

Exhibit No.:
Issue: Policy
Witness: Natelle Dietrich
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: EO-2018-0211
Date Testimony Prepared: August 30, 2018

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

REBUTTAL TESTIMONY

OF

NATELLE DIETRICH

**UNION ELECTRIC COMPANY,
d/b/a AMEREN MISSOURI**

CASE NO. EO-2018-0211

*Jefferson City, Missouri
August 2018*

1 activities relate to energy efficiency, demand side management, demand response and smart
2 grid. I was a member of the Missouri Delegation to the Missouri/Moldova Partnership
3 through NARUC and the US Agency for International Development.

4 I am a member of the National Association of Regulatory Utility Commissioners
5 Subcommittee on Rate Design and the Staff Subcommittee on Telecommunications. I serve
6 on the Staff of the Federal/State Joint Board on Universal Service, serve as lead Staff for the
7 Missouri Universal Service Board, and was a member of the Governor's MoBroadbandNow
8 taskforce.

9 Q. Have you previously testified before the Commission?

10 A. Yes. My Case Summary is attached as Schedule ND-r1.

11 **EXECUTIVE SUMMARY**

12 Q. What is the purpose of your testimony?

13 A. The purpose of my testimony is to sponsor the Staff's Rebuttal Report
14 ("Report") that is being filed concurrently with this testimony and provide an overview of
15 Staff's position in this proceeding.

16 Q. Please briefly describe the Union Electric Company d/b/a Ameren Missouri's
17 ("Ameren Missouri") third filing related to its Demand-Side Investment Mechanism
18 ("DSIM") and Demand-Side Management Portfolio and Plan ("Plan").

19 A. On June 4, 2018, Ameren Missouri filed its *Application to Approve DSIM and*
20 *Demand-Side Management Portfolio and Plan, Request for Variances, and Motion to Adopt*
21 *Procedural Schedule* ("Application"), seeking among other things, approval of its DSIM and
22 its Plan to be effective March 1, 2019 through December 31, 2024. According to the

1 Application, the Plan is designed to “establish[] or continue[] energy efficiency programs that
2 encourage Ameren Missouri’s customers to use energy more efficiently by creating,
3 sustaining, or enhancing incentives for them to do so”. Further, according to the Application,
4 the Plan provides a process that ensures timely cost recovery of all “reasonable and prudent
5 costs of delivering cost-effective demand-side programs”, that ensures Ameren Missouri’s
6 and customers’ interests are aligned, and that provides Ameren Missouri a reasonable
7 earnings opportunity. The Application identifies four key elements of the Plan which
8 represent a departure from Ameren Missouri’s current DSIM and demand-side programs:
9 1) A six-year term; 2) Expansion of the Demand-Side (“DSM”) Portfolio; 3) New Demand
10 Response (“DR”) Programs; and 4) A revised DSIM.

11 Q. What is Staff’s recommendation on the Application?

12 A. Section 393.1075.3 of the Missouri Energy Efficiency Investment Act
13 (“MEEIA”) states, “It shall be the policy of the state to value demand-side investments equal
14 to traditional investments in supply and delivery infrastructure and allow recovery of all
15 reasonable and prudent costs of delivering cost-effective demand-side programs”.
16 The MEEIA statute provides further guidance in subsection 4, when it states, “[r]ecovery for
17 such programs shall not be permitted unless the programs...are beneficial to all customers in
18 the customer class in which the programs are proposed, regardless of whether the programs
19 are utilized by all customers”. Staff acknowledges there are public policy reasons to support
20 DSM and DR, but based on its analysis as discussed in the Report, and upon advisement
21 of Staff Counsel, suggests the Application does not comply with the statutory requirements
22 of MEEIA.

1 In the Report, Staff witness J Luebbert provides analyses of avoided costs and avoided
2 cost benefits, which demonstrate that avoided capacity cost benefits and avoided transmission
3 and distribution cost benefits are overstated and should not be claimed until 2034 when new
4 supply-side resources are first deferred as a result of the Plan.¹

5 Ameren Missouri included in its Plan Figure 35, which outlines expected cumulative
6 net customer costs. Staff witness John A. Rogers revised Figure 35 to reflect Staff’s avoided
7 costs and avoided cost benefits analyses. According to Staff’s revised Figure 35, cumulative
8 net customer costs are expected to reach their highest level in 2024, break even in 2034 and
9 reach their lowest level in 2044. In other words, for the first sixteen years of the Plan, costs
10 outweigh the benefits. Mr. Rogers concludes that Ameren Missouri’s Plan drastically
11 overstates net benefits for customers, thus failing to provide benefits to customers who do not
12 participate.² Ms. Huber reviewed potential societal benefits, recognizing there are societal
13 benefits attributable to energy efficiency; however, even considering these benefits, the
14 benefits do not off-set the issues and concerns Staff identifies with the Application.

