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Ameren – Exhibit 33
Michael Harding
Rebuttal Testimony
File No. ER-2022-0337

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Witness: Michael W. Harding
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Sponsoring Party: Union Electric Company
File No.: ER-2022-0337
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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2022-0337

REBUTTAL TESTIMONY

OF

MICHAEL W. HARDING

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

**St. Louis, Missouri
February 2023**

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REBUTTAL TESTIMONY

OF

MICHAEL W. HARDING

FILE NO. ER-2022-0337

1

I. INTRODUCTION

2

Q. Please state your name and business address.

3

A. Michael W. Harding, Union Electric Company d/b/a Ameren Missouri

4

("Ameren Missouri" or "Company"), One Ameren Plaza, 1901 Chouteau Avenue, St.

5

Louis, Missouri 63103.

6

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

7

A. I am the Manager of Rates and Analysis for Union Electric Company d/b/a

8

Ameren Missouri ("Ameren Missouri" or "Company").

9

Q. Are you the same Michael W. Harding that submitted direct testimony

10

in this case?

11

A. Yes, I am.

12

II. PURPOSE OF TESTIMONY

13

Q. What is the purpose of your rebuttal testimony in this proceeding?

14

A. The purpose of my rate design rebuttal testimony is to address the

15

following:

16

1) Briefly summarize the revenue class allocation recommendations presented

17

by Missouri Public Service Commission Staff ("Staff"), the Missouri

1 Industrial Energy Consumers (“MIEC”), and the Midwest Energy
2 Consumers Group (“MECG”); and
3 2) Respond to Direct testimony from OPC and CCM concerning a Critical
4 Needs Program, the Keeping Current/Keeping Cool program, paperless
5 billing, various fees, and recommendation by CCM of an Ameren Illinois
6 program.

7 III. CLASS REVENUE ALLOCATIONS

8 **Q. Please summarize the proposed rate allocations presented.**

9 A. Ameren Missouri's Recommendation:

10 As presented in direct testimony, the Company has proposed making a small
11 revenue neutral adjustment toward Class Cost of Service ("CCOS") between the Company
12 and Customer-owned Lighting classes with any annual revenue requirement increase
13 applied on an equal percentage basis to all customer classes.

14 Staff's Recommendation:

15 Staff recommends increasing the revenue responsibility on the LGS, SPS, and LPS
16 classes through revenue neutral shifts while decreasing the responsibility of the Residential
17 and SGS classes. The Lighting class would receive no revenue increase in the case.

18 MIEC's Recommendation:

19 MIEC essentially recommends a revenue-neutral revenue allocation adjustment
20 that moves classes 50% of the way towards their class-cost-of-service results before
21 applying an equal percentage increase to all classes.

1 MECG's Recommendation:

2 The MECG does not oppose the Company's proposed class revenue allocations if
3 the Commission were to award the Company its proposed revenue requirement increase.
4 If the Commission were to award a revenue requirement increase lower than that proposed
5 by the Company, MECG recommends the Commission should allocate the revenue
6 increase by applying 30% of the difference between the approved revenue requirement and
7 Ameren Missouri's proposed revenue requirement as a reduction to LGS, SPS, LPS, and
8 Company Owned Lighting. The reduction to each of these classes would be based on their
9 proportional contribution to the overall revenue neutral shift to Ameren Missouri's
10 proposed cost of service study. The remaining difference would be applied on an equal
11 percentage basis to all customer classes.¹

12 **Q. What is the Company's recommendation after reviewing the positions**
13 **submitted by others?**

14 A. Ameren Missouri continues to recommend the Commission approve the
15 Company's proposed revenue allocations presented in direct testimony. The Company's
16 proposal is consistent with prior Commission orders and Commission-approved
17 stipulations. No party other than Ameren Missouri filed a CCOS study that separately
18 identified costs of the Company-Owned Lighting class and the Customer-Owned Lighting
19 class as detailed in the direct testimony and work papers of Thomas Hickman in this case.²
20 In addition, should the Commission be inclined to make additional revenue neutral shifts
21 towards the Company's CCOS, the Company does not oppose the direction of the proposed

¹ File No. ER-2022-0337, Midwest Energy Consumers Group Direct Testimony of Steve W. Chriss, at p. 5, ll 1-3, January 24, 2023.

