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Flex Pay Pilot Program*
Witness: *Robin Kliethermes*
Sponsoring Party: *MoPSC Staff*
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MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

OPERATIONAL ANALYSIS DEPARTMENT

REBUTTAL TESTIMONY

OF

ROBIN KLIETHERMES

**UNION ELECTRIC COMPANY,
d/b/a AMEREN MISSOURI**

CASE NO. EO-2015-0055

*Jefferson City, Missouri
February 2018*

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**TABLE OF CONTENTS OF
REBUTTAL TESTIMONY OF
ROBIN KLIETHERMES
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EXECUTIVE SUMMARY 1
FLEX PAY PILOT PROGRAM SPECIFICS 2
THROUGHPUT DISINCENTIVE CALCULATION 8

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **ROBIN KLIETHERMES**

4 **UNION ELECTRIC COMPANY,**
5 **d/b/a AMEREN MISSOURI**

6 **CASE NO. EO-2015-0055**

7 Q. Please state your name and business address.

8 A. Robin Kliethermes, 200 Madison Street, Jefferson City, MO 65101.

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

10 A. I am employed by the Missouri Public Service Commission (“Commission”)
11 as the Rate & Tariff Examination Manager of the Tariff and Rate Design Unit of the
12 Operational Analysis Department of the Commission Staff Division.

13 Q. What is your educational background and work experience?

14 A. A copy of my credentials is attached as Schedule RK-r1.

15 **EXECUTIVE SUMMARY**

16 Q. Union Electric Company, d/b/a Ameren Missouri (“Ameren Missouri”) is
17 requesting approval to implement a voluntary Flex Pay energy efficiency pilot program as
18 part of Ameren Missouri’s approved demand-side management (“DSM”) programs and to
19 incorporate the program into Ameren Missouri’s demand-side investment mechanism
20 (“DSIM”) rate(s) to recover the costs associated with Flex Pay Pilot program. What is the
21 purpose of your rebuttal testimony?

22 A. First, I will discuss concerns with how Ameren Missouri plans to implement
23 the Flex Pay Pilot program and the impact to customers as described by Ameren Missouri

1 witness William R. Davis. Second, I will address concerns regarding how Ameren Missouri
2 proposes to calculate the throughput disincentive for the Flex Pay Pilot program.

3 **FLEX PAY PILOT PROGRAM SPECIFICS**

4 Q. On pages 3 through 17 of Mr. Davis' direct testimony he describes how the
5 program will operate. Do you have any concerns with how the program will operate?

6 A. Yes. In addition to the concerns addressed by Staff witnesses Brad Fortson
7 and Tammy Huber, Staff is also concerned with how the Company plans to estimate how
8 many days remain before a customer's balance goes to \$0 and the calculation of a customer's
9 daily charge.

10 Q. How does Mr. Davis explain how the Company will estimate the days
11 remaining before a customer needs to make a payment to their account?

12 A. In testimony Mr. Davis states, "they will not only see the remaining balance,
13 but also an estimate of how many days remain based on their weather –normalized usage
14 patterns." However, in response to a Staff data request regarding the calculation of days
15 remaining given certain weather conditions such as an abnormally hot time period in the
16 summer and an abnormally cold time period in the winter the Company provided the
17 explanation below.

18 Ameren Missouri has not yet selected the implementation
19 vendor for this pilot, however the statement in Bill Davis'
20 testimony, "They will not only see the remaining balance, but
21 also an estimate of how many days remain based on their
22 weather-normalized usage patterns." was provided in a vendor
23 proposal. Upon further discussion of this process, the vendor
24 has indicated that the information regarding the application of
25 weather-normalized data was not correct and likely a carryover
26 of language from a different business proposal. They stated
27 they have never used weather-normalized data to determine a
28 customer's remaining days balance estimate. The vendor

Rebuttal Testimony of
Robin Kliethermes

1 provided the following information regarding the calculation
2 that is used:

3 The default method for calculating the estimated days
4 remaining is to divide the current customer balance by the
5 average daily charge for that specific customer over the
6 previous 15 days. This method of utilizing customer and
7 household specific data successfully accounts for differences in
8 individual usage as well as changes in household usage patterns
9 over time.

