

Exhibit No.: _____
Issue(s) Disconnection Moratorium/
Arrearage Management Plans/ Economic Relief
Pilot Program/ Outreach/Energy Efficiency/
Administrative Procedures
Witness/Type of Exhibit: Marke/Surrebuttal
Sponsoring Party: Public Counsel
Case No.: EU-2020-0350

SURREBUTTAL TESTIMONY

OF

GEOFF MARKE

Submitted on Behalf of the Office of the Public Counsel

**EVERGY METRO, INC. D/B/A EVERGY METRO AND
EVERGY MISSOURI WEST, INC. D/B/A EVERGY
MISSOURI WEST**

CASE NO. EU-2020-0350

September 4, 2020

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

In the Matter of the Application of Evergy)
Metro, Inc. d/b/a Evergy Missouri Metro and)
Evergy Missouri West, Inc. d/b/a Evergy) File No. EU-2020-0350
Missouri West for an Accounting Authority)
Order Allowing the Companies to Record)
and Preserve Costs Related to Covid-19)
Expenses)

VERIFICATION OF GEOFF MARKE

Geoff Marke, under penalty of perjury, states:

1. Attached hereto and made a part hereof for all purposes is my rebuttal testimony in the above-captioned case.
2. My answer to each question in the attached surrebuttal testimony is true and correct to the best of my knowledge, information, and belief.



Geoff Marke
Chief Economist

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**EVERGY METRO, INC. D/B/A EVERGY MISSOURI METRO
AND EVERGY MISSOURI WEST, INC. D/B/A EVERGY MISSOURI WEST**

CASE NO. EU-2020-0350

1 **I. INTRODUCTION**

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

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

5 **Q. Are you the same Geoff Marke that filed rebuttal testimony on behalf of OPC?**

6 A. Yes.

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

8 A. I will be responding to the rebuttal testimony of National Housing Trust (“NHT”) witness
9 Roger Colton’s proposed modifications to the Evergy Missouri West and Evergy Missouri
10 Metro (“Evergy”) Accounting Authority Order (“AAO”) on the following items:

- 11 1. Disconnection Moratorium
- 12 2. Arrearage Management Plans (“AMPs”)
- 13 3. The Economic Relief Pilot Program (“ERPP”)
- 14 4. Energy Efficiency
- 15 5. Administrative Procedures
 - 16 ○ Credit reporting
 - 17 ○ Limited English Proficient (“LEP”) Customer Experience
 - 18 ○ Data Collection

19 My silence regarding any issue is not an endorsement of, agreement with, or consent to any
20 other party’s filed position.

1 **II. DISCONNECTION MORATORIUM**

2 **Q. What is NHT’s position on utility shut-offs?**

3 A. Mr. Colton recommends that a disconnection moratorium on nonpayment service be put into
4 place until at least 180 days have passed beyond the date when there is a publicly available and
5 widespread distribution of a COVID-19 vaccine.

6 **Q. Have any federal actions been taken since rebuttal testimony was filed that cast NHT’s
7 request in a different light?**

8 A. Yes. The Trump administration ordered a halt on evictions nationwide through December for
9 people who have lost work during the pandemic, and don’t have other good housing options.
10 The eviction ban is being enacted through the Centers for Disease Control and Prevention
11 (“CDC”) with a goal to stem the spread of the COVID-19 outbreak, which the agency says in
12 its order “presents a historic threat to public health.”¹

13 **Q. Are there any potential unintended consequences of this action?**

14 A. Yes. There are likely many but what immediately comes to mind is the fact that the ban does
15 not offer a way for landlords to recoup unpaid rent. Additionally, the ban is only in effect until
16 the end of the year. If further stimulus fails to materialize, and the economy and pandemic
17 continue at its current state (or worsens), the same problems we see now will reemerge at the
18 first of the year.

19 **Q. Does NHT’s recommendation or the CDC ban on evictions change your position from
20 rebuttal testimony?**

21 A. No. I continue to maintain that Evergy is correct in lifting its self-imposed disconnection
22 moratorium in light of the data that I have reviewed to date and with the knowledge that
23 LIHEAP applications remain presently low. Much like the problem facing the CDC ban, just
24 because a moratorium on disconnections (or evictions) is in place does not mean that arrearages

¹ Department of Health and Human Services. (2020). Temporary halt in residential evictions to prevent the further spread of COVID-19. Centers for Disease Control and Prevention.

<https://s3.amazonaws.com/public-inspection.federalregister.gov/2020-19654.pdf>

1 are not accruing. Additionally, I do not think it is reasonable to institute a disconnection
2 moratorium for Evergy Metro/West because they requested an AAO but remain silent on the
3 rest of the utilities in Missouri.

4 **Q. Have you recently opined on this issue in another docket?**

5 A. Yes. On September 2, 2020, I filed comments in Case No: AW-2020-0356: “In the Matter of
6 a Working Case to Consider Best Practices for Recovery of Past-Due Utility Customer
7 Payments After the COVID-19 Pandemic Emergency.”² In my memorandum, I stat the
8 following:

9 I have heard the current operating environment described as a complicated jigsaw
10 puzzle which does not contain a picture for reference.³

11 I disagree.

12 A more apt metaphor is that of the perfect storm.⁴ A perfect storm is a rare
13 combination of events or circumstances creating an unusually bad situation.
14 However, the metaphor is often incorrectly stressed as a surprise. That the storm
15 could not been foreseen beforehand. Quite the opposite is true. A perfect storm is a
16 rare combination of events or circumstances that create an unusually bad situation
17 that was entirely predictable and with obvious forewarning.

18 As winter approaches the data that I cited earlier will almost assuredly be more
19 pronounced as a result of COVID-19’s continued spread and the winding down of
20 federal support. The regulatory oversight actions to date regarding COVID-19 have
21 been minimal compared to other states. I believe that was the right response then and
22 is the correct response now based on the information before me. However, I strongly
23 believe it is incumbent on all parties: regulators, advocates and utilities to have

² See also GM-1.

