

MEMORANDUM

To: Missouri Public Service Commission Official Case File,
Case No. AW-2020-XXXX

From: Geoff Marke, Chief Economist
Missouri Office of the Public Counsel

Amanda Conner, Utility Accountant
Missouri Office of the Public Counsel

Subject: Comments related to the proposed submitted rules in 20 CSR 4240-XXXX:
Disconnection and other relevant filed data

Date: November 25, 2019

Overview:

Early this year OPC attempted to answer a series of questions posed to us by the National Consumer Law Center (“NCLC”) in anticipation of a series of webinars hosted by the National Regulatory Research Institute (“NRRI”) and the National Association of Regulatory Utility Commissioners (“NARUC”) Committee on Consumers and the Public Interest regarding delinquencies and disconnections.¹ Those questions can be summarized as follows:

- Do utilities report the number of involuntary disconnects?
- Is that information publically available?
- Have the number of disconnects reported by the utilities changed over time?
- And if yes, how have they changed?

In an attempt to answer the aforementioned questions and understand customer disconnection numbers and patterns across Missouri utilities and across time, the Office of the Public Counsel (“OPC”) reviewed and consolidated each electric, gas and large water utility non-case related submissions of annual reports with the Missouri Public Service Commission (“PSC”) as it pertains to total revenues, disconnections and bill assistance since 2009.

The OPC also consolidated and cross-referenced each reported month of the cold weather rule non-case related submissions for each of the investor-owned electric and gas utilities since 2013 and compared those reports against the aforementioned annual reports.²

Based on our research, OPC has concluded that:

¹ There were three webinars produced by NRRI and NARUC and they are currently archived to stream on YouTube. They include: “Delinquencies and Disconnections: Where are We Now?” May, 8, 2019: <https://www.youtube.com/watch?v=iGK5713ZT7s>; “Delinquencies and Disconnections: Case Studies from the States,” June 10, 2019: https://www.youtube.com/watch?v=8w_y-nmjCVE; and “Disconnections and Delinquencies Part III,” August 22, 2019: <https://www.youtube.com/watch?v=QK0SpQ7q2mA>

² All of the aforementioned material related to both annual reports and cold weather reports has been consolidated and included in an Excel Spreadsheet and can be found in attachment OPC-1:Disconnect Spreadsheet.

- Electric and gas utilities (but not water) do report the number of disconnects in at least two periodic filings with the Commission—the Annual Reports and the monthly Cold Weather Reports; however, the disconnect numbers are not the same when examined on a year-to-year basis.
- The utility disconnect information is not easily accessible to the public, and in some cases, has been designated as confidential.³
- The number of disconnects has changed over time, but the reported number of disconnects depending on the filing, year and company vary considerably.
- Based on the consolidated filings there does not appear to be an agreed-to standardization of data; consequently, despite over a decade of collected data, no definitive statements about customer disconnects can be made as it appears how a “disconnect” is counted varies considerably between utilities.

The OPC believes this is a problem that requires immediate action. If left unattended, the monthly cold weather reports and the annual utility reports will merely perpetuate an exercise in futility and bureaucratic waste. Given the level of customer investment and the value inherent in robust standardized data sets, the Commission and the public at large should be kept abreast with relevant information as it pertains to the health and wellbeing of its customers.

Quality, accessible, timely and reliable data is needed to help with the measurement of sound utility performance. Such data is key to decision making. Without agreed-to standardizations, widely different conclusions can be drawn and wildly different policy responses may arise. Additionally, if data is merely collected and never analyzed, compared, or easily accessed, both the monthly cold weather rule and the annual reports lose their value.

The challenges inherent in the lack of standardization in delinquencies and disconnection data across the industry and the need for uniform reporting was expressed most recently by the NARUC Committee on Consumer Affairs, and then adopted by NARUC at large, in a formal resolution titled: “Resolution on Best Practices in Data Collection and Reporting for Utility Services Delinquencies in Payments and Disconnections of Service” at the 2019 Annual Conference in San Antonio, Texas.⁴

Consistent with the conclusions drawn from OPC’s review of EFIS-filed, Missouri utility disconnect and delinquency data, and the NARUC resolution, OPC is recommending the Commission open a rulemaking docket to amend its rules related to the public disclosure and periodic filings of utility billing metrics as it pertains to revenues, accounts, disconnections, arrearages, write-offs, etc. This rulemaking request is designed to produce an agreed-to standardized data format moving forward, increase transparency in reporting metrics and draw greater attention to vulnerable customer populations as the cost of service continues to increase.

