Exhibit No.: Issues: Rate Design Witness: Thomas M. Imhoff Sponsoring Party: MO PSC Staff Type of Exhibit: Direct Testimony Case No.: GR-2010-0363 Date Testimony Prepared: November 19, 2010

## MISSOURI PUBLIC SERVICE COMMISSION

# **UTILITY OPERATIONS DIVISION**

# **DIRECT TESTIMONY**

## OF

## **THOMAS M. IMHOFF**

# UNION ELECTRIC COMPANY d/b/a AMERENUE

# CASE NO. GR-2010-0363

Jefferson City, Missouri November 2010

## **BEFORE THE PUBLIC SERVICE COMMISSION**

### **OF THE STATE OF MISSOURI**

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

Case No. GR-2010-0363

### **AFFIDAVIT OF THOMAS M. IMHOFF**

**STATE OF MISSOURI** ) ) ss **COUNTY OF COLE** )

Thomas M. Imhoff, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of  $\int$  pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

Thomas M. Imho

day of November, 2010. Subscribed and sworn to before me this



Notary Public

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10 11	
12	Q. Please state your name and business address.
13	A. Thomas M. Imhoff, P.O. Box 360, Jefferson City, Missouri 65102.
14	Q. By whom are you employed and in what capacity?
15	A. I am the Rate & Tariff Examination Supervisor in the Energy Department of
16	the Missouri Public Service Commission (Commission).
17	Q. Please describe your educational background.
18	A. I attended Southwest Missouri State University at Springfield, Missouri. In
19	May 1981, I received a Bachelor of Science degree in Business Administration, with a major
20	in Accounting. In May 1987, I successfully completed the Uniform Certified Public
21	Accountant (CPA) examination and subsequently received the CPA certificate. I am currently
22	licensed as a CPA in the State of Missouri.
23	Q. What has been the nature of your duties with the Commission?
24	A. From October 1981 to December 1997, I worked in the Accounting
25	Department of the Commission, where my duties consisted of directing and assisting with
26	various audits and examinations of the books and records of public utilities operating within
27	the State of Missouri under the jurisdiction of the Commission. On January 5, 1998, I
28	assumed the position of Regulatory Auditor IV in the Gas Tariffs/Rate Design Department,
29	where my duties consisted of analyzing applications, reviewing tariffs and making

1	recommendations based upon those evaluations. On August 9, 2001, I assumed my current		
2	position of Rate & Tariff Examination Supervisor in the Energy Tariffs/Rate Design		
3	Department, where my duties consist of directing Commission Staff employed within the		
4	Department, analyzing applications, reviewing tariffs, and making recommendations based		
5	upon my evaluations and the evaluations performed by the Energy Tariffs/Rate Design Staff.		
6	Q. Have you previously filed testimony before this Commission?		
7	A. Yes. A list of cases in which I have filed testimony before this Commission is		
8	attached as Schedule 1.		
9	Q. With reference to Case No. GR-2010-0363, have you participated in the		
10	Commission Staff's (Staff) audit of AmerenUE (AmerenUE or Company)?		
11	A. Yes, I have.		
12	EXECUTIVE SUMMARY		
12 13	<b>EXECUTIVE SUMMARY</b> Q. What is the purpose of your Direct Testimony?		
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13 14 15	<ul> <li>Q. What is the purpose of your Direct Testimony?</li> <li>A. The purpose of my Direct Testimony is to provide an overview of Staff's position on AmerenUE's class cost of service (CCOS), rate design, energy efficiency and</li> </ul>		
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23

Q. What is the purpose of Staff's CCOS testimony?

A. The purpose of Staff's CCOS recommendation is to present a reasonable and
 equitable method for dividing Company's prudently incurred costs to provide service among
 the various classes of AmerenUE's customers, or, in other words, to provide the Commission
 with a measure of relative class cost responsibility for the overall revenue requirements of
 AmerenUE.

6

Q. What is CCOS?

7 AmerenUE's rates are set, based on the cost of providing service to its A. 8 customers and the opportunity to earn a return on its investment. Staff's CCOS study, the 9 results of which are contained in Staff's CCOS Report, determines how AmerenUE's cost of 10 service should be divided among its customers. For the purpose of setting a common rate for 11 individual classes of customer, those customers are grouped together based upon similar 12 usage characteristics into groups such as Residential, Small General Service, Large General 13 Service, Large Volume Transportation, Interruptible, and Standard Transportation. Staff then 14 considers which class is responsible for individual items of cost, and assigns that cost to the 15 class by either direct assignment or allocation using reasonable methods for determining the 16 class responsibility for that item.

17 Staff summarizes its results and compares those results to revenues being collected by 18 AmerenUE from each class based on current rates. The difference between a particular 19 customer class costs responsibility and the revenues generated by that customer class is the 20 amount that class is either subsidizing (generating revenues that are greater than costs) or is 21 being subsidized (generating revenues that are less than costs).

22

Q.

What is Staff's recommendation on CCOS?

1 A. Staff is recommending no revenue shifts in revenue responsibility between 2 AmerenUE's rate classes.

#### 3 **RATE DESIGN**

Q. What is rate design?

5 Rate design is the assignment of rates to each customer class and is based on A. 6 the Staff's CCOS study and other factors relevant to this case.

