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MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

CUSTOMER EXPERIENCE DEPARTMENT

DIRECT TESTIMONY

OF

CHARLES TYRONE THOMASON

**THE EMPIRE DISTRICT ELECTRIC COMPANY,
d/b/a LIBERTY**

CASE NO. ER-2024-0261

*Jefferson City, Missouri
July 2025*

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1 A. The purpose of my direct testimony is to support Staff's recommendation of a
2 disallowance for Customer First-related costs for The Empire District Electric Company d/b/a
3 Liberty ("Empire") as discussed further in the testimonies of Staff witnesses James A. Busch,
4 Matthew R. Young and Melanie Marek.

5 Q. On what grounds is Staff recommending a disallowance in this testimony?

6 A. Put succinctly, the implementation of Customer First has compromised
7 Empire's ability to provide safe and reliable service at just and reasonable rates. Ultimately,
8 the root cause of this issue is that the implementation failed to put in place a fully used and
9 useful billing system. I will explain these points in detail in my testimony.

10 Q. How will your testimony be organized?

11 A. I will begin with providing a brief history of this issue before the Commission,
12 as a full understanding of the present situation requires knowledge of several cases involving
13 all of Liberty Utilities Company's ("Liberty") Missouri utilities, including Empire. I will then
14 discuss the Customer First-related issues Staff is currently aware of, highlighting customer
15 impact and several violations of Empire's tariff and Commission rules that justifies a cost
16 disallowance for Customer First.

17 **BACKGROUND**

18 Q. What is Customer First?

19 A. According to Empire witness Colin Penny, Customer First is "a series of
20 business transformation and integrated enterprise-wide software programs, processes and
21 upgrades that are critically necessary for the Company to continue providing safe and reliable

1 electric services to customers.”¹ Empire, alongside its other Liberty co-subsi-
2 deploying features of this system since 2021 but the go-live date occurred in April 2024.² This
3 included replacing Empire’s old Customer Information System (“CIS”), Customer Watch,
4 with SAP.

5 Q. Is there any Commission case history regarding Liberty’s Customer First
6 transition plans?

7 A. Yes. For each of its utilities, Liberty requested temporary variances from
8 Commission rules in order to facilitate the Customer First transition. Liberty Utilities (Midstates
9 Natural Gas) Corp. (“Liberty Midstates”) was the first Missouri-based Liberty utility to undergo
10 the Customer First transition in October 2023.³ The remaining Missouri-based Liberty utilities
11 transitioned in April 2024.⁴

12 Q. Did the Commission grant the requested variances?

13 A. Yes. The Commission granted the requested variances from 20 CSR
14 4240-13.015(1)(C)⁵ and 20 CSR 4240-13.020(6),⁶ subject to certain conditions as
15 recommended by Staff. For the companies that transitioned in April 2024, including Empire,
16 Staff recommended that they be ordered to file an update report 90 days after the transition
17 occurred. This recommendation came about due to Staff’s discovery of several issues that

¹ Direct Testimony of Colin Penny, Page 3, lines 2-4.

² References to the Customer First transition/implementation, in this testimony and in prior cases, refer to the changes that took place in April 2024.

³ Case No. GE-2024-0046.

⁴ Case Nos. WE-2024-0202 & SE-2024-0203 (Liberty MO Water), GE-2024-0201 (Empire District Gas Company), and EE-2024-0232 (Empire District Electric Company).

⁵ Billing period means a normal usage period of not less than twenty-six (26) nor more than thirty-five (35) days for a monthly billed customer nor more than one hundred (100) days for a quarterly billed customer, except for initial, corrected, or final bills.

⁶ A utility may bill its customers on a cyclical basis if the individual customer receives each billing on or about the same day of each billing period. If a utility changes a meter reading route or schedule which results in a change of nine (9) days or more of a billing cycle, notice shall be given to the affected customer at least fifteen (15) days prior to the date the customer receives a bill based on the new cycle.

1 occurred during the Liberty Midstates transition and were not relayed to Staff. Staff only
2 became aware of the issues as a result of discovery conducted for the subsequent variance cases.
3 Although the Liberty Midstates transition appeared to have gone mostly according to plan, Staff
4 wanted more visibility for the remaining companies.

5 Prior to filing the report, the Liberty utilities, including Empire, filed an identical interim
6 report on June 7, 2024, stating they would file the final report at the 120 day mark. Although
7 the interim report noted difficulties with collective accounts,⁷ the gist of the interim report can
8 be summarized with the following quote: “Overall, the transition to Customer First is going
9 well for the Company and its customers. Customers appear to be especially pleased with the
10 new billing statement form.”⁸

11 Q. What case activity took place following the submission of the interim report?

12 A. The Liberty utilities, excluding Liberty Midstates, filed an identical *Report*
13 *Regarding Customer First Implementation*⁹ (“Customer First Report”) in each case¹⁰ on
14 August 6, 2024, including the number of delayed bills, bills falling outside of a 26-35 day
15 billing period, and other issues that had arisen since the transition. Staff was disturbed by the
16 number and variety of issues described in the Customer First Report, which seemed to
17 contradict both the expectations conveyed by Liberty during the variance requests as well as
18 the interim report. Staff filed testimony in Case No. WR-2024-0104 (“Liberty Water rate case”)
19 to address its concerns, recommending ongoing reporting and monthly meetings between Staff

⁷ Accounts with multiple meters at difference locations on one bill. This issue will be addressed later in this testimony.

⁸ EE-2024-0232, *Interim Update*, paragraph 5.

⁹ This report is attached to this testimony as Schedule CTT-d2.

¹⁰ Case Nos. WE-2024-0202 & SE-2024-0203 (Liberty MO Water), GE-2024-0201 (Empire District Gas Company), and EE-2024-0232 (Empire District Electric Company).

1 and Liberty (MO) Water (“Liberty Water”) to discuss progress.¹¹ Those recommendations
2 were embodied in the *Stipulation and Agreement* approved by the Commission in that case on
3 January 23, 2025.¹²

4 On February 27, 2025, the Commission ordered an investigation of the customer service
5 and billing practices of all Liberty utilities operating in Missouri in Case No. OO-2025-0233
6 (“Investigatory Docket”). Staff’s investigation in that docket is ongoing. It should be noted
7 that most of the information presented in this testimony was gathered prior to the opening of
8 the investigation, with the intent to present to the Commission on the original direct testimony
9 (Revenue Requirement) file date of April 9, 2025. As such, this testimony may not cover all of
10 the issues Staff will address in its final report in the Investigatory Docket. Furthermore,
11 the scope of this testimony is constrained to currently-known issues affecting Empire District
12 Electric Company specifically.¹³ Staff reserves the right to make further commentary or
13 recommendations on all issues discussed in this testimony in the Investigatory Docket.

14 Q. Why did Staff not seek stronger measures related to Customer First during the
15 Liberty Water rate case?

16 A. The issues described in the Customer First Report were all explained as having
17 already been resolved, or soon to be resolved, by the end of August 2024. Based upon the
18 progress described, Staff’s expectation at the time was that the Liberty utilities would soon have
19 the situation under control. However, further discovery, and the passage of time, has shown
20 that the Customer First Report, and Staff’s expectations, were overly optimistic. Issues declared

¹¹ Case No. WR-2024-0104, Rebuttal Testimony of Charles Tyrone Thomason, pages 2-7.

¹² WR-2024-0104, *Order Approving Stipulation and Agreement*.

¹³ Although this testimony focuses on Empire, there are cases where Liberty is the more appropriate term. For example, Staff has not had meetings to discuss Customer First with Empire alone. Most Customer First meetings have involved discussions of all Liberty utilities in Missouri, and thus are more accurately described as meetings with the Liberty utilities collectively.

1 resolved in the Customer First Report were not in fact resolved, and issues characterized as
2 soon to be resolved lasted for much longer than characterized in the report. Those issues are
3 discussed below, along with new and previously unidentified issues that Staff has learned about
4 since the Liberty Water rate case. Consequently, Staff's confidence in Liberty's ability to
5 resolve its issues in the near term has eroded significantly. In the meantime Empire's customers
6 have had to contend with service that does not rise to the standard of "reliable."

7 **RELIABLE UTILITY SERVICE**

8 Q. From where is Staff referencing the phrase, "reliable utility service"?

9 A. The Commission's mission statement is to "Ensure that Missourians receive safe
10 and reliable utility service at just, reasonable, and affordable rates." The Commission works to
11 achieve this objective through the promulgation of rules and in its regulatory role over
12 investor-owned utilities. Commission-regulated utilities, for their part, are obligated to support
13 that mission through their conduct.

14 A. What does it mean to have reliable utility service?

15 Q. Reliable utility service is service that can be trusted to fulfill necessary functions
16 whenever called upon. Although oftentimes applied more narrowly to the provision of the
17 commodity itself (e.g., a light switch flipped on will provide electricity at the expected level to
18 turn on the connected light), customer service is a vitally important aspect of reliable utility
19 service. Utility customers should be able to trust that commodity usage will be monitored
20 regularly and estimated rarely. Utility customers should be able to trust that bills for service
21 will be accurate to their usage, reflect a similar period of usage, and be timely delivered on a
22 regular schedule. Customers should be able to trust that if they have questions or if issues arise
23 regarding their utility service, there are processes in place that specify what will occur. All of

1 these customer service functions are necessary to the provision of reliable service because the
2 continued provision of service depends on customers paying for it, which is facilitated by
3 predictable customer-utility interactions. The Commission has long recognized the importance
4 of customer service reliability by promulgating rules governing utility-residential customer
5 interaction¹⁴ and by embedding procedures for customer service in utility company tariffs to
6 ensure the customer experience is both predictable and fair.

7 Q. Has Empire provided reliable service since the final implementation of
8 Customer First?

9 A. No. Specifically, Empire has failed to provide reliable service to its customers
10 as described above. Most visibly, this has been true with regard to the number of bills that
11 Empire has failed to send out on a timely and accurate basis over the past year. However, there
12 are additional issues, including: estimated bills and rebills; Preferred Payment Date Plan;
13 Budget Billing (a.k.a. Average Payment Plan); bills outside of a 25-36 day billing period; and
14 the failure to mail the Rights and Responsibilities brochure required by Commission rules.
15 These instances, most of which entail violations of either Commission rules, Empire's tariff, or
16 both, illustrate how SAP has compromised Empire's ability to provide reliable service.

17 **Untimely Bills**

18 Q. What is the term "untimely bills"?

19 A. Untimely bills, for this testimony, are bills that were not billed within a certain
20 number of days after the target bill date, meaning the date the bill is planned to be generated.
21 Under this umbrella, there are two separate types of bills: "delayed bills" and "no bills." Empire
22 currently defines a delayed bill as an invoice that was sent between 9-30 days after the target

¹⁴ 20 CSR 4240-13.

1 billing date. The number of delayed bills is calculated as the number of billing contracts
2 (service locations) that received a delayed bill. A “no bill” is defined as the lack of an issued
3 bill for 30 or more days, and is also tallied by the number of billing contracts affected. There
4 is a third category that Empire uses, called a “skipped bill,” which refers to bills that were not
5 issued within a given month for reasons that may or may not indicate a problem.¹⁵ Empire
6 treats skipped bills as a separate category, though some skipped bills may subsequently be
7 revised as delayed bills.¹⁶ Staff’s analysis of untimely bills focuses on delayed bills and no
8 bills, meaning untimely bills can be defined as bills invoiced nine or more days after the target
9 bill date.

10 Q. What did Staff find regarding the number of untimely bills for Empire?
11

Table 1- Empire Untimely Billing April 2024-February 2025¹⁷			
<u>Month</u>	<u>Delayed bills</u>	<u>No bills</u>	<u>Total</u>
Apr-24	18,618	3,954	22,572
May-24	9,775	5,130	14,905
Jun-24	7,848	5,865	13,713
Jul-24	17,383	6,796	24,179
Aug-24	5,639	7,217	12,856
Sep-24	7,437	7,120	14,557
Oct-24	9,103	7,857	16,960
Nov-24	5,643	6,690	12,333
Dec-24	6,134	5,323	11,457
Jan-25	8,169	3,867	12,036
Feb-25	34,806	2,889	37,695
Mar-25	10,116	3,196	13,312
Apr-25	2,263	4,345	6,608

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¹⁵ Some examples of skipped bill causes include: longer billing cycles, customer move in/out dates, shorter calendar months, or bill has not been generated by the time the report was generated – these may subsequently be moved to delayed bills.

¹⁶ Empire response to Staff Data Request (“DR”) No. 0216.1.

¹⁷ OO-2025-0233, Empire response to Staff DR No. 0054. Staff’s belief at this time is that non-residential customers are included in this data.

1 A. As shown in Table 1 above, Empire has had a significant issue with untimely
2 bills since April 2024. Any progress made in reducing the number of delayed bills or no bills
3 month-over-month is ultimately reversed in subsequent months, making it impossible to
4 reliably predict a final resolution date based on the data trends.

5 Q. Are these numbers the same as those in the Customer First Report?

6 A. No. Empire has made two changes to how it measures delayed bills since it
7 reported April-June 2024 data in the Customer First Report. First, as of February 2025, Empire
8 began counting delayed bills for collective accounts at the parent account level instead of the
9 child account level. Collective accounts are accounts where multiple meters at different
10 locations, referred to as “child accounts,” are collectively invoiced on one bill, the “parent
11 account.”¹⁸ Prior to the change, Empire measured delayed bills at the child account level,
12 essentially by whether or not the bill was invoiced within a certain number of days after what
13 would normally be the billing date for that meter read. However, since child accounts are billed
14 according to the schedule of the parent account and not the meter read of the child account,
15 bills were being counted as delayed which should not have been.¹⁹ Based on Staff’s current
16 understanding of the change, it does not take issue with this change.

17 The second change that Empire made was to redefine what qualifies as a “delayed bill.”
18 As previously mentioned, Empire is now defining a delayed bill as one that has not been
19 invoiced 9-30 days after the billing date, and has been doing so as early as January 10, 2025.²⁰
20 However, when Empire first reported this data in the Customer First Report, and when Liberty

¹⁸ Empire response to Staff DR No. 0226.2.

¹⁹ Empire response to Staff DR Nos. 0216.1, 0216.3 and 0216.4.

²⁰ The date that Empire first provided delayed bill numbers in this case in its response to Staff DR No. 0216.

1 Water provided updated data at Staff's request in the Liberty Water rate case, delayed billing
2 was defined as an invoice sent more than three days after the billing date.²¹

3 Q. Is Staff aware of why Empire redefined delayed bills from "3 or more days"
4 to "9-30 days?"

5 A. Not at this time. The change does not appear to align with what Staff has been
6 told about SAP in the past. Staff's understanding has been that SAP requires a bill to be
7 generated within a few days of the meter read date, otherwise an estimated bill will be
8 automatically generated. It is this inflexibility that required Liberty Midstates to subject its
9 customers to irregular billing for two months, in order to align customers' billing dates with
10 meter read dates.²² Although the language of Commission Rule 20 CSR 4240-13.020(6)²³
11 could potentially be interpreted to imply that "on or about the same day of each billing period"
12 equates to eight or less days away from the target billing date, Staff's understanding is that SAP
13 does not bill that far away from the target bill date as standard operating procedure. This is
14 because in SAP, the meter read date drives the billing and invoicing of customer accounts.²⁴
15 Thus, bills issued 4-8 days beyond the target bill date would seem to indicate a concern Empire
16 would wish to track. Empire has also previously stated that, "If exceptions are not resolved
17 between the time they are generated and before the customer billing date, a delayed bill will
18 result. That is generally a 5-day time period."²⁵

19 Q. What is the effect of changing the definition of a delayed bill?

²¹ WR-2024-0104, Liberty Water's response to Staff DR No. 0291. Attached as Schedule CTT-d8.