³ Lazard, J. (2020) Webinar: How will the pandemic change the electric utility industry’s regulatory bargain? Rutgers Business School—Newark & New Brunswick. June 5, 2020 at 1:00:55/1:30:54
<https://www.youtube.com/watch?v=qQBvywZ2Txo>

⁴ From the 1997 nonfiction book, *The Perfect Storm* by Sebastian Junger.

1 continued dialogue and work on tangible contingency plans to put into place as if we
2 were operating under the assumption that the data will likely be worse in the future.
3 This docket along with further Commission orders can help guide that process and
4 mitigate the uncertainty of future bad outcomes.⁵

5 I stopped short of recommending any specific action for the Commission to consider if the
6 “perfect storm” materializes. As such, I feel it is appropriate to make that recommendation here
7 in light of my response to NHT.

8 **Q. What is your recommendation to the Commission?**

9 A. If the Commission wants to be proactive over the public health concerns a large percentage of
10 disconnections would have in relation to the potential spread of COVID-19, I recommend it
11 open an emergency rulemaking docket that sets threshold disconnection percentage limits
12 based on three-year historic averages for each utility. For example, if a given utility exceeds
13 5% of its historic disconnection percentage, a disconnection moratorium would be triggered
14 for that utility.

15 **Q. Do you believe 5% above the three-year average is appropriate?**

16 A. I do, but I would limit the percentage to residential accounts and involuntary disconnections
17 alone.

18 **Q. What impact do you believe a disconnection moratorium based on historical
19 disconnections will have on utilities planning efforts?**

20 A. I believe utilities would have a greater incentive to keep customers connected during this
21 unique period where a loss of essential service will likely result in a higher likelihood of
22 spreading COVID-19.

23 **Q. Are there additional details that would need to be worked out?**

24 A. Perhaps, but I do not see a compelling reason not to explore this framework and encourage
25 utility-developed contingency plans in the AW-2020-0356 docket. More than likely, the

⁵ AW-2020-0356 OPC memorandum p. 3.

1 percentage of disconnections will vary considerably across utilities, having an imposed
2 “disconnection moratorium” level would allow those utilities who are experiencing the same
3 impacts to continue operations at more “normal” levels. At a minimum, it should spur further
4 proactive responses from the utilities as they would have clear Commission direction.

5 **III. ARREARAGE MANAGEMENT PLANS**

6 **Q. What is NHT’s proposed arrearage management plan (“AMP”)?**

7 A. Mr. Colton recommends that:

8 Evergy should allow income-eligible customers to enter into an Arrearage
9 Management Program (AMP) through which they can earn credits to retire their
10 arrears over a twelve-month period. Income-eligibility should be set at 200% of
11 the Federal Poverty Level. Arrearage credits should be earned for arrearage
12 balances exceeding \$300 on a pro rata basis for each complete payment a customer
13 makes over a twelve-month period.⁶

14 **Q. What is your response?**

15 A. I continue to support a dollar-for-dollar matching program for the AMP..As I said in rebuttal:

16 Evergy should be required to modify its incentive program to include a matching of
17 dollar-for-dollar on bad debt and arrearage accumulated as of the date entered into the
18 payment arrangement. That is, customers electing to participate in this incentive
19 program would have to maintain payments on their current bill but each dollar they
20 paid towards their arrearage would be matched by the Company. Eligible customers
21 would include customers below 200% poverty and/or customers who can prove they
22 were laid off since March. If a customer cannot meet their current monthly bill they
23 would be removed from the incentive program. These incentive-matching dollars
24 should be booked below-the-line to hold other customers harmless. I also would not be
25 opposed to reexamining whether this incentive plan should be modified at a future

⁶ EU-2020-0350 Rebuttal Testimony of Roger Colton p. 62, 16-20.

1 point during the duration of an AAO based on further empirical data or emerging best
2 practices.⁷

3 The Commission approved a similar program for Liberty Utility customers in EM-2016-0213.

4 **IV. ECONOMIC RELIEF PILOT PROGRAM**

5 **Q. What is Evergy’s Economic Relief Pilot Program (“ERPP”)?**

6 A. The ERPP is a financial assistance program funded equally between ratepayers and
7 shareholders at \$630,000 each. It allows bill credits of up to \$65 per month. Participants receive
8 available credit so long as they continue to meet the ERPP eligibility requirements (up to 200%
9 of the federal poverty level) and reapply to the program as required.

10 **Q. Has the ERPP been successful to date?**

11 A. At times. Historically, funding has rarely been exhausted in a given year (see surrebuttal
12 testimony of Geoff Marke ER-2016-0285)⁸ but in Evergy’s most recent rate case(s) (Case Nos:
13 ER-2018-0146 and ER-2018-0145) the program appeared to have seen a noticeable uptick in
14 participation. However, it has been at least two years since I have reviewed the performance
15 of this program and I am unaware of its current levels of participation.

16 **Q. What is NHT’s recommendation on the ERPP program?**

17 A. NHT proposes to expand the program’s outreach and remove the annual cap for at least the
18 duration of the period during which restrictions on shutoffs are continued. It is unclear what
19 “removing the cap” means in terms of the potential size of the budget.

⁷ EU-2020-0350 Rebuttal Testimony of Geoff Marke p. 20, 21-27 & p. 21, 1-4.

⁸ In ER-2016-0285, I was highly critical of the Company’s inability to properly expend funding for this program despite the apparent need. The program lacked any publicity and the information that was publically available did not correspond to what was in its approved tariff. I also cited a featured story shown widely throughout the Kansas City news in which power was shut-off for Ms. Kari White, a grandmother responsible for caring for her four-year-old granddaughter, Lee-Anna, who is blind, deaf, and diagnosed with cerebral palsy. Ms. White had contacted the Company to explain her situation and even had the hospital fax a letter on the family’s behalf to no avail. What made this tragic situation worse was that ERPP funding, funding Ms. White would have been qualified for, remained unspent.

