

Exhibit No.:  
Issues: DSM Regulatory Asset  
Low Income Weatherization  
Witness: Henry E. Warren  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Surrebuttal Testimony  
Case No.: ER-2008-0318  
Date Testimony Prepared: November 4, 2008

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**SURREBUTTAL TESTIMONY**

**OF**

**HENRY E. WARREN**

**UNION ELECTRIC COMPANY  
D/B/A AMERENUE**

**CASE NO. ER-2008-0318**

**Jefferson City, Missouri  
November 2008**



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20

**Table of Contents**

**SURREBUTTAL TESTIMONY**

**OF**

**HENRY E. WARREN**

**UNION ELECTRIC COMPANY  
D/B/A AMERENUE**

**CASE NO. ER-2008-0318**

1. EXECUTIVE SUMMARY ..... 1

2. REBUTTAL TESTIMONY OF RYAN KIND, THE OFFICE OF THE PUBLIC  
COUNSEL, DSM COST RECOVERY..... 2

3. REBUTTAL TESTIMONY OF RICHARD J. MARK, UNION ELECTRIC  
COMPANY, LOW INCOME WEATHERIZATION..... 3

4. STAFF RECOMMENDATION ..... 5



1  
2 **2. REBUTTAL TESTIMONY OF RYAN KIND, THE OFFICE OF THE PUBLIC**  
3 **COUNSEL, DSM COST RECOVERY**

4 Q. What Rebuttal Testimony did OPC Witness Ryan Kind; submit in  
5 response to your direct testimony regarding UE net expenditures on Demand Side  
6 Management (DSM) resources?

7 A. In his Rebuttal Testimony, Mr. Kind supported Staff's proposal that only  
8 the **net expenditures** of acquiring DSM resources be included in the regulatory asset  
9 account (RAA). The RAA was agreed upon in the last UE rate case for deferring UE's  
10 DSM expenditures. Mr. Kind further specified that OPC recommends that the Missouri  
11 Commission adopt language that has been approved by the Illinois Commerce  
12 Commission to protect customers of Ameren's Illinois operating subsidiaries from being  
13 overcharged for DSM costs. To protect UE's customers from paying more than the net  
14 incremental costs of DSM programs I recommend the Commission adopt a modified  
15 version of the Reimbursement of Incremental Costs (RIC) factor that Mr. Kind presented  
16 in his rebuttal testimony.

17 The DSM Regulatory Asset will contain all prudently incurred net  
18 incremental DSM costs. Incremental costs are defined as those costs that  
19 exceed the level of costs in existing rates for DSM programs such as the  
20 costs of low income weatherization programs that exceed the low income  
21 weatherization program costs reflected in existing rates. In addition to  
22 booking the incremental costs of implementing DSM programs in its  
23 RAA, UE shall book the reimbursement of incremental costs, in dollars,  
24 that are equal to funds from any source that the Company receives (such  
25 as payments received for bilateral sales of capacity and payments or  
26 credits from MISO [Midwest Independent Transmission System  
27 Operator]for demand response or energy efficiency programs) that are  
28 associated with its implementation of DSM programs and not otherwise  
29 credited. If a Fuel Adjustment Clause (FAC) is available to the Company,  
30 all value associated with such reimbursement of incremental costs will  
31 flow through the FAC.

Surrebuttal Testimony of  
Henry E. Warren

1 Q. What is your response to the Rebuttal Testimony of the OPC Witness, Mr.  
2 Kind?

3 A. This language Mr. Kind recommends is consistent with the  
4 recommendation I made in the Staff Report, Cost of Service, and I support  
5 language to ensure that only UE's net expenditures are included in the RAA.

6 **3. REBUTTAL TESTIMONY OF RICHARD J. MARK, UNION ELECTRIC**  
7 **COMPANY, LOW INCOME WEATHERIZATION**

8 Q. What Rebuttal Testimony did UE witness, Richard J. Mark submit regarding  
9 the Direct Testimony of Missouri Department of Natural Resources, Energy Center (DNR,  
10 Energy Center), witness, Laura Wolfe on the contractual obligation of UE with the  
11 Environmental Improvement and Energy Resources Authority (EIERA) to fund Low  
12 Income Weatherization Assistance Program (LIWAP)?

13 A. In her direct testimony, Ms. Wolfe's testifies that UE did not meet its  
14 contractual obligation to the EIERA on July 4, 2008 to provide \$1,200,000 annually to the  
15 EIERA for LIWAP. For various reasons Mr. Mark does not consider it appropriate that UE  
16 continue to provide \$1,200,000 annually to EIERA for LIWAP. Instead, UE provided only  
17 \$900,000.

18 Q. Did Ms. Wolfe provide a copy of the contract between EIERA and UE?

19 A. Yes, she did.

20 Q. Does this contract state that UE is to make annual payments to EIERA in the  
21 amount of \$1,200,000 unless the Circuit Court of Cole County finds that LIWAP is to be  
22 funded at a lower level?

23 A. Yes, it does.

Surrebuttal Testimony of  
Henry E. Warren

1 Q. Has the Circuit Court of Cole County made any finding regarding the level  
2 of funding?

3 A. No.

4 Q. Who signed the contract with EI ERA for UNION ELECTRIC COMPANY  
5 d/b/a AMERENUE?

6 A. Richard J. Mark, Senior Vice President Missouri Energy Delivery.

7 Q. In his rebuttal testimony does Mr. Mark refer to any language in the contract  
8 that excuses UE from fulfilling its obligation if UE considers it to be inappropriate?

9 A. No.

10 Q. Did an authorized representative of the Commission sign the EI ERA  
11 contract?

12 A. Yes, it was signed by Wess Henderson, Executive Director.

13 Q. In his rebuttal testimony does Mr. Mark refer to anything in the EI ERA  
14 contract that would allow UE to unilaterally modify the terms of the contract?

15 A. No.

16 Q. Do you find any reason that UE should not fulfill its contractual obligation  
17 based on the assertion in the rebuttal testimony of Mr. Mark that this not appropriate?

18 A. No.

19 Q. What is your response to the rebuttal testimony on Low Income  
20 Weatherization of the UE witness Richard J. Mark?

21 A. Mr. Mark provides no evidence that UE should not fulfill its EI ERA  
22 contractual obligation to fund LIWAP at \$1,200,000 annually.

**4. STAFF RECOMMENDATION**

1  
2 Q. What is your recommendation regarding the testimony of OPC witness Mr.  
3 Kind regarding the determination of net DSM expenditures of UE for the RAA?

4 A. This language Mr. Kind proposes is consistent with the recommendation I  
5 made in the Staff Report and I support Mr. Kind's proposed language to ensure that only  
6 UE's net expenditures are included in the RAA.

7 Q. What is your recommendation regarding the rebuttal testimony of UE  
8 witness Mr. Mark regarding the obligation of UE to fund EIERA \$1,200,000 annually for  
9 LIWAP?

10 A. Mr. Mark provides no countervailing evidence why UE should not fulfill  
11 its EIERA contractual obligation to fund LIWAP at \$1,200,000 annually.

12 Q. Does this conclude your surrebuttal testimony?

13 A. Yes, it does.