

Exhibit No.:
Issue(s): Revenue Allocation;
Rider C; Paperless
Billing; Low-Income
Billing
Witness: Michael W. Harding
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Union Electric Company
File No.: ER-2022-0337
Date Testimony Prepared: March 13, 2023

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2022-0337

SURREBUTTAL TESTIMONY

OF

MICHAEL W. HARDING

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

**St. Louis, Missouri
March 2023**

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SURREBUTTAL TESTIMONY

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FILE NO. ER-2022-0337

I. INTRODUCTION

1

Q. Please state your name and business address.

2

A. Michael W. Harding, Union Electric Company d/b/a Ameren Missouri
("Ameren Missouri" or "Company"), One Ameren Plaza, 1901 Chouteau Avenue, St.
Louis, Missouri 63103.

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**Q. Are you the same Michael W. Harding that submitted direct and
rebuttal testimony in this case?**

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7

8

A. Yes, I am.

9

II. PURPOSE OF TESTIMONY

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

10

11

A. The purpose of my surrebuttal testimony is to respond to the Rebuttal
Testimony of Staff witness Sarah Lange on revenue allocation, Rider C, and Tariff Sheet
No. 103 issues; respond to Rebuttal Testimony of Consumers Council of Missouri's witness
Jacqueline Hutchinson concerning disconnection data provided through data request
responses and regarding the paperless billing election process; and briefly respond to Staff
witness Amy Eichhoz's Rebuttal Testimony regarding low-income programs.

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1 **III. RESPONDING TO STAFF WITNESS SARAH LANGE**

2 **Q. What revenue allocations does Staff witness Sarah Lange describe as**
3 **reasonable in her rebuttal testimony in this case?**

4 A. In her rebuttal testimony, Ms. Lange provides a class revenue allocation
5 recommendation based on the results that relied on the standard CCOSS allocation methods
6 employed by Ameren Missouri and detailed in Tom Hickman's direct testimony. Ms. Lange
7 explains, "[a]s is, these results suggest that it would be reasonable to hold the lighting class
8 revenue requirement constant, and to apply an equal percent increase to the revenue
9 requirements of all other classes." This is further supplemented with a footnote that reads
10 as follows: "... I do not object to holding the company-owned lighting rates constant while
11 increasing the customer-owned lighting rates, based on that single aspect of the Ameren
12 Missouri study."¹

13 **Q. Does the Company agree with Staff?**

14 A. Yes, the Company agrees with Ms. Lange's footnoted alternative to holding
15 the company-owned lighting rates constant while increasing the customer-owned lighting
16 rates, and applying an equal percent increase for all other classes. As explained in the
17 rebuttal and surrebuttal testimony of Ameren Missouri witness Thomas Hickman, the
18 Company disagrees with Staff's CCOSS approach and results. However, the Company does
19 agree and find reasonable Ms. Lange's assessment of an equal percentage increase across
20 all classes after separately addressing lighting rate classes.

¹ File No. ER-2022-0337, Sarah Lange Rebuttal Testimony, pp. 52-53

1 **Q. Staff witness Sarah Lange recommends in her rebuttal that the Rider**
2 **C factor should be modified from 0.68% to 0.72% based on the engineering review of**
3 **Rider C loss rates that was completed by the Company in accordance with the Second**
4 **Unanimous Stipulation and Agreement filed December 6, 2021 in File No. ER-2021-**
5 **0240. Does the Company support making such a small modification to the loss rates**
6 **under Rider C?**

7 A. No. Based on the engineering review the 0.68% is still a reasonable factor
8 and the relatively small recommended change would currently require a fairly large amount
9 of effort to update. In addition to the reasons provided in Company witness Thomas
10 Hickman's Surrebuttal Testimony, each customer would need to have their rate manually
11 adjusted in the Company's meter data management system, as opposed to a single field
12 being changed that automatically applies to all customers.² Billing units, as detailed in the
13 Surrebuttal Testimony of Nicholas Bowden, would also need to be modified for each Rider
14 C customer to account for the change in usage.

15 **Q. What change to Tariff Sheets No. 103 & 104 did you propose in direct**
16 **testimony?**

17 A. Tariff Sheet 103 includes clarifying language to the General Rules and
18 Regulations, Customer Obligation section, G.5. that says, "following installation of
19 Company's metering equipment, [customer shall] not break, remove or tamper with the
20 security seal or other security device installed on customer-owned equipment by
21 Company."

² File No. ER-2022-0337, Thomas Hickman Surrebuttal Testimony, pp. 2-3

1 The change in tariff sheet 104, also within the Customer Obligation section, adds
2 the following clarifying language: "[Customer shall] be responsible for payment of all
3 electric service used on customer's premises and for all requirements of the provisions of
4 the Service Classification under which the electric service is provided, until such time as
5 customer notifies Company to terminate service."

