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**MISSOURI PUBLIC SERVICE COMMISSION**  
**INDUSTRY ANALYSIS DIVISION**  
**TARIFF/RATE DESIGN DEPARTMENT**

**REBUTTAL TESTIMONY**  
**OF**  
**ROBIN KLIETHERMES**

**UNION ELECTRIC COMPANY,**  
**d/b/a Ameren Missouri**

**CASE NO. ER-2019-0335**

Jefferson City, Missouri  
January 2020

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OF  
ROBIN KLIETHERMES  
UNION ELECTRIC COMPANY,  
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CASE NO. ER-2019-0335**

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1 **OPT-IN TOU RATE AND TOU DEMAND RATE PILOT**

2 Q. What is Ameren Missouri's requested Rate Migration Tracker?

3 A. Ameren Missouri is requesting a two way tracker for the change in revenues that  
4 would result from customers billed on Ameren Missouri's proposed Opt-in EV Savers Rate  
5 and Smart Savers time-of-use rate options and Ameren Missouri's standard residential  
6 rate schedule.

7 Q. Is it appropriate to allow Ameren Missouri to defer the difference for future  
8 recovery between the bill a customer would have paid under the standard residential rate  
9 compared to the bill a customer did pay under the Smart Savers rate to?

10 A. No. Ameren Missouri built its case in ET-2018-0132 on the premise that  
11 increased EV deployment will increase its sales of electricity. Ameren Missouri will obtain  
12 more revenue selling a kWh at a lower rate that it would not have sold otherwise, so there is no  
13 reason to cause other customers to contribute the difference between that value and the value  
14 of that kWh sold at the otherwise applicable tariffed rate. Ameren Missouri's anticipated  
15 deployment of AMI meters is predictable, and generally customers cannot participate in these  
16 alternative rates without an AMI meter. Thus, Ameren Missouri is unlikely to experience a  
17 sudden rush of customers self-selecting into a rate option to achieve bill savings. Finally, these  
18 rates are designed in a manner that if customers do change behavior in response to the rate's  
19 price signal, then Ameren Missouri will be able to avoid costs. It would not be proper to  
20 compensate Ameren Missouri for revenues associated with costs that are avoided. For example,  
21 if a customer does change behavior due to the ToU then it is reasonable to assume that the  
22 customer is using less energy in high cost hours than they were prior to being served on the  
23 ToU rate. In this example, Ameren Missouri is avoiding a higher level of energy costs which

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1 are reflected as reduced purchased power costs through Ameren Missouri's Fuel Adjustment  
2 Clause. Even though the customer is paying less than they would under the standard residential  
3 rate, Ameren Missouri's revenues will not be impacted because the FAR will be adjusted to  
4 reflect the savings in purchased power costs. In fact, for recovery periods in which Ameren  
5 Missouri over-collects through the FAR due to reductions in purchased power costs, Ameren  
6 Missouri would benefit through the sharing percentage approved by the Commission.

7 Q. Does Ameren Missouri propose to factor in changes in a customer's usage due  
8 to weather in its revenue calculation as part of the rate migration tracker?

9 A. No. Ameren Missouri is simply proposing to compare a customer's ToU bill to  
10 what their bill would have been on the standard default residential rate regardless of whether or  
11 not a customer is using more or less kWh due to an abnormal weather event. Since the change  
12 in usage is not isolated in Ameren Missouri's proposed calculation Ameren Missouri is  
13 capturing the total change in a customer's bill and implying that the total change is due to  
14 revenue erosion from migrating between rate schedules.

15 Q. Does Ameren Missouri remove changes in usage due to its MEEIA programs in  
16 its proposed rate migration tracker?

17 A. No.

18 Q. Does Ameren Missouri's MEEIA Cycle 3 throughput disincentive mechanism,  
19 already compensate Ameren Missouri for kWh savings relating to the Company's energy  
20 efficiency programs?

21 A. Yes. Since Ameren Missouri is not proposing to remove changes in usage due  
22 to energy efficiency in its revenue calculation for the Rate Migration tracker, Ameren Missouri

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1 | would double recover revenues related to the changes in usage due to a customer's installation  
2 | of energy efficiency measures.

3 | Q. Did Ameren Missouri reflect in its revenue calculation for the rate migration  
4 | tracker that a portion of the residential energy charge includes fuel, which is recovered through  
5 | the Company's Fuel Adjustment Charge (FAC)?

6 | A. Not that Staff is aware of.

7 | Q. Does Staff have concerns that as currently proposed Ameren Missouri's Rate  
8 | Migration tracker essentially acts as a Revenue Stabilization Mechanism (RSM)?

9 | A. Yes. The calculation of the revenue impact as proposed by Ameren Missouri as  
10 | part of the rate migration tracker acts similarly to how an RSM would be developed, absent  
11 | adjusting rates outside of the rate case.

12 | Q. Does Ameren Missouri currently have a ToU pilot program?

13 | A. Yes. Ameren Missouri's current ToU pilot is of a similar rate design as Ameren  
14 | Missouri's proposed EV Savers rate option.