1 **Q. What is OPC’s response?**

2 A. I do not object to this recommendation if this expense is booked below-the-line. But all things
3 being equal, I do not believe the ERPP program has the necessary administrative support to be
4 ramped up at the scale Mr. Colton recommends. Additionally, Mr. Colton’s recommendation
5 lacks important details such as whether or not every household making under 200% of the
6 federal poverty would be eligible for bill credits on a monthly basis. If this is Mr. Colton’s
7 recommendation, it seems excessive.

8 **V. OUTREACH**

9 **Q. What is NHT’s position on Evergy’s public outreach to mitigate COVID-19 arrearages?**

10 A. NHT recommends that there be a “grass roots”, “boots-on-the-ground”, community-enabled
11 and focused outreach effort from “trusted messengers” within the community. Mr. Colton
12 references the success of the Children’s Health Insurance Program (“CHIP”) as an example of
13 successful outreach strategy and enrollment to emulate.

14 **Q. What is your response?**

15 A. I support NHT’s general proposition. I also believe that Evergy is currently utilizing a robust
16 and comprehensive outreach effort that relies on both community points-of-contact, a customer
17 service experience team, and multi-media communication channels. I have had the opportunity
18 to interact with Evergy on a weekly basis on this issue through the statewide utility COVID-
19 19 conference calls, and consider their outreach efforts one of the best. The statewide utility
20 COVID-19 conference calls also produced a targeted campaign outreach for critical needs
21 customers utilizing existing community contacts in the health care industry that is included in
22 GM-2 for reference.

1 **VI. ENERGY EFFICIENCY**

2 **Q. What is NHT's position on energy efficiency in this docket?**

3 A. NHT is requesting to increase low-income weatherization by \$1 million or more annually
4 indefinitely.

5 **Q. What is your response?**

6 A. I do not object to this recommendation if this expense is booked below-the-line. But all things
7 being equal, I would prefer that any shareholder expense focus exclusively on existing
8 arrearages right now. An energy efficient furnace is nice, but it takes so many years for its
9 savings to pay for itself, while bad debt and arrearages keep increasing.

10 I also believe it is a foregone conclusion that Evergy's weatherization agencies will not be able
11 to spend down their federal or utility funds in full this year due to health and safety related
12 concerns. Meanwhile, arrearages and disconnections are increasing at an exponential rate. I
13 have historically advocated for robust weatherization programs, but at this moment, I don't
14 want money sitting on the table as customers fall farther behind or off the system all together.

15 **VII. ADMINISTRATIVE PROCEDURES**

16 **Credit Reporting**

17 **Q. What is NHT's position on credit reporting during this period?**

18 A. NHT recommends suspending any credit reporting of unpaid utility bills.

19 **Q. What is your response?**

20 A. I made a similar recommendation in my rebuttal testimony. My intent was primarily directed
21 at reporting to the three big credit bureaus: Equifax, Experian, and TransUnion, but I agree
22 with Mr. Colton's recommendation. Especially during this period of heightened uncertainty.

1 **Limited English Proficient (“LEP”) Customer Experience**

2 **Q. What is NHT’s position on LEP accommodations?**

3 A. NHT recommends that Evergy be required to provide outreach expanding its COVID-19
4 responsive actions in relevant languages and cultural contexts to be compliant with Title VI of
5 the Civil Rights Act of 1964.

6 **Q. Is Evergy not in compliance with this Act?**

7 A. I am not aware of any violation of Title VI of the Civil Rights Act of 1964 by the Company.

8 **Q. What is your response to NHT?**

9 A. I have asked discovery on this topic as part of the normal course of business in various rate
10 cases with utilities (including Evergy) in the past and have never felt that the responses given
11 warranted further inquiry. Admittedly, this past discovery on this topic was not as detailed as
12 the examples laid out by Colton.

13 That being said, the level of communication regarding electric service, COVID-19, payments
14 plans, etc... is clearly heightened at the moment, Mr. Colton’s recommendations seem
15 appropriate if the Company is not already exercising proper LEP outreach. No doubt, Evergy’s
16 surrebuttal testimony should address this issue.

17 **Data Collection**

18 **Q. What data collection and reporting recommendations does NHT propose?**

19 A. Mr. Colton is critical of Evergy’s lack of fundamental data collection and reporting on its
20 payment plan programs. He recommends twenty-two separate data points to be recorded
21 publically, on a monthly basis, for all of Evergy’s customers and for those specifically on its
22 ERPP and AMP payment assistance programs.

23 **Q. What is your response?**

24 A. I articulated a similar recommendation in rebuttal for reporting and data collection. I also
25 support making non-confidential data on disconnections and arrearages transparent and easily
26 accessible to the public. This is, in part, one of the objectives of Case No: AW-2020-0148 “In

1 the Matter of a Working Case to Consider Proposed Residential Disconnection Data Reporting
2 Rule” which OPC filed earlier this year. Unfortunately, that docket has stalled due to the
3 COVID-19 outbreak.

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

5 A. Yes.

MEMORANDUM

To: Missouri Public Service Commission

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

Subject: Response to Staff Report in Case No: AW-2020-0356

Date: August 31st 2020

Introduction:

The Missouri Office of the Public Counsel (“OPC”) appreciates the opportunity to provide written feedback to the Staff Report and further dialogue on the issue of customer bad debt and arrearage in relation to the COVID-19 pandemic.

Current Context

On March 27th 2020¹ I filed surrebuttal testimony in Liberty Utilities most recent electric rate case where I cited the following information on the state of COVID-19 cases in the United States in a footnote:

As of this writing, the United States now also leads the world in confirmed COVID-19 cases by 85,505 (at 3/26/2020, 9:42 pm), or approximately 4,000 more than China. Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at John Hopkins University.²

Five months and four days later, as of Monday afternoon (Aug. 31, 2020), the United States continues to lead the world in COVID-19 related positive cases with 6,032,100 positive infections and 183,200 deaths.^{3,4}

This represents a 6,955% positive case increase in less than half-a-year.