³ Certain Cold Weather Reports have been designated as “confidential” even though the Commission rule 20 CSR 4240-14.055 (15) explicitly states: “All information submitted shall be considered public information;”

⁴ NARUC (2019) Resolution on best practices in data collection and reporting for utility services delinquencies in payments and disconnections of service. <https://pubs.naruc.org/pub/9392BD1E-D055-4A2C-9677-AAD00FEA7527>

The rest of this memorandum will discuss historical practice to date and illustrative examples of the deficiencies and concerns within and across the historical annual reports and cold weather rule reports to date.

Historical Practice to Date and Illustrative Examples of Deficiencies/Concerns

Annual Reports

Investor-owned utilities in Missouri have been required to file Annual Reports on or before April 15 of each year in EFIS since 2009. The Commission's rules do not specify what information should be submitted in these annual reports. Just that:

Annual reports shall be submitted either on a form provided by the commission or on a computer-generated replica that is acceptable to the commission.⁵

The practice for investor owned electric utilities is to file its FERC FORM 1 and for investor owned gas utilities its FERC FORM 2. With both electric and gas utilities also providing Supplemental FORM 3-Q information. Water and Sewer utilities provide similar operational information.⁶ In addition to the aforementioned information, the Commission collects the following information on a one-page sheet each year:

Electric and gas utilities:

- Contact information
- Revenues
 - Operating Revenues from Tariffed Services (MO Jurisdictional and Total Company)
 - Other Revenues (MO Jurisdictional and Total Company)
- Provide the amount of actual write-offs (not accrued or estimated amounts) (Residential/ All Other)
- Provide the number of customer account terminations for the year for each category (Voluntary/Involuntary)
- Provide the amount of Low-Income Home Energy Assistance Program (LIHEAP) received
- List the number of customer accounts as of the end of the calendar year for each category below (Residential/Other)
- List the average uncollectable amount (Residential/All Other)
- Provide the average age of uncollectible debt (Residential/All Other)
- List the total annual billed amount
- List the number of charitable dollars received that is applied to energy assistance other than LIHEAP (i.e., customer voluntary dollars, dollar-help or dollar more, church donations, Heat-Up St. Louis, etc.)

⁵ 20 CSR 4240-10.145 (2)

⁶ OPC did not review Steam/Heat, Manufactured Housing, Telephone, Video or Interconnected Voice over Internet Protocol Providers (VoIP) annual reports. Nor do we have specific recommendations as it pertains to these services as it relates to annual reporting requirements.

Water and sewer utilities:

- Breakdown in Water Revenues
 - Total Operating Revenues (MO Jurisdictional and Total Company)
 - Total Non-Tariffed Revenues (MO Jurisdictional and Total Company)
- Breakdown in Sewer Revenues
 - Total Operating Revenues (MO Jurisdictional and Total Company)
 - Total Non-Tariffed Revenues (MO Jurisdictional and Total Company)

In some instances the aggregated annual reports include data that when compared and analyzed clearly show easily understood inferences. For example, one easily understood inference can be drawn by examining the amount of collected tariff revenue for each of Missouri's investor-owned electric utilities over time. Table 1 includes both the filed 2009 tariffed revenues, the tariffed 2018 revenues, and their respective percentage increase over time. The simple, plain-reading of the data here is that tariffed revenues have increased noticeably over a ten-year period.