15 | Q. How many residential customers took service on Ameren Missouri's current  
16 | ToU Pilot?

17 | A. Based on information provided by Ameren Missouri in response to Staff Data  
18 | Request No. 461, Ameren Missouri had 110 ToU customers as of June 2019. However, Staff  
19 | received usage information on approximately 157 customers who had been on the ToU rate at  
20 | some point in time from May 2015 to June 2019. Of the 157 customers, 40% had taken service  
21 | on the ToU rate for less than 12 months.

22 | Q. Has Ameren Missouri experienced revenue erosion based on pricing out actual  
23 | sales under its current ToU pilot compared to the generally applicable residential rate?

1           A.     Yes. Based on the data provided by Ameren Missouri in response to Staff  
2 Data Request No. 461, Staff calculated a level of revenue erosion of approximately \$13,400  
3 between May 2015 through June 2019.

4           **TOU DEMAND RATE PILOT**

5           Q.     Did Ameren Missouri provide a detailed listing of the metrics to be studied as  
6 part of its proposed pilot?

7           A.     No. However, Mr. Wills provides the following questions that Ameren Missouri  
8 would like to answer as part of the pilot:

- 9           1.     Do customers understand demand charges?
- 10          2.     Are customers accepting of being billed based on demand charges?
- 11          3.     What changes in consumption patterns are observed when customers are subject  
12 to a demand charge? What is the impact on their contributions to peak load?
- 13          4.     Does enhanced usage information provided to the customer help them feel more  
14 comfortable managing their demand?

15          Q.     Do you agree that a pilot is necessary for Ameren Missouri to answer the above  
16 questions?

17          A.     Generally, no. A pilot should be used to study a detailed list of metrics and gain  
18 information that can't be gained from a non-pilot program. It is unclear how the answers to the  
19 above four questions can't be answered from offering the ToU Demand rate as a general  
20 residential rate option instead of a pilot. Staff does not consider the four questions asked by  
21 Mr. Wills to be a detailed list of metrics and Staff is not aware of anything prohibiting the utility  
22 from surveying its customers without a pilot.

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1 Q. Does Ameren Missouri provide any information regarding how the pilot  
2 will function?

3 A. No. For example, Staff is concerned the proposed pilot budget includes  
4 \$600,000 for customer recruitment and retention and could mean customers will be offered a  
5 monetary incentive to participate in the program for the two-year duration of the program.  
6 Additionally, the tariff restricts customer participation to only customers who are solicited for  
7 participation by the Company. If Ameren Missouri is wanting an experimental group made up  
8 of specific customers, selected for metrics such as size and end use, then the Company should  
9 outline specifically how the study group will function and how customers will be selected. In  
10 the absence of these details, the pilot is not necessary and it is not appropriate to restrict  
11 customer access to the tariff.

12 Q. What is Staff's recommendation regarding Ameren Missouri's proposed ToU  
13 demand rate pilot?

14 A. Staff recommends that a pilot is not necessary in order for the Company to offer  
15 a residential rate option with a demand charge. At this time, Staff does not oppose Ameren  
16 Missouri's general design of its residential demand rate option, with the caveat that access to  
17 the tariff not be restricted. Also, final rates are subject to be changed to reflect the ultimate  
18 revenue requirement approved by the Commission in this case and the residential customer  
19 charge approved in this case.

20 **RESIDENTIAL CUSTOMER CHARGE**

21 Q. Do you agree with Sierra Club's witness Mr. Allison's concern that recovering  
22 costs that do not vary with the number of customers served through the customer charge will  
23 result in over collection of revenues through the customer charge as customer growth occurs?



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1           A.     Yes. It will also send an inefficient price signal by artificially depressing the  
2 rates applicable to the sales of energy.

3           Q.     Do you agree with Mr. Allison's recommendation to reduce the customer  
4 charge?

5           A.     No. While generally cost causation is Staff's primary focus in designing a  
6 customer charge, Staff is cognizant of the planned expenditures for AMI infrastructure. Staff is  
7 concerned that reducing the Residential charge with the expectation that it will increase  
8 significantly in the next general rate case runs contrary to the principal of gradualism and  
9 avoiding rate shock.

10          Q.     Even if Ameren Missouri's classification of the distribution system were perfect,  
11 would Staff agree with Ameren Missouri's calculation of the residential customer charge?

12          A.     No. Although, for classification purposes it is not unreasonable to allocate  
13 "customer" costs to classes on the basis of current customer count that does not imply that one  
14 should reasonably expect "customer" classified costs to vary with the number of customers  
15 served. Also, Ameren Missouri's calculation reflects Ameren Missouri's requested Rate of  
16 Return and Ameren Missouri's position on other issues concerning the ultimate revenue  
17 requirement to be awarded in this case and that cost quantification is inconsistent with Staff's  
18 quantification of such issues.

19 **MEEIA MARGIN RATES**

20          Q.     Have you reviewed Ameren Missouri's direct filed calculation of its MEEIA  
21 margin rates that would result from this case if the Commission ordered Ameren Missouri's  
22 recommended revenue requirement and rate design?