¹ Eight days (March 19,2020) after Governor Mike Parson issued Executive Order 20-04, which authorized executive agencies, with the approval of the Office of the Governor, to temporarily waive or suspend the operation of any statutory requirement or administrative rule that interfered with Missouri’s response to the virus or its recovery. And seven days (April 3, 2020) before Governor Mike Parson issued a statewide “Stay Home Missouri” Order.

² Case No: ER-2019-0374 Surrebuttal Testimony of Geoff Marke p. 17 footnote 23.

³ The New York Times (2020) Coronavirus in the U.S.: Latest Map and Case Count. <https://www.nytimes.com/interactive/2020/us/coronavirus-us-cases.html> (8/31/2020, 4:17 central PM).

⁴ There are 25,304,600 worldwide cases of COVID-19 according to The New York Times (2020) Coronavirus Map: Tracking the Global Outbreak. <https://www.nytimes.com/interactive/2020/world/coronavirus-maps.html> (8/31/2020, 4:19 central PM).

In that same time span, the State of Missouri has documented 86,021 positive cases (and 1,621 COVID-19 related fatalities) or roughly the equivalent of all the COVID-19 related positive cases in the entire United States (85,505) only 5 months ago that prompted temporary shelter-in-place orders and temporary self-imposed utility service disconnection moratoriums in Missouri.^{5,6}

For further context, in its August 3rd Report to the Commission, Staff cites a July 22, 2020 Missouri number of 36,063 positive cases and 1,159 deaths. In a span of 40 days Missouri has experienced a 139% increase in COVID-19 positive cases (86,021) and 40% increase in COVID-19 fatalities (1,621).

On the other hand, the 86,021 positive COVID-19 cases represent 1.4% of Missouri's 6,137,428 million 2019 census population.⁷

As of this writing, there are no longer any shelter-in-place orders in effect in Missouri and the self-imposed utility disconnection moratoriums are either no longer in effect or will no longer be in effect shortly for all investor-owned utilities ("IOUs"). The total number of customers in arrearage and average amounts vary considerably as the data collected to date is distorted by many factors including: differing billing practices across utilities, lower than expected Low-Income Home Energy Assistance Program ("LIHEAP") applications, federal stimulus checks and "extra" unemployment assistance that are likely to not be renewed, the continued spread of COVID-19, the coming cold and flu season, etc...

Uncertainty and Mitigation

Presently, we are operating in a world of pronounced uncertainty, to quote former United States Secretary of Defense Donald Rumsfeld:

Reports that say that something hasn't happened are always interesting to me, because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns—the ones we don't know we don't know. And if one looks throughout the history of our country and other free countries, it is the latter category that tend to be the difficult ones.⁸

Utilizing Rumsfeld's typology:

Known knowns: We know Missouri is experiencing record levels of unemployment. That certain parts of the state are suffering disproportionately from the economic fall-out (e.g., Branson). We

⁵ The New York Times (2020) Missouri Coronavirus Map and Case Count.

<https://www.nytimes.com/interactive/2020/us/missouri-coronavirus-cases.html> (8/31/2020, 4:20 central PM).

⁶ According to the Staff report, utilities initiated the suspension of discontinuances of services in mid-March 2020 between March 13 and March 16 or approximately two weeks before my filed surrebuttal testimony in the Liberty Utilities rate case.

⁷ United States Census (2020) Quick Facts: Missouri. <https://www.census.gov/quickfacts/MO>

⁸ Rumsfeld, D. (2002) Department of Defense News Briefing, February 12, 2002. Achieved Material U.S. Department of Defense <https://archive.defense.gov/Transcripts/Transcript.aspx?TranscriptID=2636>

know COVID-19 numbers have increased categorically in a relatively short-amount of time. That cold and flu season is rapidly approaching while schools move forward with reopening. We know that the economy was impacted by shelter-in-place orders and that utility arrearage amounts are larger than they were this time last year.

Known unknowns: We do not know when a vaccine will be created or dispersed in a timely fashion. Or how federal policy will play out in the form of future stimulus bills. Or if the current increased LIHEAP funding will be enough to last the winter season. Or whether we will experience more or less heating and cooling degree days.

Unknown unknowns: Those variables that we have not considered or materialized to date.

I have heard the current operating environment described as a complicated jigsaw puzzle which does not contain a picture for reference.⁹

I disagree.

A more apt metaphor is that of the perfect storm.¹⁰ A perfect storm is a rare combination of events or circumstances creating an unusually bad situation. However, the metaphor is often incorrectly stressed as a surprise. That the storm could not be foreseen beforehand. Quite the opposite is true. A perfect storm is a rare combination of events or circumstances that create an unusually bad situation that was entirely predictable and with obvious forewarning.

As winter approaches the data that I cited earlier will almost assuredly be more pronounced as a result of COVID-19's continued spread and the winding down of federal support. The regulatory oversight actions to date regarding COVID-19 have been minimal compared to other states. I believe that was the right response then and is the correct response now based on the information before me. However, I strongly believe it is incumbent on all parties: regulators, advocates and utilities to have continued dialogue and work on tangible contingency plans to put into place as if we were operating under the assumption that the data will likely be worse in the future. This docket along with further Commission orders can help guide that process and mitigate the uncertainty of future bad outcomes.

The comments within this memorandum are largely responses to specific recommendations identified within the Staff report. Presently, OPC's billing and collections practice recommendations have been limited to specific utility's seeking Authorized Accounting Orders ("AAOs") but those recommendations could very well expand to other utilities. I would encourage the Commission to keep this docket open, continue to seek feedback from stakeholders, and encourage utilities to work transparently on contingency planning that assumes a perfect storm

⁹ Lazard, J. (2020) Webinar: How will the pandemic change the electric utility industry's regulatory bargain? Rutgers Business School—Newark & New Brunswick. June 5, 2020 at 1:00:55/1:30:54
<https://www.youtube.com/watch?v=qQBvywZ2Txo>

¹⁰ From the 1997 nonfiction book, *The Perfect Storm* by Sebastian Junger.

scenario which results in more pronounced customer arrearages and disconnections this winter and what appropriate “next steps” would be.

