

Exhibit No.:

Issue:

Large Customer
Annualization and Peak
Day Demands

Witness:

Daniel I. Beck

Sponsoring Party:

MO PSC Staff

Type of Exhibit:

Direct Testimony

Case No.:

GR-2000-512

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

DANIEL I. BECK

UNION ELECTRIC COMPANY d/b/a AMERENUE

CASE NO. GR-2000-512

Jefferson City, Missouri
August 2000

Exhibit No. 8
Date 10-4-00 Case No. GR-2000-512
Reporter KS

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DANIEL I. BECK

UNION ELECTRIC COMPANY d/b/a AMERENUE

CASE NO. GR-2000-512

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DIRECT TESTIMONY

OF

DANIEL I. BECK

UNION ELECTRIC COMPANY d/b/a AMERENUE

CASE NO. GR-2000-512

Q. Please state your name and business address.

A. My name is Daniel I. Beck and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

Q. What is your present position with the Missouri Public Service Commission (MOPSC or Commission)?

A. I am employed by the Commission as a Utility Regulatory Engineer in the Utility Operations Division.

Q. Would you please review your educational background and work experience?

A. I graduated with a Bachelor of Science Degree in Industrial Engineering from the University of Missouri at Columbia. Upon graduation, I was employed by the Navy Plant Representative Office in St. Louis, Missouri as an Industrial Engineer. I began my employment at the Commission in November, 1987, in the Research and Planning Department of the Utility Division (later renamed the Economic Analysis Department of the Policy and Planning Division) where my duties consisted of weather normalization, load forecasting, integrated resource planning, cost-of-service and rate design. In December, 1997, I was transferred to the Tariffs/Rate Design Section of the Commission's Gas Department where my duties include weather normalization, annualization, tariff review, cost-of-service and rate design. I am a Registered Professional Engineer in the State of Missouri. My registration number is E-26953.

Direct Testimony of
Daniel I. Beck

1 Q. Have you previously testified before this Commission?

2 A. Yes, I have. I have attached to this testimony as Schedule 1 a list of cases in which I
3 have prepared and submitted testimony.

4 Q. What is the purpose of your direct testimony?

5 A. The purpose of my direct testimony is to explain the procedures used to annualize
6 the usage and revenues of the large customers of AmerenUE (Company or UE). In addition, I will
7 explain the procedures used to estimate the peak day demands of the customers that were not
8 weather normalized and the procedures used to estimate the peak day demands for each Cost-of-
9 Service class.

10 **ANNUALIZATION OF LARGE CUSTOMERS**

11 Q. Please explain what you mean by the term annualization?

12 A. In this context, annualization is simply adjusting individual customer data so that a
13 full year of usage is shown for each large customer at the rate that the customer was paying at the
14 end of the test year. These adjustments account for the fact that during the test year these customers
15 can change rates, leave the system, and be added to the system. A summary of the adjustments that
16 I developed and provided to Staff witness John P. Cassidy for inclusion in the Staff Accounting
17 Schedules is shown in Schedule 2.

18 Q. How do the Commission's staff's (Staff's) large customer annualization adjustments
19 compare with the Company's?

20 A. Most of the same adjustments were made by both Staff and the Company, however,
21 there are several notable exceptions. For the Large Volume Transportation tariff class, two
22 customers were added to the system in the middle of the test year. The Company did not add
23 estimated usage for the first half of the test year for these customers. Staff estimated that the

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1 customer's usage for each month in the first half of the year would be equal to the customer's June,
2 1999 usage. June, 1999 usage was used because it was the least weather sensitive month in the
3 customer's short history and therefore should be a conservative estimate of usage. The additional
4 revenue related to these two customers' estimated usage is \$83,938. The adjustments for these two
5 customers are included in Staff Adjustment S-3.4 in Staff's Accounting Schedules.

6 In addition, Staff made adjustments to the Special Contract revenues to reflect the fact
7 that these rates require the collection of a customer charge and a minimum commodity charge.
8 Most of this adjustment was made to reflect additional revenue from the special contract customer
9 with the largest usage. This additional revenue was estimated by multiplying the transportation rate
10 of the next largest special contract customer by the actual usage of the largest special contract
11 customer. These adjustments are included in Staff Adjustment S-3.6.

