

Exhibit No.:
Issues: Demand-Side Investment
Mechanism
Witness: William R. Davis
Sponsoring Party: Union Electric Company
Type of Exhibit: Direct Testimony
Case No.: ER-2020-
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MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

WILLIAM R. DAVIS

November, 2019
St. Louis, Missouri

DIRECT TESTIMONY

OF

WILLIAM R. DAVIS

File No. ER-2020-

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

2 A. My name is William (Bill) R. Davis. My business address is One Ameren Plaza,
3 1901 Chouteau Ave., St. Louis, Missouri.

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

5 A. I am Director, Energy Solutions for Union Electric Company d/b/a Ameren
6 Missouri ("Ameren Missouri" or "Company").

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

8 A. My testimony supports the revisions to Rider EEIC – Energy Efficiency Investment
9 Charge of Ameren Missouri’s Schedule No. 6 – Schedule of Rates for Electric Service. The
10 specific sheet numbers are listed directly below and represent:

- 11 • an adjustment of customer rates to reflect the actual and forecasted costs of the Company’s
- 12 approved energy efficiency programs;
- 13 • clean-up changes to eliminate unneeded sheets for MEEIA 2013-15; and
- 14 • minor adjustments to set specific rate start dates as opposed to start billing months.

15 The revised tariff sheets are also attached hereto as Schedule WRD-1.

16 Specifically, the tariff sheets submitted for Commission approval are:

- 17 5th Revised Sheet 90
- 18 3rd Revised Sheet 90.1
- 19 2nd Revised Sheet 90.2
- 20 2nd Revised Sheet 90.3
- 21 3rd Revised Sheet 90.4

- 1 2nd Revised Sheet 91.1
- 2 1st Revised Sheet 91.10
- 3 6th Revised Sheet 91.11
- 4 1st Revised Sheet 91.13
- 5 1st Revised Sheet 91.21
- 6 2nd Revised Sheet 91.22
- 7 Original Sheet 91.23

8 **Q. Please explain why Ameren Missouri is filing a revision to its Rider EEIC at**
 9 **this time.**

10 A. The terms of Rider EEIC require a filing at least once per calendar year to be
 11 effective with the subsequent calendar year’s February billing month.¹ The Missouri Public
 12 Service Commission’s (“Commission”) rules also require this filing to be made at least sixty (60)
 13 days in advance of when rates would become effective.

14 **Q. Please describe the impact of the change in the Energy Efficiency Investment**
 15 **Rate ("EEIR") on the Company’s customers.**

16 A. Overall, this Rider EEIC filing seeks an increase of \$7.3 million over the current
 17 level of such costs in the Company’s rates. This increase consists of forecasted costs² for February
 18 2019 through January 2020 as well as a reconciliation of historical costs, which are depicted in
 19 Table 1 below.³

TABLE 1

Service Class	Reconciled Costs*	Forecasted Costs†	Total
1(M)-Residential Service	(\$4,007,375)	\$50,417,824	\$46,410,449
2(M)-Small General Service	(\$661,701)	\$14,318,270	\$13,656,569

¹ The proposed tariff sheets for approval change this portion of the Rider to be effective February 1st to be consistent with how rates are billed under Company’s Rider RESRAM (approved) and Rider FAC (proposed in ER-2019-0335) and the requested change has no practical impact on the need for this filing.

² Forecasted costs include the Earnings Opportunity for MEEIA 2016-18 as well as the rollover Performance Incentive for MEEIA 2013-15.

³ The costs in the table are in addition to the costs approved in File No. ER-2019-0151.

3(M)-Large General Service	\$371,367	\$34,626,986	\$34,998,353
4(M)-Small Primary Service	\$210,980	\$13,791,259	\$14,002,239
11(M)-Large Primary Service	\$203,835	\$4,801,930	\$5,005,764
12(M)-Large Transmission Service	\$0	\$0	\$0

*Total Reconciled Costs = Program Cost Reconciliation + Throughput Disincentive Reconciliation as defined in Rider EEIC

†Forecasted Costs = Projected Program Costs + Projected Throughput Disincentive + Earnings Opportunity as defined in Rider EEIC

1 Allocating the MEEIA Rider EEIC revenue requirement (\$114.1 million) to the respective
2 rate classes⁴ and using the forecasted kilowatt-hour ("kWh") sales for February 2020 to January
3 2021 results in the following EEIR amounts for the Company's customers for the remainder of the
4 Effective Period, beginning February 1, 2020:

TABLE 2

Service Class	MEEIA 2 Subtotal⁴ (\$/kWh)	MEEIA 3 Subtotal (\$/kWh)	Total EEIR (\$/kWh)
1(M)-Residential Service	\$0.000858	\$0.002890	\$0.003748
2(M)-Small General Service	\$0.001732	\$0.002504	\$0.004236
3(M)-Large General Service	\$0.002375	\$0.002407	\$0.004782
4(M)-Small Primary Service	\$0.002037	\$0.002423	\$0.004460
11(M)-Large Primary Service	\$0.001006	\$0.002551	\$0.003557
12(M)-Large Transmission Service	\$0.000000	\$0.000000	\$0.000000

5 Filed concurrently with my direct testimony is the tariff sheet that contains the EEIR, along
6 with the relevant subcomponents. The new EEIR will result in charges of approximately \$3.80 per
7 month for an average residential customer which is a decrease from \$4.64 per month (a total
8 decrease of \$0.84 per month).

9 **Q. What are the main drivers for the change in the EEIR?**

⁴ The allocation methodology is consistent with Ameren Missouri's stipulation approved in File No. EO-2018-0211.

1 A. Overall the revenue requirement request reflects an increase of \$7.3 million yet the
2 new rate will be lower; resulting in a bill reduction. This phenomenon is driven by the fact that
3 the first MEEIA 2019-21 rates went into effect in June 2019 which included the full first program
4 year's costs to be collected over 8 months, while this filing includes increased costs but to be
5 collected over 12 months, resulting in a lower rate.

6 The MEEIA 2019-21 revenue requirement reflects an \$11.6 million increase. This increase
7 primarily reflects the fact that program costs and throughput disincentive are increasing in
8 accordance with the Commission approved plan and savings goals.

9 The MEEIA 2016-18 revenue requirement reflects a \$4.4 million decrease. Now that
10 MEEIA 2016-18 performance has been finalized through evaluation reports (and resulting
11 stipulations to performance), this filing includes an earnings opportunity of \$39.6 million
12 (inclusive of the throughput disincentive true-up) plus the rollover of MEEIA 2013-15
13 performance incentive. Those increases are offset by the reductions in program costs and
14 throughput disincentive. The reduction in throughput disincentive is driven by an expected
15 rebasing adjustment in the Company's pending rate case.

16 **Q. Please explain the clean-up items included in this tariff filing.**

17 A. There are two main clean-up items: 1) eliminating expired tariff sheets related to
18 MEEIA 2013-15; and 2) updating the tariffs to reflect a change from billing month start date to a
19 calendar day start date.

20 The elimination of the MEEIA 2013-15 tariff sheets simply reflects the fact that the tariff
21 language anticipated future dates at which any remaining over/under balances for the cost
22 categories would rollover into the MEEIA 2016-18 collection. This approach is logical because
23 there are no new costs for MEEIA 2013-15 and there will always be an over/under reconciliation

1 balance caused by the natural variation in projected kWh sales used to set the rate and the actual
2 kWh sales collecting revenues. Eliminating these sheets also simplifies the tariff book by dropping
3 sheets that are no longer applicable.

4 This filing also includes updates to the tariffs to reflect a change from billing month start
5 date to a calendar day start date. Up to this point, rates have been applied at the start of the February
6 billing month (or June/October as allowed by the tariff); however, following discussions about
7 billing/rate application procedures with the Commission Staff it was determined starting rates on
8 a date certain prospectively was a cleaner approach. This change is consistent with how the
9 Company's Rider RESRAM is applied and the Rider FAC proposed by the Company in ER-2019-
10 0335. To execute this update, the proposed tariffs include changes to the definition of effective
11 period and the "Filing" section in order to specify the first day of February (or June/October) as
12 the first billing day. Further, as a one-time transition, the proposed tariffs also include a rates page
13 specifying that the previously approved EEIR is effective until January 31, 2020. Going forward,
14 the newly approved rates tariff page will include the specific start and end dates.

15 **Q. What action is Ameren Missouri requesting from the Commission with respect**
16 **to the revised Rider EEIC rate schedule that the Company has filed?**

17 A. The Company requests approval of the revised tariff pages and Rider EEIC rate
18 schedule to become effective on February 1, 2020.

19 **Q. Are there other filing requirements which need to be provided?**

20 A. The rules require that Ameren Missouri provide the Annual Report required by 20
21 CSR 4240-20.93(9). That report was filed on May 29, 2019, in File No. EO-2019-0372. There was
22 a 30-day comment period following that report's submission, no party filed comments,⁵ and the

⁵ While the Missouri Energy Consumers Group applied for and was granted intervention, it did not submit comments in the proceeding.

1 Commission subsequently closed the File on July 2, 2019. In addition, I have attached the
2 supporting documentation as Schedules WRD-2, WRD-3, WRD-4, WRD-5, and WRD-6.

3 **Q. Does this conclude your direct testimony?**

4 A. Yes, it does.