23          A.     Yes.

1 Q. Does Staff have concerns with Ameren Missouri's calculation?

2 A. Yes. Staff found that Ameren Missouri's calculated MEEIA margin rates for its  
3 direct filed case used the hourly end use load shapes in a manner that were inconsistent with  
4 the calculation of the MEEIA margin rates resulting as an outcome of the MEEIA Cycle 3  
5 Stipulation and Agreement. This inconsistency led to a customer's demand being reduced by a  
6 much higher ratio in the winter months than the summer months for the installation of an  
7 energy efficient air-conditioner, which is an unreasonable assumption given the  
8 predominate summer use of such an efficiency measure. Further, Staff found that several of  
9 Ameren Missouri's margin rates are based on an estimated savings of 10% rather than an  
10 estimated savings of 1% or 5% which are also quantified by Ameren Missouri as part of its  
11 margin rate calculation. In addition, Staff requested the number of energy efficiency measures  
12 that can reduce a customer's usage by 10%; however, Ameren Missouri responded that no such  
13 analysis exists. Staff recommends that the MEEIA margin rates resulting from this case be  
14 calculated to use the hourly end use load shapes in the same manner as they were used to  
15 calculate the MEEIA margin rates that resulted from the MEEIA Cycle 3 Stipulation and  
16 Agreement. Given the level of measured savings that Ameren Missouri has been able to  
17 provide, Staff recommends that MEEIA margin rates reflect no greater level of measured  
18 savings than 5%.

19 **LIGHTING RATE DESIGN**

20 Q. Have you reviewed Mr. Ryterski's recommended lighting rates?

21 A. Yes. While such rates are dependent upon the final revenue requirement of the  
22 5M and 6M lighting classes in this case, the design of the rates themselves is not apparently

1 unreasonable. Staff does not oppose the rate design proposed by Ameren Missouri at this time,  
2 although Staff will continue to evaluate the reasonableness of these tariff sheets in future cases.

3 **RESPONSE TO AMEREN MISSOURI'S SOLAR ANNUALIZATION**

4 Q. Did Ameren Missouri propose to reduce revenues by an annualized amount to  
5 incorporate new customer solar installations in its direct filed testimony?

6 A. No. Ameren Missouri's direct filed testimony is based on the test period of the  
7 12 months ending December 31, 2018. However, the procedural schedule in this case uses an  
8 update period through June 2019. Staff's direct filed testimony is based on the test period of the  
9 12 months ending June 2019. In Ameren Missouri's workpapers updating the billing  
10 determinants through June 2019, Staff became aware of the additional revenue adjustment. The  
11 additional adjustments appear to annualize solar installations installed in January 1, 2019  
12 through June 30, 2019, as if the installations were installed for all 12 months of the test period.

13 Q Is it appropriate to reduce billing determinants by the total amount of kWh a  
14 customer's solar generation system is estimated to produce?

15 A. No. A customer's load shape and the load shape of the solar generation will most  
16 likely not match on an hour to hour and month to month basis. In some hours and in some  
17 months, especially summer months, a customer may produce more than the customer's required  
18 kWh for that month. For example, if a customer generates more kWh than is used by the  
19 customer's home, that usage flows back to the grid. Ameren Missouri's calculation fails to  
20 consider that any kWh flows back to the grid; therefore, Ameren Missouri's solar annualization  
21 is overstated. Staff recommends that Ameren Missouri reduce its solar annualization to reflect  
22 the amount of solar generated kWh that flows back to the grid on an hourly basis.

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1 Q. Are all of the solar installations assigned to a rate class?

2 A. In general, yes. However, in Ameren Missouri's update period workpaper it was  
3 noted that the amount of unassigned installations was allocated back to each rate class based on  
4 each rate class's percent of assigned installations. Through additional Staff data requests, Staff  
5 discovered that all of the originally unassigned installations were actually all non-residential  
6 customers and that no unassigned installations should have been allocated to the Residential  
7 rate class. Staff recommends that Ameren Missouri correctly determine which rate class should  
8 be applied to each solar installation.

9 Q. Would Staff oppose incorporation of an appropriate adjustment to the class  
10 revenue calculation reflecting a correction of the solar annualization concerns discussed above?

11 A. No.

12 Q. Does this conclude your testimony?

13 A. Yes.

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

In the Matter of Union Electric Company            )  
d/b/a Ameren Missouri's Tariffs to Decrease        )  
Its Revenues for Electric Service                    )            Case No. ER-2019-0335

**AFFIDAVIT OF ROBIN KLIETHERMES**

STATE OF MISSOURI        )  
  )  
COUNTY OF COLE         )            ss.

**COMES NOW ROBIN KLIETHERMES** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Robin Kliethermes*; and that the same is true and correct according to her best knowledge and belief.

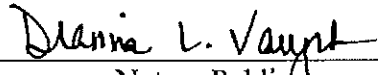
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**ROBIN KLIETHERMES**

**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 21st day of January, 2020.

**DIANNA L. VAUGHT**  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2023  
Commission Number: 15207377

  
\_\_\_\_\_  
Notary Public