

Exhibit No.:
Issues: Revenue Normalization
Witness: Robin Kliethermes
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2014-0258
Date Testimony Prepared: January 16, 2015

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*

**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 ROBIN KLIETHERMES

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Robin Kliethermes, of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 3 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.



Robin Kliethermes

Subscribed and sworn to before me this 15th day of January, 2015.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086



Notary Public

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REBUTTAL TESTIMONY

OF

ROBIN KLIETHERMES

UNION ELECTRIC d/b/a AMEREN MISSOURI

CASE NO. ER-2014-0258

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

15 A. Yes.

16 Q. What is the purpose of your rebuttal testimony?

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

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

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

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

26 A. No. Ameren Missouri's winter rates have a declining block rate structure, and
27 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.