²² GE-2024-0046, *Staff Recommendation*.

²³ A utility may bill its customers on a cyclical basis if the individual customer receives each billing on or about the same day of each billing period. If a utility changes a meter reading route or schedule which results in a change of nine (9) days or more of a billing cycle, notice shall be given to the affected customer at least fifteen (15) days prior to the date the customer receives a bill based on the new cycle.

²⁴ Empire response to Staff DR No. 0222.1.

²⁵ OO-2025-0233, Empire response to Staff DR No. 0043.

1 A. It is not entirely clear. On the one hand, changing to 9-30 days eliminates bills
2 that were invoiced 4-8 days late. On the other hand, the prior definition would have included
3 bills beyond 30 days late as well, instead of categorizing them separately as no bills. Staff only
4 has data from the first few months after the transition to compare the two definitions. For
5 Table 2 below, collective accounts were still being counted at the child account level for
6 all columns.

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9 In theory, the “9-30 days” column (B) plus the “no bills” column (C) should be less than the
10 number of “3 or more days” column (A), the difference of which would be the bills that were
11 delayed 4-8 days. This would mean that the number of bills missing from the new delayed bill
12 definition (because they were delayed only for 4-8 days) would be ** [REDACTED] ** for May 2024,
13 and ** [REDACTED] ** for June 2024. However, Staff is uncertain as to the accuracy of this data or
14 any conclusions drawn from it, because column B should never be more than column A, as it
15 is for April 2024.

16 Q. Does Staff have other concerns with the data provided regarding untimely bills?

²⁶EE-2024-0232, *Report Regarding Customer First Implementation*, Attachment 2.

²⁷ Empire response to Staff DR No. 0216.

²⁸ Ibid.

1 A. Yes. Staff noted that the untimely billing data provided in response to Staff DRs
2 in this rate case²⁹ does not match the untimely billing data provided in response to the same
3 question in the Investigatory Docket.³⁰ Depending on the month, the numbers could be off by
4 either hundreds or thousands of bills. The largest gap is in the number of delayed bills for
5 February 2025. The response to Staff DR 0054.1 in the Investigatory Docket reports this
6 number as 34,806. The response to Staff DR 0216.1 in this rate case reports this number
7 as 5,914. All responses to Staff DRs that were submitted in this rate case and are referenced in
8 this testimony, including the response to Staff DR 0216.1, are attached to this testimony as
9 Schedule CTT-d3.³¹ All responses to Staff DRs that were submitted in the Investigatory Docket
10 and are referenced in this testimony, including the response to Staff DR 0054.1, are attached to
11 this testimony as Schedule CTT-d4.

12 According to Empire's response to a follow-up DR, the data provided in the responses
13 was current as of the extraction date. Billing corrections and rebills would change the tallies
14 for subsequent data extractions. The example provided was that a bill considered to be timely
15 in the first data extraction, but is subsequently reversed, rebilled, and invoiced, would be
16 considered as both a delayed bill and a rebill in the next data extraction.³²

17 It is difficult to trust the accuracy of data that is constantly shifting, especially when the
18 differences in counts can be significant. For Staff to have full confidence in the numbers
19 provided, and thereby confidence that the customer impacts are fully understood, it would need
20 to audit every change and why it occurred. Below are some of the issues Staff found in
21 comparing the two responses, which do not seem to apply to the example given.

²⁹ Empire response to Staff DR Nos. 0216.1 and 0216.2.

³⁰ OO-2025-0233, Empire response to Staff DR Nos. 0054 and 0054.1.

³¹ Excluding excessively voluminous responses.

³² OO-2025-0233, Empire response to Staff DR No. 0054.1.

- 1) In the majority of cases, the number of delayed bills and no bills increased with the later data extraction date. It is unclear at this time why the number of no bills are also increasing. None of the increases are in exact parallel with the increases in delayed bill counts, so it does not appear that the explanation is simply that a late rebill is counting as both a delayed bill and a no bill. Furthermore, if the “delayed bill” and “no bill” definitions are applicable, then all rebills that took place for 2024 bills should be counted as “no bills,” not “delayed bills,” because more than 30 days has passed since the bill should have been originally issued.
- 2) Empire responded to Staff DR 0216.1 on March 20, 2025. The data extraction date for Staff DR 0054 was on May 8, 2025. According to the example given above, a timely bill, once rebilled, would increase the delayed bill count. However, Staff observed that for September 2024, the number of delayed bills in Staff DR 0054 (7,437) was reported as lower than the number of delayed bills reported in the earlier DR 0216.1 response (8,031). The number of “no bills” was lower in the later response for both April and June 2024. Staff does not know what rebilling process could occur so that a 2024 bill that was untimely as of March 2025 would not still be untimely in May 2025.
- 3) The number of untimely bills reported within each case does not seem to change over time. The response to Staff DRs 0216.1 and the supplemental response to Staff DR 0216.2 were provided March 20, 2025, and June 2, 2025, respectively. The data is identical between these two DRs except for the addition of March and April 2025 data in the latter. The original response to Staff DR 0054 in the Investigatory Docket has a data extraction date of May 8, 2025. The response to Staff DR 0054.1 in the

1 same docket has a data extraction date of May 29, 2025. Except for the addition of
2 bills with a billing period of less than 26 days and more than 35 days in the latter,
3 the data is identical between the two responses. It appears that Empire simply added
4 the new data to the previously-reported data without re-extracting the data for the
5 prior months, which would undermine the rationale behind providing different sets
6 of data to begin with.

7 Q. Why is Empire experiencing issues with untimely bills?

8 A. Staff's understanding is that the majority of untimely bills are due to billing
9 exceptions.³³ SAP has adjustable tolerance thresholds built into the billing process that are
10 meant to act as checks for billing accuracy. There are thresholds for meter reading, billing, and
11 invoicing. If the commodity usage, the charges for usage, or the final bill exceeds the tolerance
12 threshold at any stage, the bill is not invoiced to the customer. Instead, it is kicked out of the
13 system as an exception, pending manual review. For the case of Advanced Metering
14 Infrastructure ("AMI") meters, missing interval reads (readings taken every 15 minutes)
15 or other issues that would cause the register read (once a day read) to differ from the total
16 number of interval reads also creates an exception. For Empire specifically, AMI meters and
17 collective billing in particular have been sources of a large number of exceptions.

18 As noted, exceptions must be manually reviewed before they can be resolved.
19 A customer who has a pending bill in the exception queue will not receive that bill, or any
20 subsequent bills, until the bill that caused the exception is manually cleared. Starting from the
21 implementation of Customer First, SAP began adding a large number of exceptions to the

³³ This understanding has developed over numerous meetings and conversations with the Liberty utilities. For example, see Empire response to Staff DR No. 0191, Liberty's December 13, 2024 Billing Update presentation to Staff.

1 queue. Staff's understanding from discussions with the Liberty utilities is that this was not an
2 error; rather, the tolerance thresholds were set too narrowly. As the Billing Team did not have
3 the ability to clear all of the exceptions before the next billing cycle, not only were they unable
4 to keep up with the billing exceptions for any given month but the backlog continued to grow
5 for subsequent months.

6 Q. How has Empire addressed this issue?

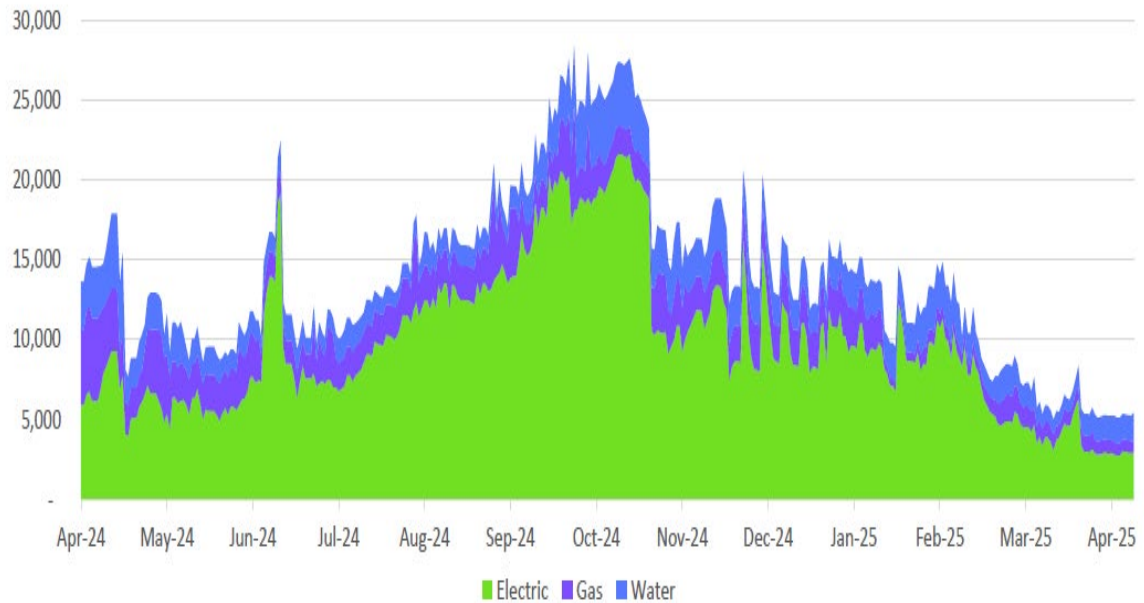
7 A. Empire has been working to reduce the number of exceptions and working the
8 backlog of billing exceptions. For example, Empire made changes to relax the tolerance
9 thresholds on November 14, 2024, December 19, 2024, and in January 2025. Although Empire
10 is still struggling with untimely bills, the number of billing exceptions decreased as a result of
11 the changes.³⁴ In March 2025, the number of new billing exceptions for that month (8,681)
12 dropped to under half of the April-December 2024 monthly average (18,417) for the first time.³⁵
13 Empire's progress in addressing the billing exception backlog can be seen in the below graph
14 (in green), which was provided to Staff as part of a May 22, 2025, meeting. It represents the
15 number of open/active billing exceptions in the system on any given day. As of May 13, 2025,
16 the final date on the graph, Empire had ** [REDACTED] ** open billing exceptions from a high of
17 ** [REDACTED] ** on October 30, 2024.³⁶

³⁴ Empire response to Staff DR No. 0192 and information conveyed to Staff during a May 22, 2025 meeting with the Liberty utilities.

³⁵ OO-2025-0233, Empire response to Staff DR No. 0058.

³⁶ OO-2025-0233, Empire response to Staff DR No. 0090.

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Q. Does Staff have concerns about this process?

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A. Yes. Staff is concerned that missteps in easing billing exception thresholds could allow bills that should have been flagged to pass through to customers, particularly in the present context of a large number of rebills occurring, which will be discussed later in this testimony. Empire has stated that a majority of the bills flagged as exceptions have ultimately been verified, and that it is being careful in how it adjusts the tolerance thresholds. Staff will continue to monitor this issue and gather further data on rebills.

10

Q. What is the delayed/no bill process like from the customer perspective?

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A Although usage is available for the customer to view online, the customer will not receive a bill for service, either by mail or electronically. For customers signed up for Autopay, there are no drafts. When the billing exception has been cleared, billing resumes. By the time that occurs, some customers may have not received a bill in several months. Other customers may receive one or more bills after several months of waiting, then have to

wait several more months before receiving any further billing because of another billing exception.

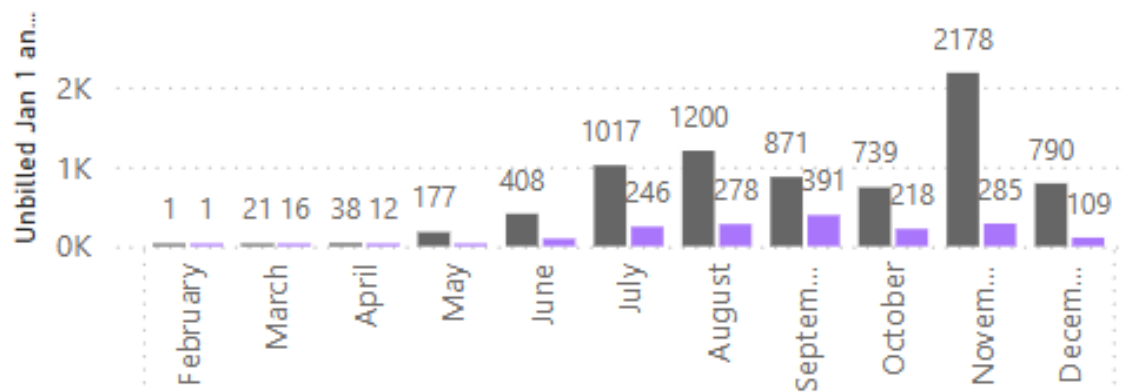
Q. How many customers were unbilled for more than one consecutive month?

A. According to Empire's response to Staff DR 0054 in the Investigatory Docket, 600 Missouri Empire electric customers did not receive a bill for two or more consecutive months from April 2024 to April 2025. However, Staff does not currently have confidence in that number.

While reviewing presentations provided by the Liberty utilities in past discussions related to Customer First issues, Staff found the following graph from a February 25, 2025, meeting for Empire Electric customers:

Unbilled Empire

● Unbilled Jan 1 ● Unbilled current



The graph was accompanied by the following text: "The grey bar on the right shows the number of customers (meters) that were last invoiced in the month displayed as of January 1st, 2025. The purple bar shows the number of active customers last invoiced in the month displayed as of today."

Staff interprets this to mean that the graph is to be read thusly: “As of January 1, 2025, there were 1,200 customers who had not received a bill since August 2024. As of February 25, 2025, there were 278 customers who had not received a bill since August 2024 and 391 customers who had not received a bill since September 2024.” If so, neither statement suggests that 600 is an accurate number of customers who did not receive a bill for two or more consecutive months.

Q. What are the ramifications of not receiving a bill from the customer perspective?

A. In the best case scenario, impacted customers were aware that they had not received bills and budgeted accordingly for the inevitable charges. However, that is the best case scenario. Empire’s communications with customers regarding untimely bills was lacking, particularly in the early post-transition months. Empire’s practice, starting in April 26, 2024, was to send a “bill-up” letter simultaneously with a customer’s backlogged bills. That letter apologized for the error, indicated that the problem was resolved, and offered to establish a payment arrangement.³⁷ However, as it was sent alongside the bills, it did not provide advance warning to customers who might not have noticed they were not receiving bills. On October 22, 2024, only after Staff’s suggestion, the Liberty utilities finally mailed a fully separate letter to customers informing them that their bills were delayed.³⁸ Staff’s disappointment at the fact Staff had to suggest this measure to Liberty was noted during the WR-2024-0104 rate case.³⁹

For the most part, the burden has been on the customer to notice that billing has not occurred and to budget accordingly. If a customer failed to do so, or elected to allocate their

³⁷ OO-2025-0233, Empire response to Staff DR No. 0063.

