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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2016-0179

REBUTTAL TESTIMONY

OF

TARA K. OGLESBY

ON

BEHALF OF

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

**St. Louis, Missouri
January 2017**

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REBUTTAL TESTIMONY

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TARA K. OGLESBY

FILE NO. ER-2016-0179

1

I. INTRODUCTION

2

Q. Please state your name and business address.

3

A. My name is Tara Oglesby. My business address is One Ameren Plaza,
4 1901 Chouteau Avenue, St. Louis, Missouri 63103.

5

Q. By whom are you employed and what is your position?

6

A. I am employed by Union Electric Company d/b/a Ameren Missouri
7 (“Ameren Missouri” or “Company”) as Vice President, Customer Experience.

8

Q. Are you the same Tara Oglesby who filed direct testimony in this

9

case?

10

A. Yes, I am.

11

II. PURPOSE OF TESTIMONY

12

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

13

A. The purpose of my rebuttal testimony is to address three issues raised in
14 the direct testimony submitted by other parties to this proceeding:

15

- Paperless Billing Adjustments;

16

- Appropriate Bill Detail; and

17

- Recovery of Labor Costs through Rider EEIC.

1 **III. PAPERLESS BILLING ADJUSTMENTS**

2 **Q. Missouri Public Service Commission Staff (“Staff”) declined to make**
3 **a revenue adjustment to reflect the \$907,099 bill credit to customers who currently**
4 **use or later enroll in paperless billing. Do you agree with Staff's position?**

5 A. No, I do not. What we are attempting to do is reverse a subsidy reflected
6 in the rates that paperless billing customers are currently paying. As it stands today,
7 paperless customers pay rates that reflect postage costs for bills that are not mailed to
8 them.¹ The credit Ameren Missouri proposes to extend to paperless customers does
9 nothing more than reflect the postage savings those customers create. In other words, we
10 are providing the postage savings directly to the customers contributing to the postage
11 savings. By declining to reduce the level of revenues used to set the revenue requirement
12 in an amount equal to the cost of this postage, Staff is preventing Ameren Missouri from
13 passing the postage costs it saves due to paperless billing on to the customers responsible
14 for those savings. The impact of Staff's position would be that all customers effectively
15 benefit from the postage savings generated solely by the paperless billing customers,
16 meaning non-paperless billing customers unfairly benefit from the choice the paperless
17 billing customers made.

18 **Q. Please elaborate.**

19 A. The proposed credit for paperless billing is intended to be instituted going
20 forward (i.e., after this rate case is over). The credit will allow customers that chose to
21 receive a paperless bill (which produces cost savings by allowing the Company to avoid

¹ Non-paperless billing customers also pay those rates, but that is fair – postage costs must be incurred to send them a bill.

1 postage costs necessary to send bills to those customers) to participate in the cost savings
2 their choice created. Currently, over 188,000 customers make use of Ameren Missouri's
3 paperless billing option. To provide just these existing paperless customers the \$0.40 bill
4 credit per month, on an annual basis going forward, translates to over \$900,000 in annual
5 credits. As more customers enroll in the program, this total annual bill credit will
6 obviously increase. At this time, the cost savings associated with paperless billing are
7 shared equally among all Ameren Missouri customers. We are simply proposing that
8 those customers who make the choice to participate in paperless billing should enjoy the
9 full benefit of utilizing this cost-effective means of obtaining their billing information.

10 Although the benefit of paperless billing reflects a financial savings, customers
11 also indicate that their levels of satisfaction are higher from a paperless billing solution as
12 represented in the J.D. Power survey.²

13 Modernizing our billing by encouraging customers to participate in paperless
14 billing provides a win/win scenario for customers. Paperless customers will save money
15 directly and receive their billing information through a satisfying channel that leverages
16 current technologies and efficiencies.

17 **Q. Staff has also removed \$19,050 associated with an e-bill campaign**
18 **encouraging customers to enroll in paperless billing. How do you respond?**

19 A. I oppose the removal of the cost of this campaign. The e-bill campaign
20 was designed specifically to encourage our customers to enroll in paperless billing. And,
21 as I just explained, those customers will receive a direct benefit – a bill credit roughly

² As I noted in my direct testimony at p. 6, the J.D. Power and Associates 2015 Electric Utility Residential Customer Satisfaction Study noted that surveyed customers indicated they were more satisfied with paperless billing.

1 equivalent to the postage savings – from enrollment. Disallowing the cost of
2 communicating this benefit to customers is inappropriate. Ameren Missouri should be
3 allowed to recover this amount.

