

Exhibit No. 39

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Income Assistance
Witness: Jon Harrison
Type of Exhibit: Direct Testimony
Sponsoring Party: The Empire District
Electric Company
Case No.: ER-2021-0312
Date Testimony Prepared: May 2021

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

Direct Testimony

of

Jon Harrison

on behalf of

The Empire District Electric Company

May 2021



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FOR THE DIRECT TESTIMONY OF JON HARRISON
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. ER-2021-0312

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1 **I. INTRODUCTION**

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

3 A. My name is Jon Harrison, and my business address is 602 S. Joplin Ave., Joplin,
4 Missouri, 64802.

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

6 A. I am employed by Liberty Utilities Service Corp. (“LUSC”) as the Director of
7 Customer Experience for the Liberty Utilities Co. (“Liberty”) Central Region, which
8 includes The Empire District Electric Company (“Empire” or the “Company”). In this
9 role, which I assumed on January 4, 2021, I am responsible for the experiences of our
10 customers, overseeing Contact Center Operations, Billing, Communications,
11 Collections, and Field Utility Specialists.

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

13 A. I am testifying on behalf of Empire.

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

15 A. I received a Bachelor of Business Administration degree from the University of Miami,
16 Florida and a Master of Business Administration degree from Lehigh University in
17 Bethlehem, Pennsylvania.

18 I began my career as a General Product Salesman for Bethlehem Steel
19 Corporation in Bethlehem, Pennsylvania. I then became a Corporate Lending Officer
20 for Meridian Bank in Bethlehem, Pennsylvania and then a Credit Manager for Eastman
21 Kodak Company and GE Capital in Rochester, New York. After leaving my role as a

1 Credit Manager, I became the Director of Financial Operations for Thermo Fisher
2 Scientific in Pittsburgh, Pennsylvania. Before joining Liberty, I was the Director of
3 Collection Strategy & Payment Processing for National Grid in Syracuse, New York.

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

6 A. I have not testified before this Commission, but I have testified before the New York
7 Public Service Commission and the Massachusetts Department of Public Utilities.

8 **Q. What is the purpose of your Direct Testimony in this proceeding?**

9 A. With my Direct Testimony, I describe Empire’s customer service, including
10 highlighting some of the steps the Company is taking to further improve customer
11 experience and satisfaction. I also address stipulation compliance and Empire’s Low-
12 Income Pilot Program.

13 “Liberty,” our new operating name, means freedom and represents the essence
14 of our purpose: helping people live better everyday lives through the delivery of clean
15 energy at reasonable rates. Through this case, Liberty is bringing about a critical
16 transition to a utility that relies on clean energy at a lower cost, through new
17 technologies and better customer solutions. In addition to our wind projects, the
18 Company has made other improvements to our system that will serve our customers
19 for decades. We have installed smart meters at our customers’ homes and businesses,
20 which, through a new customer website and mobile interface, will allow our customers
21 to see their energy usage in near real time, in turn giving customers even greater ability
22 to control their energy usage and, ultimately, their electric bills.

23 We are modernizing our transmission and distribution system to increase
24 service resiliency and reliability. We have made investments in our system so that we

1 are able to continue to deliver power reliably, which is what we know our customers
2 want. Also, we have worked hard to improve customer service, offering more ways for
3 customers to interact with us. We want our customers to know we will provide them
4 the customer experience options they expect and the electric service they deserve. We
5 are listening to our customers, and they are driving our solutions.

6 **II. CUSTOMER EXPERIENCE AND SATISFACTION**

7 **Q. Please explain, generally, the Company's efforts to understand and meet the needs**
8 **of its Missouri customers.**

9 A. The Company continues to invest in efforts to understand and meet customer needs.
10 The voice of the customer is expressed through contacts with the Company's contact
11 center, as well as surveys, focus groups, trade organizations, and social media.
12 Customers expect affordable and reliable service, and the Company is working
13 tirelessly to deliver those objectives through systems development, productivity
14 initiatives, and continuous process improvement. The Company is open and very
15 receptive to customer feedback to improve the quality of its services. The COVID
16 pandemic impacted customers and Company operations in extraordinary ways, and
17 Empire continually evaluated safe and effective options to continue to meet customer
18 needs, while also maintaining the safety of employees, customers, and the public.