10 According to the vendor, because of the success of this method
11 using weather-normalized data is not necessary.

12 Based on the above process, an example of each calculation in
13 an operable spreadsheet for each of the listed scenarios is not
14 available.

15 Q. Do you have concerns with Ameren Missouri's alternative method that the
16 estimated days remaining will be calculated by dividing the current customer balance by the
17 average daily charge for usage for that specific customer over the previous 15 days?

18 A. Yes. First as stated in Ameren Missouri's response to Staff data requests,
19 Ameren Missouri has not yet selected a vendor to implement the pilot, therefore, Staff is
20 concerned that the method to calculate a customer's days remaining is in fact still unknown at
21 this time. Second, there are some details missing from the calculation, such as what if a
22 customer doesn't have 15 days of prior usage and how the Flex Pay Pilot program will
23 transition from summer rates to winter rates where the average daily charge for the previous
24 15 days may be materially different than what the average daily charge will be going forward.
25 For example, Ameren Missouri has seasonal rates where for the four monthly billing periods
26 of June through September the energy charge per kWh is \$0.1258 and for the remaining eight
27 months of the year the energy charge per kWh is \$0.0876 for the first 750 kWh a customer
28 uses and \$0.0600 for all kWh over 750 kWh. Given Ameren Missouri's current rate structure,

1 when rates move from winter to summer the days remaining calculation would overestimate
2 the days remaining and when moving from summer to winter the calculation would
3 underestimate the number of days remaining on a customer balance.

4 Q. Why is Staff concerned with how the number of days remaining a customer's
5 bill is calculated?

6 A. In situations where the number of days remaining on a customer's bill balance
7 is overestimated and the customer receives a notification for payment earlier than expected,
8 this could cause undue hardship on a customer by causing additional fees or charges to be
9 assessed to the customer or the customer could be removed from the program. In situations
10 where the number of days remaining on a customer's bill balance is underestimated, the
11 customer could come to expect that the days remaining are always underestimated and be
12 unprepared for an unexpected disconnect. Additionally, abnormally cold or abnormally warm
13 weather could suddenly and without much notice impact the number of days remaining on a
14 customer's balance causing the customer to be removed from the program, potentially
15 disconnected or additional fees or charges assessed to the customer.

16 Staff recommends that any information provided to the customer notifying them of the
17 days remaining on their bill balance highlight to the customer that it is only an estimate of the
18 number of days remaining and warn the customer to closely monitor their bill balance.

19 Q. If additional information could be provided to address Staff's concerns, would
20 the method of dividing the current customer balance by the average daily charge for that
21 specific customer over the previous 15 days be a reasonable way to calculate the number of
22 days remaining on a customer's balance?

1 A. This method could be reasonable if more detail is provided to the customer that
2 explains how a customer's daily charges and bill balance are calculated as an outcome a
3 customer's average daily charge. Additionally, Mr. Davis' testimony implies the calculation
4 of the number of days remaining on a customer's bill balance will continually re-calculate so
5 the previous 15 day period is constantly incorporating the most recent 15 day period of
6 consumption; however, that level of detailed information has not been provided by Ameren
7 Missouri in testimony or responses to data requests to confirm this process.

8 Q. What is your understanding of how Ameren Missouri is planning to calculate a
9 customer's daily charge?

10 A. Unfortunately, based on Mr. Davis' testimony and Ameren Missouri's
11 response to Staff data requests, there is not a clear understanding of how a customer's daily
12 charges are calculated. However, through responses to Staff data requests it is clear that
13 Ameren Missouri is not planning to actually calculate the customers' daily charges, but rather
14 a third party contractor will somehow connect to Ameren Missouri's billing system.¹

15 Q. What information has been provided by Ameren Missouri regarding the
16 calculation of a Flex Pay customer's daily charges?

17 A. According to Mr. Davis' testimony, a customer's usage and charges
18 (for energy, taxes, etc.) will be prorated into daily amounts. Further, Ameren Missouri
19 provided in response to a Staff data request that:

20 According to the implementation contractors: Fixed monthly
21 charges are prorated by dividing the total charge by 30.4
22 (average number of days in a month). The prorated daily
23 charge is deducted from the balance each day.

