberty has experienced a categorical increase in the
3 number of estimated bills it processes. Table 2 provides a detailed monthly breakdown
4 including both the number of estimated bills and the number of full-time and contractual meter
5 readers employed.

6 Table 2: Empire estimated bills, full-time and contracted meter readers by month 2017-2019 ^{14,15,16}

	2017 estimated bills	2017 meter readers (full + contract)	2018 estimated bills	2018 meter readers (full + contract)	2019 estimated bills	2019 meter readers (full + contract)
January	742	23	5,594	21	1,730	21 + 4
February	362	22.5	10,639	20.5	663	21 + 4
March	232	22	19,393	19.5	1,114	21 + 4
April	521	22.5	14,469	19	682	20 + 4
May	545	23.5	20,874	20	1,011	20 + 4
June	354	23.5	17,894	21	997	20 + 4
July	1,866	24	17,982	21	2,864	20 + 4
August	637	25	14,388	21 + 1	5,557	19 + 4
September	1,001	24	6,309	21 + 1	9,681	18 + 4
October	509	24	15,534	21 + 1	19,306	18 + 5
November	2,769	23	9,810	21 + 4	15,593	18 + 8
December	11,517	22	9,644	20.5 + 4	25,578	19.5 + 8

7
8 Table 3 provides a detailed annual breakdown including both the number of estimated bills and
9 the number of full-time and contractual meter readers employed as well as the percentage
10 increase decrease from 2017 numbers for both 2018 and 2019. I have included the first two
11 months of January as well.

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¹⁴ Empire response to MPSC (Staff) DR-2055, See Sch. GM-3,

¹⁵ Empire response to MPSC DR-2056, See Sch. GM-4,

¹⁶ Empire response to MPSC DR-2057, See Sch. GM-5,

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1 Table 3: Empire estimated bills and average # of meter readers by year 2017-2020

	Estimated # of Bills	% increase/decrease since 2017	Average # of Monthly Meter Readers (full and contract)	% increase/decrease since 2017
2017	21,555	-	23.25	-
2018	162,530	+ 654%	21.45	- 7.74%
2019	84,776	+ 293%	24.35	+ 4.73%
2020 (January and February)	6,847		26.00	

2
3 **Q. What should the Commission note from Tables 2 and 3?**

4 A. That there was a 654% increase in total estimated bills from 2017 to 2018. And that 2019 only
5 looks better because of how bad 2018 looks. I am at a loss as to how the Company could
6 perform so badly, especially when the overall number of meter readers has not significantly
7 changed.

8 Equally troubling is that this issue did not come to my attention until after I started reviewing
9 the following:

- 10 • The 245 (as of this writing) public comments submitted in this case in EFIS;
- 11 • The many individual concerns raised throughout the public hearing transcripts;
- 12 • And the (as of this writing) 4,400 signed comments to “Investigate Liberty Utilities
13 (Empire)” Change.org petition.¹⁷

14 Many of these customer experience comments were negative for the “typical” reasons raised
15 in any rate case (fixed income, choosing between medicine, food and electricity, etc...), but
16 the sheer number of references to bill fluctuations and estimated bills is disconcerting to me.

¹⁷ Bard, J. (2020) Investigate Liberty Utilities (Empire) Change.Org <https://www.change.org/p/missouri-public-service-commission-investigate-liberty-utilities-empire>.

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1 An internet search for “estimates,” “Liberty,” and “Joplin” produced a local news article from
2 July 20th, 2018 titled “Liberty Utilities—Empire District has been estimating on some
3 customer’s bills.” The article quotes two customers stating:

4 “I have never been able to tell a customer, here is the service I provided for you, I
5 guessed on your bill, so if I am high, I will get back next month, that is unacceptable.”
6 Said Emery. . . .

7 “I looked at my bill this month and it was 295 dollars and there is three asterisks by it.
8 And there is nothing on the bill saying what those asterisks mean, and now I am worried
9 that I am being overcharged” said Phillips.¹⁸

10 This is unacceptable behavior for a utility in 2020. There has clearly been a break-down in
11 communication with both customers, regulators and consumer advocates as this information
12 should, at a minimum, be conveyed before it escalates into the problem that stretches multiple
13 years.

14 **Q. Do you have any recommendations on this issue?**

15 A. Yes. My inclination, based on the facts before me, is to recommend that the Commission order
16 *an explicit reduction* to the Company’s Return on Equity (“ROE”) for the *decline in quality of*
17 *customer service* since the acquisition.

18 The sheer volume of estimated bills also calls into question *many* other aspects needed to set
19 rates on going-forward basis. Some of which, I will address later in this testimony.

20 I will temper that recommendation (and any specific basis point reduction), for the time being,
21 until I can fully review the discovery submitted by Staff and see Empire’s eventual responses.

