

*Exhibit No.:*  
*Issues:* *Report on Staff's Second  
Prudence Review For Cycle 2  
of Costs Related to the  
Demand-Side Programs  
Investment Mechanism*  
*Witness:* *Brad J. Fortson*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Direct Testimony*  
*Case No.:* *EO-2019-0376*  
*Date Testimony Prepared:* *December 20, 2019*

**MISSOURI PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF**

**INDUSTRY ANALYSIS DIVISION**

**ENERGY RESOURCES DEPARTMENT**

**DIRECT TESTIMONY**

**OF**

**BRAD J. FORTSON**

**UNION ELECTRIC COMPANY.**

**d/b/a Ameren Missouri**

**CASE NO. EO-2019-0376**

*Jefferson City, Missouri  
December 2019*

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**DIRECT TESTIMONY**

**OF**

**BRAD J. FORTSON**

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

**CASE NO. EO-2019-0376**

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1 **DIRECT TESTIMONY**

2 **OF**

3 **BRAD J. FORTSON**

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

6 **CASE NO. EO-2019-0376**

7 Q. Please state your name and business address.

8 A. Brad Fortson, 200 Madison Street, Jefferson City, MO 65102.

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

10 A. I am employed by the Missouri Public Service Commission ("Commission"  
11 or "PSC") as a Utility Regulatory Manager.

12 Q. Please describe your educational background and work experience.

13 A. Please refer to Schedule 1 attached hereto.

14 Q. Have you previously filed testimony before this Commission?

15 A. Yes, I have. Please refer to Schedule BJB-d1 attached hereto for a list of  
16 cases in which I have previously filed testimony as well as the issues that I have addressed in  
17 testimony.

18 Q. Have you participated in the Commission Staff's audit of Union Electric  
19 Company, d/b/a Ameren Missouri ("Ameren Missouri" or "Company"), concerning the  
20 Staff's Prudence review in this proceeding?

21 A. Yes, I have, with the assistance of other members of the Staff.

22 **EXECUTIVE SUMMARY**

23 Q. Please summarize your direct testimony in this proceeding.

1           A.     I am sponsoring the *Staff's Report of Second MEEIA Prudence Review of*  
2 *Cycle 2 Energy Efficiency Programs* ("Staff Report"), which was originally filed on  
3 October 30, 2019, in this case, copies of which (both Public and Confidential) are attached  
4 as Schedule BJF-d2 and Confidential Schedule BJF-d3. Staff has conducted a review of all  
5 of the Demand-Side Investment Mechanism ("DSIM") components (program costs, gross  
6 annual energy and demand savings, interest, earnings opportunity and evaluation  
7 measurement and verification) during the review period<sup>1</sup> for Ameren Missouri's energy  
8 efficiency programs. My testimony provides an overview of Staff's work in each area.

9           **PRUDENCE REVIEW AND STAFF REPORT**

10          Q.     Please describe Staff's prudence review.

11          A.     Staff conducted a review of all of the DSIM components (program costs, gross  
12 annual energy and demand savings, interest, earnings opportunity and evaluation  
13 measurement and verification) during the review period<sup>2</sup> for Ameren Missouri's energy  
14 efficiency programs. As noted in the attached public and confidential Staff Report, Staff  
15 provided a description of the component(s) it reviewed, a discussion of its review, a summary  
16 of any cost implications and Staff's conclusions based on its review of the component(s).  
17 During it's review, and as more fully explained below and in Staff's Report, Staff identified  
18 certain areas where it recommended disallowances.

19          Q.     Please explain the organizational format of the Staff Report.

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<sup>1</sup> November 1, 2017 through February 28, 2019.

<sup>2</sup> November 1, 2017 through February 28, 2019.

1           A.     The Staff Report has been organized by topic as follows:

2                   I.     Executive Summary

3                   II.    Introduction

4                   III.   Energy Efficiency Investment Rate (EEIR) Determination

5                   IV.   Gross Annual Energy and Demand Savings

6                   V.     Interest

7                   VI.    Earnings Opportunity

8                   VII.   Evaluation Measurement and Verification

9           The EEIR section explains each specific area and/or adjustments made by Staff for  
10 the review period. Signed affidavits for all Staff members who are responsible for a portion  
11 of the Staff Report and for whom those portions constitute direct testimony in this proceeding  
12 are attached to the Staff Report. The individual Staff member(s) responsible for each area of  
13 Staff's direct case and/or adjustment is identified in the Staff Report following the written  
14 discussion he or she authored, and is the expert/witness with respect to that section of the  
15 Staff Report. The Staff may have a different or additional expert/witness for rebuttal or  
16 surrebuttal testimony in a given area if this case proceeds to evidentiary hearings.

17    **OVERVIEW OF STAFF'S PROPOSED DISALLOWANCES**

18           Q.     In its review of Ameren Missouri's DSIM for Case No. EO-2019-0376, has  
19 Staff examined all of the components comprising the cost of Ameren Missouri's energy  
20 efficiency programs?

21           A.     Yes.

22           Q.     Is Staff proposing adjustments as a result of its review?

A. Yes, as proposed in the chart below.

| Costs                             | Explanation of Costs | Disallowed Cost   | Interest        | Total Disallowance |
|-----------------------------------|----------------------|-------------------|-----------------|--------------------|
| Travel, Conferences, and Meetings | Page 13              | \$ 25,010         | \$ 442          | \$ 25,452          |
| Membership and Trade Dues         | Page 15              | \$ 19,700         | \$ 426          | \$ 20,126          |
| Contract Labor                    | Page 16              | \$ 111,035        | \$ 2,367        | \$ 113,402         |
| Other Expenses                    | Page 17              | \$ 11,695         | \$ 242          | \$ 11,937          |
| Throughput Disincentive           | Page 22              | \$ 23,534         | \$ 0            | \$ 23,534          |
| <b>Total Disallowed Costs</b>     |                      | <b>\$ 190,974</b> | <b>\$ 3,477</b> | <b>\$ 194,451</b>  |

Q. Are there individual Staff witnesses sponsoring these adjustments?

A. Yes. Staff witness Cynthia M. Tandy provided a detailed explanation for the proposed disallowance as related to: travel, conferences and meetings; membership and trade dues; contract labor; and other expenses starting on page 12 through page 17 of the Staff Report. Staff witness Lisa Wildhaber provided a detailed explanation for the proposed disallowance as related to: throughput disincentive starting on page 21 through page 25 of the Staff Report.

Q. Does this conclude your prepared direct testimony in this proceeding?

A. Yes, it does.

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

In the Matter of the Second Prudence Review )  
of the Missouri Energy Efficiency Investment )  
Act (MEEIA) Cycle 2 Energy Efficiency )  
Programs of Union Electric Company d/b/a )  
Ameren Missouri )  
)

Case No. EO-2019-0376

**AFFIDAVIT OF BRAD J. FORTSON**

STATE OF MISSOURI        )  
                                  )       ss.  
COUNTY OF COLE        )

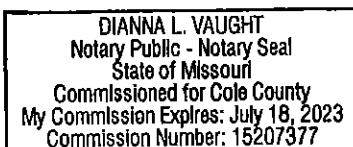
**COMES NOW BRAD FORTSON** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony*; and that the same is true and correct according to his best knowledge and belief.

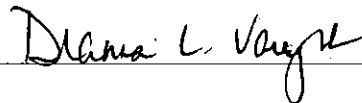
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**BRAD J. FORTSON**

**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 18th day of December, 2019.



  
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