¹ In response to Staff Data Request No. 0047, Ameren Missouri was unsure of how the contractor was going to be integrated with Ameren Missouri's billing system.

Rebuttal Testimony of
Robin Kliethermes

1 Volumetric charges will be determined daily based on kWh
2 consumption.

3 Small rounding issues will be trued-up monthly with Ameren
4 Missouri's CSS billing system.

5 Q. To your knowledge has Ameren Missouri selected an implementation
6 contractor that is planning to calculate daily charges as described above?

7 A. No. Based on responses to Staff Data Requests, Ameren Missouri has not yet
8 selected an implementation vendor. It is my understanding that the information provided in
9 Mr. Davis' testimony and in response to Staff Data Requests described above is based on
10 vendor proposals and no actual method has been confirmed.

11 Q. What are Staff's concerns with Ameren Missouri's description of the
12 calculation regarding daily charges provided above?

13 A. Other than the fact that the method provides little to no technical detail, Staff is
14 concerned that the fixed monthly charge proration assumes an average calendar month and
15 that Ameren Missouri's rate structure has seasonal and blocked rates where customers pay a
16 lower per kWh in the winter billing periods on all usage above 750 kWh. Further, it is not
17 clear how small rounding issues are calculated and presented on a customer's bill.

18 Q. Would it be appropriate to prorate the fixed monthly charge over an average
19 calendar month if the energy and customer charges calculated under the Flex Pay Pilot
20 program were calculated on a daily basis?

21 A. If a customer's energy and customer charges calculated under the Flex Pay
22 Pilot program are calculated daily, as is implied in Ameren Missouri's response provided
23 above, then prorating the fixed monthly charges over an average calendar month would be

1 less of a concern. However, Staff would be concerned regarding the transition from moving a
2 customer traditionally billed on a bill cycle basis to a daily basis.

3 Q. Is it possible to calculate all of Ameren Missouri's residential tariff charges on
4 a daily basis?

5 A. Possibly. However, Ameren Missouri does not provide a detailed explanation
6 of how the winter blocked energy charges would translate into a daily charge. For example,
7 for the eight non-summer months of October through May the energy charge per kWh is
8 \$0.0876 for the first 750 kWh a customer uses in a billing period and \$0.0600 for all kWh
9 over 750 kWh. Since, customers are traditionally billed on a bill cycle basis there is a start
10 and end point to any time period and a customer's usage is measured over that time. If a
11 customer is billed on a daily basis, however, it is unclear what time period would be used to
12 measure a customer's usage up to 750 kWh and over 750 kWh.

13 Per Ameren Missouri's requested tariff, the implication is that a daily proration
14 would apply, with some usage billed at the below 750 kWh rate, and some usage billed at the
15 above 750 kWh rate. There is no indication of the daily usage level that would trigger the
16 change in applicable rate.

17 (Excerpt from Ameren Missouri's requested Tariff)

18 Participants will continue to pay the rates provided for in
19 Service Classification 1(M). Because all charges will be
20 divided into daily amounts for Flex Pay customers to ensure
21 consistent and accurate collection of payments and balance
22 calculations for participants, payments will be reconciled with
23 the Company's Customer Service System on a monthly basis to
24 ensure no overpayment or underpayment has occurred.

1 **THROUGHPUT DISINCENTIVE CALCULATION**

2 Q. If offered as a MEEIA program, does Staff have concerns with Ameren
3 Missouri's request that it receive throughput disincentive ("TD") treatment for a deemed
4 amount of foregone sales associated with the Flex Pay Pilot program?

5 A. Yes. Ameren Missouri has requested that, for each participant, for each year,
6 Ameren Missouri be compensated with 1,218 kWh of throughput disincentive pay back.