³⁸ Staff received confirmation that the letters were sent during a December 2024 meeting with the Liberty utilities.

³⁹ WR-2024-0104, Rebuttal Testimony of Charles Tyrone Thomason, page 19, lines 3-8.

1 electricity budget towards bills that were actually received on time, then they would inevitably
2 be confronted with several months' worth of charges at once, with an income that may or may
3 not be able to accommodate it. Commission rules allow for utilities to back-bill residential
4 customers for up to 12 months of the duration of the undercharge.⁴⁰

5 Q. Would a customer need to pay several months' worth of charges all at once?

6 A. No. Commission Rule 20 CSR 4020-13.025(1)(C) requires Empire to offer
7 customers at least twice the period of the undercharge to pay the bill.

8 Q. Did Empire explicitly make this offer to affected customers when sending
9 untimely bills?

10 A. Not when sending the bills. The due date on the untimely bills was the
11 standard 21 days from the billing date, and nothing on the bill or the bill-up letter offered
12 customers at least twice the duration of the absence of bills to pay. The October 22, 2024,
13 letter stated that Empire would provide extra time to pay delayed bills, but not the specifics of
14 the rule requirement. Until recently, customers would have had to call Empire to know they
15 had at least twice the period of the delayed bills to repay, and last fall the Commission's
16 Consumer Services Department informed Staff that it had spoken with multiple customers who
17 had contacted one of the Liberty utilities regarding delayed bills but had not been informed of
18 this requirement.⁴¹ On February 22, 2025, Empire modified its "bill up" letters to convey the
19 rebill requirements of 20 CSR 4020-13.025(1)(C).⁴²

⁴⁰ 20 CSR 4240-13.025(1)(B).

⁴¹ The same call centers and Customer Service Representatives that serve Empire's customers also serve the customers of the other Liberty utilities in Missouri, excluding Liberty Midstates.

⁴² Empire response to Staff DR No. 0352.

Direct Testimony of
Charles Tyrone Thomason

1 Q. Have customers expressed concern with untimely bills?

2 A. Yes. The Commission has received a large number of informal complaints,
3 public comments, and local public hearing testimony from the Liberty Water rate case regarding
4 these issues. There have also been six town halls in Bolivar, Branson, Aurora, Ozark and Joplin
5 (twice) where customers expressed frustration with Liberty's billing practices. Below is a small
6 sample of the public comments that have been received by the Commission, taken from the
7 Investigatory Docket:

8 P202501774- I have to say that Liberty is a nightmare to work with.
9 They do not communicate at all. They do not try to explain or fix their
10 billing mistakes that have been going on since March/May 2024. They
11 do not follow the rule that they provide twice as long as the billing
12 mistakes were made to pay it back. (2/28/2025)

13 P202501772- It is not fair that the company is able to send me a \$1600
14 bill when I called every money[sic] asking what my balance is. It is
15 ridiculous that the PSC allows this and thinks it is okay to do to people.
16 (2/28/2025)

17 P202501771- Customer called and stated that he has not received a bill
18 since August 2024. He talks to them every month. He always receives
19 the same response: they'll get him one sent out. He is on a fixed income.
20 It's frustrating. (2/28/2025)

21 P202501821- Customer called and stated that he now has a bill totaling
22 about \$1500. For months, he never received a bill. He cannot afford the
23 bill. He does not know what to do. Liberty claimed it's their computer
24 system. He has yet to hear back about a payment arrangement. (A
25 complaint was also filed⁴³). (3/5/2025)

26 P202502057- We went 6 months w/o receiving a billing statement even
27 though I called each month. We've now received all 6 at once. I am
28 going to call Liberty to pay it but think it is unfair that they are able to
29 do this. (3/26/2025)

30 P202502110- We have solar panels with projected 100% return. I can
31 track our solar within an app. Multiple months we have received 100%
32 or more to cover our usage. However, we've had bills worth hundreds

⁴³ CI202501271.

1 of dollars on top of that. This past month stopped giving us any credit
2 for our solar, which was 1.5 times the amount we needed to cover our
3 usage. They also skipped a billing period, leaving us with a massive bill.
4 And they take no accountability for these errors. This has created a major
5 impact on our local hospital, school system, and is leading to a major
6 housing crisis for which the impact will stall the growth in our small
7 community. Businesses cannot keep up with electric bills that are double
8 the amount of their lease. (4/5/2025)

9 P202502170- "The billing from Liberty is an absolute mess. I am
10 receiving 5 bills at a time, envelopes containing 20 pages of conflicting
11 information. I am experiencing delayed billing. If I were a senior
12 citizen, this would be completing confusing (more than it already is)."
13 (4/14/2025)

14 P202502959- John cannot attend any of the town hall meetings as part
15 of this case [OO-2025-0233]. He did want to file comment into the case.
16 He is disabled and Liberty's new system is a mess. Some months he has
17 not received bills and others he has received multiple bills at once.
18 Elderly and disabled customers have a harder time, and inconsistent bills
19 make it worse for customers like him. It has been over a year since
20 Liberty went to this new system, and they still have numerous problems.
21 They also cannot explain anything when he calls Liberty. (5/28/2025)

22 P202503026- We started having billing issues back in August of 2024.
23 We didn't receive bills every month from then on until last month. We
24 would go on the Liberty website and it would always say \$0 balance.
25 We had no idea how much our bill was. We didn't get a bill until last
26 month. We would pay something every month, not knowing how much
27 was due. We have solar as well. After we would pay our bill, come the
28 next month, it would always say we had a credit, because the bill never
29 showed. Finally, last month they had on the website that we owed over
30 \$800. We don't think it was ever right. I don't think we're still getting
31 enough credit for the solar we have. They've screwed us all around.
32 Absolutely hate the way they've treated us. I called them so many times,
33 and they couldn't tell me anything! They would always say they see what
34 I see so they could never give me any answers. (6/2/2025)

35 P202503291- We were changed from Empire to Liberty. In July of 2024
36 we received no bills or statements until Jan. of 2025 during that time I
37 called and went to the office in Joplin repeatedly times to ask about this
38 each time I was told it was a billing issue. When we finally got the bill
39 in Jan. of 2025 we found our bill for the well house had gone from \$40
40 to \$440 Liberty replied it was a problem on our end, we have spent 4
41 months trying to find the problem at a great expense. Had we known
42 this back in July of 2024, we could have resolved the problem then and
43 would not have to have paid Liberty close to \$5,000. in undo payments,

1 plus all the stress and financial burden it has put on us. Their customer
2 service is terrible. (6/5/2025)

3 P202503355- I would like to comment about the Liberty Utilities that I
4 pay here in Brason. Twice this past year they have skipped a month &
5 charged me for 2 mo worth of electricity that next month. They didn't
6 ask me to be billed that way at all! I am on a SS fixed income and I have
7 to carefully plan my payments each month. When I called them about
8 this, I was told that they are putting a new billing process in place and
9 that was out of the ordinary. I wish they would stop doing this as they
10 have done this twice to me this past year. They never send a note out, or
11 text message saying what they are up to with these practices. It seems
12 like they are taking advantage of their customers since they are the only
13 company we can get electricity from. (6/9/2025)

14 Q. Has Staff identified any rule or tariff violations related to untimely bills?

15 A. Yes. 20 CSR 4020-13.020(6) and Empire's tariff⁴⁴ states: "A utility may bill its
16 customers on a cyclical basis if the individual customer receives each billing on or about the
17 same day of each billing period." Staff's observation has been that delayed bills are not
18 necessarily sent on the same day as it would have been sent on the customer's regular billing
19 cycle. For example, in Staff DR 0351, Empire provided sample bills of customers who received
20 delayed bills. In one case, Staff noted that a customer who had not received a bill since
21 October 2024 received three different sets of bills over a two-week period when Empire caught
22 up with the bills in March 2025: one bill was sent March 3 for September-October usage, four
23 bills were sent on March 10 for October thru February usage, and the regular monthly bill for
24 the prior month's usage was sent on March 18.

25 In the same DR response, Staff reviewed another residential customer's bills in which
26 a similar violation occurred. The customer received untimely bills from April, May, and
27 June 2024 on August 15, 2024. The customer then did not receive the July and August bills
28 until October 9 (July bill) and October 10 (August bill) 2024. The same customer then did not

⁴⁴ P.S.C. Mo. 6 Sec. 5 Original Sheet No. 25.

1 receive any further bills until February 2025. The September bill was sent on February 6, 2025.
2 The October bill was sent on February 25, 2025. The November bill was sent March 4, 2025.
3 The December, January, and February bills were sent March 10, 2025. The March bill appears
4 to have been sent timely, on March 27, 2025. By that point over \$3,000 in charges had accrued.

5 Q. You stated earlier that Empire was granted a variance from 20 CSR
6 4240-13.020(6). Does the variance not apply?

7 A. Staff's opinion is that the variance does not cover this situation, and is no longer
8 in effect. When Empire requested a variance from 20 CSR 4240-13.020(6) in Case
9 No. EE-2024-0232, it stated in its application the following:

10 The implementation of Customer First for Empire does not specifically
11 contemplate the need for variances from any particular Commission
12 Rules. Deviations may occur during the transition period, however, so
13 out of an abundance of caution Liberty requests temporary variances
14 from Commission Rules 20 CSR 4240-13.015(1)(C) and 20 CSR 4240-
15 13.020(6) for two months (likely April and May, 2024). A grant of the
16 requested variances will benefit customers and avoid harm to Liberty, as
17 the ability to vary meter reading and billing schedules will allow for the
18 implementation of Customer First.⁴⁵

19 Staff notes that the Application, as presented to the Commission, was for a limited, two-month
20 duration variance. When Staff inquired further about the need for the requested variance,
21 Empire explained that there might be a need to prorate certain bills if any conversion issues
22 arose. It also detailed a specific situation where, because Customer Watch (the legacy billing
23 system) calculated billing period date ranges differently than SAP, one extra day might appear
24 to be included in the billing period. Empire added, "This difference affects the first bill
25 generated from SAP for all EDE⁴⁶ customers, but not the subsequent bills."⁴⁷ Staff's

⁴⁵ EE-2024-0232, *Application for Temporary Variances, Request for Waivers, and Motion for Expedited Treatment*, paragraph 6.

⁴⁶ The Empire District Electric Company.

⁴⁷ EE-2024-0232, Empire Response to Staff DR No. 0004. Attached as Schedule CTT-d8.

1 interpretation of this response was in line with what Empire presented in its application; if the
2 variance was necessary, it would only be for temporary issues.

3 Empire's variance covered the months of April and May 2024. According to
4 paragraphs 17 and 18 of the Customer First Report, the bill cycle and meter read re-routing for
5 which the variance was required was complete as of August 6, 2024. Empire did not request
6 an extension for the variance and therefore should not be assumed to still be covered under the
7 variance request. Empire has not filed a request to extend its temporary variance either in
8 EE-2024-0232 or in another docket subsequent to the filing of the Customer First Report.
9 Therefore, Staff argues that Empire is currently violating 20 CSR 4240-13.020(6) for its
10 residential customers and its tariff for all of its customers.⁴⁸

11 **Billing Accuracy Concerns**

12 Q. Has Staff observed other Empire billing issues besides untimely bills?

13 A. Yes. Staff has observed a significant increase in the number of estimated bills
14 and rebills since the implementation of Customer First. Staff has concerns that both of these
15 issues have an impact on the concept of just and reasonable rates, so both topics will be
16 discussed further in the next section. However, both estimated bills and rebills have a negative
17 impact on the provision of reliable service.

18 Q. What is Staff's opinion on the effect of estimated bills and rebills on the concept
19 of reliable service?

20 A. Although estimated bills and rebills are allowed for by Commission rules and
21 Empire's tariff, such instances should not be commonplace. Estimated bills delay price signals

⁴⁸ As of January 2025. At this time Staff is not certain how many non-residential customers are included in the untimely bill tallies.

1 to customers related to their usage, and may also cause costly delays in identifying abnormally
2 high commodity usage. Rebills indicate that the utility has charged, and the customer may have
3 then paid, an inaccurate amount for service used. Both estimated bills and rebills undermine
4 customer confidence in their belief that they are being correctly charged for service.

5 Q. Do you have any examples of customer concerns regarding billing accuracy?

6 A. Yes. Empire's billing issues have created an environment where customers are
7 scrutinizing their bills more closely than usual. Customers have doubts that the same system
8 that has prompted so many issues is now billing them the correct amount. If and when
9 customers do finally receive a bill, experiences such as sudden large bills, unexplained changes
10 in balances owed, and unusual circumstances surrounding bill credits have customers
11 questioning billing validity. For example:

12 P202502142- "Liberty billing is very messed up. I received 2 bills in the
13 mail for the same account, one stating I owe money the other stating I
14 have a credit. Also, I was told that their new system does not recognize
15 solar customers and I don't think I am getting credit for my solar energy
16 produced. I have also submitted a complaint." (4/11/2025)

17 P202501817- Liberty billing is terrible. Liberty states they have to add
18 up amounts from missing bills -but I received bills every month and paid
19 them so that is not true. Also, I had a credit of \$240.00 for Nov for an
20 overpayment and then a credit for 241.63 on 01/02- then rec'd a bill for
21 \$303.96 on 01/02. I want to know where and when the credit was
22 applied. I am certain I have overpaid Liberty but their billing is such a
23 mess it is hard to pinpoint. (3/6/2025)

24 P202501808- Starting Summer of 2024 Liberty has incorrectly billed or
25 not even sent out bills to me for electric usage. I've talked to them
26 several times regarding billing. They have told me that I was behind on
27 the bill for both my house & garage by several months. I told them that
28 the bills I've seen I've paid. They had not sent out correct bills regardless
29 of the several phone calls to them regarding this issue. They said that I
30 was behind by more than \$1000 but I didn't get a bill from them with
31 that Information. I had sent in a check for \$1000 but according to the
32 newest incorrect bill...its just sitting in the account with a positive

1 balance of \$1000. I've called & emailed the company at least once a
2 Month since July regarding billing issues. (3/6/2025)

3 P202502152- Liberty continues to have delays in billing. This will then
4 cause the bill to be late; incurring late fees. Each bill I receive shows
5 differing amounts. I recently received 5 statements showing a (-)
6 negative balance. Yet when I log on, it shows that I owe over \$150. The
7 company also recently changed their account numbers causing me, the
8 consumer, the inability to log-in and view my current usage and bill. I
9 have called FOUR times to also get my mailing address changed on my
10 bills all without resolve. I have spoken to numerous customer service
11 agents and each one of the assure me that it has been changed in the
12 computer yet it continues to go to old address. Again, this causes a delay
13 in payment. (4/13/2025)

14 P202501843- Liberty Electric changed their billing system in April
15 2023. I am concerned that their new system is corrupt and that their
16 customers may not have received proper credit for payments made
17 between April-June 2023. Please investigate to insure that the proper
18 credit is reported and to prevent double billing by Liberty Electric.
19 (3/10/2025)

20 P202502117- "Hello, i am a community member in Bolivar Mo. As a
21 community we are suffering from astronomical prices from Liberty
22 Electric Co-op. Many of our bills are not making sense, every month
23 personally I am charged a \$20 fee in addition to my bill, I recieve 2 due
24 dates a month 1 large amount at the beginning of the month due then
25 another due around the 20th-23rd for that additional fee. My bill due in
26 March was \$378.75 before the \$20 fee when we haven't increased
27 energy usage. I would like to know our options for getting a different
28 utility in Bolivar, instead of Liberty." (4/7/2025)

29 P202502118- "I received three Liberty envelopes by mail on Friday,
30 April 4, 2025, for the same service address. Two envelopes contained
31 billing with a due date of March 25, 2025, indicating I owed \$0.00. On
32 the back pages, though, it showed my usage and that I owed \$160.55.
33 The third envelope (all for the same account) was the real bill, showing
34 payment of \$160.55 due by April 22, 2025. Prior to this, on
35 March 31, 2025, I received an email saying \$160.55 due on April 22.
36 The thing is, the accounts on the email message and printed copy do not
37 match. This is all to say that Liberty's billing continues to be screwed
38 up since it changed in May 2024. I think they should have kept the
39 Empire District billing system instead of merging." (4/7/2025)

40 Q. Are there other indications that customers are now more distrustful of the bills
41 they receive from Empire?

1 A. Yes. According to EFIS, Empire had 88 informal complaints categorized as
2 “high bill” filed against it April 8, 2024-June 13, 2025. For the three full years prior to the
3 Customer First implementation (April 7, 2021 to April 7, 2024), Empire had 33 “high bill”
4 informal complaints.⁴⁹ Although many of the investigations were resolved in Empire’s favor,
5 the increase in the number of complaints serves as a barometer for customer skepticism.