19 **Q. Has the Company returned to all pre-COVID customer-facing practices?**

20 A. No. The COVID pandemic and its impact on customers and Company operations
21 continues to be discussed weekly. The Company is planning to re-open certain walk-in
22 centers to process customer transactions, as well as on-site staffing to restore normal
23 operations to meet customer needs, but dates for these actions have not yet been

1 determined. Not all utilities have walk-in centers, and the Company is evaluating re-
2 openings based on volume, COVID preparedness, and employee and customer safety.

3 **Q. Please describe some of the steps Empire is taking with regard to enhancing its**
4 **customers' experiences.**

5 A. The Company is undergoing rigorous process improvement initiatives to enhance
6 customer experiences. These include billing, contact center, and communication
7 programs designed to meet customer needs and measure outcomes to develop solutions
8 to deliver best-in-class service.

9 All aspects of the customer experience are under consideration, in a continued
10 effort to increase customer satisfaction. Examples of projects include: Genesys
11 Pureconnect IVR (Interactive Voice Response) enhancements to improve call flows
12 and Customer Service Representative (“CSR”) development to manage complex
13 accounts. Customer Care is striving to improve the proficiency of our CSRs in complex
14 billing, Advanced Metering Infrastructure (“AMI”), water, and solar matters. The
15 development of these capabilities coupled with IVR routing will allow the Company to
16 channel calls to specialists to improve customer service and reduce handle time. Energy
17 efficiency messaging in the IVR is also being updated to ensure we are incorporating
18 the benefits of AMI as well as other up-to-date communication required for customer
19 education and engagement. Enhancing our web site to improve customer access is also
20 an initiative of the Company. Currently, certain customers experience website access
21 inconsistencies depending on location. We are analyzing the underlying issues to drive
22 standardization across the platform and improve customer experience. Field operating
23 efficiencies from AMI deployment will support our affordable energy goals by
24 providing visibility to monthly, weekly, daily, and hourly energy usage, while

1 improving the safety and reliability of our services through improved outage
2 management.

3 **Q. Has Empire remained in compliance with the Customer Service Conditions of the**
4 **Staff settlement agreement (and incorporated into the Office of Public Counsel**
5 **agreement) approved by the Commission in Case No. EM-2016-0213 (the “Merger**
6 **Docket”)?**

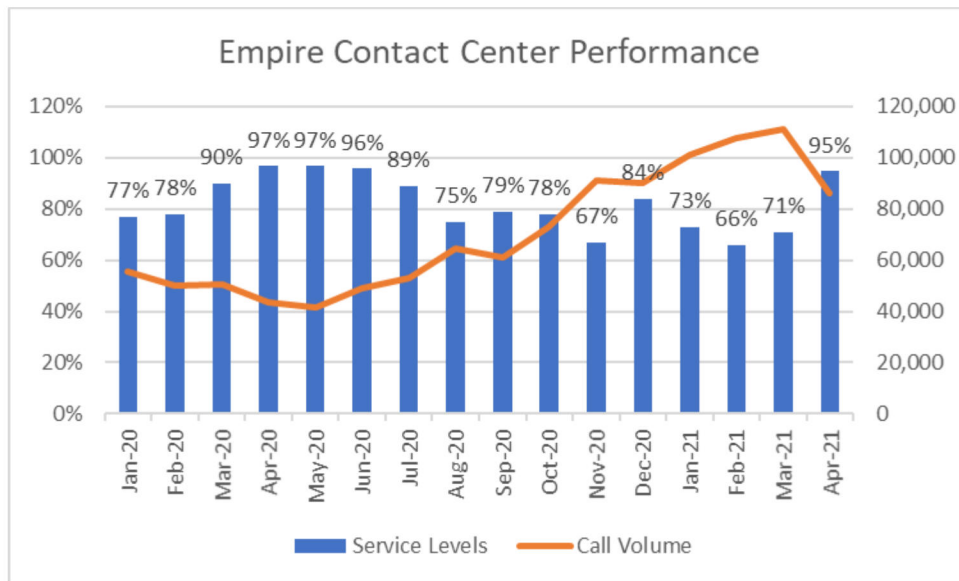
7 A. Yes, the Company has remained in compliance with these requirements, including the
8 one that “Empire and Liberty will strive to meet or exceed the customer service and
9 operational levels currently provided to their customers.”

10 **Q. In Empire’s last general rate case, Empire witness Brent Baker stated that the**
11 **Company did not reach its goals regarding customer service and operational**
12 **levels. Is that still the case?**

13 A. In his Direct Testimony in Case No. ER-2019-0374, Mr. Baker explained certain
14 customer service call answering metrics were not met in 2017 and 2018. Although the
15 Company was not meeting its goals at the time, the Company always strived to meet
16 or exceed its goals, and, as such, remained in compliance with the Merger Docket
17 provision.

18 In 2017, the Company missed the target by two percent. In 2018, the Company
19 was 16% below targeted levels of performance. As of the filing of testimony in Case
20 No. ER-2019-0374, the Company was six percent below target, but improving each
21 quarter. In 2020, results showed service levels exceeding target by 3.9%. The first
22 quarter of 2021 dipped to 14% below target due to IVR changes including payment
23 processing workflows. Outages due to weather, lower self-service volume, and longer
24 call times also contributed to the first quarter results. As of April 2021, however,

1 service levels have been restored to 95% - 15% over target. Improvement is due to
2 staffing, CSR training, and a reduction in high billing inquiries.



3

4 **Q. Mr. Baker’s Direct Testimony in Case No. ER-2019-0374 also mentioned that**
5 **Empire was planning to implement customer systems or projects to improve**
6 **customer care functions. Have those systems or projects now been implemented?**

7 A. In his Direct Testimony in Case No. ER-2019-0374, Mr. Baker explained that Empire
8 would be implementing AMI to improve customer care functions and related
9 operational performance. The meters have now been largely installed. Complete details
10 on AMI implementation is addressed in the Direct Testimony of Empire witness Chad
11 Hook.

12 **Q. Has the implementation of AMI led to improved customer service?**

13 A. Yes. As explained in more detail below, AMI registered reads are being used in place
14 of manual reads in certain sectors, which reduces performance variability. Reductions
15 in a) estimated reads, b) usage over 35 or under 26 days, and c) three or more
16 consecutive estimates to the levels discussed below are all attributable, at least in part,
17 to the AMI deployment. The introduction of AMI smart meter capabilities will also

1 impact the customer experience through improvements in billing accuracy and
2 timeliness, as well as near real-time visibility to outages and energy consumption. AMI
3 also allows access to interval data, on a selective basis, to contact center supervisors
4 and CSRs. This is beneficial to customers who require usage information and who are
5 not on “My Account” because of computer access or other limitations. This
6 functionality expedites customer inquiries regarding high bills, energy efficiency, and
7 other issues. More details on the benefits of AMI are set forth in Mr. Hook’s Direct
8 Testimony in this proceeding.

9 **Q. Will the Company continue to take steps to enhance its customers' experiences?**

10 A. Yes. The Company understands the need for continuous improvement and
11 development of processes and employee skill sets to meet customer expectations. For
12 example, systems investment to facilitate customer interactions is ongoing, illustrated
13 by improvements to the “My Account” customer portal and payment options.
14 Enhancements to the My Account portal are also very important for visibility to
15 customer information. Improvements relate to views of monthly and daily interval data
16 to help customers manage their energy costs. The system will also provide the ability
17 to select communication channels and payment methods preferred by the customer.

18 **Q. Please describe the payment option improvements being made.**

19 A. There are several initiatives underway to improve payment options and processing. For
20 example, the Company is developing the capability to pay by text. This technology also
21 alerts the customer five days before the bill is due and allows payment from mobile
22 devices. A second enhancement is for new accounts. Currently, when a customer is
23 established, their account number is initiated in the Customer Watch system and then
24 transferred back to KUBRA’s payment processing platform in a file that takes 48 hours

1 to process. If a customer is required to make a deposit on their account, they must wait
2 48 hours to make the payment. We are improving that process through a real-time look-
3 up to bypass the interface file and validate the customer account to allow the payment
4 to process immediately. This will also improve payment processing for closed
5 accounts. If a customer discontinued their service over two months ago and desires to
6 pay an aged bill, the account number is no longer in the KUBRA file. The real time
7 look-up will also facilitate processing these payments.