Table 1: Electric tariffed revenue and total account increases 2009-2018

Electric Utilities	2009 Tariffed Revenue	2018 Tariffed Revenue	Percentage increase
Ameren Missouri	\$2,191,456,766	\$3,001,630,980	+ 37%
KCPL	\$588,038,778	\$931,128,044	+ 59%
GMO	\$613,155,480	\$777,917,585	+ 27%
Empire District Electric	\$355,242,055	\$514,892,468	+ 45%

In other respects, the historical information provided includes a number of data points that merit either further inquiry (something significant has changed in the utilities service) or prevent reasonable comparisons (something is recorded inconsistently or incorrectly) across utilities and/or within a given utility. Select examples of this in recent annual filings include:

- From 2016 to 2017 GMO saw a 28% increase in year-ending residential customer accounts from 223,251 to 286,741.
- In 2018 the average residential write off for KCPL was \$31.60 and \$10.00 for Ameren Missouri Electric.
- From 2017 to 2018 KCPL's total residential write-offs increased 64% from \$4,928,337 to \$8,080,956.
- In 2018 the average residential write off for Empire Gas was \$5.00 and \$22.00 for Summit Natural Gas.
- In 2018 KCPL received \$571,487 in LIHEAP dollars while Ameren Missouri Electric received \$14,740,021.

- In 2018 KCPL had 112,781 voluntary terminations and 289,299 year-ending total accounts.
- In 2018 KCPL saw a 32% increase in voluntary terminations (85,634 to 112,781) while GMO saw a 28% decrease (84,448 to 60,926) from 2017 numbers.
- In 2018 KCPL had more overall involuntary terminations (10,654) than Ameren Missouri (10,151) despite Ameren Missouri (1,227,317) having 938,018 more overall year-ending accounts than KCPL (289,299).
- In 2018 Empire District Electric had the highest percentage of involuntary terminations at 4.28% (6,378) while Ameren Missouri had the lowest percentage at 0.95% (10,151) relative to year-ending account totals.
- In 2018 Empire District Electric had 37,352 voluntary terminations (or 21.47% out of a year ending 173,981 accounts) while Ameren Missouri had 313,842 voluntary terminations (or 25.57% out a year ending 1,227,317 accounts).
- In 2018 Ameren Missouri Gas reported a year ending 132,453 accounts with 37,991 voluntary terminations and 556 involuntary terminations. Liberty Gas, in contrast reported a year ending 53,138 accounts with 4,456 voluntary terminations and 3,693 involuntary terminations.
- MGE saw a 2,138% increase in voluntary terminations from 2016 (4,494) to 2017 Spire West (100,573).
- However, Spire West saw a 54% decrease in voluntary terminations from 2017 (100,573) to 2018 (46,475).
- Summit Natural Gas ceased reporting involuntary terminations in 2016. Its last year, 2015, Summit recorded 1,470 involuntary terminations out of 18,760 year ending accounts.
- Missouri American Water reported the exact same tariffed (\$221,693,390) and non-tariffed (\$2,914,860) revenues for 2010 and 2011.
- Missouri American Water is not required to report any disconnection/arrearage/customer account metrics beyond tariffed and non-tariffed revenues in its annual reports despite having approximately 483,000 accounts across Missouri.

To highlight one bulleted point show above:

- In 2018 KCPL had more overall involuntary terminations (10,654) than Ameren Missouri (10,151) despite Ameren Missouri (1,227,317) having 938,018 more overall year-ending accounts than KCPL (289,299).

In this example, either KCPL and Ameren Missouri are recording “involuntary terminations” or number of “accounts” differently or an investigatory docket should be opened to determine why KCPL had more involuntary terminations in 2018 despite Ameren Missouri having more than 4 times the number of accounts.

OPC is inclined to believe that “involuntary terminations” measured over a year, are being accounted differently between utilities. Based on the aforementioned bullet points, we believe that that is probably true for a number of data points. For example, if a customer account is involuntary terminated 12 times in a year would that represent one involuntary termination (one customer account) or twelve involuntary terminations (12 times the power was shut-off for non-payment for one customer)? Presently, there is no guidance on how a utility should record that or how parties are to interpret the results.

Cold Weather Reports

The Cold Weather Rule has been a part of the Commission’s rules and regulations since 1977. The purpose of the cold weather rules is to protect “the health and safety of residential customers receiving heat-related utility service by placing restrictions on discontinuing and refusing to provide heat-related utility service from November 1 through March 31 due to delinquent accounts of those customers.

