

Exhibit No.
Issues: Rate Design
Witness: Petree Eastman
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Municipal Group
St. Louis County Municipal League
City of O'Fallon
City of Creve Coeur
City of University City
City of Olivette
City of St. Ann
City of Kirkwood
City of Bellafontaine Neighbors
City of Florissant
City of Richmond Heights
City of Twin Oaks
City of Ballwin
City of Brentwood
Village of Riverview Gardens
City of St. John
City of Sunset Hills

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER 2011-0028

SURREBUTTAL TESTIMONY

OF

PETREE A. EASTMAN

ON BEHALF OF

**THE MUNICIPAL GROUP:
ST. LOUIS COUNTY MUNICIPAL LEAGUE
CITY OF O'FALLON, CITY OF CREVE COEUR, CITY OF UNIVERSITY CITY,
CITY OF OLIVETTE, CITY OF ST. ANN, CITY OF KIRKWOOD,
CITY OF BELLAFONTAINE NEIGHBORS, CITY OF FLORISSANT,
CITY OF RICHMOND HEIGHTS, CITY OF TWIN OAKS,
CITY OF BALLWIN, CITY OF BRENTWOOD, VILLAGE OF RIVERVIEW,
CITY OF ST. JOHN, AND CITY OF SUNSET HILL**

April 15, 2011

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company)
d/b/a AmerenUE's Tariff to Increase its)
Annual Revenues for Electric Services)

Case No. ER 2011-0028

AFFDAVIT OF PETREE EASTMAN


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

Petree A. Eastman, being duly sworn on her oath, states:

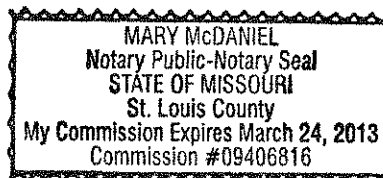
1. My name is Petree A. Eastman. I am a self-employed consultant, currently consulting with the St. Louis County Municipal League.
2. Attached hereto and made part hereof for all purposes is my Surrebuttal Testimony on behalf of the "Municipal Group", which is comprised of the St. Louis County Municipal League, the cities of O'Fallon, Creve Coeur, University City, Olivette, St. Ann, Kirkwood, Bellefontaine Neighbors, Florissant, Richmond Heights, Twin Oaks, Ballwin, Brentwood, Riverview, St. John and Sunset Hills, consisting of 5 pages, 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 question therein propounded are true and correct.


PETREE A. EASTMAN

Subscribed and sworn before m this 15th day of April 2011.


Notary Public

My commission expires: 3-24-13



BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of Union Electric Company)
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Surrebuttal Testimony of Petree A. Eastman

1

2

3 **State your name for the record.**

4 Petree Eastman

5 **By whom are you employed?**

6 I am self-employed. Currently I am consulting with the St. Louis County Municipal League on
7 behalf of the Municipal Group.

8 **Have you reviewed Mr. Difani's testimony?**

9 Yes.

10 **Do you take issue with his testimony and if so, how?**

11 Yes. there are two primary areas with which I take issue.

12 First, Mr. Difani spends an extraordinary amount of time on non-issues. He purports to rebut
13 positions and testimony that simply do not exist. These are easily summed up as follows:

- 14 • The Municipal Group did participate in the development Cost of Service Study with
15 Ameren. In my direct testimony, I do not claim that the Municipal Group was excluded
16 from the process. I do not claim that the Municipal Group did not have its questions
17 answered by Ameren.

- 18 • The Municipal Group did not contest the CCOSS. I was explicit in my testimony that
 19 since Ameren is not relying on the Study, the Municipal Group would not discuss it.
- 20 • The Municipal Group did not contest the differential between the 5M subclass and the
 21 6M class. We questioned the differential in the previous case, but nowhere in my
 22 testimony do I contest the differential in this case. We are satisfied based on the
 23 documentation provided through the discovery process.

24 Secondly, I believe that Ameren's raising of these issues is an attempt to obscure the real issue
 25 that was raised by the Municipal Group - that the real increase in the 5M rates is 22%, not the
 26 9.7% increase Ameren claims, and that it unfairly redistributes the pre-1988 pole installation
 27 charges to the entire 5M subclass, some of whom paid for pole installation upfront. The
 28 Municipal Group's current position is based on simple mathematics.