Coordinated Utility and DHSS Outreach Efforts

I have been fortunate to engage with ongoing weekly dialogue with each of Missouri’s IOUs and other pertinent state actors every Friday since March about COVID-19 related utility impacts, actions and outreach efforts. These meetings have been productive and resulted in positive outcomes, perhaps most notably in the area of collective targeted customer outreach across the state for critical needs customers. Attachment GM-1 includes the memorandum describing the targeted groups, and coordinated planned activity between Missouri IOU’s and various Missouri Department of Health and Senior Service (“DHSS”) agencies to facilitate the spend-down of federal funding and available payment plan options for critical needs customers most likely at threat of harm. Considerable credit is due to the following contacts at DHSS including:

- Tiffany Bayer, Local Public Health Liaison, Division of Community and Public Health;
- Lisa Crandall, Bureau Chief, Bureau of Special Health Care Needs; and
- Marcia Davis, Disaster Response Coordinator, Division of Senior and Disability Services

Bill Assistance Policy: Payment plans, late fees, disconnection/reconnections, credit reporting, deposits, etc...

Missouri’s IOU’s have expanded payment plan offerings and, in some cases, included various “incentive” components to help customers pay down their arrearages. I support these efforts and do not recommend any universal Commission action presently.

I do not presently support a continued disconnection moratorium out of fear that customer’s bad debt will increase to levels that may prove too difficult to overcome if left in place. This is a balancing act that requires constant attention. To be clear, this is my position today based on the available evidence before me and could very well change if future information supports it. No doubt, many customers are experiencing harsh economic realities including lost employment, decreased salaries and/or increased expenditures. However, based on the Company’s weekly empirical arrearage amounts it appears that many customers, if given the choice, would elect to not pay their electric bill if they knew they could put it off. This is entirely rationale behavior when a household budget is constrained and needs are prioritized to make ends meet, but the disconnection moratorium has had the unintended effect of discouraging some customers from seeking out available assistance. For example, LIHEAP applications have been below historic averages throughout the summer despite the recession. Consequently, federal funding (which was increased because of the CARES Act) to help alleviate the financial stress related to utility service has gone unspent relative to what one would expect.

We need customers to address their obligation to cover their cost of service especially if there is outside funding that is available for them to do it. That being said, I recognize that not all customers

are eligible for LIHEAP funding and that from a public health perspective, it may be necessary to impose a disconnection moratorium again in the future (e.g., if a locality were to impose shelter-in-place orders). Because of the uncertainty surrounding both the pandemic and the economy we need to be flexible and adapt bad debt and disconnection policy when and where appropriate.

Further refinements in billing practices, including, but not limited to, adjustments to incentive (matching arrearage programs) and disincentive (late penalties) policies will no doubt evolve rapidly depending on the operating environment and the utility in question. Presently, OPC has elected to make those recommendations on a utility-specific basis in other dockets as opposed to universal recommendations.

Energy Efficiency

The Staff report summarizes various recommendations from stakeholders that bad debt arrearage management should be tied to energy efficiency measures. These recommendations stop short of exactly what that means in practice. Presently, every one of our investor-owned electric and gas utilities have low income energy efficiency programs in place. Each one of them has stalled out due to health and safety concerns. Moreover, mailing out an expensive energy efficiency kit with 4 LED light bulbs, 1 High-Efficiency Showerhead, 1 Bathroom Faucet Aerator, 1 Kitchen Faucet Aerator, 3 feet of pipe wrap, and 1 dirty furnace filter alarm¹¹ will do very little for customers facing imminent disconnection. It is also likely a foregone conclusion that the various non-profit weatherization agencies will not be able to spend down their federal (let alone utility-sponsored) funds this year due to safety concerns. Keep in mind, that ratepayers pay no throughput disincentive or earnings opportunity for this social good. In fact, OPC has already conceded redirecting more than \$3.5 million in funding it secured explicitly for low-income energy efficiency because we recognized that funding was not getting spent down and customers would lose service.

The pandemic and the economic recession has heightened the problem of scarcity. Put bluntly, it means that what everybody wants adds up to more than there is. Scarcity is forever and always a problem with finite resources but it is especially pronounced now. It is more incumbent than ever that all parties seek to allocate scarce resources at the most pressing and in most efficient manner possible at this moment. Long-term: weatherize homes, enable further energy efficiency for all customers—especially low-income. Short-term: keep customer's service on and affordable as much as possible. Presently, out of necessity, those short-term needs outweigh the long-term needs. The worst outcome would be for dedicated money to be left on the table while households suffer. If stakeholders have novel suggestions on how we can cost-effectively retrofit low-income customer's domiciles safely I would encourage them to share it with us.

¹¹ Also the current energy efficiency kit of items included in Ameren Missouri's offerings: <https://www.amerenmissourisavings.com/education>

Low-Income Weatherization/Program (“LIWAP”)

The OPC is a strong advocate for supplemental utility-funded LIWAP support. Each of Missouri’s electric and gas utilities have some amount of ratepayer-funding built into rates which allow for greater degree of flexibility¹² and certainty¹³ for Missouri’s various Community Action Agencies (“CAA”). LIWAP activity provide for a greater likelihood of long-term reductions to targeted households with high energy burdens then one-time supplemental bill payments/credits.

In the last four years, OPC has been able to secure millions of dollars in further LIWAP funding, below-the-line, from each of the four electric IOU’s through various stipulation and agreements. The most recent example, included \$7 million for further weatherization for Ameren Missouri CAA’s from Case No: ER-2019-0355. In that particular case, less than a month after entering into the agreement it was amended to allow for a reallocation of \$3.5 million to Ameren Missouri’s newly created “Clean Slate Program” to help customers survive the economic crisis.¹⁴

Presently, OPC does not support further reallocation of utility-sponsored LIWAP funding to customer bill assistance; however, if LIWAP activity were to stall out for an indeterminate period due to safety concerns and/or disconnection numbers were to increase critical numbers, then it is our position that all options be on the table, including LIWAP funding. If such an outcome were to arise, OPC would strongly suggest an equivalent *quid pro quo* in shareholder contribution or further customer-centric protections in recognition that direct subsidized funding is ultimately just a pass-through back to the utilities themselves and only amounts to a short-term fix for the customers receiving the subsidy.

