

EXHIBIT

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Issue(s): Keeping Current Pilot Programs/
Low Income Weatherization/
Low Income Exemption from
the MEEIA Rider EEIC Surcharge/
Rate Design Comments/
Class Cost of Service
Study Comments
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REBUTTAL TESTIMONY

OF

GEOFF MARKE

Submitted on Behalf of
the Office of the Public Counsel

**UNION ELECTRIC
D/B/A
AMEREN MISSOURI**

Case No. ER-2014-0258

January 16, 2015

OPC Exhibit No. 404
Date 3-04-15 Reporter KF
File No. ER-2014-0258

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariff to)
Increase Its Revenues for Electric Service)
)
)

Case No. ER-2014-0258

AFFIDAVIT OF GEOFF MARKE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Geoff Marke, of lawful age and being first duly sworn, deposes and states:

1. My name is Geoff Marke. I am a Regulatory Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.




Geoff Marke

Subscribed and sworn to me this 16th day of January 2015.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13754037



Jerene A. Buckman
Notary Public

My Commission expires August 23, 2017.

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REBUTTAL TESTIMONY
OF
GEOFF MARKE
UNION ELECTRIC COMPANY
d/b/a Ameren Missouri
CASE NO. ER-2014-0258

1 **I. INTRODUCTION**

2 **Q. Please state your name, title and business address.**

3 A. Dr. Geoffrey Marke, Economist, Office of the Public Counsel (OPC or Public Counsel), P.O.
4 Box 2230, Jefferson City, Missouri 65102.

5 **Q. Are you the same Geoff Marke that filed direct testimony in ER-2014-0258?**

6 A. I am.

7 **Q. What is the purpose of your rebuttal testimony?**

8 A. The purpose of this testimony is to respond to comments filed regarding Ameren Missouri's:

- 9 • Low-income pilot program Keeping Current & Keeping Cool by Missouri Public
10 Service Commission's Staff (Staff) expert/witness Kory Boustead.
- 11 • Low-income weatherization program by Missouri Division of Energy's (DE) witness
12 John Buchanan and Staff expert/witness Dr. Henry Warren.
- 13 • Exemption of low-income ratepayers from the Missouri Energy Efficiency
14 Investment Act (MEEIA) surcharges by Staff expert Michael Stahlman.
- 15 • "Double recovery" of solar rebate charges from Missouri Industrial Energy
16 Consumers (MIEC) witness Greg Meyer.

1 Furthermore, I will respond to the energy efficiency suggestions of DE witness Jane Lohraff
2 regarding questions posed by the Commission on rate design.

3 **II. KEEPING CURRENT PILOT PROGRAMS**

4 **Q. Did Staff express any opinion on whether or not the Keeping Current Pilot programs**
5 **should be continued or modified?**

6 A. Staff expert/witness Kory Boustead commented on the Keeping Current Pilot program on
7 pages 141 to 148 of the Staff Report—Revenue Requirement—Cost of Service. Based on the
8 review of the 2012 evaluation of the Keeping Current Pilot programs and the changes made
9 to the program to date, Staff witness Kory Boustead recommended that the Keeping Current
10 low-income programs be renewed with the same budget.

11 **Q. What, if any, events have taken place since Staff's recommendation to inform your**
12 **current testimony?**

13 A. The most recent evaluation of Keeping Current was given to stakeholders in draft form.

14 **Q. Understanding that the evaluation is still in draft form and subject to change, was there**
15 **any relevant data in the evaluation which the Commission should be aware?**

16 A. Yes. Overall the programs have performed as they were intended to perform. Ratepayer
17 arrearages have been reduced, bill payment is more consistent and bill credits have helped
18 mitigate the energy burden of those most in need. Cooling participants (Keeping Cool) did
19 not see the same improvements in bill payment regularity or reductions in collections actions
20 as the other participants. However, a goal of that particular program is to encourage the use
21 of their air conditioners.¹

¹ Participating Keeping Cool agencies have largely targeted low income seniors for this program.

1 Perhaps the most revealing information to come out of the evaluation is that of those
2 ratepayers who successfully enrolled in the programs; more than half defaulted on their
3 agreement within the first year. This pilot program has now been in place since October
4 2010. One can conclude from this information that customers may need additional assistance
5 to remain current on their bills. Both evaluation studies to date have emphasized that
6 recipients need to be maximizing all available energy assistance programs concurrently with
7 Keeping Cool to avoid defaults. However, since 2010, the evidence suggests that recipients
8 are in fact utilizing fewer additional energy assistance programs. The draft evaluation states:

9 The previous evaluation found that there was not enough emphasis on this
10 program requirement [that participants have to apply for LIHEAP or
11 weatherization assistance]. The current evaluation found that this continues
12 to be the case, and that participants are now significantly less likely to
13 receive both LIHEAP and other energy assistance following program
14 enrollment. Customers need this assistance to achieve affordable energy
15 bills and agencies should be assisting participants to enroll in other energy
16 assistance and in weatherization.²

17 **Q. What does Public Counsel recommend?**

18 A. Moving forward, Public Counsel recommends that the Keeping Current pilot
19 programs be renewed at the current funding level. Additionally, Public Counsel
20 recommends a tariff change to the second provision, which currently reads:

21 2. Customers will apply for weatherization and LIHEAP assistance.³

22 To

23 2. Customers must apply for weatherization and LIHEAP assistance.

² Apprise (2015) Ameren Keeping Current Program Draft Evaluation Report p. 78.

³ Union Electric Company, Schedule of Rates for Electricity, Mo. P.S.C. Schedule No. 6, Sheet No. 160.

1 Stronger language ensuring that Keeping Current participants have applied for
2 weatherization and LIHEAP assistance may help to decrease defaults and ensure that
3 Keeping Current is successful.

4 **III. LOW-INCOME WEATHERIZATION**

5 **Q. Did Staff or DE present any opinion on whether or not the low-income weatherization**
6 **program should be continued or modified?**

7 A. Staff expert/witness Dr. Henry E. Warren commented on the low-income weatherization
8 program on pages 138 to 141 of the Staff Report—Revenue Requirement—Cost of Service.
9 DE witness John Buchanan addressed low-income weatherization in his direct testimony.

10 Both Staff and DE are in support of continuing the low-income weatherization program at its
11 current funding level. However, both entities have diverged on the need for future
12 evaluations of the weatherization programs. Staff has recommended that the next evaluation
13 (following the completion of the July 2015 evaluation) be completed between the next two to
14 five years. DE has recommended that the evaluation component be dropped following the
15 next report.

16 **Q. What has taken place with evaluations to date?**

17 A. The low-income weatherization program has included a biennial evaluation component
18 which was authorized by the Commission in ER-2007-2002, ER-2011-0028 and in ER-2012-
19 0166. Evaluations took place in 2009, 2012 and a third evaluation is set to be complete in
20 July of 2015. These evaluations will have cost ratepayers roughly \$360,000, and according
21 to DE's witness John Buchanan testimony, is equivalent to weatherizing 180 homes (at an
22 average cost of \$2,000/unit) in Ameren Missouri's service territory. As outlined in Mr.
23 Buchanan's testimony, it is unclear what benefit these evaluations have provided
24 stakeholders.

1 **Q. Please explain.**

2 A. There are three general categories of evaluations that are usually performed when examining
3 a program: process, outcome and impact. A process evaluation looks at the actual
4 development and implementation of a particular program as well as the cause-and-effect
5 relationships between the program components and outcomes. For low-income
6 weatherization, this largely involves collecting information from the community action
7 agencies implementing the program.

8 An outcome evaluation measures the change that has occurred as a result of a program. For
9 low-income weatherization, this has generally focused on the impact of weatherization
10 assistance on bill payment, bad debt and arrears.

11 An impact evaluation looks at the long-term, deeper changes that have resulted from a
12 program. These evaluations may look at additional cost or benefit elements that are a result of
13 the program. For low-income weatherization this might include decreased visits to the
14 emergency room for weather-related illnesses. Ideally, an impact evaluation also would
15 involve establishing a control group and measuring changes over extended periods of time.

16 **Q. What kind of evaluations have been performed over Ameren Missouri's low-income**
17 **weatherization program?**

18 A. The low-income weatherization evaluations largely have been process and outcome oriented.
19 Evaluators have collected information from implementation agencies on program delivery
20 and have looked at the outcome of weatherization on bill payments as well as the net savings
21 benefits utilized in energy efficiency cost-effectiveness tests.

22

23

24

1 **Q. Has the weatherization program had a positive impact on bill payments?**

2 A. Yes. According to the 2012 Cadmus Residential Low-Income Weatherization Program
3 Evaluation Final Report the payment behavior analysis of low-income weatherization
4 residents included the following highlights:

- 5 • The average number of disconnects for participants declined (by 139%)
6 compared to the control group.
- 7 • The percent of payments made by participants increased by an average
8 of 5% compared to the control group.
- 9 • The frequency of monthly arrangements increased by 3% for
10 participants, though, the amount of assistance needed declined as the
11 percent of payments made by customers increased.
- 12 • Average arrearage and number of payments made by participants
13 showed no significant changes as a result of participation in LIWP.⁴

14 **Q. Has the weatherization program been cost-effective?**

15 A. It depends on the test that is employed.

16 **Q. Please explain**

17 A. The bulk of the money that is utilized for weatherization comes from federal tax dollars.
18 Implementing agencies are required to utilize a cost-effectiveness test software program
19 approved by the Department of Energy to determine whether a home is eligible for
20 weatherization assistance.⁵ From the Department of Energy's point-of-view, the
21 weatherization program has been cost effective. However, stakeholders were interested in
22 whether or not the weatherization programs were cost effective from the perspective of the

⁴ The Cadmus Group, Inc. (2012) Residential Low Income Weatherization Program Evaluation. p. 16-17.

⁵ Oak Ridge National Laboratory. (2015). Weatherization and SEP Support Program: The Weatherization Assistant Features http://weatherization.ornl.gov/assistant_features.shtml

1 tests that are utilized in Missouri's energy efficiency programs. These cost-effectiveness tests
2 can be further broken down for testing at the program or at the measure level. Cadmus
3 utilized three cost-effectiveness tests, the Total Resource Cost Test (TRC), the Utility Cost
4 Test (UCT), and the Ratepayer Impact Test (RIM). The results of those tests can be seen in
5 table 1. A program or measure is found to be cost effective if the benefit-cost ratio is 1.0 or
6 greater. Based on 2012 avoided costs, Cadmus determined that Ameren Missouri's low-
7 income weatherization program was not cost effective, with the following results:⁶

TRC = 0.68

UCT = 0.68

RIM = 0.39

8 **Q. Should the Commission be concerned that the weatherization program is not cost**
9 **effective under the traditional energy efficiency tests?**

10 A. No. Those tests are most relevant within the context of activity under MEEIA. The
11 weatherization program is not a MEEIA program. Even if it was, programs targeted at low-
12 income residents do not have to be cost effective to be included within a MEEIA portfolio.

13 **Q. Will the 2015 July evaluation include energy efficiency cost-effectiveness tests?**

14 A. Yes. Ameren Missouri believed it was important to try to get energy efficiency cost-effective
15 results at the measure level.

16 **Q. Is that important in your opinion?**

17 A. No. Ratepayer dollars for weatherization can be best viewed as supplemental capital for the
18 community action agencies that utilize federal tax dollars to perform weatherization on low-
19 income homes. The Urban League of St. Louis does not spend their federal money on one
20 home and their Ameren money on a different home. In fact, the Urban League will have
21 multiple streams of money that are pooled collectively to weatherize homes. This makes

⁶ The Cadmus Group, Inc. (2012) Residential Low Income Weatherization Program Evaluation. p. 18.

1 measure-level cost-effectiveness evaluations potentially problematic to perform and raises
2 prudence issues on the evaluations' appropriateness.

3 Public Counsel and other stakeholders suggested that the money would be better spent on
4 weatherizing homes or by deploying a minimalist approach that just focused on getting
5 feedback from the agencies (process) and bill payment results (outcome). It was thought that
6 such an approach could be handled in-house or, at the very least, not cost six figures to
7 perform.

8 **Q. What is OPC's position on the low-income weatherization program?**

9 A. OPC is in support of continuing the program at its current funding level and supports DE's
10 suggestion that the low-income weatherization evaluations should be discontinued. The need
11 for future evaluations and their context should be tabled until Ameren Missouri's next rate
12 case.

13 **IV. LOW-INCOME EXEMPTION FROM THE MEEIA RIDER EEIC**
14 **SURCHARGE**

15 **Q. Did Staff express any opinion on whether or not low-income ratepayers should be**
16 **exempt from the MEEIA surcharge?**

17 A. Staff expert Michael Stahlman commented on a residential low-income MEEIA exemption
18 on pages 41 to 42 of Staff's Rate Design and Class-Cost-of-Service Report. Mr. Stahlman did
19 not oppose or support the concept of a low-income exemption for qualified residential
20 customers. Mr. Stahlman echoed Ameren witness William Davis' direct testimony by
21 pointing out that the MEEIA statute, § 393.1075, RSMo, includes a provision which allows
22 the Commission to approve an exemption to low-income classes, as defined in an appropriate
23 rate proceeding, as a subclass of residential services.

24

1 **Q. What is Public Counsel's position?**

2 A. Public Counsel has some reservations on the potential unintended consequences that may
3 result from approving the exemption of qualified low-income ratepayers as it is currently
4 proposed, but is generally supportive.

5 **Q. Please explain.**

6 A. According to Ameren Missouri's estimates, nearly 3% of their customer base would be
7 eligible to be exempt from the MEEIA surcharge.⁷ However, according to the 2014 State of
8 the State Poverty in Missouri report produced by Missourian's to End Poverty Coalition and
9 attached as GM REB-1, the estimated number of Missourian's at 100% or below the Federal
10 Poverty level is 16.2%. Moreover, according to the study:

11 On average, low-income households spend 14% of their annual income just
12 on energy costs, whereas middle and higher income families usually pay
13 only 3-6%. This means low-income families often cut back on other
14 necessities, such as prescription medication and food, in order to pay their
15 energy bills. The higher consumption often results from housing stock that
16 lacks insulation or other efficiency measures, and older appliances in the
17 home.⁸

18 There is reason to conclude that more than 3% of Ameren Missouri ratepayers are living at or
19 below 100% of the federal poverty line. However, Ameren Missouri does not have the ability
20 to act as the agent to validate its customers' incomes. It is instead proposing to rely on
21 existing data in their billing system to identify customers, which is to say, those customers
22 who already receive some form of Missouri energy assistance (e.g., Low-Income Home
23 Energy Assistance Program (LIHEAP), Keeping Current, Keeping Cool, Dollar More, low
24 income weatherization, etc...).

⁷ ER-2014-0258 Direct Testimony of William R. Davis p. 21 line 1-2.

⁸ Missourians to End Poverty Coalition (2014) State of the State Poverty in Missouri p. 7.

1 One unintended consequence from this initiative would be that only certain low-income
2 ratepayers (those who are already receiving some form of assistance) would benefit from this
3 policy move while others (not receiving some form of assistance) would be made
4 comparatively worse off. The Commission should be cognizant of the unintended
5 consequences of failing to address the entire class of low-income customers with this change,
6 and so, should tailor implementation carefully.

7 **Q. What does Public Counsel recommend?**

8 A. Public Counsel suggests that interested stakeholders explore this issue in greater detail in this
9 rate case to mitigate any potential burden on intra-class ratepayers.

10 **Q. What other concerns does Public Counsel have?**

11 Public Counsel believes there may be an additional unintended consequence that could result
12 with a low-income exemption from the MEEIA surcharge. Concurrently with this rate case,
13 Ameren Missouri has submitted a formal application for their MEEIA cycle II programs
14 (2016-2018) in EO-2015-0055. As of this submission, Ameren Missouri's proposal contains
15 a low-income program targeted at multi-family residents at 200% of the federal poverty line.
16 This program appears to be similar in design to Ameren Missouri's MEEIA cycle I program.
17 However, Ameren Missouri's MEEIA cycle II programs are currently at the proposal stage.
18 There is no guarantee on any of the final outcomes in portfolio design.

19 **Q. What does Public Counsel recommend?**

20 A. As a result, Public Counsel suggests that if the Commission approve Ameren Missouri's
21 request for a low-income exemption from the MEEIA surcharge, that the Commission make
22 clear this exemption will not justify excluding low-income residents, and in particular low-
23 income renters, from future specifically targeted Ameren Missouri MEEIA programs (e.g.,
24 the CommunitySavers program).

1 **Q. Are there any other concerns Public Counsel has regarding customer exemption from**
2 **the MEEIA surcharge?**

3 A. Yes. As a result of Ameren Missouri's response to OPC's Data Request 8018 there are
4 apparently two residential customers who have opted out of the MEEIA surcharge.

5 **Q. Can a residential customer currently opt-out of Ameren Missouri's MEEIA surcharge?**

6 A. No. The Commission's rules relating to provisions for customers to opt-out of participation
7 in utility demand-side programs do not extend to residential customers.

8 **Q. Does Public Counsel have any comments on this issue at this time?**

9 A. It is unclear why Ameren Missouri has allowed two residential customers to be exempt from
10 this surcharge. Public Counsel intends to continue to investigate this occurrence, and if,
11 necessary may address this issue in future testimony.

12 **V. RATE DESIGN COMMENTS**

13 **Q. Please summarize the testimony of DE witness Jane Lohraff's regarding Ameren**
14 **Missouri's Economic Development Riders.**

15 A. In her direct testimony, Mrs. Lohraff recommends that the two current Ameren Missouri
16 Economic Development Riders be modified to require recipients of the rider to be active
17 participants in Ameren Missouri's MEEIA programs as an eligibility requirement.

18 **Q. Does OPC support this requirement?**

19 A. Although OPC has suggested additional modifications to the existing Ameren Missouri
20 Economic Development Riders in direct testimony, we are in general agreement with much
21 of the rationale presented by Mrs. Lohraff on the potential benefits of linking economic
22 development incentives with energy efficiency programs. In my previous testimony I

1 expressed concern over the potential conflicting direction inherent in a rate design
2 mechanism charged with promoting energy usage while other policy was in place attempting
3 to curb energy demand. Mrs. Lohraff's suggestion speaks to that tension.

4 Specifically, the energy usage requirement of maintaining certain monthly peak averages and
5 annual load factors would seem to, in part, run counter with the proposed energy efficiency
6 requirement which would require the recipient to partake in all economically viable energy
7 efficiency programs or projects that have a projected pay-back of five years or less.

8 **Q. What is Public Counsel's position on this topic?**

9 A. Presently, Public Counsel is still reviewing material to determine the potential benefits and
10 costs of including an energy efficiency component to an economic development rider, and is
11 reserving the right to comment on this topic further in surrebuttal testimony.

12 **Q. Are there any other comments you would like to make regarding rate design?**

13 A. Yes. My direct testimony stated that Empire Electric did not have an Economic Development
14 Rider in place. This is incorrect. Empire Electric does, and this was discussed in other
15 parties' direct testimony.

16 **VII. CLASS-COST-OF-SERVICE STUDY COMMENTS**

17 **Q. Please highlight the differences in results of the parties' class-cost-of-service (CCOS)**
18 **studies.**

19 A. A review of the various parties' testimonies and alternative CCOS studies revealed that the
20 greatest divergence in results centered on the determination of income taxes. Essentially,
21 parties each submitted different income tax amounts with Ameren Missouri presenting their
22 CCOS with the full amount of the increase that it requested, MIEC utilizing the present rates,
23 OPC utilizing a revenue neutral rate relied upon by the Company's test year, and Staff
24 utilizing an income tax from their filed testimony which incorporates different base revenues

1 and costs from which the income tax is calculated. The types of differences prevent
2 comparisons between studies on a nominal basis.

3 Production plant cost differences also were pronounced, but not surprising, as they are the
4 result of parties using different methods for allocating costs, such as average and excess and
5 average and peak (coincident and non-coincident). The largest difference in the production
6 plant cost allocation factor from what OPC submitted was from Staff's proposed Base,
7 Intermediate and Peak (BIP) method with an increase of 6% for the residential class. This
8 also appears to be a product of different methodologies.

9 **Q. Please respond to the argument of MIEC witness Maurice Brubaker that residential**
10 **ratepayer rates should be increased because of Ameren Missouri's energy efficiency**
11 **expenditures to date.**

12 **A. In principle, Mr. Brubaker is correct in suggesting that price signals can influence consumer**
13 **behavior. In his testimony he states:**

14 For example, assume that the relevant cost to produce and deliver energy is 8
15 cents per kWh. If a customer has an opportunity to install EE or demand
16 response equipment that would allow the customer to reduce energy use or
17 demand, the customer will be much more likely to make that investment if
18 the price of electricity equals the cost of electricity, i.e., 8 cents per kWh,
19 than if the rate is 6 cents per kWh. . . . **Failure to fully price the residential**
20 **rates, and to reflect the cost of EE programs in the residential rate, will**
21 **diminish the likelihood that these programs will be successful.** (emphasis
22 added)⁹

23 As Mr. Brubaker is well aware, commercial and industrial customers of a large enough size
24 can opt out of the MEEIA program and subsequent surcharge. This prevents any meaningful

⁹ ER-2014-0258 Direct Testimony of Maurice Brubaker p. 36 lines 14-18 & p. 37 lines 2-4.

1 comparison between classes. In addition, Mr. Brubaker seems to be implying that energy
2 efficiency is only a customer benefit and not a resource that should be valued in equal
3 consideration with any other supply side resource. The primary role of energy efficiency
4 programs is to procure new energy savings. Energy efficiency programs exist because energy
5 efficiency is low-cost and offers ancillary benefits. These savings and benefits are shared by
6 all rate classes.

7 All ratepayers enjoy benefits associated with energy efficiency in the form of lower demand
8 for new resources, reduced environmental impacts of energy supply, reduced power and fuel
9 costs and other factors. All other system resources, such as new generation assets, are
10 generally paid for by all customers. But again, not all customers in Missouri pay for the
11 energy efficiency resource benefits.

12 Last, but perhaps most important, what Mr. Brubaker fails to mention is that residential
13 ratepayers will begin seeing that price signal on their bills in February, well before this rate
14 case is settled as a result of the MEEIA Rider EEIC surcharge. It is inappropriate for MIEC
15 to suggest that the residential customer class rates and bills are not sending an appropriate
16 price signal, especially when these customers are paying for energy efficiency resource
17 benefits Mr. Brubaker's clients are receiving.

18 As an aside, the increase of the past few years in both the number of surcharges and their
19 overall amount underscores the impact that is felt by not just residential, but all rate classes,
20 and should not be forgotten as Ameren Missouri seeks to increase rates in this case.

21
22
23
24 **Q. Have there been any substantive corrections to your CCOS?**

1 A. Not at the moment. OPC is reviewing the various CCOS studies and reserves the right to
2 make appropriate modifications as necessary.

3 **Q. Please comment on the positions the parties have taken relative to OPC.**

4 A. Public Counsel believes that an equal increase to the charges for each customer class as
5 proposed by Ameren Missouri (as well as modified variations of equal spread in positions by
6 other parties) only appears equitable. Such an approach fails to give proper consideration to
7 the differences in impact experienced by each rate class as a result of any increased rate.
8 That impact will be far from equitable.

9 **Q. Please explain.**

10 A. On Monday (January 12th, 2015), The National Association of Counties (NACo) issued the
11 following press release: *Economic recovery remains sluggish across counties despite signs*
12 *of national boom.*¹⁰ This press release was accompanied by a link to the 2014 County
13 Economic Tracker which utilizes data from Moody's Analytics, U.S. Bureau of Labor
14 Statistics, U.S. Bureau of Economic Analysis and the U.S. Census Bureau to give a sense of
15 the unevenness in economic growth. Figure 1 shows that breakdown in Missouri.

16

17

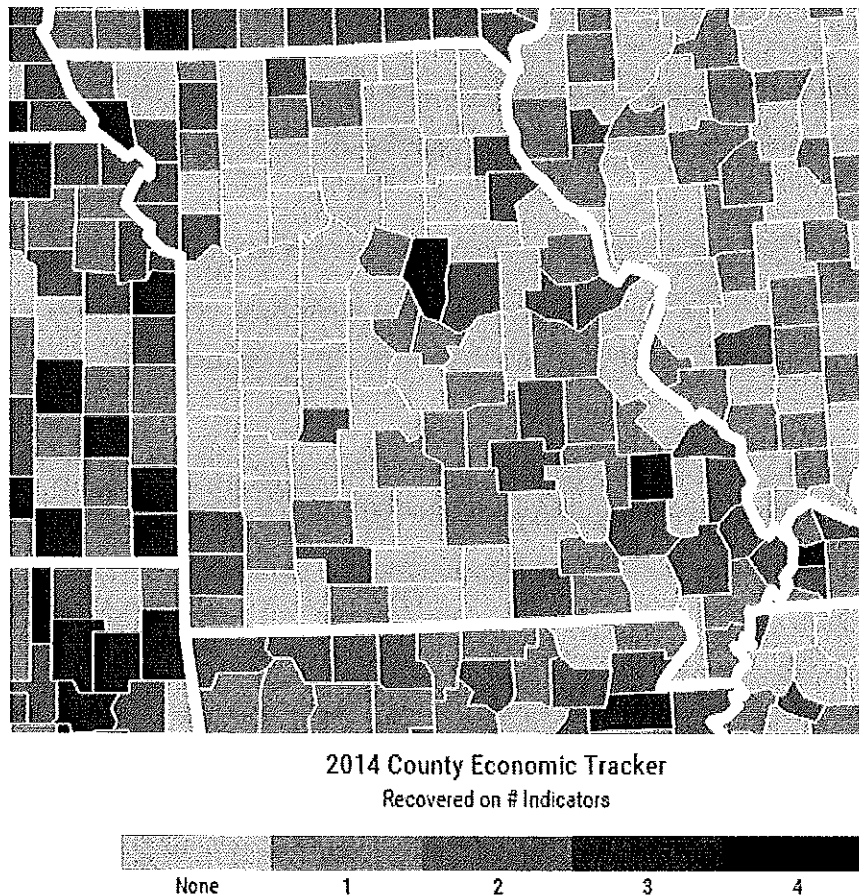
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¹⁰ NACo (2015) Economic recovery remains sluggish across counties despite signs of national boom.
<http://www.naco.org/newsroom/Documents/Press%20Release%20Documents/CountyEconTracker011215RELEASE.pdf>

1 Figure 1: 2014 County Economic Tracker for Missouri



Q. Please continue.

A. Figure 1 shows each county within Missouri and color codes them based on four “recovery” indicators which include:

Jobs Recovered: Has this county recovered to its pre-recession level of jobs by 2014? Total jobs represent the total wage and salary jobs, whether full or part-time, temporary or permanent in a county economy. It counts

1 the number of “jobs,” not “employed people” for all employers in a county
2 economy, not only for the county government.

3
4 **Unemployment Rate Recovered:** Has this county recovered to its pre-
5 recession low of Unemployment Rate by 2014?
6

7 **GDP Recovered:** Has this county recovered to its pre-recession level of
8 GDP by 2014? County economic output is the total value of goods and
9 services produced by a county economy, also known as GDP.
10

11 **Home Prices Recovered:** Has this county recovered to its pre-recession
12 level of median home sales prices by 2014? Median Home Sales Prices are
13 median sales prices of existing single-family homes.¹¹
14

15 Table 1 has adapted information utilized by the County Economic Tracker to highlight each
16 county in which Ameren Missouri operates to give a sense of what residential ratepayers are
17 currently experiencing.
18
19
20
21
22
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¹¹ NACo County Explorer: Mapping County Data State Search <http://explorer.naco.org/>

1 Table 1: Ameren Missouri economic tracker of serviced counties

County	Population	Jobs Recovered	Unemployment Rate Recovered	GDP Recovered	Home Prices Recovered
Adair	25,572	No	No	No	No
Audrain	25,661	No	No	No	No
Bollinger	12,490	No	No	No	No
Boone	170,773	Yes	No	No Recession	Yes
Caldwell	9,097	No	No	No	No
Callaway	44,359	No	No	Yes	Yes
Camden	43,862	No	No	No	No
Cape Girardeau	77,320	No	No	Yes	Yes
Carroll	9,127	No	No	No	No
Chariton	7,628	No	No	No	No
Clark	6,910	No	No	No	No
Clay	7,157	Yes	No	Yes	No
Clinton	20,571	No	No	No	No
Cole	76,699	No	No	No	Yes
Cooper	17,647	No	No	No	No
Crawford	25,543	Yes	No	Yes	No
Daviess	8,294	No	No	No	No
Dekalb	12,840	Yes	No	No	No
Dunklin	31,712	No	No	No	No
Franklin	101,816	No	No	Yes	No
Gasconade	14,901	No	No	No	No
Gentry	6,775	Yes	No	No	Yes
Howard	10,257	No	No	No	Yes
Iron	10,344	No	No	No	Yes
Jefferson	221,396	No	No	No	No
Knox	4,067	No	No	No	No
Lewis	10,152	No	No	No	No
Lincoln	53,860	Yes	No	No	No
Linn	12,368	No	No	No	No
Livingston	14,871	No	No	No	No
Madison	12,431	Yes	No	Yes	Yes
Maries	9,018	No	No	Yes	No
Marion	28,904	Yes	No	No	Yes
Miller	25,092	No	No	No	No
Mississippi	14,282	Yes	No	Yes	No
Moniteau	15,748	No	No	No	Yes

County	Population	Jobs Recovered	Unemployment Rate Recovered	GDP Recovered	Home Prices Recovered
Monroe	8,774	No	No	No	No
Montgomery	11,965	No	No	No	No
Morgan	20,265	No	No	No	No
New Madrid	18,365	No	No	No	Yes
Osage	13,688	No	No	No	No
Pemiscot	17,823	No	No	No	Yes
Pettis	42,205	No	No	No	No
Pike	18,669	No	No	No	No
Ralls	10,192	Yes	No	Yes	No
Randolph	24,940	No	No	No	No
Ray	23,039	No	No	No	No
Reynolds	6,599	No	No	No	No
St. Charles	373,495	Yes	No	No Recession	No
St. Francois	66,215	No	No	Yes	No
Ste. Genevieve	17,778	No	No	No	No
St. Louis City	318,416	No	No	No	No
St. Louis County	1,001,444	No	No	No	No
Saline	23,252	No	No	No	No
Schuyler	23,252	No	No	No	No
Scotland	4,358	No	No	No	No
Scott	39,290	No	No	Yes	Yes
Stoddard	29,780	No	No	Yes	Yes
Sullivan	6,448	No	Yes	No	No
Warren	32,999	Yes	No	Yes	No
Washington	25,172	No	No	No Recession	No
Total Counties	61 100%	12 7.3%	1 0.61%	16 9.76%	14 8.54%
Total Population (within counties)	3,377,967 ¹² 100%	749,251 22.18%	101,816 3%	929,008 27.50%	558,868 16.50%

¹² This represents the total county population. Ameren Missouri may service all or part of any one given county's population.

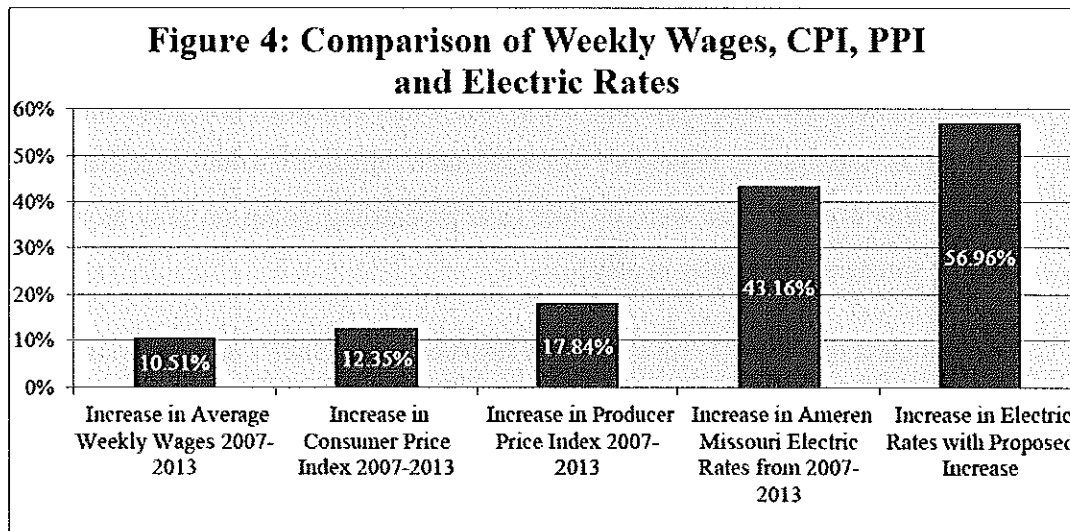
1 These results suggest that the vast majority of Ameren Missouri counties are still recovering
2 by important economic indicators. The best performing economic indicator, “GDP
3 recovered,” only saw 27.50% of return to prerecession levels which still leaves roughly 3 out
4 of every 4 residential ratepayers still worse off. Other economic indicators fared even more
5 poorly. It is important to remember that residential ratepayers would experience an increase
6 to their bills even if there were no rate case proceeding going on now as a result of the
7 multiple surcharges currently in place.

8 An equal class rate increase (or greater for residential, per Staff’s position) seemingly ignores
9 the reality of those increases, what ratepayers are currently experiencing, and what they have
10 experienced on a whole since the start of the recession.

11 Staff expert/witness Michael Stahlman presented similar results in the Staff Cost of Service
12 Report, but with a comparative emphasis on Ameren Missouri during that same period
13 (2007-2013). Mr. Stahlman’s figure and table are reprinted here in Figure 2 and Table 2
14 below:

1

Figure 2: Comparison of Weekly Wages, CPI, PPI and Electric Rates¹³



2

3

Table 2: Ameren Missouri Rate Case History 2007 - 2014¹⁴

Case Number	Effective Date	Dollar Value	Percent Increase
ER-2007-0002	1-Jun-07	\$41,777,474	2.07%
	23-Jul-07	\$1,010,430	
ER-2008-0318	1-Mar-09	\$161,709,205	7.75%
ER-2010-0036	21-Jun-10	\$229,552,309	10.43%
ER-2011-0028	31-Jul-11	\$173,225,030	7.11%
ER-2012-0166	2-Jan-13	\$259,647,340	10.05%
Total Dollars		\$866,921,788	
Total Compounded Increase			43.16%
ER-2014-0258	(Proposed)	\$264,099,796	9.64%
<i>Total with Proposed</i>		<i>\$1,131,021,584</i>	<i>56.96%</i>

4

¹³ ER-2014-0258 Michael Stahlman, Missouri Public Service Commission Staff Report Revenue Requirement Cost of Service p. 6.

¹⁴ Ibid.

1 Residential ratepayers' wages are not keeping up with Ameren's rate increases. Public
2 Counsel suggests that the Commission strongly consider the affordability of service, rate
3 impacts and rate continuity as they examine this case.

4 **Q. Does this conclude your testimony?**

5 **A. Yes.**

2014

State of the State Poverty in Missouri



Missourians to End Poverty Coalition

Data Sources

U.S. Census Bureau - 2012 American Community Survey table s1701- Poverty Status in the last 12 months, table s1002 - Grandparents, s2701 Health Insurance Coverage Status, table DP04- Selected Housing Characteristics

U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) Program, December 2013

Bureau of Labor Statistics, Current Population Survey

Issue Brief: PolicyOptions.org "The Development of Chronic Disease due to Poor Nutrition"

National Low Income Housing Coalition 2013 State Housing Profile

USDA Economic Research Service Report Number 155
September 2013 Household Food Security in the United States in 2012

Missouri Hunger Atlas 2013

Institute on Taxation & Economic Policy, January 2013 - Who Pays? A Distributional Analysis of the Tax Systems in all 50 States- 4th edition

<http://www.irs.gov/Individuals/States-and-Local-Governments-with-Earned-Income-Tax-Credit>

CFED Assets and Opportunity Scorecard State Profile
Missouri 2013

Food Insecurity and Risk for Obesity Among Children and Families: A Research Synthesis April 2010

The State of Missouri Consolidated Plan FY 2013 – 2017
24 CFR Part 91 Consolidated Submissions for Community Planning and Development Programs

<http://www.dss.mo.gov/cd/fostercare/fpstats.htm>

<http://kff.org/other/state-indicator/teen-birth-rate-per-1000/>

<http://www.spotlightonpoverty.org/map-detail.aspx?state=Missouri>

Missouri Department of Social Services Child Care Family Eligibility Guidelines

The State of Homelessness in America: National Alliance to End Homelessness

*Data sources may vary based upon date of source document's publication. Sources update at different times during the year which may result in slight variations in data.

Missouri Report on Poverty

2014

Who are the Missourians to End Poverty?

Missourians to End Poverty is the coalition of various individuals, businesses, organizations and government agencies who have come together around the following vision:

As Missourians, we envision a just society of shared responsibility by individuals, communities, business, and government in which all individuals are respected, have opportunities to reach their full potential and to participate in thriving, diverse, sustainable communities.

Missouri is a state rich in beauty and prosperity, in education and opportunity, in security and health, in values and vision. Yet, within our richness lies poverty and fear, hunger and the homeless, unmet potential and despair.

The scope of poverty is vast. For each individual struggling with poverty there exists a unique set of circumstances and issues that make a single solution to poverty, as an issue, impossible. Think of poverty as a net with strands trapping individuals and holding them down. Each individual has different strands that must be cut in order to help them move forward. This report exists to identify some of the key issues surrounding poverty in our state and identifies some potential solutions to those problems - solutions that could cut poverty significantly in Missouri.



Missourians to End Poverty

Bringing the Community Together to End Poverty
food • health • education • housing & energy • economic & family security

Issues of Poverty



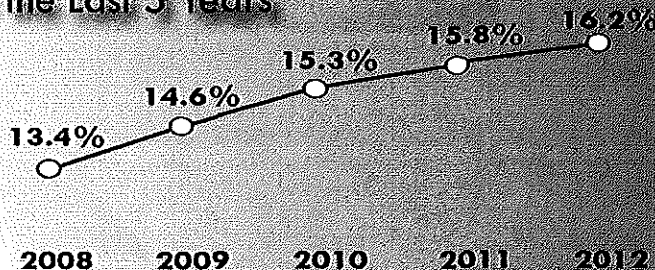
2013 POVERTY GUIDELINES	
Family Size	Annual Income
1	\$11,490
2	\$15,510
3	\$19,530
4	\$23,550
5	\$27,570
6	\$31,590

For families/households with more than 6 persons, add \$4,020 for each additional person.

Participation in Federal Programs

Adults and children receiving welfare (TANF):	89,033
Children receiving food stamps (SNAP):	416,000
Earned Income Tax Credit recipients:	530,000
Households receiving federal rental assistance:	94,193
Families receiving child care subsidies:	21,800
Participants in all Head Start programs:	22,732
Number of children enrolled in Medicaid and CHIP:	662,307
Number of women and children receiving WIC:	145,900
Households receiving Low Income Home Energy Assistance Program:	178,245

Poverty Rate Increases in Missouri over the Last 5 Years



5 Key Elements of Poverty

- Food
- Health
- Education
- Energy & Housing
- Family & Economic Security

Poverty is a blight on the development of our state. Unfortunately, it is also one of the most difficult issues to address because the causes of poverty are made up of a vast interconnected web of issues.

Problems range from large economic forces such as wage inequality and unemployment to localized problems such as inadequate public transportation and child care.

The Missourians to End Poverty coalition has identified five key elements that can be addressed to impact the conditions of poverty in our state.

Food

"The best predictor of food insecurity and hunger in Missouri, and throughout the United States, is poverty." Missouri Hunger Atlas, 2013

What is Food Security?

The concept of food security, as the United States Department of Agriculture defines it, refers to "access by all people at all times to enough food for an active, healthy life." The USDA outlines food security as a continuum divided into four ranges, characterized as follows:

- **High food security**—Households had no problems consistently accessing adequate food.
- **Marginal food security**—Households had problems at times accessing adequate food, but the quality, variety, and quantity of their food intake were not substantially reduced.
- **Low food security**—Households reduced the quality, variety, and desirability of their diets, but the quantity of food intake and normal eating patterns were not substantially disrupted.
- **Very low food security**—At times during the year, eating patterns of one or more household members were disrupted and food intake reduced because the household lacked money and other resources for food.

Missouri's Rate of Low Food Security is 16.7%

We are one of only 10 states in the nation with food insecurity significantly higher than the national average of 14.7%

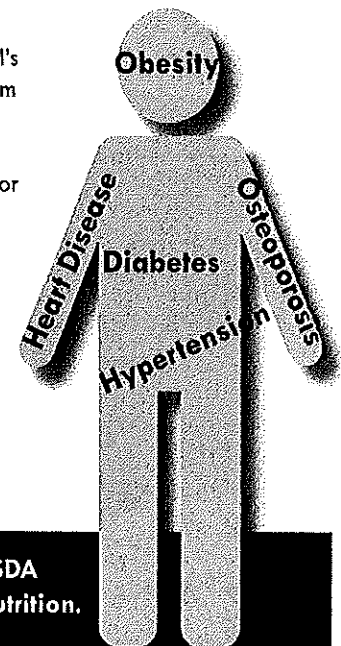
Rising Hunger in Missouri:

- Current estimates of low food security and very low food security rates among Missouri households in 2010 were 16.7% and 7.6% respectively.
- 380,097 households experience low food security and roughly 159,165 households experience very low food security in Missouri; with an average household size of 2.45, these figures suggest approximately 1.3 million Missourians experienced low or very low food insecurity.
- This translates into roughly 400,000 Missourians experiencing hunger. Regretfully, trends in food insecurity and hunger are not positive ones for our state, as current averages for both reflect a trend that has continuously increased over the last 10 years.

Health problems are directly connected to economic hardship since they affect an individual's ability to work or to function in school. There are a variety of poor outcomes that result from inadequate nutrition. Chronic diseases can be brought on by calorie dense/low nutrition foods. Beyond that, poor nutrition increases healthcare costs by increasing the amount of time needed to recover from illness and by exacerbating the effects of chronic disease. Poor nutrition also reduces productivity at work through lowered energy/illness and negatively impacts the ability of children to focus and learn in school.

Inadequate Nutrition Results in Poor Health and Higher Health Care Costs for All Missourians...

The average SNAP benefit in Missouri is \$1.30 per person per meal. But USDA Food Plans project that it costs \$1.80-2.48 per meal to provide adequate nutrition.



Health

The State of Missouri could greatly improve the lives of its distressed families by finding ways to provide quality, affordable, health care to all Missouri families.

Lack of insurance coverage is one of the most significant impediments for Missouri families to access a quality, affordable health care system. In our state, most Missourians access health care with employer provided insurance. But in our system of employer provided insurance, those at the lowest levels of income are rarely provided coverage by their employer.

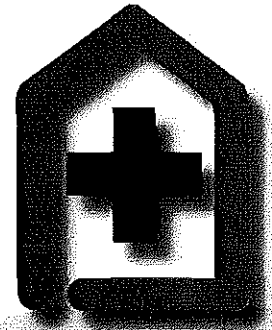
This creates a system that forces those with the lowest incomes to pay out of pocket for their health care, while those at higher incomes receive employer subsidies.

In 2012, 13.6% of Missourians were uninsured. Of those uninsured individuals, over 420,000 are **working poor**. This lack of coverage causes Missouri families to access the health care system in inconsistent and inefficient ways and impedes primary and preventive care, all of which imperils their well being and raises the health care cost for all Missourians.

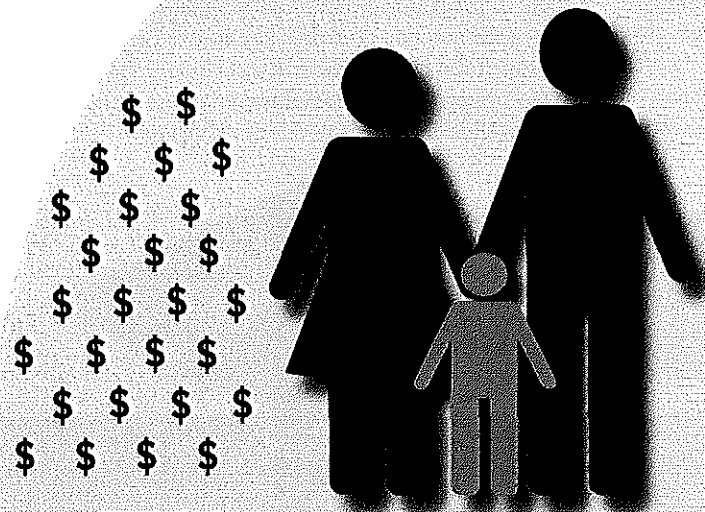
801,380
Missourians
Have No
Health Insurance

Currently, in order for an adult to access Medicaid in Missouri, they must earn less than \$292 per month!

Increasing Medicaid eligibility to 138% of the federal poverty guideline = an income of \$7.62 per hour for an individual working full time.



Over
420,000
of Missouri's Uninsured
are **Working**
Adults



Education

In 2012, Missouri's graduation rate increased by 2.4%- representing an additional 1,750 high school diplomas!

Individuals with a high school degree:	86.9%
Individuals with a four year college degree:	26.1%
Teens ages 16-19 not attending school and not working:	9%
Percent of college students with debt:	65%
High school graduation rate:	83.1%

Ensuring quality education from early childhood, through grades K-12 and college is an essential component to eradicating poverty in the State of Missouri. Numerous studies find a positive correlation between higher levels of education and increased job earnings later in life. Without adequate education, young people are relegated to low-paying unskilled service jobs that fail to provide economic security and trap them in a lifetime of poverty.

Yet, it is precisely in areas of concentrated poverty where educational success is most lacking. Graduation rates tend to be lower in high poverty districts.

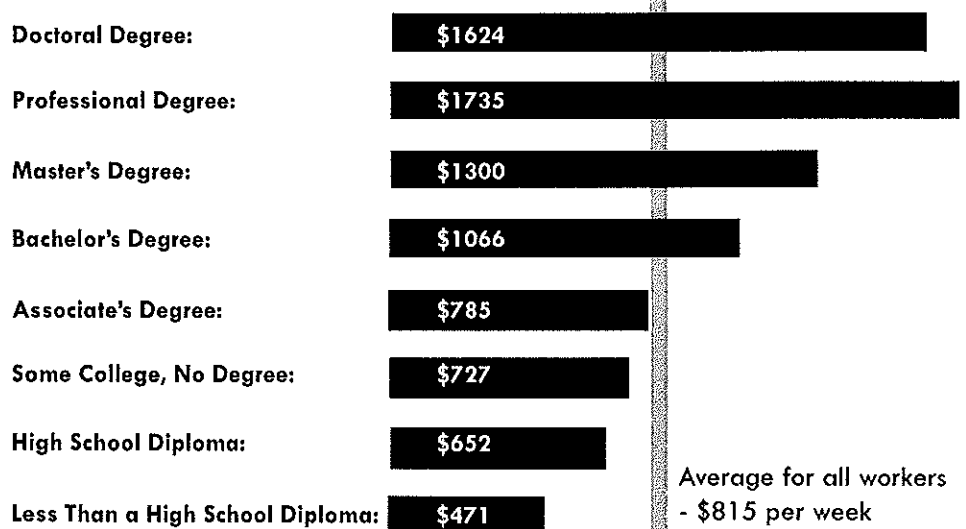
Poverty has a profound impact on student educational success. Missouri has not adequately invested in programs to reduce poverty and has placed increasing pressure on public schools to remediate the challenges created by poverty. A new strategy must involve rejecting a "silo" mentality that ignores the impact of poverty on educational success. In order to ensure quality education for children in areas of concentrated poverty, all aspects of family and community life must be engaged in the process of educating children.

All schools must be staffed by highly qualified teachers. According to information released by the National Education Association about 40% of all core subject area classes in high poverty - high minority middle schools are staffed by out-of-field teachers. Difficult working conditions, low pay and narrow, bureaucratic accountability systems make it harder for districts to staff the most challenging schools with the most experienced and capable teachers.

When children of different socioeconomic levels and ethnic backgrounds are in shared learning environments, all benefit. Currently, districts vary widely in concentration of students living in poverty.

Education to Income Chart

Weekly median earnings in 2012 (\$) by education level (nationally)



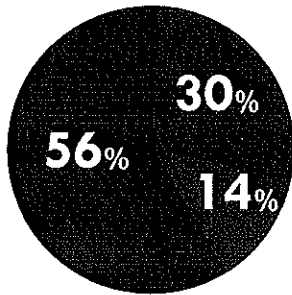
A household is considered "cost burdened" if more than 30% of their income goes towards housing.

Housing & Energy

Housing in Missouri

Total households:	2,359,135
Renters:	32.5%
Households paying over 30% of income on housing:	283,012

\$14.07 is the wage a renter household needs to earn to afford a two bedroom unit at the HUD determined Fair Market Rent.



14% on Energy Costs
 30% on Housing
 56% for EVERYTHING Else
 Transportation, Healthcare, Food,
 Clothing, Education, Etc.

Homeless In Missouri

Homeless	8,989
Unsheltered	2,271
Chronically Homeless	1,156
Homeless Veterans	852

In Missouri, low-income households pay an average of 46% of their gross pay towards two expenses, housing and energy costs. However, households at 50% of the Federal Poverty Guideline may pay up 54% of their income just on energy. To prevent this crisis for families with limited resources, it is necessary to address the shortage of safe, affordable, and decent housing in Missouri.

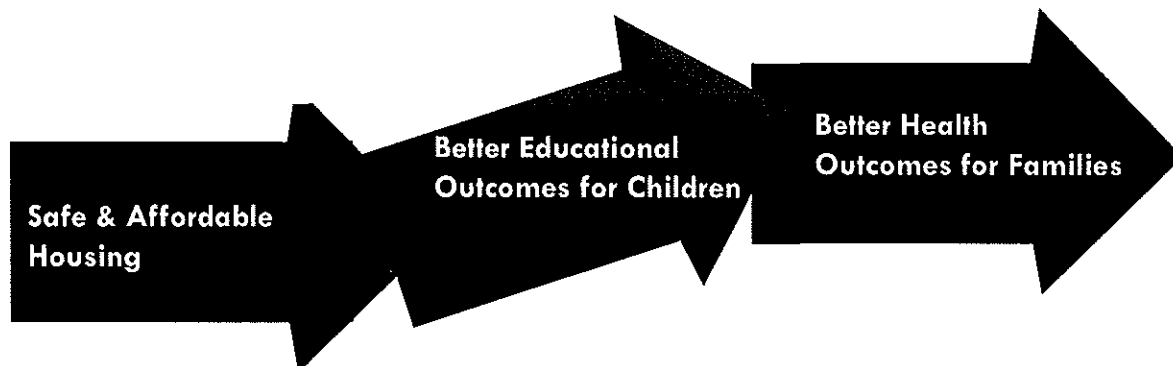
Energy

On average, low-income households spend 14% of their annual income just on energy costs, whereas middle and higher income families usually pay only 3-6%. This means low-income families often cut back on other necessities, such as prescription medication and food, in order to pay their energy bills. The higher consumption often results from housing stock that lacks insulation or other efficiency measures, and older appliances in the home.

Housing

Substandard housing is yet another barrier that low income families face and one that drastically affects a family's quality of life. (Substandard housing refers to any housing that does not meet the local minimum health and safety requirements.) One out of every three people living in severely substandard housing is a child.

Recently, the National Low Income Housing Coalition released a report called "Healthy Homes", which found that substandard housing contributes significantly to the health issues faced by many low income children. Studies show that children who have secure, affordable housing are far more likely to stay in school and succeed socially, and their parents are far more likely to keep their jobs and maintain a family income.



Family & Economic Security

25.9% of Missouri Jobs are Considered Low-Wage

Employment

Missouri needs jobs that will sustain local economies, provide a living wage for families to support themselves, and make communities attractive places to live. The current unemployment rate in Missouri as of November 2013 is 6.1% - which is good news. However, Missouri's employment outlook is problematic since many new positions are lower wage service jobs- not long term sustainable wage employment.

Asset Poverty Rate: 22.2%

Unbanked Households: 9.5%

Quality Child Care

Child care is a critical need for working individuals and families with children. Low income parents often struggle with child care issues due to work hours that do not coincide with child care availability, transportation problems (routes or schedules), and the prohibitive cost of quality care. The eligibility level for child care assistance in Missouri is 127% of the federal poverty guideline with some transitional benefits ranging slightly higher. However, for a single parent trying to work and raise a child, all childcare benefits would be lost with an annual income of \$20,952 which equals a weekly gross pay of \$403.

Asset Development & Protection

Low income families are more likely to experience crisis due to lack of savings and assets than middle income families. Asset Development is a proven way to help low income people build wealth and stability through home ownership, development of small businesses, and higher education. In addition, participation in asset development programs increases participation in the banking system (moving people away from predatory solutions such as payday lenders) and increases financial education among participants.

Tax Relief for Working Families

Another problem low income families experience is the high burden of taxes low income families pay compared to middle and higher income families. One way to address this would be a state earned income tax credit (EITC). Twenty five other states and the District of Columbia have already instituted a state EITC ranging from 3.5% to up to 50% of the federal credit.

How much do YOU pay in taxes?