6 **IV. RESPONSE TO CCM WITNESS HUTCHINSON**

7 **Q. What disconnection data is CCM referring to in their rebuttal**
8 **testimony on page 4?**

9 A. CCM requested a long list of data related to disconnections and unpaid bills
10 grouped by zip code in the Ameren Missouri service territory. The Company provided
11 certain data, consisting of a variety of counts and metrics, including disconnection counts
12 by zip code over a nearly 4-year period. CCM then took the data they were provided and
13 presented in rebuttal testimony one new field, "percent Population Non-White" that
14 displays a percentage of the Non-White population corresponding to the applicable zip
15 code, and one new calculated field based on the data Ameren Missouri provided to come
16 up with a field called "Disconnection Ratio." The ratio was hardcoded, but a simple
17 calculation dividing the total electric disconnections by the Total Residential Accounts
18 yielded the same results. CCM then isolated the top 20 zip codes with the largest
19 percentages in the "Percent Population Non-White" field and used a straight line average
20 of their "Disconnection Ratios" to arrive at an Average of .121 or 12.1%. They then took
21 the straight line average of the remaining 161 zip codes "Disconnection Ratios" and straight
22 line averaged those to arrive at .059 or 5.9%.

1 **Q. What does CCM conclude based on this data?**

2 A. CCM claims that the "... data-driven evidence demonstrates that electric
3 service disconnections in Ameren's service territory during the period reported are highly
4 concentrated in communities of color"³ CCM then takes the difference between the
5 aforementioned straight line averages to claim customers in these 20 zip codes are "...
6 twice as likely to have experienced service disconnections than those in the remaining zip
7 codes...."⁴ This leads CCM to further conclude based on this data that programs and
8 policies are required to "reverse the inequities "baked into" the existing home energy
9 security landscape."⁵

10 **Q. Does CCM define what this means or clarify what disconnections due**
11 **to non-payment have to with their conclusions?**

12 A. No.

13 **Q. Does the data support CCM's conclusion?**

14 A. No. CCM's reasoning relies on inappropriate inductive generalizations, or
15 put another way, they attempt to use a small sub-set of data (non-random sample) to make
16 a larger generalization about the entire service territory. Other factors that explain the
17 relationship are not explored by CCM.

18 **Q. What are some of the issues with the data that CCM has based their**
19 **argument on?**

20 A. When the "Lower 160 Zips," which is the remaining zip codes that did not
21 make CCM's 20 zip code list in the comparison, are evaluated based on the identical

³ File No. ER-2022-0337, Jacqueline Hutchinson Rebuttal Testimony, p. 4, ll. 9-11.

⁴ *Id.*, p. 4, ll.13-14

⁵ *Id.*, p. 6, l. 8

1 methodology presented by CCM, the average of the top 20 zip codes with the highest
 2 disconnection ratios on *this list* is actually *6% higher* than the 20 zip codes presented by
 3 CCM and the income per household is approximately \$2,000 less. This comparison
 4 highlights that factors other than the racial makeup of a zip code appear to be contributing
 5 to similar, if not slightly higher, disconnection rates than in the areas presented by CCM.
 6 This table is shown below:

Top 20 Disconnection Ratios of CCM "Lower 160 Zips" presented in Rebuttal				CCM "Top 20 Non-White Zips" Presented in Rebuttal			
ZIP	Disconnections Ratio	Percent Population Non-White	Income Per Household 2010	ZIP	Disconnections Ratio	Percent Population Non-White	Income Per Household 2010
63847	0.53	0%	\$23,913	63115	0.21	98%	\$23,951
63866	0.23	19%	\$22,422	63120	0.23	98%	\$24,826
64068	0.23	6%	\$71,598	63113	0.19	97%	\$28,180
63820	0.23	2%	\$23,125	63106	0.14	96%	\$17,792
63862	0.21	36%	\$27,564	63147	0.18	94%	\$30,177
63851	0.18	49%	\$27,090	63133	0.13	93%	\$22,346
63540	0.18	9%	\$51,250	63107	0.21	92%	\$23,911
63827	0.17	9%	\$44,000	63136	0.14	91%	\$32,224
63830	0.16	31%	\$30,979	63121	0.11	85%	\$37,866
63333	0.16	2%	\$44,231	63112	0.11	79%	\$37,970
63653	0.16	0%	\$32,375	63137	0.12	77%	\$40,462
63837	0.15	11%	\$29,970	63138	0.13	77%	\$38,682
63823	0.15	5%	\$36,221	63134	0.1	67%	\$39,639
65025	0.15	1%	\$39,934	63033	0.04	62%	\$54,133
63111	0.14	45%	\$27,019	63135	0.09	62%	\$44,959
63834	0.13	44%	\$33,457	63118	0.11	61%	\$35,580
63877	0.13	14%	\$39,375	63102	0.05	58%	\$55,053
63703	0.12	25%	\$28,721	63034	0.01	57%	\$91,109
63845	0.12	4%	\$32,614	63104	0.05	51%	\$53,645
63347	0.1	2%	\$63,381	63103	0.07	50%	\$40,247
	18%	16%	\$36,462		12%	77%	\$38,638