7

4

Q. What is Staff's position regarding the appropriate rate design for AmerenUE?

8 Staff proposes the Straight Fixed Variable (SFV) rate design for the A. 9 Company's Residential and Small General Service classes. SFV collects all non-gas costs in 10 a flat, fixed monthly/delivery charge. The fixed charge is the same for all residential 11 customers. In addition, Staff recommends conservation measures that are to be used in 12 concert with the SFV rate design proposal as outlined in the Staff's Cost of Service Report.

13 Staff recommends that each component of AmerenUE's Large Volume Transportation 14 Service, Standard Transportation Service, Large General Service and Interruptible Service 15 non-gas tariff rates increase by the same percentage as AmerenUE's non-gas revenue 16 requirement percentage increase. Staff is not proposing the SFV rate design for these 17 customer classes.

#### 18 **ENERGY EFFICIENCY AND LOW INCOME WEATHERIZATION PROGRAMS**

19

Q. What is Staff's position regarding AmerenUE's energy efficiency programs 20 and low-income weatherization programs?

21 A. Staff supports continuation of the energy efficiency programs and low-income 22 weatherization programs AmerenUE currently has in effect.

1	Q.	Please identify the Staff witness responsible for	addressing each area in the
2	CCOS Report	t.	
3	A.	The Staff witness for each listed issue is as follows	:
4		Issue	Staff Witness
5		Class Cost of Service	Michael J. Ensrud
6		Allocations	Daniel I. Beck
7		Rate Design	Henry E. Warren
8		Peak Calculation	Kim Cox
9		Low Income Weatherization	Henry E. Warren
10		Energy Efficiency	Michael Stahlman
11	Q.	Does this conclude your Direct Testimony?	
12	A.	Yes it does.	

## UNIOIN ELECTRIC COMPANY d/b/a AMERENUE CASE NO. GR-2010-0363

# Summary of Cases in which prepared testimony was presented by: THOMAS M. IMHOFF

<u>Company Name</u> Terre-Du-Lac Utilities	<u>Case No.</u> SR-82-69
Terre-Du-Lac Utilities	WR-82-70
Bowling Green Gas Company	GR-82-104
Atlas Mobilfone Inc.	TR-82-123
Missouri Edison Company	GR-82-197
Missouri Edison Company	ER-82-198
Great River Gas Company	GR-82-235
Citizens Electric Company	ER-83-61
General Telephone Company of the Midwest	TR-83-164
Missouri Telephone Company	TR-83-334
Mobilpage Inc.	TR-83-350
Union Electric Company	ER-84-168
Missouri-American Water Company	WR-85-16
Great River Gas Company	GR-85-136
Grand River Mutual Telephone Company	TR-85-242
ALLTEL Missouri, Inc.	TR-86-14
Continental Telephone Company	TR-86-55
General Telephone Company of the Midwest	TC-87-57
St. Joseph Light & Power Company	GR-88-115
St. Joseph Light & Power Company	HR-88-116
Camelot Utilities, Inc.	WA-89-1
GTE North Incorporated	TR-89-182
The Empire District Electric Company	ER-90-138
Capital Utilities, Inc.	SA-90-224
St. Joseph Light & Power Company	EA-90-252
Kansas City Power & Light Company	EA-90-252
Sho-Me Power Corporation	ER-91-298
St. Joseph Light & Power Company	EC-92-214
St. Joseph Light & Power Company	ER-93-41
St. Joseph Light & Power Company	GR-93-42
Citizens Telephone Company	TR-93-268
The Empire District Electric Company	ER-94-174
Missouri-American Water Company	WR-95-205
Missouri-American Water Company	SR-95-206
Union Electric Company	EM-96-149
The Empire District Electric Company	ER-97-81
Missouri Gas Energy	GR-98-140
Laclede Gas Company	GR-98-374
Laclede Gas Company	GR-99-315
Atmos Energy Corporation	GM-2000-312
Ameren UE	GR-2000-512
Missouri Gas Energy	GR-2001-292
Laclede Gas Company	GT-2001-329
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Laclede Gas Company	GR-2001-629
Missouri Gas Energy	GT-2003-0033
Aquila Networks – L&P	GT-2003-0038
Aquila Networks – MPS	GT-2003-0039
Southern Missouri Gas Company, L.P.	GT-2003-0031
Fidelity Natural Gas, Inc.	GT-2003-0037
Atmos Energy Corporation	GT-2003-0032
Laclede Gas Company	GT-2003-0032
Union Electric Company d/b/a Ameren UE	GT-2003-0034
Laclede Gas Company	GT-2003-0117
Aquila Nerworks MPS & L&P	GR-2004-0072
Missouri Gas Energy	GR-2004-0209
Missouri Pipeline Company & Missouri Gas Company	GC-2006-0491
Atmos Energy Corporation	GR-2006-0387
Laclede Gas Company	GR-2007-0208
Missouri Gas Utility Company	GR-2008-0060
TriGen-Kansas City Energy Group	HR-2008-0300
Laclede Gas Company	GT-2009-0056
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