8 A final payment enhancement pertains to Commercial and Industrial (“C&I”)
9 customers. Currently, there is a limitation of \$1,200 per transaction, requiring certain
10 customers to post multiple payments to pay monthly charges. The Company is working
11 to increase the limit to accommodate larger payments by our C&I accounts.

12 **Q. Does the Company directly charge its customers a fee for making payments by**
13 **credit card?**

14 A. No. With the Commission’s approval of Empire’s request in Case No. ER-2019-0374,
15 Empire stopped directly charging customers for making payments by credit card.

16 **Q. Please describe the requirements from the stipulation in the last rate case**
17 **associated with the Commission’s approval of Empire’s request to no longer**
18 **charge customers a direct fee for credit card payments.**

19 A. Stipulation item 1 states: “The Commission additionally finds it reasonable to order
20 Empire to perform the following tasks: (1) track performance and savings to the
21 Company and its customers from this initiative; (2) monitor the level of customers
22 using the credit card option, whether the number of payments by credit card increases,
23 and whether eliminating a fee to pay by credit card results in savings to the customer,

1 to the Company, or to both; and (3) state how the Company will inform customers that
2 there is no fee to pay their bill by credit card.”

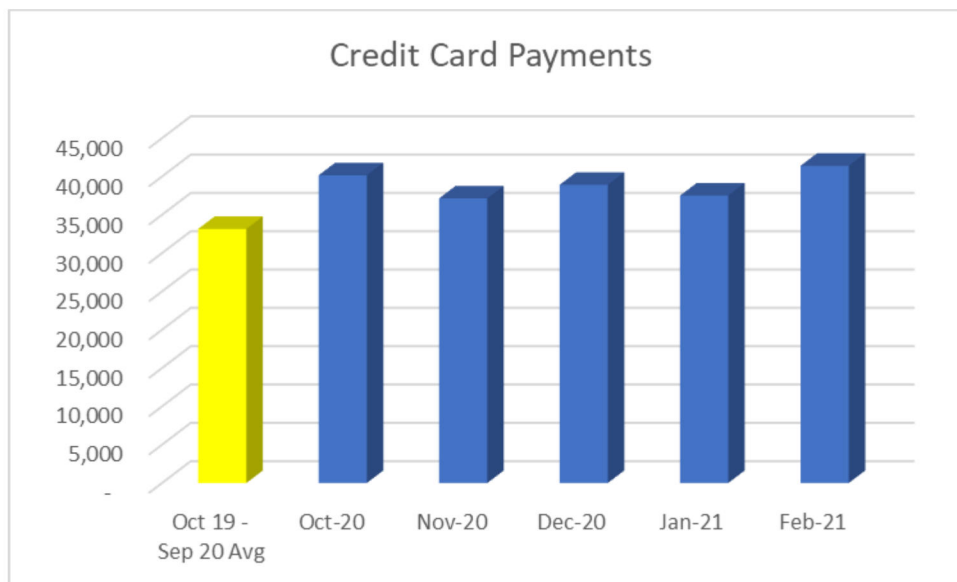
3 **Q. How has the Company tracked the performance and savings to the Company and**
4 **its customers from this customer service initiative?**

5 A. The Company has demonstrated savings to our customers since the Commission issued
6 its order in ER-2019-0374. Savings are demonstrated by a lower fee that is being
7 charged to pay via credit card. These savings are the result of the Company negotiating
8 and changing vendors in the fall of 2020. Utilization of the new vendor allows for a
9 lower price for customers to pay when using a credit card. For Residential customers,
10 the fee went from \$2.25 to \$1.75. For Commercial customers, the fee went from \$13
11 from the previous vendor to \$7.75. The new vendor also provided an additional
12 discount for companies (like Empire) who would be absorbing the fees instead of them
13 being directly charged to customers. These prices went to \$0.40 for Residential or
14 Commercial customers using ACH and \$1.45 for Residential customers paying without
15 ACH and \$5.50 for Commercial customers paying without ACH. The lower fees have
16 provided savings for customers and this is further demonstrated by the amount the
17 Company is seeking to include in the cost of service.

