

Exhibit No.:
Issue(s): *Quality of Service*
Paperless Billing Program
Witness: *Contessa King*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *ER-2019-0335*
Date Testimony Prepared: *January 21, 2020*

MISSOURI PUBLIC SERVICE COMMISSION
FINANCIAL and BUSINESS ANALYSIS DIVISION
CUSTOMER EXPERIENCE DEPARTMENT

REBUTTAL TESTIMONY

OF

CONTESSA KING

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

CASE NO. ER-2019-0335

Jefferson City, Missouri
January 2020

** Denotes Confidential Information **

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **CONTESSA KING**

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

6 **CASE NO. ER-2019-0335**

7 Q. Please state your name and business address.

8 A. My name is Contessa King. My business address is 200 Madison Street,
9 Jefferson City, MO 65101.

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

11 A. I am employed by the Missouri Public Service Commission ("Commission") as
12 the Manager of the Customer Experience Department.

13 Q. Are you the same Contessa King who contributed to the Missouri Public Service
14 Commission Staff's ("Staff") Class Cost of Service Report ("CCOS Report"), filed
15 December 18, 2019?

16 A. Yes, I am.

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

18 A. The purpose of my rebuttal testimony is to expound on my testimony in Staff's
19 CCOS Report and respond to Union Electric Company, d/b/a Ameren Missouri's ("Ameren
20 Missouri") Witness Mark C. Birk regarding Ameren Missouri's proposed incentive to
21 encourage customers to adopt paperless billing.

22 Q. On page 39 of Staff's CCOS Report, you state that Staff is opposed to Ameren
23 Missouri's proposed incentives to encourage paperless billing; is that still your position?

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1 A. Yes, Staff remains opposed to Ameren Missouri's paperless billing incentive
2 proposal. I will address Staff's opposition to the incentives from a customer experience
3 perspective, and Utility Regulatory Auditor Karen Lyons will respond to the proposal from an
4 auditing viewpoint. Ms. Lyons will further explain how the proposed incentive in this
5 case compares to the incentive proposed in Ameren Missouri's last general rate Case, No.
6 ER-2016-0179.

7 Q. Please briefly describe the incentives Ameren Missouri is proposing in this case
8 to encourage paperless billing.

9 A. In an effort to increase paperless billing enrollment by its customers, Ameren
10 Missouri is proposing a \$0.50 incentive per bill to each new enrollee in Ameren Missouri's
11 paperless billing program. The \$0.50 bill credit, over a one-year period, will amount to
12 \$6.00 for each new enrollee in the program.

13 Q. Does the \$0.50 proposed bill credit reflect the exact amount of savings
14 associated with the Company rendering a paperless bill instead of a paper bill?

15 A. No. According to Ameren Missouri, the total cost of issuing a paper bill per
16 customer is \$0.4707 and approximately \$0.007 for paperless.¹ The \$0.04 difference between
17 the incentive offered (\$0.50) and the Company's savings per customer (\$0.46) would be
18 absorbed by the Company.² The incentive is intended to reasonably approximate the amount
19 of cost savings resulting from customers converting from a paper bill to paperless billing.
20 Ameren Missouri is not seeking recovery in rates in this proceeding of the cost associated with

¹ ER-2019-0335, Direct Testimony of Mark C. Birk, p. 4.

² ER-2019-0335, Direct Testimony of Mark C. Birk, p. 4-5.

1 the bill credit incentives; however, the Company is asking the Commission to approve the tariff
2 change filed to implement the incentive.³

3 Q. Will existing paperless billing participants qualify for the bill credit?

4 A. No. Based on Ameren Missouri's current proposal, only new paperless billing
5 enrollees will qualify for the incentive.

6 Q. Does Staff oppose Ameren Missouri's proposal to limit the incentive to new
7 paperless billing enrollees?

8 A. Yes. Staff is opposed to a bill credit used as an incentive to drive paperless
9 billing adoption.

10 Q. Can you please explain why Staff is opposed to the proposed incentive?

11 A. Staff is of the opinion that since all customers pay for all costs associated with
12 generating paperless and paper bills, including printing and mailing, all customers should
13 equally benefit from savings associated with paperless billing (also referred to as electronic
14 billing). Currently, all customers, irrespective of how their bills are generated, can benefit from
15 the savings Ameren Missouri receives from customers opting for paperless billing. It is Staff's
16 position that the Company should continue to pass savings associated with generating paperless
17 bills to all Ameren Missouri customers, instead of passing a portion of the savings exclusively
18 to newly enrolled paperless bill customers, as proposed.

19 Q. Are there other reasons why Staff opposes the proposed paperless bill incentive?

20 A. Yes. Ameren Missouri has not made the case on why incentivizing regulated
21 utility customers to participate in its paperless billing program, as proposed, is necessary. The
22 Company did not reference a particular electronic billing adoption rate or regional industry

³ 3rd Revised Tariff Sheet No. 63.