22 Moving forward, it will likely be necessary to institute greater regulatory oversight and
23 Company-wide, customer-service threshold metrics to prevent situations like this from arising
24 in the future. For example, if minimum customer experience indicators or basic billing practice

¹⁸ Berg, B. (2018) Liberty Utilities-Empire District has been estimating on some customer’s bills. KY3
<https://www.ky3.com/content/news/Liberty-Utilities---Empire-District-has-been-estimating-on-some-customers-bills-488678541.html>.

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1 thresholds (e.g., estimated bills double in a month) are not met, then an immediate notification
2 to the PSC Staff and the OPC would be made.

3 A full investigation into the poor performance metrics and operational breakdowns may also
4 be necessary. At a minimum, the Company is going to need to address its poor performance in
5 testimony in this rate case. As such, given the developing nature of this issue, I reserve the
6 right to amend or expand my recommendations.

7 **Operating Philosophy: Care**

8 **Q. Did OPC request Mr. Baker to define “Care” and how “Care” has translated to**
9 **measurable performance deliverables?**

10 A. Yes, Empire’s response to OPC DR-2054 as it pertains to Care is as follows:

11 Care – Delivering an excellent customer experience to all of our customers and
12 communities. We are committed to the thoughtful considerations of the impact of our
13 decisions and actions on the communities we serve. We show that by operating locally,
14 giving charitably locally, and through economic development. Measured by customer
15 satisfaction metrics, service levels, economic development, and charitable giving.¹⁹

16 **Q. Did you inquire into specific examples of “Care” in Empire-Liberty’s charitable actions?**

17 A. I did. Through OPC DR-2061 I requested the following:

18 Please provide a breakdown of the annual charitable contributions and local
19 community support Empire has provided since Liberty acquired it as referenced in the
20 direct testimony of Empire witness Brent Baker at p. 14, lines 14-18.²⁰

21 Empire provided an Excel spreadsheet listing each charitable contribution made since its 2017
22 acquisition.²¹ In total, the yearly expenditures are as follows:

23

¹⁹ Empire response to OPC DR-2054, See Sch. GM-1.

²⁰ See Sch. GM-6.

²¹ See Sch. GM-7.

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- 1 • 2017 \$404,812.77
- 2 • 2018 \$410,685.66
- 3 • 2019 \$135,315 (through July 31)

4 For perspective, in 2018, Empire collected tariffed revenues totaling \$514,892,468. More
5 than ½ a billion dollars. Also in 2018, Empire claims to have contributed charitable
6 donations of \$410,685.66. Less than ½ a million dollars.

7 **Q. What about the specific examples cited in Mr. Baker’s testimony, non-profit charities**
8 **such as Children’s Haven of Southwest Missouri, the Ronald McDonald house service**
9 **project and the Boys and Girls Club of Southwest Missouri?**

10 A. Empire-Liberty has made a \$10,000 donation to the Boys and Girls Club of Southwest
11 Missouri each year since its acquisition. I could find no expenditures for the Children’s
12 Haven of Southwest Missouri, the Taney County Partnership or the Neosho Schools
13 Foundation. In 2017, Empire-Liberty gave \$680 to Ronald McDonald Charities. In 2018,
14 \$220 was given to the Ronald McDonald House of the Four States. There was no funding
15 for any Ronald McDonald charities as of July 2019. The two-and-half year sum total of the
16 charities referenced in Mr. Baker’s testimony is \$30,900.

17 **Q. What about other entries?**

18 A. Sch. GM-3 contains a list of all of the entries I was provided. There are many “questionable”
19 charitable accounts. For example the approximate \$4,000 given to the Edison Electric
20 Institute in 2018 and 2019. The many Chamber of Commerce donations across cities, other
21 states and at the federal level. And miscellaneous items such as the many Costco, JPMorgan
22 Chase Bank, Target or Walmart transactions listed.

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1 **Q. Do Empire shareholders fund *any* low-income matching programs like Ameren**
2 **Missouri, Evergy Metro, and Evergy West do?**

3 A. No.²²

4 **Q. Do you believe Empire should be “Caring” more for the local community it services?**

5 A. Reasonable minds can differ as to the extent (if any) a Company owes its community in terms
6 of charitable giving. At the end of the day, what Empire-Liberty does with its profits is its
7 decision. I take issue with Empire’s leadership making certain representations to the
8 Commission about core values and strong local charitable presence when it does not reflect
9 reality.

