

Exhibit No. 42

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Issue(s): Energy Efficiency
Witness: Nathaniel W. Hackney
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Sponsoring Party: The Empire District
Electric Company
Case No.: ER-2021-0312
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**Before the Public Service Commission
of the State of Missouri**

Direct Testimony

of

Nathaniel W. Hackney

on behalf of

The Empire District Electric Company

May 2021



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FOR THE DIRECT TESTIMONY OF NATHANIEL W. HACKNEY
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
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DIRECT TESTIMONY OF NATHANIEL W. HACKNEY
THE EMPIRE DISTRICT ELECTRIC COMPANY
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1 **I. INTRODUCTION**

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

3 A. My name is Nathaniel W. Hackney, and my business address is 602 S. Joplin Avenue,
4 Joplin, Missouri, 64801.

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

6 A. I am currently employed by Liberty Utilities Services Corp. (“LUSC”) as a Senior
7 Reporting and Systems Analyst for the Liberty Central Region, which includes The
8 Empire District Electric Company (“Empire” or “Company”).

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

10 A. I am testifying on behalf of Empire.

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

12 A. In 2009, I received a Bachelor of Arts from the University of Minnesota’s Hubbard
13 School of Journalism and Mass Communication. I began my employment with Empire
14 in 2010, and I accepted the promotion to Associate Energy Efficiency Coordinator in
15 2012. In 2014, I was promoted to Energy Efficiency Coordinator. In 2018, I was
16 promoted to Senior Energy Efficiency Coordinator.

17 In 2019, I was promoted to my current position of Central Region Senior
18 Reporting and Systems Analyst. In this job, I interface on behalf of the Company with
19 trade allies, Community Action Agencies, contractors, implementers, consultants,
20 evaluators, marketers, regulatory stakeholders, and customers in various matters related
21 to Empire’s active portfolios of electric and natural gas energy efficiency programs for

1 residential, commercial, and industrial customers in Arkansas, Iowa, and Missouri. I
2 process and approve payment of energy efficiency rebates and lead the regulatory
3 stakeholder reporting process and stakeholder relations. I represent the Company as an
4 expert witness in regulatory proceedings on topics related to energy efficiency,
5 including energy efficiency cost recovery and portfolio development filings. I also
6 assist with the development of the demand-side analysis for Empire’s Integrated
7 Resource Plan (“IRP”), and with the regulatory functions of solar and net metering, as
8 well as administration, payment, tracking, and reporting of Empire’s Solar Rebate and
9 various low-income programs in Missouri.

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

12 A. Yes. I have filed testimony with this Commission,¹ and also with the Arkansas Public
13 Service Commission² and the Kansas Corporation Commission.³

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

15 A. In this testimony, I will discuss Empire’s energy efficiency programs and outstanding
16 stipulation items related to energy efficiency from previous cases.

17 **II. ENERGY EFFICIENCY PROGRAMS**

18 **Q. Does Empire currently offer energy efficiency programs in Missouri?**

19 A. Yes. As originally approved in Commission Case No. ER-2016-0023, Empire currently
20 offers four programs to its electric customers in Missouri: Commercial and Industrial

¹ Case No. ER-2016-0023 (in support of Empire’s Energy Efficiency Programs), Case No. GR-2018-0213 (in support of Liberty’s natural gas energy efficiency programs), and Case No. ER-2019-0374 (in support of Empire’s Energy Efficiency, Solar, and low-income programs).

² Arkansas Public Service Commission Docket No. 07-076-TF (in support of Empire’s annual Energy Efficiency Cost Recovery Riders for 2019, 2020, and 2021, and Empire’s Energy Efficiency portfolio designs for 2016-2019 and 2020-2022).

³ Kansas Corporation Commission Docket No. 13-EPDE-209-TAR (in support of Empire’s Energy Efficiency Rider). Note: Empire’s energy efficiency portfolio in Kansas is no longer active.

1 (“C&I”), Residential HVAC Rebate program, Multi-Family Direct Install program, and
2 the Low-Income Multi-Family Direct Install program.