² File No. ER-2022-0337, Ameren Missouri Direct Testimony of Thomas Hickman, at p.24, ll 13-19, August 1, 2022.

1 intra-class revenue-neutral shifts proposed by MIEC and MECG, however smaller,
2 gradual, phased shifts over a series of cases would be advised to avoid rate shock to the
3 Residential customers.

4 **IV. CRITICAL NEEDS PROGRAM**

5 **Q. Does Ameren Missouri agree with the bulleted points on page 27 of**
6 **Office of Public Counsel ("OPC") witness Dr. Geoff Marke's direct testimony in this**
7 **case concerning the ongoing development of the Critical Needs Program?**

8 A. It's my understanding that Ameren Missouri has already agreed with
9 stakeholders to the first two bullets presented by OPC. Ameren Missouri has concerns
10 with the last recommendation, however. This bullet point reads as follows:

- 11 • If more than one occupant in a household has been medically verified for
12 the program the 30-day reprieve will be extended an additional 30 days for
13 each occupant eligible under an account.

14 Ameren Missouri recommends that only one 30-day reprieve be applied per account. The
15 above bullet would require Ameren Missouri to track the number of customers living at a
16 given residence and validate this on an ongoing basis. Ameren Missouri doesn't currently
17 track the number of customers living at a premise or being served under an account. It
18 would take a significant manual effort and expense, to continuously verify who is living at
19 a given residence and keep this information updated and accurate in a timely fashion, if
20 such verification could be done at all, which is far from clear. Given this difficulty, the
21 stacking of 30-day reprieves on top of the same account could also invite abuse. All persons
22 living at the premise associated with the account would benefit if only one of the residents
23 was registered with the Critical Needs program. Multiple residents may apply for the

1 Critical Needs program in the event someone else in the household relocates, however only
2 one 30-day period would be applied.

3 **Q. Consumers Council of Missouri ("CCM") also makes some**
4 **recommendations concerning the Medical Registry Program. Does the Company**
5 **support these recommendations?**

6 A. Similar to the above response, the Company generally supports many of the
7 program design elements that have already been discussed by the collaborative, listed in
8 testimony, and under development; however, the Company continues to recommend that a
9 detailed discussion of program design is best handled outside of this case through the
10 continued work that has been performed by the Collaborative.

11 Given the voluminous level of CCM's requested program design details, the thought
12 required to methodically ensure that all elements of the program are valid and working
13 together, and the absence of the collective knowledge and context that the Collaborative
14 would otherwise provide in shaping a final design of this tariff, the Company will refrain
15 from attempting to address each of CCM's recommended program design details in this
16 case. The Company does support CCM's recommendation that "Ameren Missouri should
17 continue to work collaboratively with other utilities, intervenors, interested nonprofits, and
18 medical professionals to develop a transparent and easily accessible medical registry
19 program for customers who have a chronic or serious medical condition..."³

³ File No. ER-2022-0337, Consumers Council of Missouri Direct Testimony of Jacqueline A. Hutchinson, at p. 16.

1 **V. KEEPING CURRENT/KEEPING COOL**

2 **Q. Does Ameren Missouri agree with the proposed tariff changes to the**
3 **Keeping Current and Keeping Cool Program proposed by OPC and Consumers**
4 **Council of Missouri ("CCM")?**

5 A. Ameren Missouri agrees to most of the changes that have been proposed.
6 In fact, with the exception of a few, most of the proposals presented in the case by OPC
7 and CCM were put forward by Ameren Missouri to the collaborative working on various
8 low-income programs or are already being performed under the program. I would
9 recommend to the Commission that these informal discussions with stakeholders continue
10 outside of the rate case where all impacted parties can weigh in on the program details that
11 will change. Ameren Missouri does not have any tariff sheets associated with these
12 programs filed in this case, which would delay these changes from being made in a separate
13 docket.