10 For perspective, I struggle to believe a household making \$50,000 annually would champion
11 themselves publically as a charitable cornerstone of the community if it gave less than \$40 of
12 its earnings to charity in a year. But that is exactly what Mr. Baker is doing here. Empire-
13 Liberty is holding itself up as model citizens before this Commission for actions that amount
14 to the equivalent of that \$50,000 family buying eight boxes of Girl Scout cookies.²³

15 **Operating Philosophy: Efficiency**

16 **Q. Did OPC request Mr. Baker to define Efficiency and how Efficiency has translated to**
17 **measurable performance deliverables?**

18 A. Yes, Empire’s response to OPC DR-2054 as it pertains to Efficiency is as follows:

19 Efficiency – Performing our work in a way that looks for continuous improvement in
20 all we do with a focus on finding ways to create savings for our customers. We are
21 committed to smarter and faster achievement of optimal results. Measured on a project
22 by project basis by designing projects that reduce cost to serve while increasing service
23 quality.²⁴

²² OPC DR-2064, See Sch. GM-8.

²³ Actually less than eight boxes (assuming \$5 a box), if total revenues exceed \$500 million as it has in both 2017 and 2018.

²⁴ OPC DR-2054, See Sch. GM-1

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1 **Q. Did Mr. Baker reference any examples of a tangible Efficiency deliverable in his**
2 **testimony?**

3 A. He cited to the direct testimony of Tim Wilson regarding the premature retirement of Asbury
4 as an example of Efficiency.

5 **Q. Do you agree?**

6 A. Only if Empire agrees with my following direct testimony recommendations:

- 7 • Empire does not receive “a return on” its investment in Asbury after its
8 retirement on March 1, 2020; and
- 9 • Empire does not receive a “return of” the remaining balance of its 2015
10 investments of \$124 million in Asbury that extended the useful life of the plant
11 to 2035.

12 If those conditions are acceptable, OPC can engage with the Company as to how the rest of the
13 costs can be properly accounted for and ratepayers can realize actual efficiency gains, not
14 managerial imposed stranded asset costs.

15 **Q. Do you have any other concerns about Mr. Baker’s representations regarding**
16 **Efficiency?**

17 A. In my direct testimony I spoke at length about my overall concerns of inflated rate base at the
18 cost of operational expenses in service quality. The public hearings, the Change.Org petition,
19 and the hundreds of public comments submitted to the PSC in this case all substantiate those
20 concerns. Hopefully, in rebuttal testimony, Empire will provide not only an explanation for its
21 poor performance in the JD Power Scores cited, but also a logical, detailed plan on how it will
22 improve its customer experience. This would hopefully include a comprehensive proposal on
23 how its planned roll-out of AMI investments will actually realize benefits for its customers,
24 and not merely inflate Empire’s rate base.

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1 **Online Card Payment**

2 **Q. Mr. Baker states that the only method of payment which results in a direct charged fee**
3 **to customers is through the use of their credit card. Do you agree?**

4 A. If a customer mails his payment, he will pay for a stamp. If a customer pays in person the
5 customer will pay for the gas to drive to the pay station and for time during the day. If a
6 customer wants to pay with a credit card, the customer will currently pay \$2.25 for the
7 convenience of not buying stamps or driving to pay in-person. Each one of these methods has
8 trade-offs just like every other transaction customers make every day.

9 **Q. Do you believe that credit card fees should be socialized to all customers?**

10 A. No. Convenience or processing charges borne by customers utilizing a credit card are costs
11 caused by those cardholders alone. Empire's proposal represents a regressive subsidy borne by
12 customers without that option. OPC witness Amanda Conner provides further testimony on
13 this topic.

14 **III. WEATHER NORMALIZATION RIDER**

15 **Q. Empire witness Timothy S. Lyons recommends the Commission approve a weather**
16 **normalization rider. Do you agree?**

17 A. No. Again, I would point out that Empire customers experienced a 654% increase in estimated
18 bills in 2018 and a 293% increase in 2019 from 2017 numbers. 3 months ago, 25,578 bills or
19 approximately 15% of all of their accounts were estimated. I have no faith in the Company's
20 proposed weather normalization rider when the Company cannot provide even basic billing
21 and metering information as a daily course of business. The weather normalization rider is not
22 mandated by the General Assembly, and it is not an entitlement. The Commission should
23 reject this request out-of-hand, and not reconsider this proposal until Empire can demonstrate
24 that it can consistently provide an accurate reading of its customer's usage. It is ridiculous to
25 even consider adding a layer of complexity like fluctuations in weather when the Company is
26 estimating so many of its customers' bills as a normal course of business. OPC witness Lena

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1 Mantle articulates further arguments against approving Mr. Lyons' weather normalization
2 rider.

3 **IV. ENERGY EFFICIENCY PROGRAMS AND LOW-INCOME PILOT**
4 **PROGRAM**

5 **Energy Efficiency Programs**

6 **Q. Is Empire requesting any changes to its energy efficiency programs?**

7 A. No.

8 **Q. Do you support Empire's proposal?**

9 A. All things being equal, I recommend that costs associated with this offering be withdrawn in
10 its entirety. However, according to Mr. Hackney, Empire plans on filing a MEEIA application
11 at some point in 2020. If the Company intends to ramp-up program expenditures in the near
12 future with a MEEIA application, a theoretical argument could be made that continued
13 program expenditures until its next rate case are justified. For that reason, I do not object to
14 this request in this case. I recommend that the "evaluation, measurement and verification" or
15 "EM&V" costs not be budgeted moving forward.