15 The MEEIA statute also requires “cost-effective demand-side programs”.
16 Staff witness Brad J. Fortson explains that the Plan is an aggressive expansion of programs,
17 budget and cycle length compared to Ameren Missouri’s previous MEEIA cycles.
18 Mr. Fortson compares the “cost-effectiveness” of the Plan to Staff’s adjusted avoided costs
19 and avoided cost benefits. Using Staff’s adjusted avoided costs and avoided cost benefits, all

¹ The avoided cost analysis also demonstrates that the Application does not meet the statutory requirement to value demand-side investments equal to traditional investments in supply and delivery infrastructure.

² Section 393.1075.4 states, “...Recovery for such programs shall not be permitted unless the programs are approved by the commission, result in energy or demand savings and are beneficial to all customers in the customer class in which the programs are proposed, regardless of whether the programs are utilized by all customers.”

1 residential programs except lighting and appliance recycling³, and the residential portfolio as
2 a whole, have a total resource cost (“TRC”) test ratio less than 1.00⁴.

3 Staff witness Tammy Huber explains that Staff attempted to understand what
4 motivates Ameren Missouri customers to participate in energy efficiency programs; however,
5 as Ms. Huber explains, the customer surveys conducted by Ameren Missouri’s evaluators did
6 not ask questions about customers’ preferences or about the types of programs for which
7 customers may have an interest. This type of information is key to understanding customer
8 preferences and meeting the statutory requirement that programs must be beneficial to all
9 customers in the customer class in which the programs are proposed.

10 These are just a few of the points, specific to the statutory requirements, which Staff
11 raises in its Report. For these reasons, in addition to the additional concerns and issues
12 identified in the Report, Staff recommends the Commission reject the Application. Staff
13 further recommends the Commission authorize Ameren Missouri to continue MEEIA Cycle 2
14 for up to one additional year to allow Ameren Missouri, Staff and any other interested parties,
15 the opportunity to develop a MEEIA Cycle 3 plan that meets the policy of the state and
16 provides benefits to all customers in the customer class in which the programs are proposed,
17 regardless of whether the programs are utilized by all customers, and addresses the other
18 concerns Staff raises, or consider other options that may be available.

19 Q. Does this conclude your testimony?

20 A. Yes.

³ Low income programs are not required to be cost effective.

⁴ 4 CSR 240-20.094 (4)(I) states, “The commission shall consider the TRC test a preferred cost-effectiveness test. For demand-side programs and program plans that have a TRC test ratio greater than one (1), the commission shall approve...”.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's 3rd Filing to)
Implement Regulatory Changes in)
Furtherance of Energy Efficiency as)
Allowed by MEEIA)


Case No. EO-2018-0211

AFFIDAVIT OF NATELLE DIETRICH

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW NATELLE DIETRICH and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Rebuttal Testimony; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

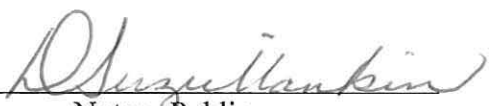


NATELLE DIETRICH

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28th day of August 2018.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070



Notary Public

Natelle Dietrich
Case Summary

Presented testimony or analysis through affidavits on the following cases and proceedings:

- Case No. TA-99-405, an analysis of the appropriateness of a “payday loan” company providing prepaid telecommunications service.
- Case No. TX-2001-73, In the Matter of Proposed New Rules on Prepaid Calling Cards.
- Case No. TO-2001-455, the AT&T/Southwestern Bell Telephone Company arbitration, which included issues associated with unbundled network elements.
- Case No. TX-2001-512, In the Matter of Proposed Amendments to Commission Rule 4 CSR 240-33.010, 33.020, 33.030, 33.040, 33.060, 33.070, 33.080, 33.110, and 33.150 (telecommunications billing practices).
- Case No. TO-2002-222, the MCI/SWBT arbitration.
- Case No. TR-2002-251, In the Matter of the Tariffs Filed by Sprint Missouri, Inc. d/b/a Sprint to Reduce the Basic Rates by the Change in the CPI-TS as Required by 392.245(4), Updating its Maximum Allowable Prices for Non-Basic Services and Adjusting Certain Rates as Allowed by 392.245(11) and Reducing Certain Switched Access Rates and Rebalancing to Local Rates as Allowed by 392.245(9).
- Case No. TX-2002-1026, In the Matter of a Proposed Rulemaking to Implement the Missouri Universal Service Fund End-User Surcharge.
- Case No. TX-2003-0379, In the Matter of Proposed Amendments to Commission Rule 4 CSR 240-3.545, formerly 4 CSR 240-30.010 (tariff filing requirements).
- Case No. TX-2003-0380, In the Matter of Proposed Amendments to Commission Rules 4 CSR 240-2.060, 4 CSR 240-3.020, 4 CSR 240-3.510, 4 CSR 240-3.520, and 4 CSR 240-3.525 (competitive local exchange carrier filing requirements and merger-type transactions).
- Case No. TX-2003-0389, In the Matter of Proposed Amendment to Commission Rules 4 CSR 240-3.530 and 4 CSR 240-3.535, and New Rules 4 CSR 240-3.560 and 4 CSR 240-3.565 (telecommunications bankruptcies and cessation of operation).
- Case No. TX-2003-0445, In the Matter of a Proposed New Rule 4 CSR 240-33.160 Regarding Customer Proprietary Network Information.
- Case No. TX-2003-0487, In the Matter of Proposed Commission Rules 4 CSR 240-36.010, 36.020, 36.030, 36.040, 36.050, 36.060, 36.070, and 36.080 (arbitration and mediation rules).
- Case No. TX-2003-0565, In the Matter of a Proposed Rulemaking to Codify Procedures for Telecommunications Carriers to Seek Approval, Amendment and Adoption of Interconnection and Resale Agreements.
- Case Nos. TX-2004-0153 and 0154, in the Matter of Proposed Rule for 211 Service (emergency and permanent rules).

