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and Infrastructure  
Inspection Trackers; Storm  
Tracker  
Witness: David N. Wakeman  
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Sponsoring Party: Union Electric Company  
File No.: ER-2014-0258  
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**MISSOURI PUBLIC SERVICE COMMISSION**

**FILE NO. ER-2014-0258**

**SURREBUTTAL TESTIMONY**

**OF**

**DAVID N. WAKEMAN**

**ON**

**BEHALF OF**

**UNION ELECTRIC COMPANY  
d/b/a Ameren Missouri**

**St. Louis, Missouri  
February 2015**

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**II. VEGETATION MANAGEMENT AND  
INFRASTRUCTURE INSPECTION TRACKERS**

**Q. Ms. Hanneken recommends that the Missouri Public Service Commission (“Commission”) discontinue the Vegetation Management and Infrastrucure Inspection trackers, arguing that there is a complete history of costs through an entire urban and rural cycle and therefore a renewal of the tracker is unwarranted. Do you agree?**

A. No, I do not. My rebuttal testimony in this case addresses the factors that will continue to cause variability in the costs arising from mandatory operations required by the Commission’s rules. The trackers are beneficial because they address the variations from the Company’s perspective and from our customers’ perspectives as well. The trackers do not appear to have any downside for either the Company or its customers. The trackers are appropriate and should be continued.

**III. STORM TRACKER**

**Q. Mr. Boateng recommends that the Commission discontinue the storm cost tracker because other rate-making tools already exist to adequately address the storm cost issue and that those tools have been successfully used in the past. Do you agree with that recommendation?**

A. I do not. I agree that there are rate-making tools that address storm costs which have been used in the past. I do not believe those tools provide a more effective solution than the storm cost tracker which has already been approved by the Commission.

**Q. Mr. Boateng references using the option of requesting an Accounting Authority Order ("AAO") to capture the costs of extraordinary storm events and**

1 **defer it for possible rate treatment in a future rate case. Do you agree that is the**  
2 **appropriate method to deal with extraordinary storm expense?**

3 A. I do not. The Commission has already agreed that a two-way tracker for  
4 storm costs is the appropriate rate-making mechanism. In the *Report and Order* from the  
5 Company's last rate case, Case No. ER-2012-0166, the Commission stated:

6 Major storm restoration costs are particularly well suited for  
7 inclusion in a two-way tracker...major storm costs can have a  
8 significant impact on the company's overall costs and ability to  
9 earn a reasonable return on investment...In the past, the  
10 Commission has allowed Ameren Missouri to recover all its  
11 major storm costs through a series of AAOs. The creation of a  
12 two-way tracker will simply rationalize that method of  
13 recovery without reducing Ameren Missouri's incentive to  
14 control costs. It will not increase the burden of prudence  
15 review imposed on staff and other parties. However, because it  
16 tracks major storm restoration costs both above and below the  
17 amount set in base rates, the tracker will return such costs to  
18 ratepayers if Ameren Missouri's service territory is not hit by a  
19 major storm.

20 A process requiring Ameren Missouri to file for AAOs after every major storm  
21 and then to potentially collect those costs in rates in a future rate case does not provide a  
22 mechanism to return back to customers in a future rate case actual storm costs that are  
23 less than the amount included in base rates. It is also a much more administratively  
24 burdensome process to ensure Ameren Missouri is given the opportunity to recover all  
25 the costs of major storm restoration. The Commission recognized that there are other  
26 rate-making mechanisms in place that have addressed extraordinary costs in the past, and  
27 decided the two-way storm tracker was the superior mechanism to use. Staff made  
28 similar arguments in the Company's last rate case and the Commission rejected them in  
29 favor of Ameren Missouri's proposed major storm cost tracker. There is no reason the  
30 commission should change that decision.

1           **Q.     Mr. Boateng states that Staff does not believe the IEEE 1366 standard**  
2 **should be used as a substitute to address the types of storm events that are**  
3 **traditionally classified as normal and extraordinary under existing rate-making**  
4 **procedures. Can you explain why the IEEE 1366 standard should be used to**  
5 **classify weather events?**

6           A.     As I explained in my rebuttal testimony in this case, and in the Company's  
7 last rate case, the IEEE 1366 method is an industry-wide mechanism that applies a  
8 consistent methodology using data analysis to objectively make that decision. It looks at  
9 the magnitude of an outage event by examining customer minutes out per customer on a  
10 daily basis and compares that result to the normal range of customer outages based on  
11 five years of historic daily customer outage minutes. If the customer minutes of  
12 interruption per customer on a given day are outside the normal range, the day is  
13 classified as a Major Event Day. This relieves the burden of subjectively determining  
14 whether particular storm costs are treated as normal or major for both the Company and  
15 Staff. The Commission also accepted this method to classify storms in the last rate case.<sup>2</sup>  
16 While Mr. Boateng opposes this objective standard, he does not oppose it as unworkable.  
17 He also does not propose any alternative to the objective IEEE 1366 method. His only  
18 opposition is a theoretical one, which has already been rejected by the Commission.

19           **Q.     How can the Commission be assured that this standard will identify**  
20 **the appropriate storms as major storms?**

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<sup>2</sup> In addition, the tracker also includes costs associated with preparation for an anticipated major storm which does not materialize, such as the costs associated with January 31, 2011. This is important, since advance preparation for anticipated major storms is critical to restoring service as quickly as possible.

1           A.     In the last rate case, the Company demonstrated that the IEEE 1366  
2 method appropriately classified the storm events occurring from 2007 through July 2011.  
3 The Commission agreed IEEE 1366 was the appropriate method to distinguish major  
4 storm events from non-major storm events. The method remains an objective industry  
5 standard and is still appropriate for use by the Commission.

6           **Q.     Do you have anything else to add?**

7           A.     I feel strongly that this tracker is designed in a manner that accomplishes  
8 the goal of allowing the Company the opportunity to recover its expenditures on major  
9 storm restoration while also protecting the Company's customers from paying more than  
10 is necessary to meet that goal. It ensures that customers do not overpay storm recovery  
11 costs and also removes any concerns Ameren Missouri has that it will not be able to  
12 recover all prudently-incurred storm recovery costs. As the Commission found in our last  
13 rate case, this tracker is a more rational method of cost recovery than traditional methods  
14 of recovery and it should be continued.

15          **Q.     Does this conclude your surrebuttal testimony?**

16          A.     Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company d/b/a )  
Ameren Missouri's Tariffs to Increase Its Revenues ) **Case No. ER-2014-0258**  
for Electric Service. )

**AFFIDAVIT OF DAVID N. WAKEMAN**

**STATE OF MISSOURI** )  
 ) ss  
**CITY OF ST. LOUIS** )

David N. Wakeman being first duly sworn on his oath, states:

1. My name is David N. Wakeman. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as Senior Vice President Operations and Technical Services.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 5 pages and Schedule(s) N/A, all 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 questions therein propounded are true and correct.

  
\_\_\_\_\_  
David N. Wakeman

Subscribed and sworn to before me this 6<sup>th</sup> day of February, 2015.

  
\_\_\_\_\_  
Notary Public

My commission expires: 2.21-18

