

Exhibit No.:  
Issues: Demand-Side Investment  
Mechanism  
Witness: Antonio M. Lozano  
Sponsoring Party: Union Electric Company  
Type of Exhibit: Direct Testimony  
Case No.: ER-2023-\_\_\_\_\_  
Date Testimony Prepared: December 1, 2022

**MISSOURI PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**ANTONIO M. LOZANO**

**December 1, 2022**  
**St. Louis, Missouri**

**DIRECT TESTIMONY**

**OF**

**ANTONIO M. LOZANO**

**File No. ER-2023--\_\_\_\_\_**

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

2           A.     My name is Antonio M. Lozano. My business address is One Ameren Plaza, 1901  
3 Chouteau Ave., St. Louis, Missouri.

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

5           A.     I am the 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, specifically  
10 3<sup>rd</sup> Revised Sheet 91.23. The proposed revisions represent an adjustment of customer rates to  
11 reflect the actual and forecasted costs of the Company’s approved energy efficiency and demand  
12 response programs.

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

15           A.     The terms of Rider EEIC require a filing at least once per calendar year to be  
16 effective on February 1<sup>st</sup> the subsequent calendar year. The Missouri Public Service Commission’s  
17 (“Commission”) rules also require this filing to be made at least sixty (60) days in advance of when  
18 rates would become effective. The twelve-month period beginning February 1 and ending with the  
19 following January 31 is known as the Effective Period ("EP"). In this case, the EP is for February

1 1, 2023, through January 31, 2024. This is applicable unless an additional rider is filed, which shall  
2 begin on either June or October and end with the subsequent January.

3 **Q. Please describe the components of the Rider EEIC filing.**

4 A. As defined in Schedule No. 6 Sheet 91.15, the Energy Efficiency Investment Rate  
5 ("EEIR") is equal to the sum of the Net Program Costs ("NPC"), Net Throughput Disincentive  
6 ("NTD"), Net Earnings Opportunity ("NEO"), and Net Ordered Adjustment ("NOA") for the  
7 applicable effective period ("EP"), all divided by the Projected Energy ("PE") for the same period.  
8 The EEIR is calculated for each applicable rate class.

9 Each of the net components is equal to the projected value for the EP plus the  
10 reconciliation, or true-up value, for the same component over the prior period. The reconciliation  
11 can be either a positive or negative relative to the projected value for the same component used in  
12 the prior period.

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

15 A. For the period February 1, 2022, to January 31, 2023, the MEEIA Rider EEIC  
16 revenue requirement is \$91.9 million ("M"). This Rider EEIC filing seeks an increase of \$9.9M  
17 from the current level of such costs in the Company's rates, for a total MEEIA Rider EEIC revenue  
18 requirement of \$101.8M.

19 The forecasted costs for February 2023 through January 2024 as well as a reconciliation of  
20 the historical costs as described above are depicted in Table 1 below. Totals are provided for each  
21 service class.

**TABLE 1 – Total EEIR Revenue Requirement**

<b>Service Class</b>	<b>Total Reconciled Costs*</b>	<b>Total Forecasted Costs†</b>	<b>Total</b>
1(M)-Residential Service	(\$2,735,548)	\$47,914,209	\$45,178,660
2(M)-Small General Service	(\$1,689,555)	\$12,150,884	\$10,461,329
3(M)-Large General Service	\$1,003,668	\$29,675,880	\$30,679,548
4(M)-Small Primary Service	(\$601,369)	\$11,868,727	\$11,267,358
11(M)-Large Primary Service	\$155,350	\$4,086,913	\$4,242,262
12(M)-Large Transmission Service	\$0	\$0	\$0
<b>Total</b>	<b>(\$3,867,455)</b>	<b>\$105,696,612</b>	<b>\$101,829,157</b>

\*Total Reconciled Costs = Program Cost Reconciliation + Throughput Disincentive Reconciliation + Earnings Opportunity Reconciliation + Ordered Adjustment Reconciliation as defined in Rider EEIC

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

1 This results in the EEIR amounts as depicted in Table 2 below, for the EP beginning  
2 February 1, 2023:

**TABLE 2 – EEIR Charge by Service Class**

<b>Service Class</b>	<b>MEEIA 2 Subtotal (\$/kWh)</b>	<b>MEEIA 3 Subtotal (\$/kWh)</b>	<b>Total EEIR (\$/kWh)</b>
1(M)-Residential Service	\$0.000017	\$0.003648	\$0.003665
2(M)-Small General Service	\$0.000019	\$0.003450	\$0.003469
3(M)-Large General Service	\$0.000007	\$0.004564	\$0.004571
4(M)-Small Primary Service	\$0.000004	\$0.004010	\$0.004014
11(M)-Large Primary Service	\$0.000000	\$0.003845	\$0.003845
12(M)-Large Transmission Service	\$0.000000	\$0.000000	\$0.000000

3 Filed concurrently with my direct testimony is the tariff sheet that contains the EEIR, along  
4 with the relevant subcomponents. The new EEIR will result in charges of approximately \$3.73 per  
5 month for an average residential customer. This represents a decrease of \$0.09 per month (2%)  
6 from the prior charge, which represented approximately \$3.82 for the average residential customer.