Note: Straight lined averages are used to maintain consistency with what CCM presented in Rebuttal.

7 **Q. Is there an alternative explanation for certain areas having higher**
 8 **levels of disconnection?**

9 A. Yes, and unsurprisingly, the answer is likely income level. A quick
 10 calculation of the correlation coefficient between the Disconnection Ratio and the Income

1 per Household results in a coefficient of approximately -.6. This is at least directionally
2 what we would expect and shows a moderate correlation between disconnections and
3 income per household, where increases in disconnections show a moderate correlation to
4 decreases in household income. A coefficient close to negative or positive 1 indicates a
5 strong correlation, whereas values close to 0 indicate no correlation. Based on CCM's
6 argument, I then used the same disconnection data set along with the "Percent Population
7 Non-White" data set that CCM uses to draw their conclusion from. The resulting
8 correlation coefficient is .36. It is closer to 0 indicating a substantially lower correlation
9 and is significantly less than the data set comparing Disconnection Ratios to Income per
10 Household. These comparisons of course do not explain all of the complexities that result
11 in a customer's disconnection, as reality is always much more complex and correlation does
12 not necessarily imply causation; however, it does illustrate the fact that income appears to
13 have a greater influence than geographical location and is a more robust evaluation than
14 simple averages.

15 **Q. Does the Company recommend rejection of CCM's proposal for a**
16 **targeted zip code disconnection reduction program?**

17 A. Yes, both because it's my understanding that the Company cannot treat
18 customers differently unless the service the Company provides is somehow different, and
19 because the data does not show the causative effect CCM claims it does. However, the
20 Company continues to be ready and willing to explore how to address disconnection
21 concerns with CCM and other interested stakeholders they may have. Driving equitable
22 outcomes in vulnerable communities is a priority for Ameren, and in 2022, two new roles
23 were added to the corporate Sustainability and Energy Equity team — an Energy Equity

1 Solutions Manager and an Energy Equity Analyst. These new roles work collaboratively
2 to develop and help implement an energy equity framework with an intent of helping
3 disadvantaged and vulnerable communities (urban and rural) across our service area to
4 thrive.

5 **Q. CCM also concurs with Staff witness Contessa King's concerns with the**
6 **use of pre-checked boxes to enroll customers in paperless billing. Is there additional**
7 **background that the Commission should consider regarding the pre-checked box for**
8 **paperless billing enrollment?**

9 A. Yes. First, based on feedback from Staff and customers, the Company
10 released enhancements in November 2022 (Ameren.com) and February 2023 (mobile app)
11 to further highlight that the box was checked and would result in the customer no longer
12 receiving paper bills in the mail. These enhancements are still new, and the Company will
13 continue to monitor customer feedback to ensure the enhancements have a positive impact
14 on customer satisfaction. Second, Ameren Missouri's analysis of the impact of increasing
15 paperless billing adoption rates showed significant affordability benefits for customers.
16 Ameren Missouri regularly benchmarks against other utilities who are leaders in various
17 products and services to identify opportunities for improvement. In 2021, the Company
18 conducted a case study with Southern Company utilities to learn about their paperless
19 billing process. At that time, Southern Company had 57% of its customers enrolled in
20 paperless billing with the primary driver behind their success being the implementation of
21 a pre-checked box in three self-service journeys on their website - online bill pay, Auto
22 Pay enrollment, and start/transfer service. Ameren Missouri chose to implement the same
23 self-service journeys with our customers based on the Southern Company's success. The

1 journeys are only for customers who choose to engage with Ameren Missouri in a digital
2 channel, thereby presenting a higher propensity to embrace technology and the various
3 services it enables, such as paperless billing.

4 **V. RESPONSE TO STAFF WITNESS EICHHOLZ**

5 **Q. Does the Company disagree with any of the recommended changes to**
6 **its Keeping Current program that Staff witness Eichhoz makes in rebuttal testimony?**

7 A. No, the Company supports Staff's recommendations.

8 **Q. Does this conclude your surrebuttal testimony?**

9 A. Yes, it does.

