

Exhibit No.: _____
Issue: In the Matter of Union Electric Company d/b/a Ameren Missouri's
Tariffs to Increase its Revenues for Natural Gas Service
Witness: Louie R. Ervin Sr.
Exhibit Type: Rebuttal
Sponsoring Party: Missouri School Boards' Association
Case No.: GR-2019-0077
Date: June 7, 2019

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2019-0077

REBUTTAL TESTIMONY

OF

LOUIE R. ERVIN, SR.

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

**Jefferson City, Missouri
June 7, 2019**

1 **Q. What are the purposes of this Rebuttal Testimony?**

2 A. I will summarize the status of the narrow school issue raised by the Missouri School
3 Boards' Association (hereinafter "MSBA"). MSBA generally supports: 1) Staff's Class
4 Cost of Service ("CCOS"); 2) retention of rate design structure for non-residential
5 customer classes; 3) and the concept of weather normalization. MSBA also agrees with
6 Staff that rate class revenue responsibility should be based on cost-causation and rates
7 should be designed to reasonably bring each rate class closer to producing the system-
8 average rate of return.

9 **Q. What is the principal reason MSBA is in this case and what is the status of its**
10 **resolution?**

11 A. MSBA's intervened in the recent Spire cases and in this Ameren case to address the very
12 narrow issue of achieving greater statewide consistency with regard to implementation of
13 the School Transportation Program (STP). This statute was passed in Section 393.310
14 RSMo. and the Commission approved experimental tariffs in 2002 to implement this
15 statute. In the recent Spire cases, the Commission approved a stipulation between MSBA
16 and both Spire companies without objections. The Spire-MSBA stipulation included
17 school transportation tariff language which recognized that schools' winter gas
18 consumption is correlated with temperature. The Spire companies' tariffs provide for pre-
19 scheduling, or nominating, deliveries of third-party gas supply for schools into the
20 companies' distribution systems from the interstate pipelines base on forecasted
21 temperatures and other known information.

22 **Q. Are the Spire stipulations consistent with the Missouri statutes?**

1 A. Yes, the Spire tariffs are consistent with the requirement of Section 393.310 RSMo. with
2 regard to gas companies providing school transportation services at cost. While MSBA
3 recognizes there are differences between companies, MSBA is seeking Commission
4 approval of an Ameren tariff for schools which also bases nominations on forecasted
5 weather and other known factors and is cost-based. Specifically, compensation to or from
6 MSBA for over or under delivery of gas supply, called imbalances, should be at
7 Ameren's current monthly market-price of gas, without non-cost based penalties. MSBA
8 also proposes tariff language similar to the Commission approved Spire companies' tariff
9 which allows the company to recommend and enforce school nomination changes
10 if/when a company believes it is necessary for the schools' Pool Operator to change
11 nominations. To date, no party has objected to MSBA's position.

12 **Q. What part of Staff's recommendation does MSBA not support?**

13 A. MSBA does not agree that full implementation of Staff's CCOS should be only partially
14 implemented in this case. Staff proposes to limit full implementation of its cost-based
15 CCOS to minimize customer impacts. Absent a showing of significant customer impact,
16 MSBA supports full allocation of costs and implementation of Staff's CCOS in designing
17 rates in this case rather than partially deferring the matter to a future rate case.

18 **Q. Does MSBA take a position on Staff's recommended rate structure?**

19 A. MSBA only takes a position on rate design for the transportation customer class and
20 accepts Staff's recommendation that the existing customer charge, administrative charge,
21 and aggregation and balancing charge be held constant.

22 **Q. Does MSBA conceptually agree with Staff with regard to weather normalization?**

1 A. Yes. MSBA agrees with Staff that weather, specifically degree days and usage volumes
2 for heating customers are highly correlated. However, Staff only recognizes weather
3 normalization for the residential class. Staff does not include small commercial in its
4 weather normalization recommendation because Ameren-Missouri does not have separate
5 “large commercial” and “small commercial” rates. However, Ameren does have a
6 separate sub-class of small schools with annual use of 100,000 therms or less annually as
7 prescribed by Missouri statute Section 393.310. Although MSBA does not take a position
8 on Staff’s weather normalization formula or its purpose to adjust Company non-gas
9 revenue to prevent Company windfall revenues during abnormally cold weather and to
10 prevent Company revenue shortfalls during abnormally warm winters, MSBA agrees that
11 weather, specifically degree days, and usage volumes for heating customers are highly
12 correlated and is appropriate for forecasting schools winter usage.

13 **Q. Does this conclude your rebuttal testimony in this case?**

14 A. Yes. We are hopeful the Commission will understand the purpose and intent of being
15 involved in this rate case and negotiating with all the gas utilities. Schools have very
16 limited resources, and the school transportation program statute has been in effect nearly
17 17 years. A consistent STP program for all gas utilities will be of ultimate benefit to the
18 school children of the state and be cost neutral to the utilities.

Subscribed and sworn to before me this 7th day of June, 2019.



Melissa Kay Largent
Notary Public

My commission expires: Oct. 7, 2022