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- Case Nos. TO-2004-0370, IO-2004-0467, TO-2004-0505 et al, In the Matter of the Petition of various small LECs for Suspension of the Federal Communications Commission Requirement to Implement Number Portability.
- Case No. TX-2005-0258, In the Matter of a New Proposed Rule 4 CSR 240-33.045 (placement and identification of charges on customer bills).
- Case No. TX-2005-0460, In the Matter of the Proposed Amendments to the Missouri Universal Service Fund Rules.
- Case No. TO-2006-0093, In the Matter of the Request of Southwestern Bell Telephone, L.P. d/b/a SBC Missouri, for Competitive Classification Pursuant to Section 392.245.6, RSMo (2205) – 30-day Petition.
- Case Nos. TC-2005-0357, IR-2006-0374, TM-2006-0306, the complaint case, earnings investigation and transfer of assets case to resolve issues related to Cass County Telephone Company, LP, LEC Long Distance, FairPoint Communications, Inc., FairPoint Communications Missouri Inc. d/b/a FairPoint Communications and ST Long Distance Inc. db/a FairPoint Communications Long Distance.
- Case No. TC-2006-0068, FullTel, Inc., v. CenturyTel of Missouri, LLC.
- Case No. TX-2006-0169, In the Matter of Proposed New Rule 4 CSR 240-3.570 Regarding Eligible Telecommunications Carrier Designations for Receipt of Federal Universal Service Fund Support.
- Case No. TX-2006-0429, In the Matter of a Proposed Amendment to 4 CSR 240-3.545 (one day tariff filings).
- Case No. TX-2007-0086, In the Matter of a Proposed Rulemaking to Create Chapter 37 – Number Pooling and Number Conservation Efforts
- Case No. TA-2009-0327, In the Matter of the Petition of TracFone Wireless, Inc. for Designation as an Eligible Telecommunications Carrier in the State of Missouri for the Limited Purpose of Offering Lifeline and Link Up Service to Qualified Households.
- Case No. RA-2009-0375, In the Matter of the application of Nexus Communications, Inc. dba TSI for Designation as an Eligible Telecommunications Carrier in the State of Missouri for the Limited Purpose of Offering Wireless Lifeline and Link Up Service to Qualifying Households.
- Case No. AX-2010-0061, Office of Public Counsel’s Petition for Promulgation of Rules Relating to Billing and Payment Standards for Residential Customers.
- Case No. GT-2009-0056, In the Matter of Laclede Gas Company’s Tariff Revision Designed to Clarify its Liability for Damages Occurring on Customer Piping and Equipment Beyond the Company’s Meter.
- Case No. ER-2012-0166, In the Matter of Union Electric Company d/b/a Ameren Missouri’s Tariffs to Increase Its Revenues for Electric Service. Energy Independence and Security Act of 2007 (EISA).
- Case No. ER-2012-0174, In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service. Energy Independence and Security Act of 2007 (EISA).