3 **Q. Were these programs modified as part of Empire’s most recent general rate case**
4 **(Case No. ER-2019-0374)?**

5 A. No. Pursuant to the agreement of the parties, and the order of the Commission, there
6 were no modifications approved by the Commission in Empire’s last rate case.

7 **Q. Please explain why there were no modifications made in Case No. ER-2019-0374.**

8 A. At the time, Empire was planning for a future filing under the Missouri Energy
9 Efficiency Investment Act (“MEEIA”). As explained in my written testimonies in that
10 case, Empire favored obtaining approval of an initial MEEIA portfolio to make changes
11 to its energy efficiency offerings, rather than creating interim changes to its energy
12 efficiency offerings in the general rate case. Empire believed interim changes and then
13 approval of a MEEIA portfolio would create unnecessary confusion amongst its
14 customers.

15 **Q. Please provide an update on Empire’s MEEIA filing.**

16 A. Empire filed a Notice of Intended Case Filing on February 3, 2021, initiating Case No.
17 EO-2021-0247 for a future MEEIA filing. Beginning with the fourth quarter of 2020,
18 Empire has hosted numerous meetings with regulatory stakeholders to communicate
19 the specifics in respect to developing a MEEIA portfolio and proposed Demand Side
20 Investment Mechanism (“DSIM”). Empire endeavored to create—and believes it
21 successfully created—a collaborative process, soliciting and incorporating input from
22 the stakeholders at every stage of development of its MEEIA filing. Empire conducted
23 the process in this way to strive for agreement, or consensus, prior to filing its MEEIA

1 application. Stakeholder meetings continue, and Empire plans to make its MEEIA
2 filing shortly after this rate case is filed.

3 **Q. Does Empire seek to have its MEEIA filing consolidated into this general rate**
4 **case?**

5 A. No, Empire requests that the dockets be processed separately. A primary purpose of the
6 extensive pre-filing collaborative process in Case No. EO-2021-0247 was to increase
7 the likelihood of an expeditious resolution to that case, allowing Empire and its
8 customers to begin receiving the benefits of a MEEIA portfolio as quickly as possible.
9 The MEEIA statute allows for a separate process, and Empire prefers that the
10 processing of its MEEIA application not be tied to the processing timeframe of a
11 general rate case.

12 **III. STIPULATED ITEMS FROM PREVIOUS CASES**

13 **Q. Are there any stipulated items from Case No. EM-2016-0213 (the merger docket)**
14 **that you would like to address at this time?**

15 A. Yes. Four stipulated provisions from the merger docket are discussed below.

16 **Q. Please address the stipulation in Case No. EM-2016-0213 regarding future**
17 **expansion of Empire’s Demand-Side Management (“DSM”) programs?**

18 A. On August 23, 2016, an *Amended Stipulation and Agreement as to Division of Energy*
19 *and Renew Missouri* (“Amended Stipulation”) was filed in Case No. EM-2016-0213.
20 The Amended Stipulation was later approved by Commission Order on September 7,
21 2016. The stipulation stated, in part:

22 Empire will work with DE, the Staff of the Commission (“Staff”), the Office of
23 the Public Counsel (“OPC”) and other parties through the existing DSM
24 Advisory Group to review and consider the viability of adopting additional
25 energy efficiency programs for its customers. Within one year of the
26 Commission’s finding of substantial compliance of the Empire Integrated
27 Resource Plan that follows Commission approval of a Statewide Technical

1 Reference Manual (TRM), Empire will develop and submit an application for
2 approval of a portfolio of DSM programs under the Missouri Energy Efficiency
3 Investment Act (MEEIA), so long as any such portfolio is a part of Empire's
4 adopted preferred resource plan in its Integrated Resource Plan, or has been
5 analyzed through the integration process required by 4 CSR 240-22.060, and
6 the portfolio and any DSIM submitted in the application is fully compliant with
7 the MEEIA statute and applicable regulations.
8

9 **Q. Has a statewide TRM been approved by the Commission at the time of this filing?**