14 **Q. Which of OPC and CCM's proposed changes to the Keeping**
15 **Cool/Keeping Current Program does Ameren Missouri take exception to?**

16 A. Ameren Missouri questions whether the requested increase for funding is
17 really necessary at this time. OPC is requesting a \$250,000 increase for the Keeping Cool
18 Program, and CCM is requesting an increase of \$1 million for the entire Keeping Current
19 Program. In 2022, the Keeping Cool Program spent \$106,000, while the entire Keeping
20 Current Program spent approximately \$1.5 million out of the \$4 million allocated to the
21 program. In 2021, the program spent slightly more at \$1.9 million. It should also be noted
22 that 2022 spending data already factors in recent program adjustments from Ameren
23 Missouri's previous electric rate case. This change doubled the percentage threshold of

1 qualifying incomes above the Federal Poverty Level ("FPL") from 150% above FPL, to
2 300% above FPL. Given the slight decline year over year, the current level of spend, and
3 the pending program revisions being discussed by the collaborative that will increase the
4 payouts under the program, the funding currently provided under the Keeping Current
5 Program appears to be at a level that could accommodate expected demand. A summary of
6 the 2022 Keeping Current funds distributed in 2022 is provided in the table below.

7 **Table 1**

| Ameren Missouri | |
|--|--------------------|
| Keeping Current Funds Received | |
| Year Period: 2022-01-01 thru 2022-12-31 | |
| Description | 2022 Amount |
| Credit Arrears Reduction | \$448,307 |
| Keeping Current Credit | \$937,580 |
| Keeping Current Cooling | \$106,275 |
| Company Totals | \$1,492,162 |

8

9 **Q. Are you aware of any factors that may be contributing to lower**
10 **participation in the Keeping Current Program?**

11 A. In discussions with the Ameren Missouri team that works with the
12 Collaborative to evaluate and administer this program, it appears likely that many
13 customers who would have qualified for benefits under the Keeping Current Program may
14 have opted into other low-income programs. The largest of these being the Missouri Low-
15 Income Home Energy Assistance Program ("LIHEAP"), which provided a little over \$20
16 million to Ameren Missouri customers in 2022. Should this program or any of the others
17 suddenly reduce the amounts available to qualifying customers in the state, Ameren
18 Missouri's low-income programs could see an increase in participation, which at that time
19 may require the Commission to reconsider whether current budgeted levels of low-income

1 spend by Ameren Missouri and its customers is still appropriate. At this time; however, I
2 am not aware of any such changes.

3 **VI. PAPERLESS BILLING**

4 **Q. What is the financial benefit to customers of increased paperless billing**
5 **adoption rates?**

6 A. Increasing paperless billing adoption rates presents an O&M savings
7 opportunity that supports maintaining affordable customer rates. Approximately 70% of
8 Ameren Missouri's 1.2 million electric customers receive a paper bill, resulting in annual
9 printing and mailing expenses of approximately \$5.4 million. Projected postage rate
10 increases outlined in the United States Postal Service's ten-year plan will result in
11 additional mailing expenses of \$675,000 each year.

12 **Q. Once Ameren Missouri learned there were customer concerns related**
13 **to the pre-checked paperless billing enrollment box, what did the Company do?**

14 A. In July 2022, Ameren Missouri was notified of customer feedback
15 indicating the pre-checked paperless billing enrollment box was not evident enough to
16 avoid a customer's automatic enrollment in paperless billing during their online transaction.
17 A cross-functional team was immediately formed to address the customer feedback by
18 developing an enhancement to the various Ameren.com transactions in which the pre-
19 checked box appears. The enhancement included enlarged text and additional instructions
20 to make more evident a customer's enrollment in paperless billing if the box remained
21 checked. Below are screen shots showing the enhancement for both Ameren.com
22 transactions and through the mobile app.

1 Added to Ameren.com on 11/1/22:

Ameren

Pay Bill

Please review and authorize your payment.

Payment for
123 E LAKE SHORE DR

Payment Details [Edit](#)

| | |
|-------------|------------|
| Balance Due | -\$52.82 |
| Payment | \$10.00 |
| Pay On | 01/21/2023 |

Payment Method [Edit](#)

| | |
|------------------|---------|
| Checking Account | ****000 |
| Routing Number | ****000 |

Recommended For You

Enroll me in Paperless Billing

It's safe, secure and simple. Receive your bill via email and/or text. Enroll today!