Low-Income Home Energy Assistance Program (“LIHEAP”)

The OPC filed comments and recommendations for LIHEAP eligibility requirement changes with the Missouri Department of Social Services in regards to its 2021 LIHEAP Plan. A copy of those comments is included in GM-2. In short, OPC supported raising the LIHEAP eligibility threshold from 135% to 150% and also suggested, to the extent permissible, to change its funding name to “Home Energy Assistance Program” with the hope that it may spur further applications.

¹² Utility-funded weatherization dollars do not necessarily need to adhere to strict Department of Energy LIWAP constraints. For example, a home that was weatherized twenty years ago with Federal funds would not eligible for re-weatherization; however, utility-funds could be utilized.

¹³ Utility-funded weatherization dollars are built into rates and can “roll-over” into another year if they are not spent. There is not a “use or lose it” imperative (or at least less of one) like there is with federal LIWAP funding that does not necessarily carry-over. Having a degree of fiscal certainty ensures better continuity of non-profit operations that are highly dependent on a skilled workforce and uncertain year-to-year federal funding.

¹⁴ An additional \$500K was also secured and utilized to assist renters with arrearages whose accounts were tied T.E.H. Reality properties within Ameren Missouri’s footprint. See also: Krull, R. (2020) Burglaries and broken promises: Life in Blue Fountain Apartments. *Riverfront Times*.

<https://www.riverfronttimes.com/newsblog/2020/02/17/burglaries-and-broken-promises-life-in-blue-fountain-apartments>; and Flener, M. (2020) Sen. Josh Hawley introduces bad landlords bill. *KMBC News 9*.
<https://www.kmbc.com/article/sen-josh-hawley-introduces-bad-landlords-bill-teh-kansas-city-st-louis/31189463>

Rate Base Investment as an Action to Increase the Economy

The Clean Grid Alliance filed comments recommending that the Commission should enable further utility investments as a means to spur economic recovery for Missouri by building out rate base. I would offer that these comments are not the appropriate forum for the topic at hand, which are—“Best practices for recovery of past-due utility customer payments after the COVID-19 pandemic emergency”. The pandemic and economic recession should not be an excuse to blindly build out rate base. In fact, doing so will merely compound the problem for the many households currently facing increasing arrearage amounts. This is because the near-term effect will be to further increase rates. As to job creation and local impact of additional planned investment, I would merely point out that the Clean Grid Alliance’s comments are general in nature and provide no empirical support beyond the assumption that spending money will create jobs. This is true for any investment but says nothing about who bears the risk for that investment.

It would be an understatement to say there is an immense amount of uncertainty present surrounding any investment that is not absolutely essential to provide safe and reliable service. Utilities would be wise to properly assess the many uncertainties at play and work on transparent cost-benefit analysis that incorporate robust discussions with stakeholders before moving forward on any large-scale capital investments. The topic at hand in this docket is large-scale bad debt and arrearages and it is a complex and difficult enough of a problem to address by itself without it being derailed into capital build-out proposals.

Statewide Low-Income Work Group

I do not see the need for a statewide low-income work group collaborative without details on what the agreed-to objectives are, who should be present, and what entity will coordinate it. Presently, almost every utility of a certain size has a low-income working group with stakeholders that deal with low-income programs in which utilities receive feedback and recommendations from various stakeholders. Additionally, there is a state-wide low-income working group coordinated by the National Housing Trust that meets on a quarterly basis with traditional regulatory and local, non-traditional stakeholders. Furthermore, there are multiple low-income work groups in which OPC, DE, Staff and various utilities participate in with Missouri Community Action Agencies.

Finally, although not specifically created with the intent to address low-income issues per se, the weekly COVID-19 utility stakeholder calls have, by necessity, made low-income issues a priority topic for the past half year now. The collaborative was created ad hoc and has served as a clearinghouse for best practice information sharing, data collection and targeted outreach efforts. Presently, OPC has elected to reduce the number of weekly COVID-19 calls to bi-weekly with the recognition that there is an opportunity cost in time and resources that needs to be accounted for in coordinating planned meetings with seven state agencies, eight investor-owned utilities and one

non-government organization.¹⁵ Whether future meetings increase, decrease, or cease all together will be based on how events unfold.

Emergency Rulemaking

If the Commission believes action should be taken to address low-income customers, affordability, arrearages or other related topics—the quickest, most efficient manner could be to open an emergency rulemaking docket, with clear directives and deadlines. Presently, given the data available before me and the weekly feedback I have received from utilities and non-utility stakeholders, I do not believe an emergency rulemaking docket is warranted at this time.

This position could very well change if things get worse (e.g., no further federal stimulus bills, continued record unemployment, exhaustion of LIHEAP funds relative to growing needs, or future shelter-in-place orders). Because of the uncertainty surrounding both the pandemic and the economy we need to be flexible and adapt bad debt and disconnection policy when and where appropriate. Presently, the “hands-off” approach from the Commission suggests that bad debt and disconnection policies should be utility-specific, and this memorandum’s comments generally align with that sentiment. Whether or not that continues will likely be the result of a triggering event or a State-wide step change for utility customers.

With that in mind, I would recommend the Commission keep this docket open for the foreseeable future to continue to serve as a repository for information and feedback from all parties. The Commission’s recent order to its Staff to collect monthly disconnection/arrearage information supports this assertion.