6 Q. Has Staff made any definitive conclusions about billing accuracy?

7 A. Staff has several specific concerns that will be addressed later in this testimony.
8 However, Staff’s investigation is ongoing.

9 **Collective Bill Multi-print Incident**

10 Q. Have the Liberty utilities had recent issues with bill printing?

11 A. Yes, specifically for collective accounts. Staff does not currently have data on
12 how many Empire customers specifically were impacted by this incident, and the details
13 discussed below rely on information presented to Staff by the Liberty utilities during a
14 May 22, 2025, meeting. The incident impacted customers of other Liberty utilities in Missouri
15 in addition to Empire customers.

16 Q. Please explain the incident.

17 A. According to Liberty, a bug in the print job for collective bills resulted in the
18 lack of a print date for those bills once invoiced. Work had been done in the system to fix a
19 separate issue, but the manual work involved in fixing that issue caused the missing print date
20 issue. Since the bills lacked the print date, SAP assumed the bills had not been printed and
21 printed them again during the next bill cycle. This process occurred repeatedly between
22 March 31, 2025, and April 9, 2025. Around 10,000 collective billing customers received

⁴⁹ This time period includes Empire’s prior rate case, ER-2021-0312.

1 approximately 82,000 bills between these dates, with most customers receiving between 8-11
2 bills. Liberty has stated that it has since fixed the bug and put in place additional protocols and
3 monitoring to verify what has been invoiced and printed.

4 Q. What were the ramifications of this incident?

5 A. According to Liberty, affected customers received bills almost on a daily basis
6 for the same billing period but with different billing dates and due dates. The amount due was
7 the same on all of the bills unless a payment had been made between mailings. Customer
8 confusion and frustration is evidenced by the increase in call volume during the month of April,
9 which affected Liberty's call center metrics.⁵⁰ Furthermore, according to Liberty, each bill
10 costs about \$1.00 to print and send to customers. An excess of 72,000 bills would be equivalent
11 to approximately \$72,000 in unnecessary costs.

12 Q. After having the situation explained by Liberty, is Staff confident it is fully
13 informed of what transpired?

14 A. No. As stated, Staff was given the impression that the billing dates on the
15 different bills would have changed, but the billed amount would not have changed unless a
16 payment was made. No mention was made of any other anomalies with the bills, leading Staff
17 to believe that these were ordinary bills replicated multiple times. However, Staff requested
18 and reviewed samples of the multiple bills sent to ten random customers as a result of this
19 incident and found that every bill appears to be erroneous.⁵¹

⁵⁰ Call volume in April 2025 was 102,209, which is unusually high for Liberty in April, with corresponding increases to Average Speed of Answer and Abandoned Call Rate compared to the preceding months. Call volume in April 2022 and 2023, for example, was at 87,148 and 83,251, respectively. April 2024 is considered an outlier month because it was the first month of the Customer First transition.

⁵¹ OO-2025-0233, Empire response to Staff DR No. 0095.

1 All of the bills were for a billing period of January to February 2025, with a billing date
2 of March 31, 2025. The additional bills for the same customer all have identical billing dates.
3 Seven of the ten customers received bills with a due date before the billing date (for example,
4 a March 25, 2025, due date for a March 31, 2025, bill date). This is in violation of Commission
5 rule 20 CSR 4240-13.020(7) and Empire's tariff,⁵² both of which state that a monthly-billed
6 customer shall have at least 21 days from the rendition of the bill to pay the utility charges.
7 Two customers' bills were for a billing period outside of the 26-35 days required by
8 Commission rule 20 CSR 4240-13.015(C). And all of the bills zero out charges that are
9 elsewhere in the bill, meaning that the list of charges and credits on one page were followed by
10 a page of identical line items reversing the previous charges. Only two of the customers' bills
11 resulted in the customers being charged anything for the billing period, because not all of the
12 positive charge pages were cancelled out by the negative charge pages for those two customers.
13 Attached to this testimony as Schedules CTT-d5, CTT-d6 and CTT-d7 are three of the
14 example bills.

15 Staff does not have an explanation for these bills at this time. Staff has also reviewed
16 public comments where other customers have reported receiving similar bills.⁵³ Staff is also
17 aware of customer feedback indicating that they were affected by this incident but received
18 multiple bills with differing balances owed. Staff is currently seeking additional information
19 and may have more to say on this issue in later testimony.

20 Preferred Payment Date Plan

21 Q. What is the Preferred Payment Date Plan?

⁵² P.S.C. Mo. No. 6 Sec. 5 Original Sheet No. 25.

⁵³ For example, P020503356, P202503338, and P202503346.

1 A. As defined in Empire's tariff,⁵⁴ the Preferred Payment Date Plan, also known by
2 the term "Flexible Due Date," is a Commission-approved plan that Empire may offer customers
3 in which the delinquent date for bills is set either on or near the same day during each billing
4 period, as selected by the customer. The benefit to customers is that they have the flexibility to
5 choose a due date that best suits their circumstances (for example, after they receive a
6 scheduled paycheck).

7 Q. Did Empire offer this plan to its customers?

8 A. Yes. Customers who were enrolled in Autopay were given the option to select
9 the due date of their bills, and thus the date Autopay would draft the owed balance from their
10 bank account, from a list of options. This was advertised in the New Customer Handbook given
11 to all new Empire customers until 2024.⁵⁵

12 Q. Did the Customer First implementation cause issues with the Preferred Payment
13 Date Plan?

14 A. Yes. When Customer First was implemented, any customers' billing cycles
15 which had been previously adjusted prior in the legacy CIS were reverted to their original
16 cycles. As mentioned previously, in SAP the meter read date drives the billing and invoicing
17 of customer accounts. Therefore, unlike with the legacy CIS, it is not possible for SAP to
18 schedule the invoicing of a bill separately from the meter read date of the bill so that the due
19 date of the bill aligns with the customer's preferred due date. As a result, Empire no longer
20 offers the Preferred Payment Date Plan to customers not currently enrolled, and has removed
21 references to it from the New Customer Handbook.⁵⁶

⁵⁴ P.S.C. Mo. No. 6 Sec. 5 Original Sheet No. 4.

⁵⁵ Empire response to Staff DR No. 0222.

⁵⁶ Empire response to Staff DR Nos. 0222 and 0222.1.

1 Q. What about the customers who were already participating in the plan?

2 A. Empire has maintained the Preferred Payment Date Plan for those customers.
3 However, during the transition, Empire changed some participating customers' billing cycles,
4 which had an unanticipated consequence for those customers and which is why Staff became
5 aware of and investigated the situation.

6 Q. What issue came about from the preferred payment date?

7 A. In at least some cases, Empire's billing cycle changes resulted in customers
8 being invoiced shortly before the preferred draft date. According to Empire, SAP would not
9 draft the owed amount if the draft date is less than ten days after the billing date. In those
10 instances, the system would defer the draft until the following month. For example, if a
11 customer's bill date is July 1st and the preferred draft date is on the 5th of each month, the system
12 will not draft the owed amount from the bill on July 5th. Instead, it will draft on August 5th.

13 This caused customer confusion and prompted several informal complaints because,
14 from the customer's perspective, Autopay was not drafting correctly.⁵⁷ A customer in this
15 scenario would not see the expected withdrawal on July 5th of the July 1st bill. Furthermore,
16 since the July 1st bill would not be paid until August 5th, the August 1st bill would reflect a
17 combined balance of July 1st bill and August 1st bill charges. Finally, on August 5th, a partial
18 Autopay withdrawal will take out the July 1st bill, but not the August 1st bill. The cycle would
19 then likely perpetuate. Below is an example:

⁵⁷ For example, see CI202500765 and CI202500734.

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- July 1: Bill invoiced for an owed amount of \$100, covering June usage
- July 5: Draft date is too close to invoice date, Autopay does not draft
- August 1: Bill invoiced for an owed amount of \$250, covering \$150 of July usage and unpaid balance of \$100 from July bill
- August 5: Autopay drafts \$100 to pay July bill. Draft date is too close to August bill invoice date, so August draft is deferred until September.
- September 1: Bill invoiced for an owed amount of \$275, covering \$125 of August usage and unpaid balance of \$150 from August bill

Q. Has Staff identified any additional issues?

A. Yes. In this scenario, the customer does not actually pay the bill until 41 days after the bill is invoiced. Empire's tariff states the following:

A Customer who has specified a preferred payment date shall have a maximum of thirty-five (35) days from the normal billing cycle date to pay the utility charges. No deposits or late payment charges will be assessed as a result of Customer's participation in a preferred payment date plan.⁵⁸

Consequently, any instance where a customer Autopay draft occurs more than 35 days after the billing date is not in line with the procedures spelled out in Empire's tariff.

Q. Is Staff aware of any specific instances where this occurred?

A. Yes. Staff is aware of at least three instances where this has occurred, all involving informal complaints.⁵⁹

Q. Does Staff have any recommendations?

A. Not at this time. Empire has informed Staff that it is encouraging affected customers to remove their preferred payment date voluntarily, but Empire does not intend to end the plan unilaterally for those customers.⁶⁰ More recently, Empire informed Staff that it

⁵⁸ P.S.C. Mo. No. 6 Sec. 5 Original Sheet No. 26.

⁵⁹ CI202500765, CI202500711, and CI202500734.

⁶⁰ Empire response to Staff DR No. 0224.1.

1 intends to make a change to SAP so that accounts will draft as long as the invoice date is within
2 six days of the draft date.⁶¹

3 **Budget Billing (Average Payment Plan)**

4 Q. What is Budget Billing?

5 A. Budget Billing is a program offered by Empire that allows customers to be billed
6 a set amount each month. It is embodied in Empire's current tariff⁶² as the Average Payment
7 Plan, although Empire proposes to officially change the name in the tariff as part of the present
8 case.⁶³ Empire has already taken steps to market the name change to customers.

9 According to the tariff, for participants "Bills will be rendered during each of the first
10 twelve months, Average Payment Plan Months ("APP"), in amounts equal to one-twelfth of the
11 estimated annual cost of service to the customer."

12 Q. Has Staff found an issue with Empire's Budget Billing?

13 A. Yes. Staff followed up on two informal complaints where the Budget Billing
14 amount calculated prior to the Customer First transition differed from the Budget Billing
15 amount calculated for the same period of time after the Customer First transition. In responding
16 to the informal complaints, Empire could not determine why the Budget Billing calculations
17 were not matching and stated it would need to investigate further. In response to Staff's DRs
18 requesting an update, Empire explained that SAP calculates Budget Billing using a different
19 method than Customer Watch. When SAP calculates Budget Billing, it takes the total charges
20 for the prior 12 months, divides that number by the total number of days in the billing cycles

⁶¹ OO-2025-0233, Empire response to Staff DR No. 0056.

⁶² P.S.C. Mo. No. 6 Sec. 4 Original Sheet No. 5.

⁶³ Direct Testimony of Candice Kelly, page 10, lines 5-14.

1 for that time period, and then multiplies that number by 30 to determine the monthly bill.⁶⁴
2 This calculation will mostly likely result in a different Budget Billing amount than the old
3 calculation. Below is an example of both calculations, with an assumption of \$1,200 in charges
4 over 12 billing cycles of 370 days total:

5 Customer Watch: $\$1,200/12 \text{ months} = \100 a month

6 SAP: $(\$1200/370 \text{ days}) \times 30 = \97.30 a month

7 Q. Does Staff take issue with the SAP version of the Budget Billing calculation?

8 A. Yes. Empire's tariff is very specific in how Budget Billing is to be calculated:
9 it must be equal the annual estimated cost of service to the customer divided by 12. Although
10 Staff does not dispute that the SAP method is an acceptable method to calculating a monthly
11 Budget Billing amount mathematically, it is in violation of Empire's current
12 Commission-approved tariff. It is also not reflected in the revised tariff sheet proposed in
13 Candice Kelly's direct testimony.

14 Q. Does Staff know how many Budget Billing customers have been affected by this
15 tariff violation?

16 A. Based on Empire's responses to Staff DRs, Staff is aware of 9,043 accounts
17 affected between September 2024 and February 2025, because SAP was automatically
18 reevaluating⁶⁵ Budget Billing amounts until Empire disabled the feature after receiving
19 numerous customer inquiries.⁶⁶ However, a full year has passed since the implementation of
20 SAP, so all customers on Budget Billing should have had their monthly payments reevaluated

⁶⁴ Empire response to Staff DR Nos. 0221 and 0221.1.

⁶⁵ SAP automatically reevaluated Budget Billing amounts after six and nine months to determine whether actual usage deviated from the estimated usage by more than 5%, and readjusted the billed amount accordingly.

⁶⁶ Empire Response to Staff DR Nos. 0202 and 0202.1.