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

2           A.     Overall, the revenue requirement request reflects an increase of \$9.9M.

3           As shown in Table 3, the current EEIR revenue requirement is driven almost exclusively  
4 by forecasted costs for 2023. The increase in revenue requirement is due to higher Commission  
5 approved budgets<sup>1</sup>, with correspondingly higher throughput disincentive.

**TABLE 3– EEIR Revenue Requirement by MEEIA Program**

<b>MEEIA Program</b>	<b>Total Reconciled Costs*</b>	<b>Total Forecasted Costs†</b>	<b>Total</b>
MEEIA 2016-2018	\$328,897	\$0	\$328,897
MEEIA 2019-2021	(\$4,196,352)	\$105,696,612	\$101,500,260
<b>Total</b>	<b>(\$3,867,455)</b>	<b>\$105,696,612</b>	<b>\$101,829,157</b>

\*Total Reconciled Costs = Program Cost Reconciliation + Throughput Disincentive Reconciliation + Earnings Opportunity Reconciliation + Ordered Adjustment Reconciliation as defined in Rider EEIC

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

6           As shown in Table 3, reconciliation costs are offsetting forecasted costs to a greater degree  
7 than last year. While this indicates that the contrast compared to last year grew, it is important to  
8 note that the overall scale of the reconciliation denotes that the actual collections continue to  
9 largely match forecasted collections.

10          **Q.     Is there additional information about this filing to highlight?**

11          A.     Yes. While not significant drivers to the overall request, this filing does include  
12 relevant modifications to the NPC, NTD, NEO, and NOA as appropriate, based on past and  
13 projected program operations. For simplicity and transparency, I describe each of these in turn.  
14 Individual calculations are described in the workpapers, which are described further at the end of  
15 my testimony.

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<sup>1</sup> Commission approved program budgets for 2023 are 6% percent higher than for 2022.

1           ***Net Program Costs ("NPC")***

- 2           • Net program costs are within the approved program budgets and reflect projected spend  
3           during the EP for both the plan year 2022 (PY22) and plan year 2023 (PY23) plans. In  
4           general, approved program costs for PY22 and PY23 are lower than those same  
5           program costs for plan year 2021 (PY21).
- 6           • Additionally, January 2024 projected spend is included, reflecting a prudent forecast  
7           based on PY23 expectations.
- 8           • In the previous Rider, it was noted that additional costs were not included for recent  
9           budget additions to PY22 including the forecast for Evaluation, Measurement &  
10          Verification ("EM&V") research and the Urban Heat Island potential study. These  
11          costs are now incorporated.
- 12          • Similar to the last Rider, the forecast includes a natural gas co-delivery credit forecast  
13          of dollars expected from Spire.

14          ***Net Throughput Disincentive ("NTD")***

- 15          • Projected TD is calculated based on an 82.5% net to gross factor beginning with PY22,  
16          as defined in the stipulation and agreement.<sup>2</sup> TD reconciliations for PY22 and PY23  
17          will be limited to the impact of realization rates and will not include a review of net to  
18          gross impacts. In contrast, TD associated with prior years was projected with an 85%  
19          net to gross ratio and reconciled against evaluated net realization rates in subsequent  
20          Rider EEIC filings.

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<sup>2</sup> See Order Approving Stipulation and Agreements effective September 4, 2020, in File No. 2018-0211, page 6 of Unanimous Stipulation and Agreement Regarding the Implementation of Certain MEEIA Programs Through Plan Year 2022, which is attached to the order.

- 1           • The NTD calculation reflects the rebasing of MEEIA savings consistent with past rate  
2 reviews. The assumption in the previous rider for ER-2021-0240 was that MEEIA  
3 savings would be rebased through the true-up period, September 2021, and effective  
4 March 2022. As was later finalized in the rate review, MEEIA savings would be  
5 rebased through the updated test period, April 2021, and effective March 2022. This  
6 adjustment resulted in less savings shifting to base rates in ER-2021-0240, causing  
7 actual TD values to be higher than forecasted in the prior rider filing.
- 8           • The NTD calculation reflects anticipated future rebasing, related to the current rate  
9 review, ER-2022-0337. TD is forecasted for savings to be rebased through the updated  
10 test period, consistent with the timing used in the prior rate review; savings rebased as  
11 of June 2022 and effective July 2023.
- 12          • TD associated with Home Energy Reports (HER) ended on April 30, 2021. Consistent  
13 with ER-2021-0240, HER was then fully rebased and no more TD was collected.