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- Case No. ER-2012-0175, In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement A General Rate Increase for Electric Service. Energy Independence and Security Act of 2007 (EISA).
- Case No. ER-2012-0345, In the Matter of Empire District Electric Company of Joplin, Missouri Tariff's Increasing Rates for Electric Service Provided to Customers in the Missouri Service Area of the Company. Energy Independence and Security Act of 2007 (EISA).
- File Nos. EO-2013-0396 and EO-2013-0431, In the Matter of the Joint Application of Entergy Arkansas, Inc., Mid South TransCo, LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions; and In the Matter of Entergy Arkansas, Inc.'s Notification of Intent to Change Functional Control of Its Missouri Electric Transmission Facilities to the Midwest Independent Transmission System Operator Inc. Regional Transmission System Organization or Alternative Request to Change Functional Control and Motions for Waiver and Expedited Treatment, respectively.
- Case No. MX-2013-0432, In the Matter of a Proposed Rulemaking to Revise Manufactured Housing Rules Regarding Installation and Monthly Reporting Requirements.
- Case No. TX-2013-0324, In the Matter of a Proposed Rulemaking to the Missouri Universal Service Fund.
- Case No. EO-2014-0095, In the Matter of Kansas City Power & Light Company's Filing for Approval of Demand-Side Programs and for Authority to Establish Demand-Side Programs Investment Mechanism.
- Case No. EA-2014-0207, In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line.
- Case No. ER-2014-0370, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. WR-2015-0301, In the Matter of Missouri-American Water Company's Request for Authority to Implement a General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas.
- Case No. ER-2016-0156, In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. ET-2016-0246, In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of a Tariff Setting a Rate for Electric Vehicle Charging Stations.
- Case No. ER-2016-0285, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. ER-2016-0179, In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase its Revenues for Electric Service.

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- Case No. EE-2017-0113, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company for a Variance from the Commission's Affiliate Transactions Rule, 4 CSR 240-20.015
- Case No. EA-2016-0358, In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing it to Construct, Own, Operate, Control, Manage and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood-Montgomery 345kV Transmission Line
- Case No. EM-2017-0226, In the Matter of the Application of Great Plains Energy Incorporated for Approval of its Acquisition of Westar Energy, Inc.
- Case No. GR-2017-0215, In the Matter of Laclede Gas Company's Request to Increase its Revenues for Gas Service.
- Case No. GR-2017-0216, In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to increase its Revenues for Gas Service.
- Case No. WR-2017-0259, In the Matter of the Rate Increase Request of Indian Hills Utility Operating Company, Inc.
- Case No. WR-2017-0285, In the Matter of Missouri-American Water Company's Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas.
- Case No. EM-2018-0012, In the Matter of the Application of Great Plains Energy Incorporated for Approval of its Merger with Westar Energy, Inc.
- Case No. EO-2018-0092, In the Matter of the Application of The Empire District Electric Company for Approval of Its Customer Savings Plan.
- Case No. GR-2018-0013, In the Matter of Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities' Tariff Revisions Designed to Implement a General Rate Increase for Natural Gas Service in the Missouri Service Areas of the Company.
- Case No. ER-2018-0145, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. ER-2018-0146, In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Actively participated in or prepared comments on numerous issues on behalf of the Commission to be filed at the Federal Communications Commission.
- Prepared congressional testimony on behalf of the Commission on number conservation efforts in Missouri.
- A principal author on Missouri Public Service Commission Comments on the Reduction of Carbon Emissions in Missouri under Section 111(d) of the Clean Air Act.
- A principal author on Missouri Public Service Commission Comments on the Environmental Protection Agency's "Emission Guidelines for Existing Stationary Sources: Electric Generating Unity".

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Commission Arbitration Advisory Lead Staff for the following cases:

- Case No. TO-2005-0336, Southwestern Bell Telephone, L.P., d/b/a SBC Missouri's Petition for Compulsory Arbitration of Unresolved Issues For a Successor Interconnection Agreement to the Missouri 271 Agreement ("M2A").
- Case No. IO-2005-0468, In the Matter of the Petition of Alma Telephone Company for Arbitration of Unresolved Issues Pertaining to a Section 251(b)(5) Agreement with T-Mobile USA, Inc.
- Case No. TO-2006-0147 et al, In the Matter of the Petition for Arbitration of Unresolved Issues in a Section 251(b)(5) Agreement with T-Mobile USA, Inc and Cingular Wireless.
- Case No. TO-2006-0299, Petition of Socket Telecom, LLC for Compulsory Arbitration of Interconnection Agreements with CenturyTel of Missouri, LLC and Spectra Communications, LLC, pursuant to Section 251(b)(1) of the Telecommunications Act of 1996.
- Case No. TO-2006-0463, In the Matter of the Petition for Arbitration of Unresolved Issues in a Section 251(b)(5) Agreement with ALLTEL Wireless and Western Wireless.
- Case No. TO-2009-0037, In the Matter of the Petition of Charter Fiberlink-Missouri, LLC for Arbitration of an Interconnection Agreement Between CenturyTel of Missouri, LLC and Charter Fiberlink-Missouri, LLC.