1 and potentially readjusted using the new SAP calculation. Empire has 17,751 customers
2 participating in Budget Billing as of May 15, 2025.⁶⁷

3 Q. Were the reevaluations conducted according to Empire's tariff?

4 A. No. According to Empire's tariff, "The Company may adjust the amount of
5 billing during the Average Payment Months whenever usage varies significantly from the plan
6 estimate, or when a revision in the Company's rates have been approved."⁶⁸ This means that
7 Empire may change the Average Payment Plan/Budget billing amount before the annual
8 reevaluation if there is a significant difference between the customer's predicted usage and their
9 actual usage. Prior to SAP, a debit balance of over \$500 would trigger a manual reevaluation
10 of the customer's Budget Billing amount.⁶⁹ However, according to Empire, SAP was changing
11 Budget Billing amounts at the 6-month and 9-month marks if the difference was at or higher
12 than 5% of the customer's predicted usage versus their actual usage.⁷⁰ If \$500 was the previous
13 baseline for a "significant" difference, it does not appear that 5% would qualify as an equivalent
14 substitution. For example, a customer billed \$200 a month on Budget Billing would have the
15 monthly payments readjusted if monthly usage averaged either lower than \$190 or higher than
16 \$210 in charges, with a \$120 difference over 12 months.

17 Q. What is Staff's recommendation?

18 A. In the present rate case, Staff recommends that Empire's tariff be revised to
19 reflect the new calculation method.

⁶⁷ OO-2025-0233, Empire response to Staff DR No. 0085.

⁶⁸ P.S.C. Mo. No. 6 Sec. 4 Original Sheet No. 5.

⁶⁹ Empire response to Staff DR No. 0202.1.

⁷⁰ Empire Response to Staff DR Nos. 0202 and 0221.

26-35 Day Billing Period (“Billing Window”)

Q. What is meant by the term “26-35 Day Billing Period”?

A. Commission Rule 20 CSR 4240-13.015(C) and Empire’s tariff⁷¹ define a billing period as a normal usage period of not less than twenty-six (26) nor more than thirty-five (35) days for a monthly billed customer, with exceptions only for initial, corrected, or final bills. Bills issued for a number of days outside of this time frame are in violation of both Commission rule and Empire’s tariff.

Q. Have Empire’s bills been meeting this billing period requirement since the implementation of Customer First?

A. In many cases, no. As shown in the table below, Empire issued a total of 76,247 bills outside of the Billing Window from the implementation of Customer First in April 2024 until April 2025, in violation of both Commission rule and Empire’s tariff.⁷²

⁷¹ P.S.C. Mo. No. 6 Sec. 5 Original Sheet No. 1.

⁷² OO-2025-0233, Empire response to Staff DR No. 0054.1.

1 **

2 **

3 Q. Does Staff have confidence in these numbers?

4 A. Not particularly. Staff has two sets of data on bills falling outside of the Billing
5 Window for Empire. Staff originally requested this data in Staff DR 0187 for the months of
6 September 2021 through January 2025.⁷⁴ The data for September 2021 through March 2023
7 from that DR response are in the table above. The original data for April 2024 through
8 January 2025 are in the table below:

⁷³ Sources: 1) ER-2021-0312 Empire response to Staff DR No. 0207, 2) ER-2024-0261 Empire response to Staff DR No. 0187, and 3) OO-2025-0233, Empire response to Staff DR No. 0054.1. Staff did not ask specifically for residential customer bills in its DR.

⁷⁴ In Schedule CTT-d3, the excel sheets with the raw data, included by Empire in the response to DR 0187, have been omitted.

1 **



2 **

3 When Empire responded to Staff DR No. 0054.1 in the Investigatory Docket, it provided
4 April 2024-April 2025 numbers that reflect those in Table 3. When Empire responded to Staff's
5 request for additional 2025 months in Staff DR No. 0187.1, the data for January-April 2025
6 mirrored the DR 0054.1 response, but there was no explanation for why the data provided in
7 response to Staff DR 0187 for April 2024-January 2025 reflected less bills.

8 Staff's hypothesis at this time is that, when Empire bills customers who have not
9 received bills in one or more months, some of those bills reflect billing periods outside of the
10 Billing Window. If this is the reason for the discrepancy in numbers, then the number of bills
11 outside of the Billing Window from April 2024-present will continue to increase as Empire
12 catches up on its untimely billing.

13 Q. Why are there bills outside of the Billing Window?

14 A. According to the Customer First Report, the causes during the first few
15 post-implementation months were as follows: 1) delays in receiving meter reading
16 data, 2) delays in working or closing field service orders that affect billings (due to the planned

⁷⁵ Staff recognizes that this may not include January bills that had not yet been issued.

1 system blackout⁷⁶ prior to the transition), 3) accounts held while consumption calculations were
2 checked or corrected, 4) ordinary bill changes related to customers moving in and out of a
3 property, 5) changes to meter reading routes, 6) collective account billing issues,
4 and 7) disruptions to AMI operations. These causes were characterized as either resolved, soon
5 to be resolved, or temporary in the report. When Staff submitted a DR in the Investigatory
6 Docket asking for a list of all reasons why customers would be receiving bills outside of the
7 Billing Window from January 2024-present, Empire responded with the following:

8 Under Customer First, there are controls within the system configured to
9 validate bill cycle rules. The following are the primary events that would
10 result in bills outside of the 26-35 day bill cycles:

- 11 • First invoice on new services;
- 12 • Last invoice on terminated service;
- 13 • Rate updates mid-bill cycle that require an interim bill;
- 14 • Late meter reads in February [2025] (e.g. 34-35 day cycle)
- 15 followed by return to normal bill schedule may cause short cycles
- 16 (due to 28 day month)⁷⁷

17 Staff notes that first and last invoices are routine aspects of utility service, and rate updates are
18 not monthly occurrences. Bullet four describes a specific incident affecting only one month.
19 For these reasons, Staff does not believe the response fully explains the abnormal number of
20 bills outside of the Billing Window on a monthly basis starting in April 2024.

21 In response to Staff DR No. 0187.1, Empire noted that ** [REDACTED]

22 [REDACTED]
23 [REDACTED] **. Empire did not provide an explanation for the other months.

24 Q. Were bills being issued by Empire outside of the Billing Window prior to the
25 implementation of Customer First?

⁷⁶ From March 27-April 8, 2024, new data could not be entered into the old CIS by customer service representatives to facilitate the transition to SAP. Information was recorded manually until the new system was online for input.

⁷⁷ OO-2025-0233, Empire response to Staff DR No. 0053.

1 A. Yes. As demonstrated in Table 3 going back to January 2017, bills with billing
2 periods outside of the allowed Billing Window are not new for Empire, although not on the
3 present scale. I will address the history of this issue in greater detail further in my testimony
4 when I discuss AMI meters. For the purposes of this section, it is worth noting that the scope
5 of this problem has escalated significantly since the implementation of Customer First, with no
6 resolution to date.

7 Q. You stated earlier that Empire was granted a variance from 20 CSR
8 4240-13.015(C). Does the variance not allow Empire to bill outside of the 26-35 day window?

9 A. No. As mentioned earlier, Staff is of the opinion that the variance is no longer
10 in effect, and therefore does not cover this situation. Empire's variance covered the months of
11 April and May 2024. According to paragraphs 17 and 18 of the Customer First Report, the bill
12 cycle and meter read re-routing for which the variance was required was complete as of
13 August 6, 2024. Paragraph 19 indicated two other issues, AMI disruptions and collective
14 accounts, were also causing the generation of bills outside of the Billing Window and were
15 being addressed. However, Empire did not request an extension for the variance and should
16 therefore not be assumed to still be covered under the variance request. Empire has not filed a
17 request to extend its temporary variance either in EE-2024-0232 or in another docket
18 subsequent to the filing of the Customer First Report. Therefore, Staff argues that Empire is
19 currently violating 20 CSR 4240-13.015(C) for its residential customers and its tariff for all of
20 its customers.⁷⁸

⁷⁸ As of January 2025.

1 Q. Does Staff have any recommendations?

2 A. At this time, Staff recommends that Empire should take action to ensure all bills
3 are in compliance with Commission rule 20 CSR 4240-13.015(C) and its tariff.

4 **Rights and Responsibilities Brochure**

5 Q. What is the Rights and Responsibilities Brochure?

6 A. Utilities regulated by the Commission are required to prepare in written form a
7 summary of the rights and responsibilities of the utility and its customers, pursuant to
8 Commission rule 20 CSR 4240-13.040(3). This document, usually in the form of a brochure,
9 is to be made available to all customers by public display in office locations, upon customer
10 request, and is also required to be mailed to all new customers upon commencement of service.
11 Among the information required to be in the brochure is billing procedures, methods to verify
12 billing accuracy, customer rights regarding inquiries and complaints, and contact information
13 for the Commission and the Office of Public Counsel along with an explanation of
14 their functions.

15 Q. Did Empire have an issue with its Rights and Responsibilities Brochure?

16 A. Yes. In the Customer First Report, Empire indicated it had discovered that new
17 customer booklets were not mailed to new customers alongside the new customer letters.⁷⁹
18 Empire's new customer booklets include the rights and responsibilities information required by
19 Commission rule 20 CSR 4240-13.040(3) and its tariff.⁸⁰ Failure to mail that information at
20 the commencement of service constitutes a violation of both the rule and the tariff.

⁷⁹ Paragraph 15b.

⁸⁰ P.S.C. Mo. No. 6 Sec. 5 Original Sheet No. 31.

1 Q. Why did this occur?

2 A. According to Empire, a miscommunication gave its customer service team the
3 impression that the Customer First conversion had automated the process of sending new
4 customer booklets, when in fact it had not done so at the time of conversion. Between
5 April 8, 2024, and June 28, 2024, a total of 5,736 new Empire customers did not receive the
6 booklet and were thus affected by this rule violation. The mailings resumed once the
7 automation process was completed on June 28, 2024.⁸¹

8 Q. Have affected customers been mailed the information?

9 A. Yes, although not as indicated on the timeline presented in the Customer First
10 Report. In paragraph 15b of that report, Empire indicated that it “is on track to deliver it to
11 those customers by mail or e-mail in August 2024.” However, Staff has learned that the only
12 corrective measure that took place in August was the e-mail sent to customers with an e-mail
13 address on file, which occurred on August 29, 2024. Empire did not begin manually sending
14 the new customer booklets to affected customers through the mail until October 2024.⁸²

15 Q. Before moving on to the topic of just and reasonable rates, do you have anything
16 further to add about the provision of reliable service?

17 A. Yes. Staff would like to note the unique nature of this situation. Utilities are
18 not immune to occasional system issues and process mistakes, both after system conversions
19 and during regular business operations. Some of those have resulted in rule and tariff violations.
20 However, Staff has rarely concluded from those instances that the utility’s services
21 are unreliable.

⁸¹ OO-2025-0233, Empire response to Staff DR No. 0084.

⁸² Ibid.

1 There are two aspects of the repercussions of the Customer First transition that
2 distinguishes Empire and Liberty at large. First is the frequency of the issues and resulting
3 violations. As demonstrated above, the Customer First transition has created, and continues to
4 create, major issues impacting Empire's ability to follow Commission rules and its tariff.
5 Customers who have one issue resolved have been susceptible to being impacted by a different
6 issue. They could also be impacted again by the same issue (e.g., delayed billing). Some
7 customers have experienced a continuous procession of issues rather than one isolated incident.
8 For example, see the following public comments that have been filed in the
9 Investigatory Docket:

10 P202502073- I previously filed a complaint (CI202401415) regarding
11 late billing. Although the issue had gotten slightly better for a short
12 period...the issue has re-surfaced starting with the February 2025 billing
13 cycle. I did not receive my bill by mail until 10 days AFTER it's due
14 date for February. This most recent month my due date was 3/25. I still
15 have NOT received a paper copy in the mail. Last months bill was
16 mailed bulk mail, with no post mark nor proof of service. According to
17 a Liberty customer rep, it's not their problem. How is it that all other
18 vendors can get their bills mailed efficiently but not Liberty? I have
19 signed up for the email notifications, but their emails do not reflect the
20 entire bill amount. (3/27/2025)

21 P202501890- Joy currently has no issue but wanted to file a comment
22 into the investigation case due to numerous issues with Liberty she has
23 had. She has had 2 periods of not receiving bills and Liberty is
24 inconsistent on providing bills. This makes it extremely hard for
25 someone on a fixed income to know what to pay and when to pay it.
26 There should be no reason that after almost a full year they still have
27 these many issues with this new system. (3/11/2025)⁸³

28 The second distinguishing aspect is the prolonged duration. As of the filing of this direct
29 testimony, it has been 450 days since Empire implemented its Customer First transition.

⁸³ Note that, in this testimony, Staff has presented only a small fraction of the public comments that have been filed in the Investigatory Docket (20 of the 314 filed as of June 13, 2025) to supplement public comments filed as a part of this rate case.

1 Several of the more critical issues, with noticeable customer experience implications, have not
2 been resolved despite Empire's awareness of the problem. Bills outside of the Billing Window
3 are still being invoiced in the thousands. The number of billing exceptions has not been
4 reduced, nor the backlog sufficiently managed, for the review process to handle exceptions well
5 enough to eliminate untimely billing. Collective billing and AMI reads for Time of Use
6 ("TOU") rates are still issues. All of these problems were identified in the Customer First
7 Report in August 2024. In the case of collective billing, it was portrayed as a resolved issue.
8 450 days later, customers are still being impacted by these issues and Commission rules are still
9 being violated.

10 Empire has created a situation, both with the Customer First transition itself and the
11 subsequent failure to address the resulting problems, in which customers can no longer trust
12 that their bills will be accurate or on time. The customers also cannot trust that their customer
13 experience will be based on what is written in Commission rules or Empire's tariff. Staff notes
14 that, since the implementation of Customer First on April 8, 2024, until April 8, 2025,
15 the Commission received 420 informal complaints from Empire's customers. For the same
16 period a year ago, the Commission received 45 informal complaints from Empire's customers.
17 From January 1, 2016 - April 7, 2024, a period of over 8 years, the Commission received a total
18 of 318 informal complaints from Empire's customers. For these reasons, Staff argues that
19 Customer First has compromised Empire's ability to provide reliable service.

20 **JUST AND REASONABLE RATES**

21 Q. What are "just and reasonable" rates?

22 A. As with the phrase "safe and reliable," the Commission's mission statement is
23 to ensure "just, reasonable, and affordable rates." If utility companies wish for their

1 expenditures to be paid for by customers, those expenditures must be shown to have been
2 prudently spent as part of the cost of service to those customers. In rate cases, the Commission
3 determines the cost of providing service and allowing the chance for a fair rate of return to the
4 utility's investors, and sets just and reasonable rates to recover that amount from the
5 utility's customers.

6 Q. Are Empire's rates currently just and reasonable?

7 A. What constitutes just and reasonable rates is ultimately decided by the
8 Commission after considering all relevant factors. As such, Staff brings to the Commission's
9 attention some of the secondary impacts of Customer First that call into question the cost of
10 service and the associated rates charged to customers.

11 **AMI Meters**

12 Q. You stated earlier that you would address Empire's history with bills outside of
13 the Billing Window and estimated bills later in your testimony. Can you elaborate?

14 A. Yes. In Empire's 2019 rate case, Case No. ER-2019-0374 ("2019 rate case"),
15 Staff called attention to a significant increase in the number of estimated bills being generated,
16 which had prompted an increase in informal complaints, as well as indications of a significant
17 issue regarding bills being sent to customers for usage outside of the 26-35 day
18 Billing Window.⁸⁴

19 From January to October 2017, Empire averaged 667 estimated bills per month. From
20 November 2017 to December 2018, Empire averaged 12,630 estimated bills per month. There
21 were substantial peaks and valleys in the number of estimated bills January 2017 through

⁸⁴ ER-2019-0374, Surrebuttal Testimony of Gary Bangert.