YES! Enroll me in Paperless Billing

Don't want to enroll in Paperless Billing today?
Just uncheck the box before clicking the "Submit" button below.

Authorization

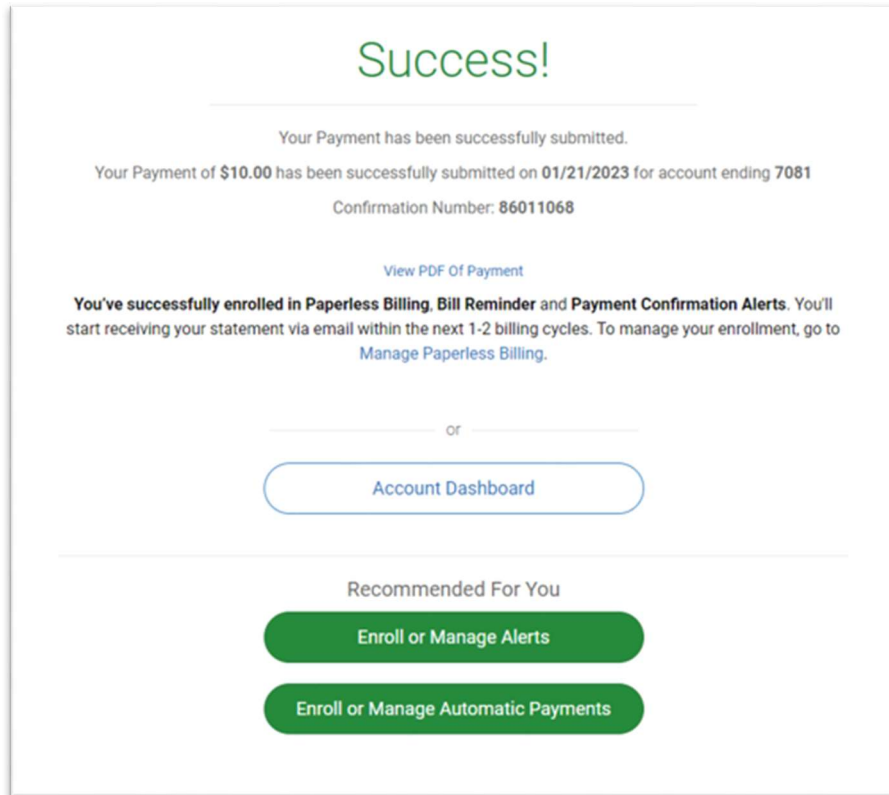
By submitting this request, you are agreeing to [Ameren's Terms and Conditions](#) and authorizing Speedpay to initiate a debit from your account to pay \$10.00 on 01/21/2023.

If the box for Paperless is CHECKED, you are also authorizing Ameren to enroll your account in **Paperless Billing**, including helpful Bill Reminders and Payment Confirmation Alerts. If you don't want to enroll in Paperless today, just uncheck the box before clicking the "Submit" button below.

Submit

2

1



2

3

Proposed for Ameren's mobile app with targeted implementation by end of Q1 2023:

Make A Payment

Bank Account | Credit/Debit

Enter Amount: \$11,295.97

Select Account: Checking

Payment Date: 02-02-2023

Routing Number *

Bank Account Number

Confirm Bank Account Number *

Save Account Information
Your bank information will be stored by Speedpay.

Enroll in Paperless Billing

Don't want to enroll in Paperless today? Just uncheck the box before you continue to the next screen.

Continue To Review

1

2

The enhancements were implemented on Ameren.com 11/1/22. Similar updates to Ameren's mobile application will be implemented by the end of Q1 2023.

4

VII. LATE FEES AND CONNECTION FEES

5

Q. Does Ameren Missouri have a "Collection" fee as suggested by CCM witness Jacqueline Hutchinson?

7

A. No, the Company has fees associated with late payments and reconnecting customers, but not specifically for the recovery of fees associated with resources used in the collection process.