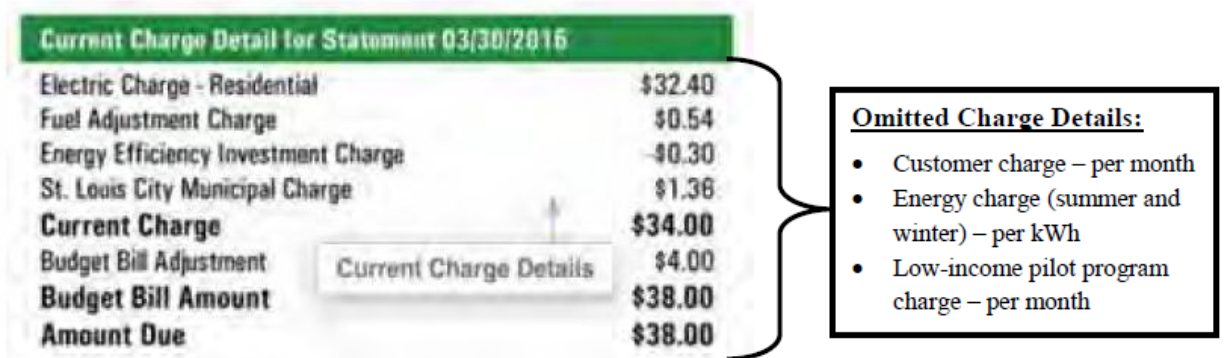
4 **IV. APPROPRIATE BILL DETAIL**

5 **Q. At pages 11 through 14 of his direct testimony, Office of the Public**
6 **Counsel ("OPC") witness Dr. Geoff Marke alleges that Ameren Missouri's bills do**
7 **not comply with the Missouri Public Service Commission's ("Commission") rules**
8 **requiring the clear statement of charges on customer bills. How do you respond?**

9 A. I am surprised by the allegation and disagree that our bills are not in full
10 compliance with the Commission's regulations. First, the rules do not contain any
11 requirement for much of the bill detail cited by Dr. Marke. There is no requirement that
12 the customer charge or volumetric rate be listed separately. The rule does require that the
13 amount due be listed – which is exactly what Ameren Missouri's bill provides.

14 That Dr. Marke is incorrect can be seen from the figure he included in his
15 testimony (at page 14 – reproduced below) and in a prior Commission decision, as I
16 discuss below.

Figure 8: Current Charge details on Ameren Missouri's residential bill



1 **Q. Why do you conclude that the above figure demonstrates compliance**
2 **with the Commission's rules?**

3 A. In a complaint case before the Commission in 2014 (File No.
4 EC-2013-0491), the Commission made the determination that a level of bill charge detail
5 that we formerly used in our postcard bills, and that is quite similar to the level of detail
6 used on our current bills (depicted in Dr. Marke's figure), was appropriate and complied
7 with the Commission's rules. Specifically, the Report and Order³ said that, "[t]he
8 evidence showed that the January 21, 2013 bill contained all the information required by
9 Commission Rule 4 CSR 240-13.020(9)."

10 The charge detail in that bill⁴ looked like this:

³ Report and Order, EC-2013-0491, Harter v. Ameren Missouri, November 13, 2013.

⁴ Joint Stipulation of Non-Disputed Material Facts, EC-2013-0491, September 24, 2013, p. 1 Exh. B.
Please note that customer-specific information, including usage amounts, has been redacted from Exh. B.

PRES RDC	PREV RDC	USE	READING	RATE	AMOUNT
[REDACTED]	[REDACTED]	Actual	[REDACTED]	[REDACTED]	[REDACTED]
Fuel Adjustment Charge					[REDACTED]
Energy Efficiency Invest Chg					[REDACTED]
Muni Chg					[REDACTED]
Payment Agreement					[REDACTED]
Amount Due on 02/01					[REDACTED]

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
AMEREN

Service at: [REDACTED]
Service from: [REDACTED] to [REDACTED] Days [REDACTED]
Last Payment: [REDACTED]
Acct. No. [REDACTED] Date 01/21/2013
Payment agreement amount/months remaining
after this bill: [REDACTED]

RETURN THIS STUB WITH PAYMENT TO:
AMEREN MISSOURI
P.O. BOX 66629, ST. LOUIS, MO 63166-6529

ADDRESS SERVICE
REQUESTED [REDACTED]

Acct. No. [REDACTED]

Amt Due	[REDACTED]
Due By	02/01
Delinquent After	02/12

1

2 Except for how the actual usage for the two examples is listed, the content of
3 these two areas are essentially the same. If the postcard bill at issue in the complaint case
4 met the Commission's rules, I fail to see how our current bill does not meet those same
5 rules.

6 **V. RECOVERY OF LABOR COSTS THROUGH RIDER EEIC**

7 **Q. Please explain Ameren Missouri's position regarding recovery of**
8 **Missouri Energy Efficiency Investment Act ("MEEIA") labor costs through its**
9 **Energy Efficiency Investment Charge Rider ("Rider EEIC").**

10 A. Previously, Ameren Missouri included all of its labor costs in its Payroll
11 and Benefits costs used to determine base rates. Ameren Missouri believes it is

1 appropriate to remove that portion of those labor costs that are attributable to operation of
2 its MEEIA program from the determination of base rates, and instead include those costs
3 in the costs accumulated for recovery through Rider EEIC.

4 **Q. Please explain.**

5 A. Rider EEIC allows the Company to recover projected program costs,
6 which are defined as:

7 ...program expenditures, including such items as program design,
8 administration, delivery, end-use measures and incentive payments,
9 evaluation, measurement and verification, market potential studies, and
10 work on the Technical Resource Manual (TRM).