1 February 2020. Staff's analysis concluded that there was a direct correlation between Empire's
2 meter reader staffing level and the number of estimated bills.

3 At the time, Staff did not have monthly figures on the number of bills outside of the
4 Billing Window. However, it did note that an informal complaint investigation had found
5 that 288 customers had received a bill outside of the Billing Window in the same billing cycle.

6 The Commission saw fit to order Empire to take steps to resolve the causes of these
7 problems, provide quarterly metric reporting to Staff and the Office of Public Council ("OPC"),
8 and to file in the case a status report on actions taken.⁸⁵ In its responsive filing, Empire iterated
9 its efforts to reduce estimated bills and bills outside of the Billing Window by addressing meter
10 reader staffing issues and by closer monitoring of meter reading schedules.⁸⁶

11 Q. How does this relate to AMI meters?

12 A. When Empire came before the Commission for its next rate case, in Case
13 No. ER-2021-0312, one of the contested issues was its AMI meter deployment and Empire's
14 intent to begin collecting returns on its AMI meter investment. In justifying its investment,
15 multiple Empire witnesses indicated that AMI directly contributed to the resolution of prior
16 customer service issues and the improvement of other aspects of customer service. For
17 example, Empire witness Jon Harrison stated:

18 AMI registered reads are being used in place of manual reads in certain
19 sectors, which reduces performance variability. Reductions in a)
20 estimated reads, b) usage over 35 or under 26 days, and c) three or more
21 consecutive estimates to the levels discussed below are all attributable,
22 at least in part, to the AMI deployment. The introduction of AMI smart
23 meter capabilities will impact the customer experience through
24 improvements in billing accuracy and timeliness, as well as near real-
25 time visibility to outages and energy consumption.⁸⁷

⁸⁵ ER-2019-0374, *Amended Report and Order*, pages 141-146.

⁸⁶ ER-2019-0374, *Notice Regarding Customer Service and Billing Matters*.

⁸⁷ ER-2021-0312, Direct Testimony of Jon Harrison, page 6, line 13 to page 7, line 2.

1 Although Staff noted in rebuttal testimony that bills outside of the Billing Window had not been
2 eliminated, it did acknowledge that progress had been made. Furthermore, that progress
3 appeared to be tied to the AMI meters and not any of the other actions Empire had taken.
4 Specifically, Staff stated: “Despite the Company’s efforts to implement more internal controls
5 to ensure bills are rendered in compliance with Commission rules, these efforts did not improve
6 with consistency until April 2021, which coincides with the expansion of the Company’s AMI
7 deployment efforts.”⁸⁸

8 In the same rate case, Empire witness Timothy N. Wilson stated: “Empire has completed
9 the rollout of its AMI program for all of its Missouri customers. As a part of this program,
10 customers are now receiving the benefits of reduced estimated meter reads, improved billing
11 accuracy, access to near real-time consumption data, among others.”⁸⁹ Empire witness
12 Chad C. Hook stated, “Finally, with AMI technology, customers in the future will benefit from
13 increased flexibility around their payment due date.”⁹⁰

14 At the conclusion of that case, the Commission agreed that the investment in AMI
15 meters was prudent and set rates that incorporated returns for that investment. Customers have
16 since been paying for AMI meters and the benefits that came with them.

17 Q. Did the April 2024 Customer First implementation affect the just rates set by
18 Commission, which included AMI meters?

19 A. Arguably, yes. Now that the rest of Customer First has been implemented, some
20 of the touted benefits of the AMI meters have now been diluted or outright negated.
21 As discussed previously, Empire is now issuing more bills outside of the Billing Window than

⁸⁸ ER-2021-0374, Rebuttal Testimony of Contessa King, page 8, lines 6-9.

⁸⁹ ER-2021-0312, Direct Testimony of Timothy N. Wilson, page 5, lines 18-21.

⁹⁰ ER-2021-0312, Direct Testimony of Chad C. Hook, page 1, lines 13-14.

1 it was prior to AMI. Empire has also ceased offering its Preferred Payment Date Plan to
2 non-enrolled customers following the implementation of Customer First, thus eliminating an
3 avenue of financial flexibility for customers that is allowed for in its tariff and was promised
4 by Mr. Hook. This testimony has also addressed how much more likely customer bills are to
5 be untimely, a situation that Empire appears to have accepted for the time being. The Liberty
6 utilities' current commitment, conveyed to Staff and OPC multiple times and as recently as
7 during a June 24, 2025, meeting, is for customers not to go unbilled for more than two
8 consecutive months in a row. Regardless of whether or not Empire meets this goal, the tacit
9 acknowledgment of the inevitability of some customers not receiving a bill for any given month
10 for the foreseeable future does not inspire confidence.

11 In addition to what has been discussed thus far, customer bills are now more likely to
12 be estimated or subsequently rebilled, contrary to the promises of AMI meter technology.

13 Q. How has the implementation of Customer First negated the effect of AMI meters
14 in reducing the number of estimated bills?

15

Table 4- Empire Estimated Bills 2023- ⁹¹			
	2023	2024	2025
January	13	16	3,681
February	10	12	2,527
March	6	12	455
April	8	283	545
May	5	431	
June	3	283	
July	20	544	
August	18	611	
September	15	1,133	
October	9	1,805	
November	9	2,197	
December	9	1,648	

16

⁹¹ OO-2025-0233, Empire response to Staff DR No. 0054.

1

Table 5- Three or more Consecutive Estimates⁹²	
	2024
April	0
May	0
June	50
July	106
August	134
September	130
October	121
November	116
December	162

2

3 A. As demonstrated in Tables 4 and 5 above, the implementation of Customer First
4 in April 2024 coincided with an immediate increase in the number of estimated bills from the
5 double digits into the hundreds and later into the thousands. Despite recent changes, the number
6 of estimated bills for those months are still higher than pre-Customer First. Although the
7 number of estimated bills has not come close to the numbers noted by Staff in the 2019 rate
8 case, the fact that a system “upgrade”, originally meant to compliment AMI meters,⁹³ has
9 reversed past progress is in itself noteworthy.

10 Q. Does Staff have confidence in these numbers?

11 A. Not particularly. Staff currently has three sets of numbers of estimated bill
12 counts for Empire from various DRs. For example, in Staff DR 0216.1, the number of estimated

⁹² Empire response to Staff DR No. 0188.

⁹³ As evidenced on page 2 of Colin Penny’s direct testimony Figure 1, AMI is one of the components of the Customer First Program. Another component is called Customer First Foundations, which includes SAP.

1 bills for February 2025 was 2,375. In Staff DR 0188.1, that number was 3,616. In response to
2 a Staff DR from the Investigatory Docket,⁹⁴ that number was 2,527.

3 Q. Is Staff aware of any reasons why this might be the case?

4 A. No. However, as with untimely bills, the timing of the DR response may have
5 some impact. If an estimated bill was later rebilled with an actual read, then it may no longer
6 be counted as an estimated bill. It might also be that some delayed bills are becoming estimated
7 bills as Empire works through the backlog.

8 Empire has also explained that, in the cases of Liberty Midstates and Liberty Water,
9 there are differences in the number of estimated bills reported in the Monthly Performance
10 Reports provided to Staff compared to its DR responses because separate queries tallied
11 estimated bills in different ways, producing different numbers.⁹⁵ Staff is currently seeking
12 further clarification.

13 Q. Is Staff aware of any reasons why the number of estimated bills has increased?

14 A. Staff inquired about any increases in the number of estimated bills from
15 January 2024 to present. Although Empire's response did not cover the initial increase starting
16 in April 2024, it did explain that in September 2024 it implemented changes in the billing
17 estimation process to allow for register read estimation as well as interval read estimations for
18 up to seven days.⁹⁶ Both of these changes, which affected AMI meters specifically, resulted in
19 an increase in the number of estimated bills but was done to prevent delays in the flow of meter
20 data for billing purposes.⁹⁷

21 Q. Has Empire made any recent changes to reduce estimations?

⁹⁴ OO-2025-0233, Empire response to DR 0054.

⁹⁵ OO-2025-0233, Empire response to Staff DR No. 0054.1.

⁹⁶ Interval and Register reads are discussed further below in the TOU Rates section.

⁹⁷ OO-2025-0233, Empire response to Staff DR No. 0050.

1 A. Yes. As of May 2025 Empire reversed the register read estimation change and
2 has stated that it has made improvements to the meter interrogation process to reduce the
3 number of estimated reads.⁹⁸ Staff does not have data yet as to how much of an improvement
4 this will make.

5 Q. Has Staff identified any rule or tariff violations in relation to estimated bills?

6 A. Yes. As part of its investigation, Staff inquired about the estimation calculations
7 used by SAP. In its response Empire indicated that, in instances where the customer's usage
8 for the same period in the prior year is unavailable, SAP automatically uses the previous
9 months' meter reading (or estimate) as the base period for the estimation calculation.⁹⁹

10 However, the estimation process detailed in Empire's tariff does not allow for an
11 estimated read from the prior month to be used as the base period. It must be an actual read.

12 The relevant portion is reproduced below:

13 f. In estimating readings, the Company will use the following procedure:

14 (1) Determine the customer's Actual Metered Usage for the same month of the
15 preceding year, if available. Otherwise, determine the **Actual Metered Usage** for the month
16 closest to that month (emphasis added).¹⁰⁰

17 Q. What is Staff's recommendation?

18 A. Staff recommendation is that Empire revise the estimation calculation process
19 so that SAP does not use an estimated reading from the previous month as a basis for generating
20 an estimated bill if the prior year's usage at the same period of time is not available. Although
21 another potential option would be to revise Empire's tariff to reflect the current process, Staff is
22 concerned that basing estimated reads off of estimated reads could perpetuate
23 inaccurate estimates.

⁹⁸ Ibid.

⁹⁹ OO-2025-0233, Empire response to Staff DR No. 0046.

¹⁰⁰ P.S.C. Mo. No. 6 Sec.5 Original Sheet No. 25.

Q. How has the implementation of Customer First negated the promised effect of AMI meters in increasing billing accuracy?

Table 6- Rebills 2023- ¹⁰¹			
	2023	2024	2025
January	12	2	3,629
February	14	4	4,014
March	22	4	27,574
April	21	1,558	462
May	17	1,125	
June	15	12,956	
July	13	11,179	
August	8	1,555	
September	10	1,715	
October	11	14,115	
November	6	1,081	
December	77	1,351	

A. As demonstrated in Table 6 above, the implementation of Customer First in April 2024 also coincided with an increase in the number of rebills Empire has since issued to customers.

Q. Why are rebills occurring?

A. In response to Staff DR 0216.1, Empire cited examples such as incorrect due dates, aligning of collective accounts, fee/credits being adjusted, and revisions to estimated bills. In a subsequent DR response in the Investigatory Docket, Empire indicated that the vast majority of the billing reversals fall under the category of “Incorrect Billing, Print Vendor Reversal, or Batch Rebilling.”¹⁰²

¹⁰¹ OO-2025-0233, Empire response to Staff DR No. 0054.

¹⁰² OO-2025-0233, Empire response to Staff DR No. 0051.

1 Q. Does Staff have confidence in these numbers?

2 A. Not particularly. Staff asked for the monthly number of rebills both in this rate
3 case¹⁰³ and the Investigation Docket.¹⁰⁴ In response to Staff DR 0216.1, Empire provided a
4 monthly tally of rebills from April 2024-February 2025 (with a total of 55,005) which is more
5 than the tally provided in the response provided in Staff DR 0054 (with a total of 54,278).
6 While a different number is to be expected when the query is run at different times (because
7 rebill counts would naturally increase as time passes and issues with previously-issued bills are
8 discovered), the response to Staff DR 0216.1 was provided on March 20, 2025, while the
9 response to Staff DR 0054 was provided on May 05, 2025. As such, the number of rebills
10 should have increased by the time of the Staff DR 0054 response, not decreased.

11 Furthermore, Staff asked Empire in the Investigatory Docket for a breakdown of all
12 reasons affecting more than one customer that resulted in customers having to be rebilled from
13 January 2024 through the present. Empire responded with a list of reasons and a tally of how
14 many times each reason reversed a bill from January 2024 to May 5, 2025, broken down by
15 utility type. However, for electric customers, the total number of reversals for the reason
16 “Incorrect Billing, Print Vendor Reversal, or Batch Rebilling” alone was at 116,074.¹⁰⁵ For
17 comparison, the number of billing contract rebills according to Staff DR 0054, for January 2024
18 to April 30, 2025, was at 82,324. Empire has stated in the past that not all “rebills” are to correct
19 bills previously invoiced to customers. Empire is unable to separate rebills that are for bills
20 sent to customers from rebills that are for mistakes caught prior to invoicing and therefore did
21 not appear on a customer-sent bill.¹⁰⁶ However, this may explain some of the discrepancies.

¹⁰³ Staff DR 0216.1.

¹⁰⁴ Staff DR 0054.

¹⁰⁵ Ibid. The total for all issues was 118,291.

¹⁰⁶ Empire response to Staff DR No. 0216.7.

1 Q. Does Staff have any recommendations?

2 A. Yes. Empire should work to reduce the number of estimated bills and rebills to
3 pre-Customer First transition levels, with a timeframe of completion 60 days after new rates
4 take effect in this case.

5 **New Meter Sets**

6 Q. Did the implementation of Customer First have an effect on Empire's ability to
7 set new meters?

8 A. Yes. In the Customer First Report, Empire explained that there had been delays
9 in setting new meters and electrical connections.¹⁰⁷ Empire explained that SAP required more
10 data to be collected prior to the meter set, which required the involvement of multiple
11 departments and resulted in delays. A process that could previously have resulted in a meter
12 set order in as little as one day was now taking 10 to 15 days. Staff addressed this issue in
13 rebuttal testimony during the WR-2024-0104 rate case,¹⁰⁸ because the Commission's Consumer
14 Services Department had informed Staff that it had received numerous complaints from
15 customers who had been waiting weeks to months for a new meter set.

16 Q. What is the relevancy of this issue to the topic of just and reasonable rates?

17 A. Staff brings this topic to the Commission's attention again because part of the
18 Liberty utilities' solution to this issue was to hire three new full-time employees to its
19 Construction Planning department with the sole task of handling new meter sets, a process that
20 was completed in early November.¹⁰⁹ In other words, in addition to the costs associated with

¹⁰⁷ EE-2024-0232, *Report Regarding Customer First Implementation*, paragraph 37.

¹⁰⁸ Case No. WR-2024-0104, Rebuttal Testimony of Charles Tyrone Thomason.

¹⁰⁹ Some of the details of the solution were discussed in subsequent meetings between Staff and the Liberty utilities, however the plan to add additional employees was mentioned in the Customer First Report as well as Antonio D. Penna Jr.'s Surrebuttal Testimony in WR-2024-0104 (page 5, lines 2-8).