29 **What are the mathematics?**

30 In comparing current rates of the 5M sub-class, the largest segment of the Lighting Class, to the
 31 proposed rates, there is a 22% increase in the rates being proposed:

32

Lamp/fixture type	Current Rate per month	Proposed Rate per month	Increase
Standard Horizontal burning, enclosed luminaire on existing wood poles			
HPS-9500 lumens	8.59	10.50	22%
HPS 25,500 lumens	12.41	15.17	22%
HPS 50,000 lumens	22.12	27.03	22%
MV 6800 lumens	8.59	10.50	22%
MV 20,000 lumens	12.41	15.17	22%
MV 54,000 lumens	22.12	27.03	22%
MV108,000 lumens	44.26	54.09	22%
Standard side mounted, hood with open bottom glassware on existing wood pole			
HPS 5800 lumens	6.95	8.49	22%
HPS 9500 lumens	7.60	9.29	22%
MV 3300 lumens	6.95	8.49	22%

MV 6800 lumens	7.60	9.29	22%
Standard post top luminaire including standard 17-foot post			
HPS 9500 lumens	15.91	19.44	22%
MV 3300 lumens	15.04	18.38	22%
MV 6800 lumens	15.91	19.44	22%
Pole Mounted direction flood luminaire; limited to installations accessible to Company basket Truck			
HPS 25,500 lumens	15.75	19.25	22%
HPS 50,000 lumens	24.91	30.44	22%
MH 34000 lumens	15.75	19.25	22%
MH 100000 lumens	49.80	60.86	22%
MV 20,000 lumens	15.75	19.35	22%
MV 54000 lumens	24.91	30.44	22%

33

34

35 While Ameren claims to have eliminated the pre-1988 pole installation charges, Ameren makes
36 up for the \$2.8 million lost revenue stream from these charges by raising the 5M rates by 22%.

37 The effect is to spread the \$2.8 million in pre-1988 pole installation charges to the entire 5M
38 subclass. Yet, many 5M municipal customers pre-paid for the installation of poles post 1988. It
39 is fundamentally unfair to ask them to bear that additional charge.

40 **Mr. Difani states that the Municipal Group is simply trying to reduce its obligation in its**
41 **position. Do you agree?**

42 Of course cities are trying to reduce costs. Cities who pay for street lighting have little choice to
43 reduce costs when it comes to street lighting. The only other method available is to eliminate
44 street lights to the detriment of citizens, visitors and drivers in their city. Removing a charge
45 that should no longer exist is one way to reduce costs. Cities that have pre-1988 poles have paid
46 for their installation over time. The time is now at an end. Ameren should not be permitted to
47 disguise its methodology by redistributing those charges to customers that pre-paid for their pole
48 installation.

49 **Does Ameren dispute the 22% increase in the 5M rates?**

50 No. It appears that all the other non-issue arguments are to raise questions about my lack of
51 expertise. Most of Mr. Difani's testimony appears to attempt to obscure the fact that Ameren's
52 proposes to raise the 5M rates by 22%.

53 **How does the Municipal Group propose to handle it?**

54 The Municipal Group proposes taking the Current Revenue figure for the Lighting Class
55 \$31,160,072 deducting the pre-1988 pole installation charges of \$2,850,159 to create a base of
56 \$28,209,913. The across-the-board system average increase would then be applied to that base
57 number. This will insure that all customers in the Lighting Class are treated equally and the pre-
58 1988 pole installation charges are **in fact** removed.

59 **Ameren keeps insisting that the pole installation charges are "Rent". Do you agree?**

60 Absolutely not. There are several reasons that prove that the pole installation charges in the
61 current tariff are not rent. First, the tariff does not describe them as such. In fact the tariff makes
62 clear that pole installation is a finite charge because customers with post-1988 poles pay upfront.
63 This clearly indicates that the amount is a sum certain. Since the amount is sum certain there
64 must be a sunset on the charge for pre-1988 pole installation. Second, if the pre-1988 pole
65 charges are rent, why isn't Ameren charging rent on all poles? If what Ameren states is true, why
66 is Ameren only charging "rent" on some poles. It simply defies logic that clearly delineated
67 "pole installation" charges are rent for use of the facility.

68 **How do you reconcile the fact that the CCROSS reveals that the Lighting Class is**
69 **undercharged for street lighting?**

70 While the CCROSS does indicate that the Lighting Class is undercharged, the Municipal Group
71 seeks a fair increase in rates that does not penalize customers who pre-paid for their pole

72 installation. Adopting Ameren's tariff as is, will harm cities tremendously who will bear the full
73 brunt of the 22% increase in 5M rates.

74 Moreover, unlike any other class, street lighting is far-reaching public concern. It affects every
75 citizen and visitor to Ameren territory. Safe walkways and streets are of paramount importance
76 and make the moral justification for affordable rates to cash-strapped cities imperative. It is fair
77 and reasonable that the other classes continue to share in the costs of this vital service. When
78 faced with choices of street lighting or some other vital service, such as police and fire
79 protection, the citizens, pedestrians and motorists will undoubtedly suffer when street lights are
80 removed due to increasing costs.

81 **Does this conclude your testimony?**

82 Yes.