14           ***Net Earnings Opportunity ("NEO")***

- 15          • The filing includes the NEO for PY21, including the PY21 TD True-up. In August  
16 2022, earnings of \$12,767,186 and a TD True-up of (\$1,019,499) were recognized. A  
17 correction to TD True-up was later identified, and an additional (\$197) was recognized  
18 for a total TD True-up of (\$1,019,696).

19           ***Net Ordered Adjustment ("NOA")***

- 20          • There is not an NOA that applies to this filing.

21           **Q. Please describe how the Company has included costs related to its PAYS<sup>®</sup>**  
22 **program in the current Rider EEIC?**

1           A.     2022 is the second year for the Company to offer a Pay As You Save<sup>®</sup> ("PAYS<sup>®</sup>")  
2 program. In addition to program costs and throughput disincentive associated with PAYS<sup>®</sup> related  
3 savings, the Company is also allowed to recover from non-participants, the difference between  
4 Plan-In-Service Accounting rate ("PISA") and the 3% financing costs (when not transitioned to  
5 base rates); this difference is included in program costs.

6           The Company has been authorized to provide up to \$5M of customer financing in 2021  
7 and \$10M of customer financing each in 2022 and 2023. Program performance so far has fallen  
8 short of initial planning assumptions, particularly with respect to the ability to convert enrolled  
9 customers to completed projects. Completed projects have also had a lower financing per project  
10 than initially forecast. Evaluation of barriers to completion continues, to evolve the program and  
11 ultimately realize additional benefits for customers. Based on program performance in 2022 and  
12 the latest forecasts for 2023, projected financing expenses in 2023 are based on a participation  
13 level resulting in \$5M of financed projects, as opposed to the maximum of \$10M.

14           Revised projections on PAYS participation level and the impact to savings, are similarly  
15 reflected in the throughput disincentive forecast as well.

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

18           A.     The Company requests approval of the revised tariff pages and Rider EEIC rate  
19 schedule to become effective on and after February 1, 2023.

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

21           A.     The Commission's rules, specifically 20 CSR 4240-20.093(4)(D), requires that  
22 Ameren Missouri be current with its provision of the Annual Report required by 20 CSR 4240-  
23 20.093(9). That report was filed on March 31, 2022, in File No. EO-2022-0266. There was a 30-



1 day comment period following that report's submission, and no party filed comments.  
2 Subsequently, the Commission subsequently closed that File on May 3, 2022.

3 Additionally, I have attached the supporting documentation as Schedules:

- 4 • AML2: MEEIA Rider Calculations
- 5 • AML3: Over under calculations, including supporting files for interest rates and  
6 PAYS<sup>®</sup> financing charges
- 7 • AML4: MEEIA Rider Calculations supporting data
- 8 • AML5: MEEIA 3 PY2021 EO Calculation TD True-up adjustment and supporting  
9 files, including evaluated results
- 10 • AML6: MEEIA 3 PY2021 EO Calculation
- 11 • AML7: Supporting input files related to TD calculations, including rebasing, by  
12 program year

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

14 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 Electric Service Tariffs Adjustment Relating    ) File No. ER-2023-\_\_\_\_\_  
To MEEIA EEIC Rider.    )

**AFFIDAVIT OF ANTONIO M. LOZANO**

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

Antonio M. Lozano, being first duly sworn on his oath, states:

1. My name is Antonio M. Lozano. I am employed by Ameren Missouri as Director, Energy Solutions.

2. Attached hereto and made a part hereof for all purposes is my corrected Direct Testimony on behalf of Union Electric Company, d/b/a Ameren Missouri, consisting of 8 pages and Schedule(s): AML-D1, AML-D2, AML-D3, AMI -D3A, AML-D4, AML-D5, AML-D5A, AML-D5B, AML-D5C, AML-D6, AML-D7, AML-D7A, AML-D7B, AML-D7C, AML-D7D, AML-D7E, AML-D7F, AML-D7G, AML-7H, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. Further, under the penalty of perjury, I declare that my answers contained in the attached testimony to the questions therein propounded are true and correct.

*AM Lozano*  
/s/ \_\_\_\_\_  
Antonio M. Lozano

Subscribed to me this 1<sup>st</sup> day of December, 2022.