1 implementing Customer First, the Liberty utilities are paying three new employees' salaries and
2 benefits to fix a preexisting process that Customer First was ill-suited to match. According to
3 Empire, the below expenses apply to the average Empire employee as of September 30, 2024:

4 **

5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED] **110

15 Furthermore, it does not seem that the new meter set process has returned to
16 pre-Customer First implementation speeds despite this additional investment. To Staff's
17 knowledge, the new meter set process is now two or three day process.¹¹¹ As of January 2025,
18 the Commission was still receiving complaints about long wait times for new meter sets,¹¹²
19 though the Liberty utilities did indicate during a December 13, 2024, meeting with Staff that it
20 was still working through a backlog that was projected to last until February 2025.¹¹³ During
21 a June 24, 2025, meeting with Staff, the Liberty utilities indicated that it is still having issues
22 with new meter sets.

23 **TOU Rates**

24 Q. Is Staff aware of an issue regarding Empire's TOU rates?

¹¹⁰ Empire response to Staff DR No. 0027.

¹¹¹ The Liberty utilities provided this update during a December 13, 2024 meeting with Staff.

¹¹² See informal complaints CI202500938, CI202500964, CI202500897, and CI202500938.

¹¹³ Empire response to Staff DR No. 0191.

1 A. Yes, specifically with the meter reads used to calculate TOU rates. AMI meters
2 send two different types of reads to Empire: interval reads and register reads. Interval reads are
3 taken every 15 minutes, and transmitted in 8-hour blocks. Register reads are taken once a day
4 and measure total usage for the prior 24 hours.¹¹⁴ For TOU purposes, interval reads are used
5 to measure how much of the electricity was used during on-peak hours vs. how much was used
6 during off-peak hours.

7 However, as mentioned in the discussion regarding untimely bills, the summation of
8 interval reads and register reads do not always match. One of the reasons for that would be if
9 there was disruption in AMI communication preventing the interval reads from being
10 transmitted. In those cases, Empire's system would be missing 8-hour blocks of interval reads.
11 Empire described a particular situation where this occurred in paragraph 31 of the Customer
12 First Report. Staff's understanding is that the CIS simply does not look backwards to collect
13 interval read data that was not transmitted on schedule. If the reads do not match, a billing
14 exception is created and the missing intervals are later estimated.¹¹⁵

15 Q. Is this a problem caused by the Customer First implementation?

16 A. No. According to Empire, missing interval reads is not new. Prior to the
17 implementation of Customer First, Empire experienced issues with AMI interval reads not
18 being transmitted by the meters. In those cases, the interval read data was estimated
19 proportionately for TOU purposes. For example, if the customer's known on-peak usage was
20 at 40% for that month and the known off-peak was at 60%, Empire would apply those
21 percentages as an estimate for the missing data.¹¹⁶

¹¹⁴ Empire response to Staff DR No. 0191.1.

¹¹⁵ Empire response to Staff DR No. 0191, Billing Update presentation from December 13, 2024 meeting, slide 4, and Empire response to Staff DR No. 0191.1.

¹¹⁶ Empire response to Staff DR Nos. 0191.1 and 0191.3.

1 This issue has become prominent now because SAP, unlike the legacy CIS, is less
2 tolerant of missing interval readings because the total for interval reads is supposed to match
3 with the register reads. For example, when the June 2024 storms referenced in the Customer
4 First Report¹¹⁷ interrupted AMI communication, it created a large number of billing exceptions
5 because the tolerance threshold for differences between the interval read and register read
6 summations was set at 1 kWh, and the missing interval reads exceeded that threshold. Empire
7 changed the threshold to 20 kWh at the end of June to reduce the number of exceptions, and
8 less than a month later changed the threshold again to 10 kWh.¹¹⁸

9 Q. What has Empire been doing for missing AMI interval reads for TOU purposes
10 since the implementation of Customer First?

11 A. From April 2024 to March 2025, Empire was either calculating the TOU charges
12 manually or giving customers the presumption of off-peak rates for all missing interval reads.
13 Starting in March 2025, Empire returned to the estimation process that it used prior to the
14 Customer First implementation, but had to calculate the bills manually. On May 6, 2025,
15 Empire automated the process.¹¹⁹

16 Staff's understanding from meetings with the Liberty utilities¹²⁰ and from Empire's
17 response to Staff DR 0191.1¹²¹ was that, if more than 15% of the interval readings are missing,
18 the bill is marked as an estimated bill. However, when Staff asked in Staff DR 0216.6 for the
19 number of bills that were estimated because of missing interval reads, Empire responded that

¹¹⁷ EE-2024-0261, *Report Regarding Customer First Implementation*, paragraph 31.

¹¹⁸ Empire response to Staff DR No. 0216.5.

¹¹⁹ Empire response to Staff DR No. 0191.3.

¹²⁰ Slide 11 of the April 10 Billing and Customer Service Update presentation provided to Staff states: "Estimate End of Billing Period Register Read -> Estimated Bill **OR** <85% of Intervals Available for Billing Period -> Estimated Bill"

¹²¹ Empire response to Staff DR No. 0191.1 states: "The bill is marked estimated if there are more than 15% missing intervals or if the end of billing cycle registry read is not available."

1 “the only time customer bills are marked estimated is if the end of bill period register read is
2 estimated.” This response appears to contradict other information provided to Staff by Empire,
3 and Staff intends to seek further clarification.

4 Q. Has Staff identified any rule or tariff violations with this approach?

5 A. Yes. This estimation process is in violation of both Commission Rule 20 CSR
6 4240-13.020(2)(C) for its residential customers as well as its tariff P.S.C. Mo. No. 6 Sec.5
7 Original Sheet Nos. 24 and 25. The resulting charges are in violation of 20 CSR 4240-13.020(1)
8 for residential customers. 20 CSR 4240-13.020(2)(C) states the following:

9 (C) When a utility renders a bill based on estimated usage, it shall
10 comply with the following:

11 1. A utility that has an estimating procedure in its filed and
12 commission-approved tariffs shall follow that estimating procedure;

13 2. A utility that does not have an approved estimating procedure
14 shall base the estimate on that customer’s historical average usage at the
15 same premises for the same billing periods during any or all of the past
16 three (3) years for which actual usage data is available. In the event the
17 customer was provided utility service at the premises for less than one
18 (1) year, then the estimate shall be based on usage from the average of
19 the customer’s actual usage for the previous three (3) billing periods. If
20 the customer has not had utility service for three (3) billing periods or if
21 actual usage during that time is not available, the utility shall base the
22 estimate on the average usage of available actual usage data for the
23 months the customer has had utility service. In cases where no prior
24 actual usage information is available or the prior usage is estimated and
25 cannot be determined by subsequent actual meter readings, the utility
26 shall base the estimate upon average usage of similarly
27 situated customers;

28 Similarly, Empire’s tariff states the following:

29 2.c. Under no circumstances shall Company render a bill based
30 on estimated usage:

31 (1) Unless the estimating procedures employed by the Company
32 and any substantive changes to those procedures have been approved by
33 the Commission; and

(2) As a Customer's initial or final bill for service unless conditions beyond the control of the Company prevent an actual meter reading;¹²²

With regards to 20 CSR 4240-13.020(2)(C)1 and the tariff, Empire's filed and Commission-approved tariff outlines the following process for estimated bills:

f. In estimating readings, the Company will use the following procedure:

(1) Determine the customer's Actual Metered Usage for the same month of the preceding year, if available. Otherwise, determine the Actual Metered Usage for the month closest to that month.

(2) Determine the customer's Base Usage as the usage that is the lowest actual monthly usage in the prior thirty-six months with outliers removed.

(3) Determine the customer's Weather Sensitive Usage as the difference between Actual Metered Usage and Base Usage.

(4) Determine the customer's Weather Multiplier by dividing Weather Sensitive Usage by the Degree Days corresponding to the customer's Actual Metered Usage. In the event there are no degree days corresponding to the customer's Actual Metered Usage the base will be used as the estimate.

(5) Determine the customer's Estimated Usage as the customer's Base Usage plus the product of customer's Weather Multiplier and the current month's Degree Days (Current Degree Days).

(6) For lighting accounts, the estimate will be based on the prior year's usage per day for the same month of the year multiplied by the number of days to be estimated for the current month.

(7) For accounts with a limited history, the estimate will be based on a prior month's use per day multiplied by days in current billing cycle.¹²³

Empire's process for estimating interval reads does not follow this process, and is thus contradicting both the rule and its tariff. Furthermore, 20 CSR 4240-13.020(2)(C)2 outlines the required estimation process in circumstances where a process is not in the utility's tariff, as is arguably the case for TOU rates where register reads are available but interval reads or not. However, Empire's estimation process for TOU rates also do not comply with this alternative.

¹²² P.S.C. Mo. No. 6 Sec.5 Original Sheet No. 24.

¹²³ P.S.C. Mo. No. 6 Sec.5 Original Sheet No. 25.

1 Finally, 20 CSR 4240-13.020(1) states that “A utility shall render a bill for each billing
2 period to every residential customer in accordance with commission rules and its approved
3 tariff.” Empire’s tariffed TOU rates specify the price of electricity at certain periods of the day.
4 By assuming the time of day that the electricity was used, Empire is not billing customers in
5 accordance with its tariff.

6 According to Empire, its AMI meters store interval read data for 45 to 60 days, meaning
7 that the interval read data would have been available for a period of time after the bill for that
8 month was estimated.¹²⁴ Staff’s understanding is that Empire’s system was not programmed to
9 obtain missing interval read data after the transmission date has passed, and the same was true
10 of the legacy CIS. As such, Empire’s practice has been to not retrieve the missing interval read
11 data at a later date. Staff is unaware of the reason(s) why either this programming was not
12 added or Empire did not use meter readers to collect the missing data. Instead, Empire chose
13 to create a new estimation process that does not comply with Commission rule, nor does it
14 comply with the estimation process established in Empire’s Commission approved tariff.

15 Q. What is the impact of Empire’s TOU estimation process on the concept of just
16 and reasonable rates?

17 A. There are two impacts. First, this unauthorized estimation process is at odds
18 with the principle of TOU ratemaking. The Commission sets TOU rate differentials to
19 approximate the varying cost of providing electricity, as affected by principles of supply and
20 demand. These varying costs are approximated based on the time of day and are generally
21 separated on customer bills as on-peak and off-peak usage. Ultimately, the different rates are
22 designed in conjunction for appropriate revenue recovery from the utility. Making assumptions

¹²⁴ Empire response to Staff DR No. 0191.3.

1 about when electricity was used serves to undermine the rates that were set explicitly to recover
2 for usage during set time periods.

3 Second, this practice has an impact on revenue for rate case purposes if on-peak usage
4 is being underestimated. If Empire is recovering less from customers because TOU usage is
5 being estimated, then it is under-recovering its revenue. Between April 2024 and March 2025,
6 Empire was almost certainly under-recovering from some customers because it was
7 automatically charging the off-peak rate for missing interval read usage.¹²⁵ Although this
8 benefits customers in the short term, this would also allow Empire to justify asking for a larger
9 rate increase in a rate case, such as this one, to recover the missing revenue.¹²⁶

10 Q. Does Staff have any recommendations on this issue?

11 A. Yes, for the time being Empire should cease this estimation practice
12 immediately and always use actual reads for TOU rates, whether that requires programing SAP
13 to gather missing data (preferably) or truck rolls to obtain the missing data before it is deleted.

14 Estimated bills in Commission rules serve a very specific purpose, and that purpose is
15 not to replace actual reads. Estimated bills are temporary measures used to charge a customer
16 for service in cases where the exact meter read is unavailable at the time. When an actual read
17 is subsequently obtained, the customer's bill reflects the actual usage since the last meter read.
18 Any over- or undercharges from the estimated bill are corrected by the new actual read. In this
19 way, the customer ultimately pays exactly what they should be billed for their usage.

20 Empire's estimation process for TOU rates violates this principle. When Empire
21 estimates a customer's on-peak and off-peak usage, there is no correction from a subsequent

¹²⁵ Empire response to Staff DR No. 0191.3.

¹²⁶ For more discussion on the impact of revenue on rate case proceedings, see the Direct Testimony of Staff witness Kim Cox.

1 actual read. Consequently, customers never pay exactly what they should have been billed for
2 usage. This exceeds the purpose of estimated bills. Furthermore, utilizing permanent estimated
3 usage despite the availability of actual reads, without prior Commission approval, undermines
4 the just and reasonable rates set by the Commission and embodied in Empire's tariff.

5 Q. Are Empire's AMI interval read challenges unique to its operations?

6 A. No. Ameren Missouri, Evergy Missouri Metro, and Evergy Missouri West all
7 have AMI metering technology as well as TOU rates. What distinguishes these companies
8 from Empire is that they came before the Commission and requested variances for
9 circumstances where there were potential conflicts between AMI technology and Commission
10 rules.¹²⁷ For example, Ameren's tariff contains the following language regarding AMI interval
11 read estimation:

12 For AMI meters which are billed using the interval readings, any missing
13 interval data will be estimated based upon the following rules with the
14 first successful rule applying:

- 15 1) Using same day's historical data.
16 2) Using like day's historical data.
17 3) Using flat line estimation.¹²⁸

18 Q. Has Empire requested any variances from Commission rules regarding
19 AMI meters?

20 A. Staff is only aware of an Intended Case Filing filed April 25, 2024, for a variance
21 request in docket No. EE-2024-0318, which was styled: *In the Matter of The Empire District*
22 *Electric Company d/b/a Liberty's Request for Variances Related to Automated Metering*
23 *Infrastructure*. Empire made no further filings in that case, and the Commission closed the
24 docket on October 23, 2024.

¹²⁷ See Case Nos. EE-2019-0382, EE-2021-0103 and ET-2020-0133.

¹²⁸ MO.P.S.C Schedule No.6 1st Revised Sheet No. 131.2.

1 Should Empire wish to estimate missing interval reads for determining TOU rates, those
2 methods must be Commission approved in order to be valid. Staff recommends that Empire
3 file for a variance if it does not believe that standard estimation practices are sufficient for
4 missing interval meter readings and TOU rates.

5 **Other Incorrect Charges**

6 Q. Has Staff been made aware of instances where Empire customers have been
7 charged inaccurately for service since the implementation of Customer First?

8 A. Yes. Particularly, Staff is aware of cases where customers have been charged
9 incorrectly for late fees, franchise fees, state taxes, and customer charges.

10 Q. What issue is Staff aware of regarding late fees?

11 A. After a pause in charging late fees with the implementation of Customer First,
12 Empire resumed charging late fees on bills starting July 8, 2024. Empire discovered afterward
13 that late fees were set up incorrectly for some customers. For Empire residential customers,
14 the charge was set at 0.5% instead of the tariffed 0.25%. This issue was resolved on
15 July 12, 2024, but impacted 3,915 customer accounts who received credits on their accounts.¹²⁹

16 Q. What issue is Staff aware of regarding franchise fees and state taxes?

17 A. In the Customer First Report,¹³⁰ and in response to Staff DRs in the Investigatory
18 Docket,¹³¹ Empire detailed an issue regarding the need to conduct investigations to validate
19 sales tax rates and franchise fees. With the premise location data that Empire had from prior to
20 the transition, SAP may not have been able to tell exactly which taxes and fees should apply,

¹²⁹ OO-2025-0233, Empire response to Staff DR No. 0065. It should be noted that, in fixing this issue, the late fee rate was accidentally changed for Liberty Water customers, resulting in 200 customers being charged late fees of \$500 instead of \$5.