Low-Income Legislation

I am aware of the various bills introduced to the Missouri General Assembly over the years, most recently as it pertains to a low-income rate for water and waste-water customers. To the extent that low-income rates and energy assistance are a topic of interest to the Commission, I would suggest former National Regulatory Research Institute economist and 2017 FRI Crystal Award winner Kenneth W. Costello’s *Public Utilities Fortnightly* 2020 February article on the subject that posits on the rationale of “affordable” utility service. In that article Mr. Costello opines on the issue of discriminatory pricing by pointing out that:

¹⁵ Public stakeholders include: The Missouri Office of the Public Counsel, The Missouri Public Service Commission Staff, The Missouri Division of Energy, The Missouri Department of Health and Senior Services, The Missouri Department of Social Services, The Missouri State Emergency Management Association, and The Missouri Economic Research Information Center.

Private Stakeholders include: Ameren Missouri, Evergy, Liberty Utilities, Spire, Summit Natural Gas, Missouri American Water, Central States Water and Raytown Water Utility.

The non-governmental organization stakeholder is the Missouri Community Action Network (“Missouri CAN” or “MO CAN”)

Energy assistance (EA) in the form of rate relief reflects a pricing principle based on customers' ability to pay. Utility regulators have frequently approved a form of discriminatory pricing called value of service pricing.

Under this pricing scheme, prices to different customers depend on the value that each customer places on the service, such as on willingness to pay. It seems fair to ask that if regulators can legally set prices based on willingness to pay, why can't they apply the same pricing principle to ability to pay, since ability to pay is really a sub-component of willingness to pay?

If a utility is able to offer a rate discount to industrial customers who would otherwise bypass the utility if required to pay the full rate, why could it not offer a rate discount to low-income households? The so-called anti-bypass rate would benefit all of the utility's customers as long as the price allows the utility to earn some margin above variable cost and prevent bypass.¹⁶

No doubt any discussion regarding the regulatory goal of utility-service affordability is a complex endeavor that needs to be considered holistically to minimize distortions and possible unintended consequences. Low-income legislation or low-income rates are also topics largely beyond the scope of this memorandum; however, Mr. Costello's excerpt above is a byproduct of a larger report which I included in GM-3 for further reference. Alternatively, a 20-minute YouTube webinar presentation of the report in GM-3 can be found at:

https://www.youtube.com/watch?time_continue=15&v=X2wSu5aacXA&feature=emb_logo

¹⁶ Costello, K. (2020) Advice to Regulators: Affordable Utility Service. *Public Utilities Fortnightly Magazine*. <https://www.fortnightly.com/fortnightly/2020/02/affordable-utility-service>.

MEMORANDUM

To: COVID-19 Utility Stakeholders

From: Geoff Marke, Chief Economist
Missouri Office of the Public Counsel (“OPC”)

Subject: Coordinated At-Risk (Medical) Customer Outreach

Date: July 31, 2020

The Request:

Utility develops bill assistance, payment plan outreach material (you have the option to have it reviewed if you want) and the entities identified below in this document send it to their clientele. That’s it.

Deliverable Date:

As soon as possible. Target date of August 15 or before.

Outreach Material Medium:

Is ultimately at the discretion of the utility. We are requesting four types of outreach material. Importantly, not every targeted group would like all four types of material (see below). They include:

- 1.) Paper Flyers/Inserts to be delivered to select clientele with home visits (e.g., meals on wheels)
- 2.) On-Site Literature to be prominently displayed in a lobby, etc... And/or paper flyers that can be distributed to select clientele on-site upon request.
- 3.) PDF (electronic) copies that agencies can place on their websites
- 4.) Relevant utility website hyperlink that agencies can place on their websites

Outreach Material Programs/Options to be Highlighted:

Is ultimately at the discretion of the utility. We are requesting the following areas of focus.

- 1.) LIHEAP awareness and application push
- 2.) Other bill assistance options administered by utility
- 3.) Payment plan options
- 4.) Medical emergency protection (21 days)
- 5.) Medical equipment registry awareness

Outreach Material Content:

Again, ultimately at the discretion of the utility. We are suggesting the following areas of focus.

- Keep it simple
- Emphasize funding is available but finite (i.e., “act now”)
- Who is eligible (criteria)
- Maximum amount available
- Payment plan options
- Contact information
- What to do if going through a medical emergency (Chapter 13, 21 days)
- What to do if dependent on medical equipment and utility service (if applicable)

Outreach Material Review (optional):

If the utility would like to have a third-party review of material for targeted audiences of families with individuals who have special health care needs please contact:

Lisa Crandall
Bureau Chief, Bureau of Special Health Care Needs
Missouri Department of Health & Senior Services
573/751-6246
Lisa.Crandall@health.mo.gov

Identified Groups to Target

Local Public Health Agencies (“LPHAs”):

Local public health agencies located throughout Missouri work to improve the health of thousands of Missourians every year. These agencies address a wide range of public health issues, from assessing the health risks of environmental problems to providing emergency services during natural disasters. Local public health agencies protect food safety by inspecting restaurants and grocery stores. And they work to control communicable diseases such as flu and tuberculosis and to alleviate chronic conditions, including heart disease, diabetes, and stroke.

Local public health agencies also work with numerous partners, including private health care professionals and health advocacy organizations, to improve the health of Missourians.

Primary Contact for Utility Implementation:

Tiffany Bayer, Local Public Health Liaison
Center for Local Public Health Services
Division of Community and Public Health
920 Wildwood, P.O. Box 570
Jefferson City, MO 65102-0570
Phone: (573) 522-2874
Email: tiffany.bayer@health.mo.gov

Number of Agencies:

Missouri’s 114 local public health agencies (see attached document in email) operate independently of each other and are independent of state and federal public health agencies. The local agencies work directly with the Missouri Department of Health and Senior Services through contracts to deliver public health services to the communities they serve. Funding for many of the contracts comes from the Centers for Disease Control and Prevention, other federal agencies, state general revenue and other sources. The state health department also provides technical support, laboratory services, a communication network and other services to support local public health efforts.