11 Since the Company's staff time is spent on these duties (e.g., program design,
12 administration, work on the TRM, etc.), it is appropriate to remove these costs from base
13 rates and instead pass them through Rider EEIC.

14 **Q. What is Staff's position regarding recovery of MEEIA labor costs
15 through Rider EEIC?**

16 A. While there is not yet any testimony supporting the position, Staff
17 indicated that it opposes Ameren Missouri's adjustment of these costs out of Payroll and
18 Benefits, and I assume by extension, the recovery of those costs through Rider EEIC.

19 **Q. Does Staff's position change Ameren Missouri's proposal for recovery
20 through Rider EEIC?**

21 A. No. I still believe it is appropriate for these costs to be recovered through
22 our Rider EEIC, which allows timely recovery of specific company expenses associated
23 with the implementation of the MEEIA programs. As I noted, the Company's current
24 Rider EEIC allows the recovery of this type of cost through its definition of "Program

1 Costs."⁵ Until now, Ameren Missouri has not chosen to use this type of recovery for
2 these costs. However, Kansas City Power & Light Company ("KCPL"), which has a very
3 similar definition of "Program Costs" in its tariff, has been recovering its MEEIA labor
4 costs through its Demand Side Investment Rider since its first related tariffs became
5 effective in July 2014.⁶

6 **Q. KCPL is conducting a rate proceeding at roughly the same time as**
7 **Ameren Missouri's rate review. Do you know if Staff has taken a position on**
8 **KCPL's Demand Side Investment Mechanism Rider ("DSIM Rider")?**

9 A. Yes, it appears Staff has taken a position on KCPL's DSIM Rider recovery
10 of labor costs similar to the one it has taken here. In File No. ER-2016-0285, Staff
11 opposed KCPL's labor cost adjustment and indicated those costs should be recovered
12 through its base rates rather than through its DSIM Rider. Staff gave three primary
13 reasons for taking this position:

- 14 • To avoid shifting the cost recovery risk from the company to the customer;
- 15 • To avoid any potential double recovery of labor costs; and
- 16 • Because KCPL's DSIM Rider does not specifically list labor cost as a program
17 cost for recovery.

18 **Q. Do you believe that these three reasons given in KCPL's case have any**
19 **merit?**

20 A. No, I do not.

⁵ Please note, qualifying low income customers are exempt from Rider EEIC.

⁶ KCPL's Demand Side Investment Mechanism Rider, Schedule DSIM (Sheet No. 49 effective July 6, 2014) allows for the recovery of "Program Costs, TD-NSB Share, and Performance Incentive Award (if any) for the MEEIA Cycle 1 Plan)."

1 First, I do not believe that recovering labor as Program Costs "needlessly shift[s]
2 the cost recovery risk ... to the customer." These are costs that are directly caused by the
3 implementation of the MEEIA programs so it is entirely appropriate that they be
4 recovered through the Rider EEIC. It is only appropriate that customers who pay the
5 costs of the program pay the labor costs involved in implementing the program. This is
6 simply a more direct means by which to do so.

7 Second, Staff fears that the risk of double recovery can occur when an employee
8 who was included in the labor annualization for base rates bills time for the utility's
9 MEEIA program. However, the Company's time collection system is set up to record
10 MEEIA and other duties separately which will mitigate the possibility of inadvertently
11 including MEEIA time in base rates. Additionally, Ameren Missouri's Tariff already
12 includes a safeguard: a true-up mechanism allowing actual expenses to be reconciled with
13 projected expenses. Once we reach the point of reconciliation, we cannot only look at
14 actual and projected expenses, but how that compared to the labor adjustment in this rate
15 case. If there remains a difference, we can correct it.

16 Third, Staff maintains that "Program Cost" does not call labor out as a specific
17 item eligible for recovery. The definition does, however, state that the term "Program
18 Costs' means program expenditures, *including such items as...*" [emphasis added]
19 activities that involve the direct involvement of utility employees. Not only is this a
20 non-exclusive list, but the activities that are listed are ones that involve extensive internal
21 employee involvement. In other words, internal labor costs fall very neatly within the
22 definition of Program Costs that the Rider allows to be recovered.

1 That said, Ameren Missouri had already suggested a revision to its Rider EEIC in
2 the interest of clarity, which should assuage this Staff concern. Ameren Missouri
3 proposed, as part of this proceeding, a revision to Tariff Sheet 91.3, which addresses the
4 Energy Efficiency Investment Rate ("EEIR") calculation, and projected program costs as
5 a part of that calculation. This portion of the calculation now specifically calls out
6 internal labor costs as part of Projected Program Costs:

7 PPC = Projected Program Costs is an amount equal to Program Costs
8 projected by the Company to be incurred during the applicable
9 EP, including Company's Energy Efficiency Department's
10 internal labor costs and associated benefits.

11 This revision doesn't modify the definition of Program Costs itself; the Company does
12 not believe that clarification of that definition is necessary. However, approval of this
13 revision to the Projected Program Costs element of the EEIR calculation will provide
14 additional clarity.

15 **Q. Does this conclude your rebuttal testimony?**

16 A. Yes, it does.