¹³⁰ Paragraph 23.

¹³¹ OO-2025-0233, Empire response to Staff DR No. 0059.

1 particularly if the customers lived close to a boundary between jurisdictions, and billed
2 incorrectly as a result. Other issues related specifically to sales tax included: 1) all residential
3 customers with private lighting were being charged commercial sales tax, 2) exemption
4 certificates were not being applied correctly to accounts, and 3) the inability to properly apply
5 exemptions for assisted living customers.

6 Q. Have all state tax and franchise fee issues been resolved?

7 A. According to Empire, final resolution of all known issues was achieved
8 November 25, 2024.¹³² However, it noted that SAP is currently unable to apply the partial
9 exemption to sales tax that assisted living facilities can qualify for, because the taxing engine
10 OneSource is unable to split those facilities between residential and commercial portions to tax
11 each accordingly. Currently, Empire is exempting the 15 affected customers from all sales tax,
12 and the customers are responsible for self-assessing and reporting the taxes they should have
13 paid to the state.¹³³

14 Q. Is Staff confident that this issue has been resolved?

15 A. Staff is not confident that all customers are being charged the correct franchise
16 fees or sales taxes for three reasons. First, despite the internal validation that Empire conducted
17 for franchise fees and sales taxes, incorrect charges appeared on customer bills. In at least some
18 cases, it was the customer who notified Empire of the incorrect charges, either directly or after
19 filing an informal complaint with the Commission. For the franchise fees, Empire indicated
20 that in some cases it was notified of and investigated incorrect franchise fees only after being
21 contacted by municipalities who noticed that their revenue amounts had declined. Staff cannot

¹³² Ibid. Note that, according to paragraph 23 of the Customer First report, these issues were to be resolved by mid-August 2024.

¹³³ OO-2025-0233, Empire response to Staff DR Nos. 0059 and 0094.

be confident that Empire has identified all instances where incorrect fees and taxes are being charged when, in some cases, outside parties were depended upon to point out discrepancies.

Second, in the Investigatory Docket, Staff asked for the number of customers per month who had been invoiced incorrect franchise fees or state/local taxes per month since April 2024. Empire was unable to provide this information, but it did provide the number of service tickets entered and manual tax jurisdiction changes made in SAP in the following table:¹³⁴

	2024								2025						
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
Company															
Missouri Empire Electric	22	22	1	3517	7575	5	11	13	1	8	1		1	135	
Missouri Empire Gas	2			255	488							2		1	
Missouri Midstates Gas						520	2								
Missouri Water			1	96	114										
Grand Total	24	22	2	3868	8177	525	13	13	1	8	1	2	1	136	

As demonstrated in the table above, occasional tickets and corrections are still being made after November 2024, and 135 were made in May 2025 for Empire. Staff does not know why this occurred but is seeking additional information.

Third, the Commission is still receiving informal complaints regarding incorrect taxes and fees, as recently as May 28, 2025.¹³⁵ In CI202500956, Empire indicated in its response, dated January 27, 2025, that the corrective measure it took in November 2024 to charge the customer franchise fees was done in error.

Q. What issue is Staff aware of regarding prorated customer charges?

A. During the May 22, 2025, meeting between the Liberty utilities, OPC, and Staff, Liberty explained that around 51,000 Empire Electric customers were under-billed due to an

¹³⁴ OO-2025-0233, Empire response to Staff DR No. 0083.

¹³⁵ See, for example, CI202500956, CI202501824, and CI202501827.

1 inadvertent change to the customer charge proration rate from April 28, 2025 to May 5, 2025.
2 Liberty has stated that impacted customers will not be rebilled for this error, and procedures
3 have been put in place to prevent other such incidents.

4 Q. What is Staff's position on the impact of these incidents on just and
5 reasonable rates?

6 A. All of these issues resulted in customers being billed rates that differ from what
7 they should have been billed for service, which suggest that the rates were inherently unjust.
8 Staff does recognize that, in the known cases referenced above, Empire has erred towards the
9 customer's favor in each situation. However, as with TOU rates, there is a question of how any
10 lost revenue will ultimately be recovered.

11 **USED AND USEFUL SYSTEM**

12 Q. What does "used and useful" mean in the context of utility regulation?

13 A. Only investments that are in use and providing full benefit to customers should
14 be included in the cost of service calculation.

15 Q. Is the Customer Information System implemented by Empire, SAP, currently
16 used and useful in Missouri?

17 A. It is certainly in use, but Staff contends that it is not fully useful. A useful billing
18 system would facilitate billing and could be relied upon to help the utility comply with its tariff
19 and Commission rules, not undermine those responsibilities. Thus far, this testimony has
20 covered instances where the implementation of SAP has broken existing processes, such as the
21 billing exception review process and the meter set process, in ways Empire has yet to fully
22 recover from. This testimony has also covered instances where SAP caused new issues that did

1 not exist prior to implementation, such as with the Preferred Payment Date Plan and incorrect
2 billing for sales taxes and franchise fees. In doing so, this testimony has cited violations of
3 Commission rule and Empire's tariff where applicable.

4 In addition to the plethora of evidence detailed above, Staff has also noted that SAP's
5 usefulness has been limited by difficulties in aligning with Empire's standard practices.
6 Although there is some overlap with what has been previously discussed, what distinguishes
7 the examples below are 1) the affected processes are important features of Empire's service
8 territory and should not have been overlooked in preparation for converting to a new CIS and
9 2) after over a year, Empire has either failed to or only just recently found a way to make the
10 system work for its needs. As such, SAP has been demonstrated as an imperfect fit for Empire's
11 pre-existing operations.

12 **Manual Processes**

13 Q. How do manual processes relate to the topic of SAP and the Customer
14 First transition?

15 A. The term "manual process" has come up in the context of several different
16 Customer First-related topics of discussion between Staff and the Liberty utilities. In the
17 context of billing, Staff's understanding at a high level is that, instead of the CIS taking the data
18 it has and producing a bill automatically, under certain circumstances someone from Empire
19 must manually force the bill to be generated. In particular, Staff wishes to call attention to the
20 manual processes involved with joint commodity invoices, collective accounts, and AMI meter
21 reads. In the case of joint commodity (multiple types of utility service at the same location¹³⁶)
22 invoices, manual intervention is necessary because of data sync issues between billing

¹³⁶ Empire response to Staff DR No. 226.2.

1 documents for the two separate commodities.¹³⁷ In the case of collective accounts, manual
2 intervention is currently required to trigger the batch job to ensure that child accounts are getting
3 billed.¹³⁸ In the case of AMI meter reads, manual intervention has been required when the
4 interval read totals do not add up to the register read totals.¹³⁹ In addition to missing reads, the
5 interval reads may not match the register read because of rounding differences.

6 Q. Have these manual processes caused any issues that Staff is aware of?

7 A. Yes. For example, during an informal complaint Staff learned that an error had
8 occurred in August 2024 relating to the manual process for collective accounts. In that instance,
9 the person doing the manual billing inadvertently chose the wrong date for the bills, resulting
10 in 15,060 collective account bills being generated with the incorrect bill print date of June.¹⁴⁰

11 Q. Has Empire automated these processes?

12 A. According to Empire, joint commodity invoicing was automated on
13 April 1, 2025.¹⁴¹ For AMI meters, Staff was informed during the December 13, 2024, meeting
14 with the Liberty utilities that the process of automating the closing of register read exceptions
15 had been completed.¹⁴² Empire also automated its estimation process for missing interval reads
16 as of May 6, 2025.¹⁴³ The billing process for collective invoices is projected to be automated
17 on July 31, 2025, as of the May 22, 2025, meeting between the Liberty utilities and Staff.

¹³⁷ Information taken from presentation slides provided during a May 22, 2025, meeting between Staff and the Liberty utilities.

¹³⁸ Empire response to Staff DR No. 0226.1.

¹³⁹ Empire response to Staff DR No. 0191.1.

¹⁴⁰ Empire response to Staff DR No. 0226.

¹⁴¹ Information taken from presentation slides provided during a May 22, 2025, meeting between Staff and the Liberty utilities.

¹⁴² Empire response to Staff DR No. 0191.

¹⁴³ Empire response to Staff DR No. 0191.3.

1 Q. Are any of these categories new with the implementation of Customer First?

2 A. No. Empire had accounts that were collectively billed and joint commodity bills
3 prior to the implementation of Customer First. AMI meters and TOU rates were in place years
4 prior to April 8, 2024. Empire has stated to Staff that the uniqueness of collective accounts and
5 AMI meter infrastructure in particular posed unique challenges compared to co-subsidiaries in
6 other states,¹⁴⁴ but Staff's contention is that the selection and implementation of a useful
7 Customer Information System should have taken those preexisting qualities into account,
8 instead of leaving the utility scrambling over a year after implementation to force the system to
9 accommodate those qualities.

10 Q. Is Staff aware of any other processes that Empire has been slow to automate?

11 A. Yes. As mentioned earlier, it took nearly three months after the implementation
12 of Customer First to automate the sending of new customer booklets. Empire has also indicated
13 that it just recently automated the process of sending letters to customers who receive a third
14 consecutive estimated bill, pursuant to 20 CSR 40240-13.020(3),¹⁴⁵ as of March 2025.¹⁴⁶
15 The wording of the response suggests that these letters were not being sent (even manually)
16 prior to August 2024. However, Staff is seeking additional clarification before
17 commenting further.

¹⁴⁴ Empire response to Staff DR No. 0190.

¹⁴⁵“If a utility is unable to obtain an actual meter reading for three (3) consecutive billing periods, the utility shall advise the customer by first class mail or personal delivery that the bills being rendered are estimated, that estimation may not reflect the actual usage, and that the customer may read and report their electric, gas, sewer, or water usage to the utility on a regular basis....”

¹⁴⁶ OO-2025-0233, Empire response to Staff DR No. 0046.

Data Transfer Limitations

Q. Is SAP currently managing all of the data a CIS needs to possess in order to operate usefully?

A. Not entirely. According to Empire, only items necessary for ongoing account balancing, active security deposits, and payment agreement status and installments were migrated to the new system. Other details related to customer accounts were not converted to the new system, including: Service accounts and/or customer profiles that were inactive for two or more years, premise occupant history, meter reads prior to April 2022, customer logs, invoice PDFs, system-generated correspondence, payment and charges history, service orders, completed or ended payment agreements, Missouri bad debt older than seven years, and internal tickets such as requests to move balances between accounts, refund payments, follow up or customer contacts, etc.¹⁴⁷

Q. Why was this data not transferred?

A. According to Empire, factors that went into the decision not to transfer the data include data size, format differences, account balancing, reporting, and CIS limitations.¹⁴⁸ Empire made the decision with the understanding that the records would still be available as needed in Customer Watch.

Q. How long will Customer Watch be available for reference?

A. According to Empire, the retirement date for Customer Watch has not been determined, pending further evaluation regarding how the data from the system can be retained going forward.

¹⁴⁷ Empire response to Staff DR No. 0209.1.

¹⁴⁸ Ibid.

1 Q. Has Staff been made aware of any repercussions of the unavailability of this data
2 in SAP?

3 A. Yes. Staff has reviewed multiple phone calls where Customer Service
4 Representatives (“CSR”) were unable to access past customer invoices and payment history
5 because they did not have access to the data stored in Customer Watch.¹⁴⁹ The CSRs for
6 Empire’s third party call center vendor did not have access to Customer Watch, and neither do
7 CSRs from other (non-Missouri) Liberty regions assisting with phone calls.¹⁵⁰ Although
8 Empire established a process so that customer inquiries regarding such data could be addressed
9 by having the CSRs email Empire supervisors who had access to Customer Watch, that system
10 was not effective with the third party vendor.¹⁵¹ I will address this issue further when discussing
11 customer service issues in rebuttal testimony.

12 **RECOMMENDATIONS**

13 Q. Please summarize Staff’s position and recommendations.

14 A. The implementation of Customer First, specifically the SAP Customer
15 Information System, has compromised Empire’s ability to provide reliable service to its
16 customers for over a year. This testimony has sought to lay out all of the issues that Staff has
17 found to date regarding billing timeliness, billing accuracy, tariff violations, Commission rule
18 violations, past, recent, and ongoing issues that Empire is experiencing while dealing with the
19 system, and the negative repercussions of all of these issues for Empire’s customers. Staff is
20 not contending, at least at this time, that SAP is a broken system. But it was a significant

¹⁴⁹ For example, see Empire response to Staff DR Nos. 0207, 0208, and 0209.

¹⁵⁰ Empire response to Staff DR No. 0424.

¹⁵¹ Empire response to Staff DR No. 0193.

1 mismatch with Empire's existing processes, and Empire has failed to make the adaptations that
2 would bring the system fully to used and useful status. The principle of just and reasonable
3 rates does not support full cost recovery for a system that has been and still is unreliable, not
4 fully useful, and has negatively impacted other aspects of the cost of service calculation. For
5 these reasons, Staff is recommending a disallowance for Customer First, as described more
6 fully in the direct testimonies of Staff witnesses James A. Busch, Matthew Young and
7 Melanie Marek.

8 In addition, Staff has the following recommendations:

- 9 1) Incorporate Empire into the monthly Customer First meetings currently occurring
10 between Staff and Liberty Water as ordered in the Order Approving Stipulation and
11 Agreement in Case No. WR-2024-0104.
- 12 2) Empire's tariff should be revised to reflect the new calculation method for
13 budget billing.
- 14 3) Empire should work to determine why bills are being issued outside of the 26-35
15 day billing period required by Commission rule, and work to reduce that number
16 to 0 or the industry standard.
- 17 4) Empire should revise the estimation calculation process so that SAP does not use an
18 estimated reading from the previous month as a basis for generating an estimated
19 bill if the prior year's usage at the same period of time is not available.
- 20 5) Empire should work to reduce the number of estimated bills and rebills to
21 pre-Customer First transition levels.
- 22 6) Empire should permanently cease estimating on-peak and off-peak interval reads
23 for TOU billing purposes in favor of using actual reads, however obtained. Staff

1 recommends that Empire file for a variance if it does not believe that standard
2 estimation practices are sufficient for missing interval meter readings and
3 TOU rates.

4 Q. Does this conclude your direct testimony?

5 A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Request of The Empire)
District Electric Company d/b/a Liberty for) Case No. ER-2024-0261
Authority to File Tariffs Increasing Rates)
for Electric Service Provided to Customers)
in Its Missouri Service Area)

AFFIDAVIT OF CHARLES TYRONE THOMASON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW CHARLES TYRONE THOMASON and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Charles Tyrone Thomason*; and that the same is true and correct according to his best knowledge and belief.

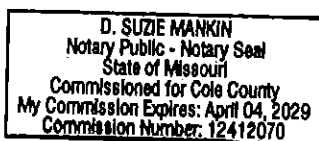
Further the Affiant sayeth not.

Charles Tyrone Thomason

CHARLES TYRONE THOMASON

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 26th day of June 2025.



D. Suzie Mankin

Notary Public