Amended Cold Weather Rules were filed on November. 7, 2018 and became effective July 30, 2019.⁷ The amended rule changes consisted of the addition of 20 CSR 4240-13.055 (15) which states, in part:

Each utility providing heat-related utility service shall submit as a non-case related filing a report with the commission for each calendar month no later than the twentieth (20th) day of the following month. The utility shall provide a copy of each report to the Office of the Public Counsel. The utility shall report for each operational district into which the utility has divided its Missouri service territory the number of days it was permitted to discontinue service under this regulation, and the utility shall separately report on the information listed below for customers receiving energy assistance and customers who are affected by this regulation and not known to be receiving energy assistance. All information submitted shall be considered public information; however, no customer specific information shall be reported or made public. Utilities providing both electric and gas service shall report the following information separately for their gas-only territory:

(A) How many customers were—

1. Disconnected, at the end of the period;
2. Of those disconnected, how many customers had service discontinued for nonpayment during the period; and
3. Of those discontinued during the period, how many customers were restored to service during the period; . . . (emphasis added)⁸

⁷ On August 28, 2019 all of the Missouri Public Service Commission Rules were moved to 20 CSR 4240.

⁸ Additional reporting information is required in the Cold Weather Rules.

Comparing the annual reports with the aggregated cold weather reports (a separate non-case related submission made on a monthly basis) reinforce the data inconsistencies. OPC compared six years of annual aggregated cold weather reports against the same company's annual reports. At no point did the disconnect numbers align. In some cases the annual reports would record higher disconnect numbers and at other times the 12-month aggregated cold weather rule reports would produce higher disconnect numbers.

For illustrative purposes, Table 2 and Table 3 compares total electric and gas customer disconnects of the 12 month aggregated 2018 cold weather rule reports against the customer disconnects listed in the utilities filed 2018 annual reports.

Table 2: Number of electric disconnects reported in 2018 cold weather reports compared to the 2018 annual reports

Utility	12 Cold Weather Reports	Annual Report	Discrepancy
KCPL	1,645	123,435	(121,790)
GMO	21,586	66,269	(44,683)
Ameren Electric	220,977	323,993	(103,016)
Empire Electric	31,035	43,630	(12,595)

Table 3: Number of gas disconnects reported in 2018 cold weather reports compared to the 2018 annual reports

Utility	12 Cold Weather Reports	Annual Report	Discrepancy
Spire	63,837	159,468	(95,631)
Ameren Gas	14,219	38,547	(24,328)
Empire Gas	7,963	11,205	(3,242)
Liberty Gas	4,158	8,149	(3,991)
Summit Gas	1,118	2,796	(1,678)

It is not clear why the reported disconnects filed in the monthly cold weather reports do not match the reported number of disconnects in the annual reports. Nor is it clear why the numbers vary so considerably between utilities. As a result, OPC is at a loss as to how many disconnects occurred in a given year for a given utility. Nor are we able to draw any meaningful conclusions regarding disconnections or delinquency patterns/trends from the more than ten years of collected and filed data with the Commission.

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

AFFIDAVIT OF GEOFF MARKE

STATE OF MISSOURI)
)
COUNTY OF COLE) SS.

COMES NOW GEOFF MARKE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Motion to Open a Working Group Docket Regarding a Proposed Residential Customer Disconnection Data Reporting Rule* and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Geoff Marke
Chief Economist

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 25th day of November, 2019.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2021
Cole County
Commission #13754037



Jerene A. Buckman
Notary Public

My Commission expires August 23, 2021.

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

AFFIDAVIT OF AMANDA CONNER

STATE OF MISSOURI)
) SS.
COUNTY OF COLE)

COMES NOW AMANDA CONNER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Motion to Open a Working Group Docket Regarding a Proposed Residential Customer Disconnection Data Reporting Rule* and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


Amanda C. Conner
Public Utility Accountant I

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 25th day of November, 2019.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2021
Cole County
Commission #13754037


Jerene A. Buckman
Notary Public

My Commission expires August 23, 2021.