18 The amount approved for inclusion in rates for Missouri customers in Case No.
19 ER-2019-0374 was \$1,165,283. However, in this case the Company is requesting a
20 decrease of \$479,931 for a total annualized amount of \$685,352.

21 **Q. Has the Company monitored the level of customers using the credit card option,**
22 **whether the number of payments by credit card increases, and whether**
23 **eliminating a fee to pay by credit card results in savings to the customer, to the**
24 **Company, or to both?**

1 A. Yes. The Company has and continues to monitor the level of customers using the credit
2 card option; however, it is difficult to state whether the changes are due to the credit
3 card fees being absorbed or if the increase in usage is attributed to the COVID-19
4 pandemic. Once the impact from COVID-19 is over, the Company will continue
5 tracking and analyzing savings to customers and the Company. Below is a chart that
6 displays the average number of credit card payments made during our test year and
7 monthly payments made from October 2020 through February 2021.



8
9 **Q. Describe how the Company informed customers there was no longer a direct fee**
10 **to pay their bill by credit card.**

11 A. In October 2020, the Company notified customers using multiple platforms. There was
12 an alert added to the Company's website on the home page as well as on the payment
13 page, customers who had an email address on file received an email, and letters were
14 mailed to all Commercial customers who used online payments or IVR payment system
15 within the last year.

1 **III. ADDITIONAL COMMISSION DIRECTIVES – CASE NO. ER-2019-0374**

2 **Q. Did the Commission specifically address Empire’s customer service in its last**
3 **general rate case?**

4 A. Yes. On page 145 of the *Amended Report and Order* issued July 23, 2020, effective
5 August 2, 2020, in Case No. ER-2019-0374, the Commission stated that “(w)hile the
6 Commission finds that Empire is taking steps to improve its customer service, the
7 Commission believes it is important to monitor Empire’s progress related to meter
8 reading and billing.” The Commission directed Empire, as originally agreed to by
9 Empire as part of a non-unanimous stipulation and agreement that was filed in the case
10 but not approved, to undertake ten tasks for the years 2020, 2021, and 2022 related to
11 meter reading and billing. Additionally, on page 146 of the *Amended Report and Order*,
12 the Commission directed Empire to file notice in Case No. ER-2019-0374 by
13 September 1, 2020, “containing an explanation of the actions the Company has taken
14 to implement” the recommendations related to meter reading and billing.

15 **Q. Did Empire prepare and file the notice as directed?**

16 A. Yes. This filing, which lists the ten tasks/recommendations and an explanation of the
17 actions taken at that point by the Company to implement the recommendations, is
18 attached as Direct Schedule JH-1.

19 **Q. With regard to the referenced tasks/recommendations, has Empire taken**
20 **additional steps to improve the Company’s customer service and billing practices?**

21 A. Yes. As I provide updates on the tasks/recommendations, I will address the additional
22 steps Empire has taken to improve the Company’s customer service and billing
23 practices.

24 **Q. Please address the first task/recommendation.**

1 A. The first item was for Empire to incorporate certain data into its monthly reports to
2 Staff. The first monthly report with the additional data incorporated was submitted in
3 October 2020, utilizing September 2020 data, and Empire has continued to provide
4 monthly reports with the additional data included.

5 **Q. Please address customer service tasks/recommendations two through five and**
6 **eight.**

7 A. The second task/recommendation was for Empire to begin providing quarterly reports
8 to Staff and OPC; the third item was for the quarterly reports to provide the number of
9 estimated readings exceeding three in a row; the fourth item was for the quarterly
10 reports to provide the number of bills with a billing period outside of 26 to 35 days;
11 and the fifth item was for the quarterly reports to provide Company and contract meter
12 reader staffing levels. The Company built upon the monthly reports that were already
13 being provided to Staff and began providing quarterly reports to Staff and OPC. The
14 first quarterly report was provided to Staff and OPC in October of 2020, utilizing data
15 from the third quarter of 2020.