Deliverables:

- On-site literature at the 114 centers to be kept at front desk and/or distributed as needed
- LPHA Website content – general description of assistance availability and/or pdf material
- LPHA websites – hyperlink to relevant utility information

Area Agencies of Aging (“AAA”):

As a result of the 1973 amendments to the federal Older Americans Act (OAA), states were required to divide their state into planning and service areas, and to designate Area Agencies on Aging (AAA) to develop and implement programs and services for older persons at the local level. Missouri has ten (10) AAAs, each responsible for providing services within specifically defined geographic boundaries.

Community agencies serving the needs of the seniors in the community. All but a handful of senior centers fall under the AAAs. One specific opportunity is through the AAA’s home delivered meals program in which utility outreach material could be hand-delivered with the meals.

Primary Contact for Utility Implementation:

Marcia Davis
Disaster Response Coordinator
Division of Senior and Disability Services
Missouri Department of Health and Senior Services
912 Wildwood, P.O. Box 570
Jefferson City, MO 65102-0570
573-526-8560 (Telephone)
573-751-8687 (Fax)

Number of Agencies:

10 Missouri locations most serving multiple counties (see attached map)

Senior Age AAA (Springfield)	Aging Best (Columbia)
Aging Matters (Cape Girardeau)	Mid-America Regional Council AAA (KC)
Care Connections for Aging Service (Warrensburg)	Aging Ahead (STL County)
Northwest MO AAA (Albany)	St. Louis AAA (STL City)
Northeast MO AAO (Kirksville)	Region X AAA (Joplin)

Deliverables:

- On-site literature at the 10 centers to be kept at front desk and/or distributed as needed
- Paper flyers for drivers who provide home-delivered meals
- AAA website content – general description of assistance availability and/or pdf material
- A hyperlink to relevant utility customer service page to be placed on AAA website

The Governor’s Faith-Based and Community Services Partnership for Disaster Recovery (The Partnership)

State level committee with representatives from the majority of community service oriented NGOs. The mission of the Governor's Faith-Based and Community Service Partnership for Disaster Recovery (The Partnership) is to aid Missourians' recovery plans by developing and implementing a holistic approach to disaster recovery, maximizing public and private resources to facilitate an efficient and effective integrated system addressing human services, housing, infrastructure, community and economic development issues.

<https://sema.dps.mo.gov/programs/thepartnership.php>

Primary contact for Utility Implementation:

Marcia Davis
Disaster Response Coordinator
Division of Senior and Disability Services
Missouri Department of Health and Senior Services
912 Wildwood, P.O. Box 570
Jefferson City, MO 65102-0570
573-526-8560 (Telephone)
573-751-8687 (Fax)

Partner Groups:

Adventist Community Services
AmeriCorps St. Louis
Catholic Charities of Kansas City
Catholic Charities of St. Louis
Catholic Charities of Southern MO
Convoy of Hope
Feeding Missouri (Missouri Food Banks Association)
Habitat for Humanity
Heart-to-Heart International

Lutheran Disaster Response/Central States Synod
Missouri Baptist Disaster Relief
Missouri Developmental Disabilities Council
Missouri Housing Development Commission
Missouri Interfaith Disaster Response Organization (MIDRO)
Red Cross
The Salvation Army, Midland Division
United Way 2-1-1, St. Louis
United Way – Heart of Missouri

Deliverables:

- Website content - general description of assistance availability and/or pdf material
- A hyperlink to relevant utility customer service page to be placed on Partner websites

Access and Functional Needs Committee (“AFNC”)

State level committee with representatives from the majority of agencies that serve individuals with disabilities (Missouri Disability Council, MO Statewide Independent Living Council, Missouri Commission of Deaf and Hard of Hearing, Alianzas Project (Hispanic/Latino community))

The Access and Functional Needs Registry is a confidential emergency preparedness registry maintained by different designated entities. Emergency responders can use this information to plan and provide services for individuals who may need additional assistance during disasters.

Residents who have a temporary or permanent disability and/or physical, cognitive, or age-related conditions are eligible to receive assistance in response to disasters or emergencies in a safe and timely manner.

Primary Contact for Utility Implementation:

Marcia Davis
Disaster Response Coordinator
Division of Senior and Disability Services
Missouri Department of Health and Senior Services
912 Wildwood, P.O. Box 570
Jefferson City, MO 65102-0570
573-526-8560 (Telephone)
573-751-8687 (Fax)
Marcia.Davis@health.mo.gov

Committee members:

N/A of the writing of this memo.

Deliverables:

- Website content – general description of assistance availability and/or pdf material
- A hyperlink to relevant utility customer service page to be placed on Registry websites

Individuals and Families Served through the Department of Health and Senior Services Bureau of Special Health Care Needs (SHCN)

The Bureau of Special Health Care Needs (SHCN) provides statewide health care support services, including service coordination for children and adults with disabilities and chronic illness. Service coordination is essential for people with complex conditions and needs. Service coordination links individuals to services and resources that enable individuals to obtain the best possible health and greatest degree of independence. To be eligible for SHCN services, an individual must be a Missouri resident and have a special health care need. Specific medical conditions and financial eligibility are required for some services, specific to each program; service coordination is provided to all program participants, regardless of financial status. State and federal funding support SHCN services.

Primary contact for Utility Implementation:

Lisa Crandall
Bureau Chief, Bureau of Special Health Care Needs
Missouri Department of Health & Senior Services
PO Box 570
920 Wildwood Drive
Jefferson City, MO 65102-0570
573/751-6246
Lisa.Crandall@health.mo.gov

Partners, Numbers, Size and Scope:

SHCN Programs and initiatives include the following:

- Adult Brain Injury Program
- Brain Injury Waiver Program
- Missouri Brain Injury Advisory Council
- Federal Traumatic Brain Injury State Partnership Grant
- Children and Youth with Special Health Care Needs Program
- SHCN Family Partnership
- Healthy Children and Youth Program
- Medically Fragile Adult Waiver Program

Various programs and initiatives are targeted to serve specific populations. Program publications and service area maps are available here: <http://health.mo.gov/shcn>

Deliverables:

- Information will be disseminated electronically to staff and contracted agencies for utilization with participants and families on an individual basis.
- Information will be shared electronically with stakeholders through established list serves.