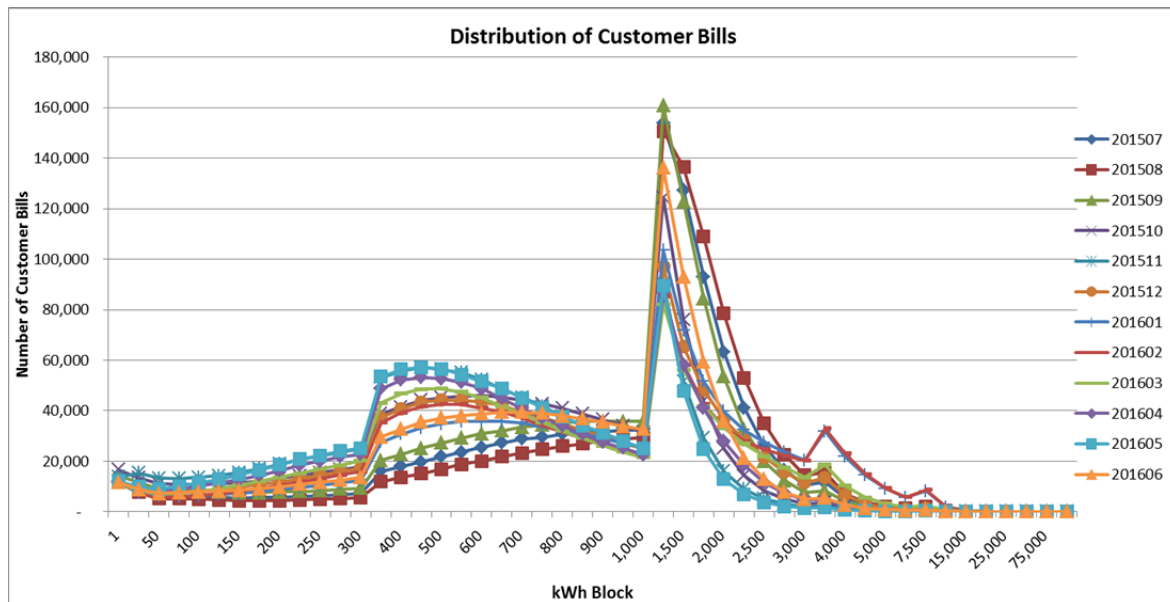
7 Q. What support does Ameren Missouri provide for that value?

8 A. None. Ameren provided an estimate as follows: Ameren divided the kWh of
9 total residential usage (12,812,045,844) from the last rate case by the number of residential
10 customers (12,630,337) to derive an "average usage" of 1,014 a month, and Mr. Davis
11 states his belief at pages 20-21 of his direct testimony that 10% is reasonable.

12 Q. What was the distribution of customer's bills in Ameren Missouri's last
13 rate case?

14 A. The graph below provides the number of residential customers that were billed
15 each month at the various levels of usage. On average Ameren Missouri bills approximately
16 one million residential customers each month.

1



2

3

Q. What does this graph illustrate?

4

A. It shows that while many customers are using between 1,000 kWh and 1,500 kWh per month, there is a wide distribution of customer usage. This indicates it is less reasonable to rely on a simple average customer usage for deeming any TD treatment.

7

Q. Are more customers using less than 1,014 kWh, or more than 1,014 kWh a month?

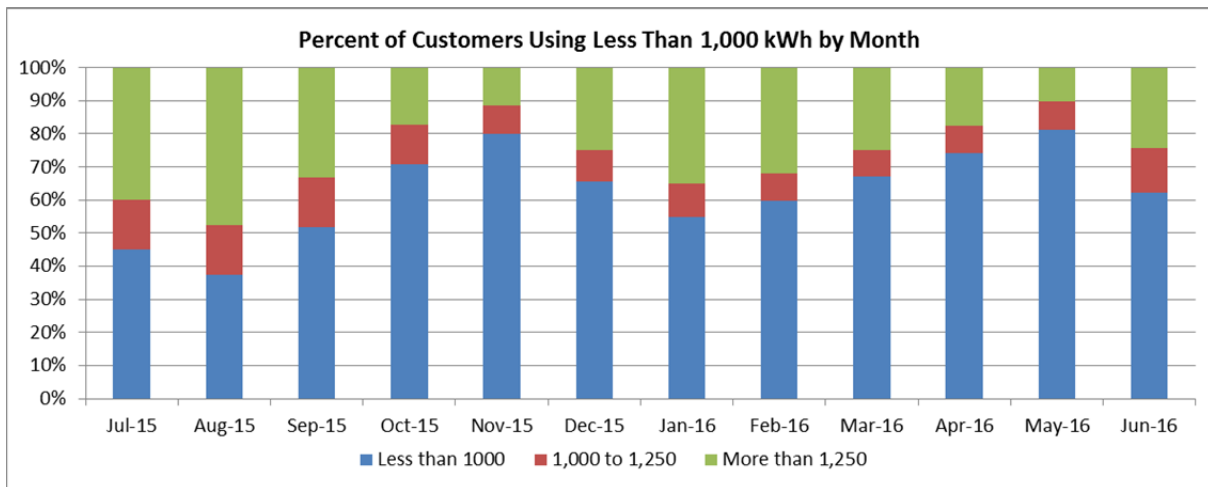
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A. Ameren Missouri provides customer usage distribution data in certain strata, and the strata that 1,014 falls in is 1,000 kWh to 1,250 kWh. Provided below is a table indicating that in the majority of months most bills end below 1,000 kWh.