16 The eighth task/recommendation was for Empire to ensure that all customers
17 who receive estimated bills for three consecutive months receive the appropriate
18 communication pursuant to Rule 20 CSR 4240-13.020(3). To ensure that all customers
19 who receive estimated bills for three consecutive months receive the appropriate
20 communication, Empire began producing and working a daily report to identify
21 customers in this category. Additionally, CSRs review the report to determine the
22 underlying reason that a meter was not read. CSRs then create work orders and/or
23 contact the appropriate department to ensure the underlying issue is corrected.

1 **Q. Please provide an update on the number of estimated reads being performed by**
2 **Empire, including the number of estimated readings exceeding three in a row.**

3 A. The trend in estimated monthly reads has improved due to an increase in meter-reader
4 staffing levels and improved management and reporting. Estimates in March of 2021
5 were 2,804, and improvement is expected to continue as the company utilizes AMI
6 register reads to reduce estimates on blocked and otherwise inaccessible meters. If a
7 meter cannot be read, our agents “ping” the meter for a read, cancel the estimate, and
8 re-bill with the actual AMI read. The Company expects a reduction in customers with
9 three or more consecutive estimates correlating with the overall reduction in
10 estimations. Certain meters in this category were not exchanged for AMI meters, and
11 Field Service Orders are being issued for special handling.

12 **Q. Please address the sixth customer service task/recommendation from the last rate**
13 **case.**

14 A. The sixth task/recommendation was for Empire to evaluate authorized meter reader
15 staffing levels and take action to maintain adequate meter reader staffing levels in order
16 to minimize the number of estimated bills. Empire began offering overtime to Company
17 meter readers in order to stay on schedule. Overtime was also extended to the contractor
18 and is mandated when necessary. Additionally, the Company’s meter reading
19 contractor hired and trained five additional readers, and a second contractor was added,
20 with four staff members to assure thorough route coverage. Further, six Empire
21 employees from multiple departments began being utilized to read meters in order to
22 stay on schedule. Staffing levels are being adjusted as AMI billing reduces the
23 requirement for manual reads.

1 **Q. Please address the seventh customer service task/recommendation from the last**
2 **rate case.**

3 A. The seventh item was for Empire to meet with Staff and OPC to discuss bill redesign
4 possibilities. Representatives from Empire, Staff, and OPC met to discuss bill redesign
5 possibilities on August 25, 2020. As a result of the feedback Empire received from
6 Staff and OPC, the Company evaluated its bill design for both short-term and long-
7 term solutions to increase customer awareness of bill estimations and payment options.
8 Empire evaluated its customer bill format against industry standards and considered
9 various ways to improve the customer experience. On November 24, 2020, Empire
10 implemented a message on the front (first) page of the customer bill that clearly
11 communicates that the customer's usage has been estimated, with the customer being
12 instructed to refer to the second page of the bill for detailed information. On November
13 24, 2020, the Company also began including a message in the "Account Package"
14 section of the bill, also on the front (first) page, indicating that usage has been
15 estimated.

16 **Q. Please address the ninth customer service task/recommendation from the last rate**
17 **case.**

18 A. The ninth item was for Empire to ensure that all customers who receive an adjusted bill
19 due to underestimated usage are offered the appropriate amount of time to pay the
20 amount due. Customers that receive an adjusted bill due to underestimated usage are
21 always offered the appropriate amount of time to pay the amount due, as required by
22 Commission Rule 20 CSR 4240-13.025(1)(C). CSR training includes modules on
23 collections and payment agreements to ensure representatives are properly trained to
24 understand payment plan options in line with each customer's financial circumstances.

1 **Q. Please address the final customer service task/recommendation from the last rate**
2 **case.**

3 A. The tenth item was for Empire to evaluate meter-reading practices and take action to
4 ensure billing periods stay within the required 26 to 35 days, unless permitted by Rule
5 exceptions. To ensure that billing periods stay in compliance with the Commission's
6 Rules, management began monitoring the meter reading schedules more closely for
7 routes that could fall outside the permitted read window. If a route is read before 26
8 days, that route is read again by the reader within the appropriate window. In order to
9 reduce estimates, readers are shifted to routes which are at risk of missing the permitted
10 read window. Cross-trained employees from other departments are also utilized as
11 needed to read meters in order to stay on schedule and within the proper read window.
12 Additionally, to ensure that billing periods stay within the timeframe specified by the
13 Commission's Rules, Empire began producing and working a daily report on billing
14 periods.