10

Q. What is the purpose of having late fees and reconnection fees?

11

A. There are many different reasons businesses like Ameren Missouri and others with similar charges have long had these in place; however, I will only touch on a few of the primary reasons.

13

1 The first is to serve as a customer incentive for paying the Company for the service
2 it has already provided within a timely manner. For example, concerning the late charge,
3 without this fee, customers would essentially be provided an interest free loan to pay for a
4 product they have already consumed. Most consumers of any product or service, if
5 presented any opportunity to consume now, and defer the payment interest free for an
6 indefinite amount of time, will choose to do so, regardless of income level. Ameren
7 Missouri is not unique in having a late payment fee. Across nearly every industry where a
8 good or service is provided and the expectation of payment is not immediately rendered
9 after consumption, there is charge for the deferral of payment past the expected due date.

10 The second function is as a deterrent. Fees applied for reconnecting services or
11 delaying the payment of a bill are in place to deter the abuse of services, policies, and
12 tariffed rate designs, whether due to diversion of service, seasonal rate manipulation,
13 opening different accounts under the same premise after nonpayment, or any other scheme
14 where the intent is to circumvent or avoid payment of services provided. The removal of
15 deterrent fees would essentially remove any downside for an individual contemplating the
16 manipulation of service. Should this occur, I would expect the Company would see an
17 increase in these activities, and as a result, an increase in cost as more resources would be
18 required to administer and investigate activities related to diversion, tampering and
19 collection activities from customers choosing to take the interest-free deferral that would
20 be available to them.

21 Lastly, these fees help offset some of the cost that is directly related to the activities
22 mentioned above. These fees reduce the Company's revenue requirement and ultimately

1 the cost that all customers would otherwise absorb through rates to compensate for the
2 administration of the above functions.

3 **Q. Does Ameren Missouri provide services for customers that want to**
4 **timely pay their bill but cannot due to financial hardship or circumstances beyond**
5 **their control?**

6 A. Yes, the Company offers a multitude of low-income programs and payment
7 agreements to assist. In addition to community resources dedicated to finding unmet needs,
8 the Company has a website dedicated to those seeking help at
9 www.ameren.com/missouri/residential/energy-assistance. This site lists the Company's
10 services, partners, and provides information on how to get started. The Company is
11 continuously evaluating these programs along with outside stakeholders to improve their
12 effectiveness.

13 **VIII. ILLINOIS TARGETED NEIGHBORHOOD PROGRAM**

14 **Q. Is the program that CCM has recommended Ameren Missouri adopt**
15 **from Ameren Illinois feasible from a program mechanics perspective?**

16 A. No. Utilities in Illinois use a performance-based rate structure, as opposed
17 to the historical test year structure used by Missouri. These are vastly different approaches.
18 Performance based rates are dynamic and forward-looking, designed to reflect changes in
19 the cost of providing service on a more frequent basis. Under this structure, Ameren Illinois
20 is allowed to recover their actual cost of providing service, plus a reasonable return. It's
21 my understanding that under the program referenced by CCM, the Company's Rate of
22 Return would be adjusted by predefined amounts in relation to set targets for decreases in
23 disconnections within 20 identified zip codes.

1 Ameren Missouri's historical test year structure on the other hand uses a
2 representative period of past financial data to determine the rates that a utility can charge
3 its customers. These rates, which include the utility's actual cost, along with an allowed
4 return, are static, and do not take into account changes in cost that may have occurred since
5 the time period used to set them. This ratemaking structure does not afford Missouri
6 investor-owned utilities the ability to quickly adjust their rates based on pre-defined metrics
7 like what has been referenced in the state of Illinois. A simple transfer of the program used
8 in Illinois is impossible and would require the drafting of a new program with design
9 considerations that would accommodate the distinct requirements of the Missouri
10 ratemaking structure.

11 **Q. Does the Company have any other concerns with CCM's Targeted**
12 **Neighborhood program?**

13 A. Yes, but at this time CCM has not identified the details that would be
14 necessary to fully vet their proposal.

15 **Q. Does this conclude your rebuttal testimony?**

16 A. Yes, it does.