10

11



3 Q. Does the Flex Pay Pilot program target “average” customers?

4 A. No. The program will target low income customers, and Mr. Davis states his
5 expectation that customers of the following categories may be likely subscribers:²

- 6
- 7 • Low income: Customers who are credit/debt challenged and/or have trouble paying their bills;
 - 8 • Millennials: Customers who combine personal benefit with social mission;
 - 9 • Immigrant Communities: Customers who grew up with prepay, have probably already been on prepay;
 - 10 • Wealthy: Customers managing second properties and the accounts of children in college;
 - 11 • Rental Unit Owners: Interested in including prepay in lease; and
 - 12 • Small Commercial: Use prepay to manage cash flow.
- 13
- 14

15 Q. Has Mr. Davis identified the levels of usage associated with these groups?

16 A. No. Mr. Davis states that Ameren Missouri is unaware of the levels of usage
17 associated with these groups.

18 Q. Does Ameren Missouri identify any reason why the subscribing customers’
19 individual prior usage could not be used as a baseline for any throughput calculation?

² Page 26 of Mr. Davis’ direct testimony.

Rebuttal Testimony of
Robin Kliethermes

1 A. No.

2 Q. Does Ameren Missouri identify any reason why the subscribing customers'
3 usage on the program could not be used to calculate any throughput calculation?

4 A. No.

5 Q. If offered as a MEEIA program, is it appropriate to annualize any reductions in
6 usage associated with the program for purposes of rate case revenue calculations as proposed
7 by Ameren Missouri?

8 A. No. There is no support for the premise that any savings that may result from
9 the program would persist after the program. Therefore, it would not be appropriate to
10 annualize any savings into rate case revenues. It would be even more problematic to
11 annualize any estimated savings based off of "average" customer usage, or the arbitrary 10%
12 value. Mr. Davis requests that Flex Pay Pilot program be treated as a MEEIA program, and
13 receive throughput disincentive compensation. However, he did not propose to exclude it
14 from the annualization process, as Home Energy Reports is excluded.

15 Q. Does this conclude your testimony?

16 A. Yes.

Robin Kliethermes

Present Position:

I am the Rate and Tariff Examination Manager of the Tariff and Rate Design Unit, Operational Analysis Department, Commission Staff Division, of the Missouri Public Service Commission. I had this position since July 16th, 2016. I have been employed by the Missouri Public Service Commission since March of 2012. In May of 2013, I presented on Class Cost of Service and Cost Allocation to the National Agency for Energy Regulation of Moldova (ANRE) as part of the National Association of Regulatory Utility Commissioners (NARUC) Energy Regulatory Partnership Program. I also serve on the Electric Meter Variance Committee.

Educational Background and Work Experience:

I have a Bachelor of Science degree in Parks, Recreation and Tourism with a minor in Agricultural Economics from the University of Missouri – Columbia in 2008, and a Master of Science degree in Agricultural Economics from the same institution in 2010. Prior to joining the Commission, I was employed by the University of Missouri Extension as a 4-H Youth Development Specialist and County Program Director in Gasconade County.