15 The report identifies billing cycles, routes, and meters to be read in relation to
16 billing cycle deadlines. It highlights routes required to be read within two days to meet
17 billing deadlines and has resulted in a cushion of three or more days to complete the
18 reads for over 90% of the routes since March. The program has been successful
19 eliminating any reads past the billing deadline.

20 **Q. Has Empire kept Staff up to date on meter reading, billing, and other customer**
21 **service issues?**

22 A. Yes. Empire has always tried to keep Staff up to date on customer service matters, and,
23 since the last rate case, the Company has increased the frequency of communications
24 and the breadth of topics discussed. Empire is having regular Customer Experience

1 update meetings with both the Commission’s Consumer Services Department and the
2 Staff Customer Experience Department.

3 **IV. CUSTOMER FIRST**

4 **Q. Previously in your Direct Testimony, you mentioned improvements to the “My**
5 **Account” customer portal and the implementation of AMI. Are these changes part**
6 **of a larger endeavor?**

7 A. Yes. After several years of research and planning, Liberty is moving forward with a
8 company-wide comprehensive replacement to the existing customer information
9 system (“CIS”), accounting software, and other vital systems, as well as business
10 processes throughout the Company to enhance service to customers and improve
11 efficiency. This initiative, collectively referred to as “Customer First,” leverages the
12 capabilities and experience of the entire Liberty organization to address critical needs
13 across the enterprise by upgrading or replacing key systems that have become generally
14 obsolete, costly to maintain, not well integrated with other Liberty systems, and
15 potentially present security risks.

16 **Q. Please describe Customer First.**

17 A. As referenced in Empire’s first plant-in-service accounting (“PISA”) report – the
18 “Clean Transition Plan,” filed with the Commission February 26, 2021, Customer First
19 is a comprehensive initiative for Liberty and its operating utilities, including
20 Empire. Customer First will replace the current billing system, which has limitations
21 and struggles to meet the Company’s business needs. Customer First will also replace
22 the financial system currently used for general and plant accounting which also has
23 limited capabilities and lacks visibility into data outside the system, creating challenges
24 with managing inventory accuracy. Following industry practice, Liberty evaluated

1 multiple top-tier software vendors before selecting SAP as its core enterprise
2 technology platform for Customer First. Included in this suite of tools are solutions to
3 enhance customer engagement; improve employee recruiting and onboarding; and,
4 improve system monitoring and resiliency. As shown below, Customer First focuses
5 on six functional projects.



6 **Q. Please address the timing of the implementation of the various Customer First**
7 **components for Empire’s Missouri customers.**

8 **A.** As noted above, and addressed in detail in the Direct Testimony of Empire witness
9 Chad Hook, AMI is nearing final completion in Missouri. As I mentioned earlier, the
10 Company is currently piloting Smart Energy Water’s (SEW) My Account portal where
11 customers will have a single view of their account including usage, account balances,

1 service interruptions, and payment options. It is expected that My Account will be
2 fully commercialized and available later this summer. The Foundations portion of
3 Customer First, which includes a common CIS, Enterprise Resource Planning system,
4 and Enterprise Asset Management system, is scheduled to be implemented in Missouri
5 in the second quarter of 2023.

6 **V. ASSISTANCE FOR LIMITED-INCOME CUSTOMERS**

7 **Q. How does Empire specifically assist its customers with limited incomes?**

8 A. The Company assists limited-income customers through its payment plan offerings
9 designed to meet the customer's financial needs. For example, customers are able to
10 pay half of their balances owed, with the remaining amount over three months to
11 manage arrears. Longer payment terms are available to assist customers in cold weather
12 periods.

13 Additionally, as discussed below, the Low-Income Pilot Program ("LIPP"),
14 administered under Community Action Agency ("CAA") Low Income Home Energy
15 Assistance Program ("LIHEAP") qualifications, is an important element of low-income
16 customer support.

