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Witness: Robin Kliethermes
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MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

REBUTTAL TESTIMONY

OF

ROBIN KLIETHERMES

UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

CASE NO. ER-2014-0258

*Jefferson City, Missouri
January 2015*

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UNION ELECTRIC d/b/a AMEREN MISSOURI

CASE NO. ER-2014-0258

Q. Are you the same Robin Kliethermes who contributed to Staff's Cost of Service Direct Report and Staff's Class Cost of Service and Rate Design Direct Report?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my testimony is to respond to Ameren Missouri witness James Pozzo's direct testimony regarding the adjustment of billing units to reflect normal weather.

Q. How did Ameren Missouri adjust class billing units to reflect normal weather for the Residential, Small General Service, Large General Service and Small Primary Service rate classes?

A. Ameren Missouri applied the monthly class weather factors equally to all usage blocks within a month.

Q. Is this the most reasonable way to apply a class' monthly weather factor, in light of Ameren Missouri's rate structure?

A. No. Ameren Missouri's winter rates have a declining block rate structure, and it is not likely that weather will impact the usage in each block equally.¹

Q. What is a declining block rate structure?

¹ Certain classes also have a declining block rate design for summer energy charges.

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1 A. A declining block rate structure relies on a rate design in which usage in the
2 first block is billed at a more expensive rate than usage in the second block. For example, a
3 Residential customer using 1,000 kWh in a winter month would be billed at a rate of
4 \$0.0808/kWh for the first 750 kWh (\$60.60) and a rate of \$0.0538/kWh for the remaining 250
5 kWh (\$13.45).

6 Q. In this example, how would Ameren Missouri's adjustment be applied?

7 A. If the weather factor is 95% for that month, Ameren Missouri's adjustment
8 would put 712.5 kWh in the first block and 237.5 kWh in the second block. In this example
9 Ameren Missouri's adjustment would understate revenues. The resulting revenue adjustment
10 would reflect a first block energy charge of \$57.57 (a decrease of \$3.03) and a second block
11 energy charge of \$12.78 (a decrease of \$0.67), for a total energy charge of \$70.35.

12 Q. Is this revenue result consistent with the change in revenues that Ameren
13 Missouri would have experienced if that customer had used only 95% of the usage they
14 actually used?

15 A. No. If that customer had used 950 kWh instead of 1,000, the customer would
16 still be billed a rate of \$0.0808/kWh for the first 750 kWh (\$60.60) but at a rate of
17 \$0.0538/kWh for the remaining kWh, in this instance 200 kWh (\$10.76), for a total energy
18 charge of \$71.36.

19 Q. Is it possible to adjust class revenues for the weather factors to approximate the
20 adjustment to each customer's total bill to more reasonably account for the blocked rate
21 elements of Ameren Missouri's rate design?

22 A. Yes. Depending on the information available and the statistical quality of that
23 information, the usage in the blocks in which a customer's usage ended can be analyzed

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1 independently of the usage in the blocks that would not be impacted by the weather factor
2 adjustment.

3 Q. How did staff do that in this case?

4 A. Staff reviewed the Company's cumulative frequency distribution data and also
5 performed regression analysis of each class' blocked usage. This allowed Staff to reasonably
6 estimate what portion of a normalization adjustment to apply to each block of usage for each
7 class.

8 Q. What is your recommendation to the Commission?

9 A. I recommend the Commission rely on Staff's revenue calculation which
10 reasonably allocates the weather adjustment among each class' declining block rate structure.

11 Q. Does this conclude your rebuttal testimony?

12 A. Yes.