10 A. No. As noted, however, Empire will be making its MEEIA filing in the near future.

11 **Q. Please address the treatment in Case No. EM-2016-0213 of the administration of**
12 **the Low-Income Weatherization program by the Division of Energy ("DE").**

13 A. Paragraph 24 of the *Stipulation and Agreement* between the Applicants and the Office
14 of Public Counsel filed on August 23, 2016, in Case No. EM-2016-0213, and approved
15 by Commission Order on September 7, 2016, stated the following regarding
16 administration by DE:

17 Empire and The Empire District Gas Company agree to provide DE an annual
18 payment totaling up to 5% of the agreed to weatherization funds for a pilot
19 program concerning the administration and monitoring of the funds (not to
20 exceed an annual cap of \$12,500) to the extent DE is utilized for the
21 management of those funds. Said funds, will be provided for a period of five
22 years and be considered below the line and not recovered in future rates.
23 Nothing in this paragraph will affect Staff's and OPC's ability to oppose
24 funding for DE in future cases whether for Empire or any other utility. DE shall
25 work with the OPC, Staff, and Empire to develop reporting standards for its
26 administration and monitoring activities to be presented at the annual meetings
27 with each local Community Action Agency.
28

29 **Q. Please provide an update on Empire's progress toward full compliance with this**
30 **item.**

31 A. The Company is in its fourth year of the partnership with DE as outlined by this item,
32 with continued success and ever-improving results. From 2018-2020, Empire's
33 partnership with DE allowed Community Action Agencies to utilize more than

1 \$700,000 of Empire funds to weatherize 270 homes of electric customers in Empire's
2 service territory.

3 **Q. Please address the treatment of the Low-Income Program stakeholder annual**
4 **meeting in Case No. EM-2016-0213.**

5 A. Paragraph 23 of the *Stipulation and Agreement* between the Applicants and the Office
6 of Public Counsel filed on August 23, 2016, in Case No. EM-2016-0213 and approved
7 by Commission Order on September 7, 2016, states:

8 Empire commits to an annual meeting with each of the local Community Action
9 Agencies in-person for the next five years in Joplin, Missouri at Empire's
10 headquarters with extended invitations to (at least) the Commission Staff, OPC,
11 and the Division of Energy to discuss progress to date Strengths, Weaknesses,
12 Opportunities, and Threats to Empire's low-income population.

13
14 **Q. Please describe Empire's progress toward compliance with this item.**

15 A. Empire hosted Community Action Agencies and regulatory stakeholders for a fourth
16 Low-Income Program Stakeholder Annual Meeting on December 10, 2020, and
17 discussed strengths, weaknesses, opportunities, and threats to the low-income
18 population within Empire's service territory. Empire is grateful for the opportunity to
19 facilitate these meetings and looks forward to future meetings. Due to COVID-19
20 concerns and as a safety measure, the 2020 meeting was held virtually. Information
21 regarding Empire's low-income pilot program may be found in the Direct Testimony
22 of Empire witness Jon Harrison.

23 **Q. Please address the stipulation in Case No. EM-2016-0213 regarding Energy**
24 **Efficiency Conditions.**

1 A. The Commission-approved *Stipulation and Agreement* between the Applicants and
2 Staff⁴ in EM-2016-0213 directs Empire as follows: “Upon the close of the Transaction,
3 Empire shall comply with any Commission order in ER-2016-0023 regarding Demand
4 Side Management programs.”

5 **Q. Has Empire complied with this item and continued to administer its DSM**
6 **programs as stipulated and ordered in Case No. ER-2016-0023?**

7 A. Yes.

8 **IV. CONCLUSION**

9 **Q. Is Empire requesting any changes to its energy efficiency programs in the context**
10 **of this general rate case?**

11 A. No. Instead, the expansion of Empire’s energy efficiency programs will be addressed
12 with the upcoming MEEIA filing.

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

14 A. Yes.

⁴ *Stipulation and Agreement: Appendix to Attachment A – Staff Stipulation and Agreement*. Page 14, Article H.
Filed August 4, 2016 in MPSC Docket No. EM-2016-0213

VERIFICATION

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

/s/ Nathaniel W. Hackney