Additionally, I completed two online classes through Bismarck State College: Energy Markets and Structures (ENRG 420) in December, 2014 and Energy Economics and Finance (ENRG 412) in May, 2015.

Previous Testimony of Robin Kliethermes

Case No.	Company	Type of Filing	Issue
ER-2012-0166	Ameren Missouri	Staff Report	Economic Considerations
ER-2012-0174	Kansas City Power & Light Company	Staff Report	Economic Considerations
ER-2012-0175	KCP&L Greater Missouri Operations Company	Staff Report	Economic Considerations & Large Power Revenues
ER-2012-0345	Empire District Electric Company	Staff Report	Economic Considerations, Non-Weather Sensitive Classes & Energy Efficiency
HR-2014-0066	Veolia Kansas City	Staff Report	Revenue by Class and Class Cost of Service
GR-2014-0086	Summit Natural Gas	Staff Report	Large Customer Revenues
GR-2014-0086	Summit Natural Gas	Rebuttal	Large Customer Revenues
EC-2014-0316	City of O'Fallon Missouri and City of Ballwin, Missouri v. Union Electric Company d/b/a Ameren Missouri	Staff Memorandum	Overview of Case
EO-2014-0151	KCP&L Greater Missouri Operations Company	Staff Recommendation	Renewable Energy Standard Rate Adjustment Mechanism (RESRAM)
ER-2014-0258	Ameren Missouri	Staff Report	Rate Revenue by Class, Class Cost of Service study, Residential Customer Charge
ER-2014-0258	Ameren Missouri	Rebuttal	Weather normalization adjustment to class billing units
ER-2014-0258	Ameren Missouri	Surrebuttal	Residential Customer Charge and Class allocations
ER-2014-0351	Empire District Electric Company	Staff Report	Rate Revenue by Class, Class Cost of Service study, Residential Customer Charge
ER-2014-0351	Empire District Electric Company	Rebuttal & Surrebuttal	Residential Customer, Interruptible Customers

cont'd Previous Testimony of
Robin Kliethermes

Case No.	Company	Type of Filing	Issue
ER-2014-0370	Kansas City Power & Light Company	Staff Report	Rate Revenue by Class, Class Cost of Service study, Residential Customer Charge
ER-2014-0370	Kansas City Power & Light Company	Rebuttal & Surrebuttal	Class Cost of Service, Rate Design, Residential Customer Charge
ER-2014-0370	Kansas City Power & Light Company	True-Up Direct & True-Up Rebuttal	Customer Growth & Rate Switching
EE-2015-0177	Kansas City Power & Light Company	Staff Recommendation	Electric Meter Variance Request
EE-2016-0090	Ameren Missouri	Staff Recommendation	Tariff Variance Request
EO-2016-0100	KCP&L Greater Missouri Operations Company	Staff Recommendation	RESRAM Annual Rate Adjustment Filing
ET-2016-0185	Kansas City Power & Light Company	Staff Recommendation	Solar Rebate Tariff Change
ER-2016-0023	Empire District Electric Company	Staff Report	Rate Revenue by Class, CCOS and Residential Customer Charge
ER-2016-0023	Empire District Electric Company	Rebuttal & Surrebuttal	Residential Customer Charge and CCOS
ER-2016-0156	KCP&L Greater Missouri Operations	Staff Report	Rate Revenue by Class, CCOS and Residential Customer Charge
ER-2016-0156	KCP&L Greater Missouri Operations	Rebuttal & Surrebuttal	Data Availability, Energy Efficiency Revenue Adj., Residential Customer Charge
ER-2016-0179	Ameren Missouri	Rebuttal	Blocked Usage
ER-2016-0285	Kansas City Power & Light Company	Rebuttal & Surrebuttal	Clean Charge Network Tariff, Rate Design
GR-2017-0215	Spire (Laclede Gas Company)	Staff Report, Rebuttal & Surrebuttal	Tariff Issues, Rate Design and Class Cost of Service
GR-2017-0216	Spire (Missouri Gas Energy)	Staff Report, Rebuttal & Surrebuttal	Tariff Issues, Rate Design and Class Cost of Service
EC-2018-0103	Kansas City Power & Light	Staff Report	Customer Complaint