16 **Q. Why should the Empire DSM budget not include costs for EM&V?**

17 A. Empire is not compensated for lost revenues associated with its rebates. There is no earnings
18 opportunity for Empire for meeting energy efficiency goals. And most importantly, I have seen
19 no evidence that energy efficiency rebates are meaningfully impacting future supply-side
20 investment strategies. In short, there is little justification for a third-party EM&V analysis if
21 those aforementioned issues are not a concern. If the Commission would like to know what the
22 estimated energy savings associated with the investments are, the Company can utilize the
23 Arkansas Technical Resource Manual ("TRM") as a reasonable proxy for deemed energy
24 savings.

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1 **Q. Mr. Hackney attached the 3rd party PAYS study required by the Commission in**
2 **Empire’s last rate case. Can you summarize the results?**

3 A. According to the third-party evaluator, Cadmus, PAYS would be a highly attractive financing
4 option for ratepayers. Of important note, PAYS resulted in better overall category scores under
5 both affordability and accessibility to renters than Property Assessed Clean Energy (“PACE”)
6 financing, equipment leasing and other on-bill financing options.

7 **Q. Will a PAYS option be budgeted in this rate case?**

8 A. No. Mr. Hackney has suggested in testimony that Empire intends to consider PAYS in future
9 energy efficiency program designs. I am assuming he means the Company intends to consider
10 PAYS in its forthcoming MEEIA application.

11 **Q. Do you have any concerns with that?**

12 A. Yes, I do, although it is not entirely germane to this case. On the one hand, I cannot envision
13 Empire proposing a cost-effective MEEIA program without a PAYS option. On the other hand,
14 the order of magnitude increase in Empire’s estimated billings the past couple of years gives
15 me considerable pause in advocating for a PAYS option now. The PAYS model is dependent
16 on accurately producing energy and demand savings. If Empire cannot confidently and
17 consistently provide its customers with their usage and proper billed amount I struggle with
18 how a PAYS program could properly work.

19 In my opinion, Empire’s inability to provide a consistent, accurate, and reasonable customer
20 experience through its billing and metering operations will necessarily inhibit the Company’s
21 ability to seek profitable returns in any MEEIA application.

22 **Low-Income Pilot Program**

23 **Q. What is Empire’s low-income pilot program?**

24 A. Self-identified, LIHEAP eligible customers can receive a 100% discount on their monthly
25 customer charge. The customers merely need to stay in good standing (i.e., pay their bills).

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1 **Q. What were the results of the program?**

2 A. According to Mr. Hackney, 1,218 customers have participated since February 2017. 594 (or
3 47.9%) customers are currently still receiving the discount. 647 (or 52.1%) customers have
4 dropped off at some point.

5 Empire has taken the position in the Low-Income Pilot Program (“LIPP”) “Summary of
6 Results” that “by any measure, Liberty-Empire considers the LIPP to have been successfully
7 implemented, as it was directed to do in [Case No.] ER-2016-0023.”²⁵

8 **Q. What is Empire proposing in regards to the Low-Income Pilot program?**

9 A. To continue the program as is and include a tracker for future cost recovery.

10 **Q. What is your recommendation regarding this program?**

11 A. I disagree with Empire as to the success of this program and I will expound on these reasons
12 in my rebuttal rate design testimony next week. As it pertains to Empire’s revenue requirement,
13 I recommend the following:

- 14 • The request for the tracker be rejected;
- 15 • The existing tariff be frozen so no new customers may enroll;
- 16 • The Company cease offering the program at the conclusion of its December 2020 bill;
17 and
- 18 • Costs historically reserved for Empire’s DSM EM&V be allocated instead towards a
19 third-party low-income assistance study to be submitted in Empire’s next rate case.

20 The third-party study shall include (at a minimum):

- 21 • A literature review of bill assistance best practices across utilities;
- 22 • Alternative proposals that focus on specific targeted bill assistance segments (former
23 homeless population, elderly, renters, ect...); and
- 24 • Avenues to leverage existing funding mechanisms to maximize program impact
25 moving forward.

²⁵ ER-2019-0374 Direct Testimony of Nathaniel W. Hackney, Schedule NWH-2 p. 6, section 6: Conclusion

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1 This recommendation is similar to my recommendation from the pending recent Ameren
2 Missouri rate case (Case No: ER-2019-0335). As such, I believe there is unique opportunity
3 here to potentially minimize overall program costs through a shared independent contractor
4 across the two utilities.

5 **Q. Does this conclude your testimony?**

6 A. Yes.