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1 standard that it is trying to achieve by offering the incentive. Additionally, the Company did
2 not provide analysis indicating that its paperless billing program is significantly underutilized
3 and that the only way reluctant customers are willing to participate in paperless billing is if the
4 Company provides a bill credit.

5 In data requests (DR) 0257 and 0257.1 (Schedule CK-r1), Staff inquired about any
6 research or surveys conducted by Ameren Missouri, or by a third party, to assess Ameren
7 Missouri customers' willingness or unwillingness to sign up for electronic bills. The Company
8 referenced several sources and studies,⁴ including a recent Paperless Billing Statement Study
9 prepared by Ameren Missouri. Four key insights from the Study stand out to Staff:

- 10 1) ** _____
11 _____
- 12 2) _____
13 _____
- 14 3) _____
- 15 4) _____
16 _____
17 _____⁵

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19 _____
20 _____

⁴ ** _____

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⁵ Paperless Billing Statement Study, Prepared by Ameren Missouri, Customer Engagement &
Research, September 2019.

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Q. How can Staff claim that the proposed incentive is not necessary to increase participation when Company Witness Mark C. Birk states that out of 1,200,000 customers about 204,000, or about 17%, of Ameren Missouri customers participate in paperless billing, which is only a 2% increase in participation from the 15% stated in Ameren Missouri’s previous rate case?

A. Staff’s analysis of participation numbers differ from Mr. Birk’s analysis. It is Staff’s belief that from July 2016 to July 2019 the percentage of customers enrolled in paperless billing improved from 15% to approximately 23% and not from 15% to 17% as indicated by Mr. Birk.

According to DR No. 0254.1 (Schedule CK-r2), ** _____

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Staff’s analysis indicates a steady increase in customers opting for paperless billing, and this increase occurred without a bill credit in place to incentivize participation.

Q. In an effort to create customer awareness, does Ameren Missouri promote its paperless billing program through multiple consumer touch points?

⁶ In case EE-2019-0385, the Commission granted Ameren Missouri a variance from Commission rule 4240-13.020(6) and approved a tariff revision which permits all eligible Ameren customers to choose a due date (“Pick Your Due Date”).

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A. Yes, Ameren Missouri promotes its paperless billing program by utilizing various communication channels. In Staff DR Nos. 0255, 0256 and 0259 Staff inquired about past, current and proposed marketing strategies and promotion efforts utilized by the Company to promote its paperless billing program. Specifically, Staff DR No. 0256 inquired about changes or improvements to promotion efforts from 2016 to 2019. The Company provided the following response to Staff’s DR No. 0256:

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Additionally, in an effort to improve program enrollment, ** _____

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⁷ Confidential DR Nos. 0259 and 0259.1.

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1 Company provided data states that paperless billing enrollment numbers increased from
2 15% in July 2016, to approximately 25% in November 2019. Staff cannot definitively state
3 that Ameren Missouri's improved promotion efforts is the sole contributor to greater electronic
4 billing participation, but improved customer engagement and outreach typically increases
5 customer awareness, which can result in increased participation.

6 Given the correlation between Ameren Missouri's improved promotion strategies and
7 increased paperless billing adoption, Ameren Missouri should continue aggressively promoting
8 paperless billing with a comprehensive marketing approach if it desires greater customer
9 adoption of paperless billing.

10 Q. Does this conclude your testimony?

11 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

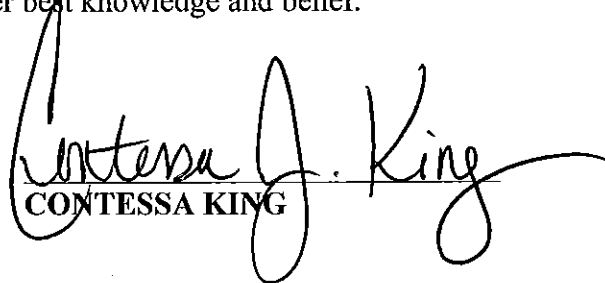
In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Decrease) Case No. ER-2019-0335
Its Revenues for Electric Service)

AFFIDAVIT OF CONTESSA KING

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW CONTESSA KING and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Contessa King*; and that the same is true and correct according to her best knowledge and belief.

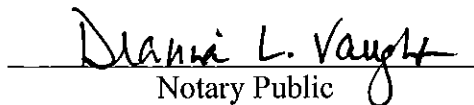
Further the Affiant sayeth not.



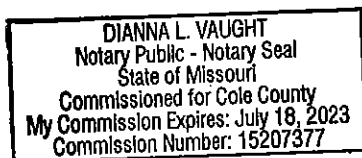
CONTESSA KING

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 16th day of January, 2020.



Notary Public



SCHEDULE CK-r1

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY

SCHEDULE CK-r2

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY