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Issue(s): Vegetation Management
and Infrastructure
Inspection Trackers; Storm
Tracker
Witness: David N. Wakeman
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Union Electric Company
File No.: ER-2014-0258
Date Testimony Prepared: February 6, 2015

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2014-0258

SURREBUTTAL TESTIMONY

OF

DAVID N. WAKEMAN

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a Ameren Missouri

St. Louis, Missouri
February 2015

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3		DAVID N. WAKEMAN
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5   I.   INTRODUCTION

6   **Q.   Please state your name and business address.**

7   A.   My name is David N. Wakeman. My business address is One Ameren

8   Plaza, 1901 Chouteau Avenue, St. Louis, MO 63103.

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

10   A.   I am employed by Union Electric Company d/b/a Ameren Missouri

11 ("Ameren Missouri" or "Company") as Senior Vice President of Operations and

12 Technical Services. I have held this position since April of 2014.

13   **Q.   Are you the same David N. Wakeman who filed rebuttal testimony in**

14 **this case?**

15   A.   Yes, I am.

16   **Q.   What is the purpose of your surrebuttal testimony?**

17   A.   The purpose of my surrebuttal testimony is to: a) respond to portions of

18 the rebuttal testimony of Missouri Public Service Commission Staff ("Staff") witness

19 Lisa Hanneken regarding the Vegetation Management and Infrastrucure Inspection

20 trackers; and b) respond to portions of the rebuttal testimony of Staff witness Kofi

21 Boateng regarding discontinuance of the storm tracker and the usage of the IEEE[1]

22 standard.

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[1] Institute of Electrical and Electronics Engineers.

1   **II.   VEGETATION MANAGEMENT AND**

2   **INFRASTRUCTURE INSPECTION TRACKERS**

3   **Q.   Ms. Hanneken recommends that the Missouri Public Service**

4 **Commission ("Commission") discontinue the Vegetation Management and**

5 **Infrastrucure Inspection trackers, arguing that there is a complete history of costs**

6 **through an entire urban and rural cycle and therefore a renewal of the tracker is**

7 **unwarranted. Do you agree?**

8   A.   No, I do not. My rebuttal testimony in this case addresses the factors that

9 will continue to cause variability in the costs arising from mandatory operations required

10 by the Commission's rules. The trackers are beneficial because they address the

11 variations from the Company's perspective and from our customers' perspectives as well.

12 The trackers do not appear to have any downside for either the Company or its customers.

13 The trackers are appropriate and should be continued.

14   **III.   STORM TRACKER**

15   **Q.   Mr. Boateng recommends that the Commission discontinue the storm**

16 **cost tracker because other rate-making tools already exist to adequately address the**

17 **storm cost issue and that those tools have been successfully used in the past. Do you**

18 **agree with that recommendation?**

19   A.   I do not. I agree that there are rate-making tools that address storm costs

20 which have been used in the past. I do not believe those tools provide a more effective

21 solution than the storm cost tracker which has already been approved by the Commission.

22   **Q.   Mr. Boateng references using the option of requesting an Accounting**

23 **Authority Order ("AAO") to capture the costs of extraordinary storm events and**

1   defer it for possible rate treatment in a future rate case. Do you agree that is the

2   appropriate method to deal with extraordinary storm expense?

3   A.   I do not. The Commission has already agreed that a two-way tracker for

4   storm costs is the appropriate rate-making mechanism. In the *Report and Order* from the

5   Company's last rate case, Case No. ER-2012-0166, the Commission stated:

6   Major storm restoration costs are particularly well suited for
7   inclusion in a two-way tracker...major storm costs can have a
8   significant impact on the company's overall costs and ability to
9   earn a reasonable return on investment...In the past, the
10   Commission has allowed Ameren Missouri to recover all its
11   major storm costs through a series of AAOs. The creation of a
12   two-way tracker will simply rationalize that method of
13   recovery without reducing Ameren Missouri's incentive to
14   control costs. It will not increase the burden of prudence
15   review imposed on staff and other parties. However, because it
16   tracks major storm restoration costs both above and below the
17   amount set in base rates, the tracker will return such costs to
18   ratepayers if Ameren Missouri's service territory is not hit by a
19   major storm.

20   A process requiring Ameren Missouri to file for AAOs after every major storm

21   and then to potentially collect those costs in rates in a future rate case does not provide a

22   mechanism to return back to customers in a future rate case actual storm costs that are

23   less than the amount included in base rates. It is also a much more administratively

24   burdensome process to ensure Ameren Missouri is given the opportunity to recover all

25   the costs of major storm restoration. The Commission recognized that there are other

26   rate-making mechanisms in place that have addressed extraordinary costs in the past, and

27   decided the two-way storm tracker was the superior mechanism to use. Staff made

28   similar arguments in the Company's last rate case and the Commission rejected them in

29   favor of Ameren Missouri's proposed major storm cost tracker. There is no reason the

30   commission should change that decision.

1   **Q.   Mr. Boateng states that Staff does not believe the IEEE 1366 standard**

2   **should be used as a substitute to address the types of storm events that are**

3   **traditionally classified as normal and extraordinary under existing rate-making**

4   **procedures.   Can you explain why the IEEE 1366 standard should be used to**

5   **classify weather events?**

6   A.   As I explained in my rebuttal testimony in this case, and in the Company's

7   last rate case, the IEEE 1366 method is an industry-wide mechanism that applies a

8   consistent methodology using data analysis to objectively make that decision. It looks at

9   the magnitude of an outage event by examining customer minutes out per customer on a

10   daily basis and compares that result to the normal range of customer outages based on

11   five years of historic daily customer outage minutes.   If the customer minutes of

12   interruption per customer on a given day are outside the normal range, the day is

13   classified as a Major Event Day. This relieves the burden of subjectively determining

14   whether particular storm costs are treated as normal or major for both the Company and

15   Staff. The Commission also accepted this method to classify storms in the last rate case.[2]

16   While Mr. Boateng opposes this objective standard, he does not oppose it as unworkable.

17   He also does not propose any alternative to the objective IEEE 1366 method. His only

18   opposition is a theoretical one, which has already been rejected by the Commission.

19   **Q.   How can the Commission be assured that this standard will identify**

20   **the appropriate storms as major storms?**

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[2] In addition, the tracker also includes costs associated with preparation for an anticipated major storm which does not materialize, such as the costs associated with January 31, 2011. This is important, since advance preparation for anticipated major storms is critical to restoring service as quickly as possible.

1   A.   In the last rate case, the Company demonstrated that the IEEE 1366

2   method appropriately classified the storm events occurring from 2007 through July 2011.

3   The Commission agreed IEEE 1366 was the appropriate method to distinguish major

4   storm events from non-major storm events. The method remains an objective industry

5   standard and is still appropriate for use by the Commission.

6   **Q.   Do you have anything else to add?**

7   A.   I feel strongly that this tracker is designed in a manner that accomplishes

8   the goal of allowing the Company the opportunity to recover its expenditures on major

9   storm restoration while also protecting the Company's customers from paying more than

10   is necessary to meet that goal. It ensures that customers do not overpay storm recovery

11   costs and also removes any concerns Ameren Missouri has that it will not be able to

12   recover all prudently-incurred storm recovery costs. As the Commission found in our last

13   rate case, this tracker is a more rational method of cost recovery than traditional methods

14   of recovery and it should be continued.

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

16   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 Increase Its Revenues   )   **Case No. ER-2014-0258**
for Electric Service.   )

AFFIDAVIT OF DAVID N. WAKEMAN

STATE OF MISSOURI)	
	) ss
CITY OF ST. LOUIS)	

David N. Wakeman being first duly sworn on his oath, states:

1.   My name is David N. Wakeman. I work in the City of St. Louis,

Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as

Senior Vice President Operations and Technical Services.

2.   Attached hereto and made a part hereof for all purposes is my Surrebuttal

Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of

_5_ pages and Schedule(s) _____N/A_____, all of which have been

prepared in written form for introduction into evidence in the above-referenced docket.

3.   I hereby swear and affirm that my answers contained in the attached

testimony to the questions therein propounded are true and correct.

David N Wakeman
David N. Wakeman

Subscribed and sworn to before me this _6th_ day of _February_, 2015.

Beckie J. Eaves
Notary Public

My commission expires:
_2-21-18_