17 **Q. Please describe the Commission's authorization of Empire's Low-Income Pilot
18 Program.**

19 A. On August 10, 2016, the Commission issued an *Order Approving Stipulation and
20 Agreement* in Case No. ER-2016-0023. Regarding the LIPP, the Commission
21 authorized as follows:

22 The Commission will authorize Empire to implement an experimental
23 residential low-income pilot program that provides a 100 percent
24 discount on the customer charge for eligible low-income customers,
25 based on LIHEAP eligibility. The goal of the temporary pilot program
26 shall be to evaluate the impact a discount in the customer charge for
27 low-income residential customers has on the disconnection and bad debt

1 rates for Empire both during and after participation in the program. The
2 results of the experimental program shall be reviewed in Empire's next
3 general rate case.
4

5 **Q. What was ordered by the Commission in relation to the LIPP in Empire's last rate**
6 **case, Case No. ER-2019-0374?**

7 A. The Commission provided that the LIPP was to "remain in place with no changes made
8 in this case, and the Company will track all costs until the next rate case." The Company
9 was also directed to meet with Staff and OPC at least twice prior to the filing of
10 Empire's next rate case to discuss the LIPP and whether or not modifications were
11 warranted.

12 **Q. Has the Company continued to offer LIPP with no changes, tracking the costs as**
13 **directed in Case No. ER-2019-0374?**

14 A. Yes, the Company has continued issuing credits equivalent to the customer charge to
15 qualifying customers under its tariffs approved by Case No. ER-2016-0023, but with no
16 new participants added to the program.

17 **Q. Before filing this case, did the Company meet with OPC and Staff at least twice to**
18 **discuss the LIPP?**

19 A. Yes. The Company presented to OPC and Staff, along with the Division of Energy
20 ("DE") on September 2, 2020 and on March 3, 2021 to discuss Empire's LIPP and
21 whether or not modifications were warranted.

22 **Q. How many customers are currently enrolled in the LIPP?**

23 A. Through the end of December, 2020, there are 544 customers enrolled in the program.

24 **Q. Please summarize the changes Empire recommends be made to the LIPP at this**
25 **time.**

1 A. As recommended by OPC and Staff, Empire researched the low- income programs of
2 peer utilities, such as Ameren’s “Keeping Current” program. Empire considered a
3 variety of potential changes to the LIPP, while carefully weighing the benefits of
4 offering a more robust program against the increased hours and costs associated with
5 administering a more robust and complicated program. Empire ultimately decided to
6 propose the following changes:

- 7 • During peak months (May-July and November-January), change the stipend
8 from equivalent to the monthly customer charge to twice the monthly customer
9 charge;
- 10 • Observe a ceiling of 1,000 participants to ensure expenditure levels; and
- 11 • Maintain a “waiting list” to replace customers who unenroll from the program.

12 **Q. Please summarize Empire’s reasoning for requesting that the LIPP credit be**
13 **doubled.**

14 A. As detailed in the Direct Testimony of Empire witness Nate Hackney in Case No. ER-
15 2019-0374, the program successfully retains roughly half of participants, and many
16 customers unenroll voluntarily. This suggests more can be done to entice customers to
17 stay enrolled in the program. Empire hypothesizes that doubling the stipend will
18 improve participant retention.

19 **Q. Why is Empire requesting that a higher credit apply during certain months?**

20 A. Doubling the credit during these certain months will provide more benefit during the
21 peak periods when bills are typically at their highest.

22 **Q. Please summarize Empire’s reasoning for setting a ceiling for participants and**
23 **maintaining a waiting list.**

1 A. The inherent challenge of any low-income program is serving the needs of this group
2 while managing costs so as not to create undue burden on other customer segments.
3 Setting a spending ceiling and maintaining a waiting list for this program allows Empire
4 to provide assistance to its most challenged customers while managing the impact of
5 the program on its remaining customer base.

6 **VI. CONCLUSION**

7 **Q. Please briefly summarize the Company's focus on delivering excellent customer**
8 **service for all of its customers.**

9 A. Empire's customers are at the center of our purpose. As I describe in my testimony,
10 Empire works to build genuine connections with all customers by listening, anticipating
11 their needs, and offering solutions. We want our customers to know we will provide
12 them the customer experience options they expect and the electric service they deserve.

13 **Q. Does this conclude your Direct Testimony at this time?**

14 A. Yes.

VERIFICATION

I, Jon Harrison, under penalty of perjury, on this 28th day of May, 2021, declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Jon Harrison