12 Staff is in agreement with the Company on three other adjustments. Specifically,
13 Adjustment S-2.7 reflected the movement of a large customer from the general service rate.
14 Adjustment S-2-8 reflected the movement of large customers to and from the interruptible rates.
15 Adjustment S-3.5 reflected the addition of a special contract customer during the test year.

16 The last adjustment that I am sponsoring is Adjustment S-3.7 which reflects the increase
17 in the electronic gas meter (EGM) charge from \$25.00 to \$40.00. Staff has reviewed the
18 Company's workpapers and agrees with the proposed increase in the EGM charge. However, Staff
19 used its customer numbers to determine that the additional revenue would be equal to \$15,360.

20 **CALCULATION OF PEAK DAY DEMANDS**

21 Q. How were the Staff's peak day demands estimates calculated?

22 A. For most of the customers, the peak day demands were calculated by Staff witness
23 James A. Gray on a per customer basis based on their response to weather. I combined these per

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1 customer estimates with the annualized customer numbers to determine the class peak day demands
2 for the weather sensitive classes. However, for those customers that were not weather normalized, I
3 estimated the peak day demands. Specifically, I calculated the average daily usage for each month
4 for each customer of the Large Volume Class and multiplied this usage by a factor of 1.35. These
5 factors approximate the ratio of peak day to average day usage for customers that reduce their usage
6 on the weekends and holidays.

7 Q. How are these peak day demands used by Staff?

8 A. I will use these peak day demands to develop Cost-of-Service allocators that will
9 then be used in the Cost-of-Service study that will be sponsored by Staff witness Thomas Imhoff.

10 Q. Does this conclude your direct testimony?

11 A. Yes. However, I will also be filing Direct Testimony on Cost-of-Service allocators at
12 a later date.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the matter of the Union Electric Company d/b/a)
AmerenUE for Authority to File Tariffs Increasing)
Rates for Gas Service Provided to Customers in)
the Company's Missouri Service Area)

Case No. GR-2000-512

AFFIDAVIT OF DANIEL I. BECK

STATE OF MISSOURI)

)

ss.

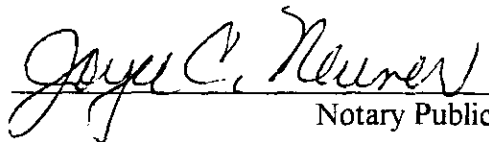
COUNTY OF COLE)

Daniel I. Beck, is of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 4 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.



DANIEL I. BECK

Subscribed and sworn to before me this 7th day of August 2000.


Notary Public

Joyce C. Neuner
Notary Public, State of Missouri
County of Osage
My Commission Exp. 08/18/2001

My Commission Expires: _____

UNION ELECTRIC COMPANY d/b/a AMERENUE
Case No. GR-2000-512

List of Cases in which prepared testimony was presented by:
DANIEL I. BECK

<u>Company Name</u>	<u>Case No.</u>
Union Electric Company	EO-87-175
The Empire District Electric Company	EO-91-74
Missouri Public Service	ER-93-37
St. Joseph Power & Light Company	ER-93-41
The Empire District Electric Company	ER-94-174
Union Electric Company	EM-96-149
Laclede Gas Company	GR-96-193
Missouri Gas Energy	GR-96-285
Kansas City Power & Light Company	ET-97-113
Associated Natural Gas Company	GR-97-272
Union Electric Company	GR-97-393
Missouri Gas Energy	GR-98-140
Missouri Gas Energy	GT-98-237
Ozark Natural Gas Company, Inc.	GA-98-227
Laclede Gas Company	GR-98-374
St. Joseph Power & Light Company	GR-99-246
Laclede Gas Company	GR-99-315
Utilicorp United Inc. & St. Joseph Light & Power Co.	EM-2000-292

Union Electric Company d/b/a AmerenUE
Case No. GR-2000-512

Item Number	Revenue Adjustment	Description
Adjustment S-2.7	-\$64,073	Large customers switching from the General Service Class.
Adjustment S-2.8	-\$55,139	Rate switching and adding/subtracting of Interruptible customers.
Adjustment S-3.4	\$193,288	Rate switching and adding/subtracting of Transportation customers.
Adjustment S-3.5	\$13,110	Rate switching of Special Contract customers.
Adjustment S-3.6	\$105,565	Adjustments for Non-tariffed terms of Special Contracts.
Adjustment S-3.7	\$15,630	Increase in EGM charge of \$15 per month for Transportation customers.