

Exhibit No.:
Issues: Rider EEIC – Energy Efficiency
Investment Charge
Witness: William R Davis
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2018-
Date Testimony Prepared: November 21, 2017

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

WILLIAM R. DAVIS

November 21, 2017
St. Louis, Missouri

DIRECT TESTIMONY

OF

WILLIAM R. DAVIS

Case No. ER-2018-

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 Efficiency and Renewables Union Electric Company d/b/a
6 Ameren Missouri ("Ameren Missouri" or "Company").

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

8 A. My testimony supports revisions to Rider EEIC – Energy Efficiency Investment
9 Charge of Ameren Missouri’s Schedule No. 6 – Schedule of Rates for Electric Service, 3rd Revised
10 Sheet No. 91.11, which is being filed by Ameren Missouri to adjust customer rates to reflect the
11 costs of the Company’s recently approved energy efficiency programs. The tariff sheet is also
12 attached to this testimony as Schedule WRD-1.

13 **Q. Please explain why Ameren Missouri is filing a revision to its Energy**
14 **Efficiency Investment Charge Rider ("Rider EEIC") at this time.**

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

1 **Q. Please describe the impact of the change in the Energy Efficiency Investment**
 2 **Rate (“EEIR”) on the Company’s customers.**

3 A. Overall, this Rider EEIC filing seeks an increase of \$31.4 million over the current
 4 level of such costs reflected in the Company’s rates. As provided for by the terms of Rider EEIC,
 5 this increase consists of forecasted costs for February 2018 through January 2019, as well as a
 6 reconciliation of historical costs, as depicted in the table below.

| Service Class | Reconciled Costs* | Forecasted Costs† | Total |
|-----------------------------|--------------------------|--------------------------|--------------|
| 1(M)-Residential Service | (\$1,913,473) | \$46,660,665 | \$44,747,192 |
| 2(M)-Small General Service | \$998,885 | \$13,969,986 | \$14,968,871 |
| 3(M)-Large General Service | \$1,346,946 | \$33,136,534 | \$34,483,480 |
| 4(M)-Small Primary Service | \$808,074 | \$14,834,427 | \$15,642,500 |
| 11(M)-Large Primary Service | \$80,854 | \$6,600,549 | \$6,681,403 |

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

†Forecasted Costs = Projected Program Costs + Projected Throughput Disincentive + Performance Incentive Award as defined in Rider EEIC

7 Allocating the Rider EEIC revenue requirement (\$116.5 million) to the respective rate classes and
 8 using the forecasted kilowatt-hour (“kWh”) sales for February 2018 through January 2019 results
 9 in the following EEIR amounts for the Company’s customers for the remainder of the Effective
 10 Period, beginning with the February 2018 billing month:

| Service Class | MEEIA 1 Subtotal (\$/kWh) | MEEIA 2 Subtotal (\$/kWh) | Total EEIR (\$/kWh) |
|-----------------------------|----------------------------------|----------------------------------|----------------------------|
| 1(M)-Residential Service | \$0.000666 | \$0.003019 | \$0.003685 |
| 2(M)-Small General Service | \$0.000253 | \$0.004246 | \$0.004499 |
| 3(M)-Large General Service | \$0.000455 | \$0.004031 | \$0.004486 |
| 4(M)-Small Primary Service | \$0.000453 | \$0.004291 | \$0.004744 |
| 11(M)-Large Primary Service | \$0.000644 | \$0.003274 | \$0.003918 |

1 Filed concurrently with my direct testimony is the tariff sheet that contains the EEIR, along
2 with the relevant subcomponents. The new EEIR will result in charges of approximately \$3.74 per
3 month for an average residential customer, which is a decrease from \$3.95 per month (a decrease
4 of \$0.21 per month).

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

6 A. There are three primary drivers to the change in the EEIR. First, is an overall
7 increase in projected energy efficiency program costs, primarily in the business programs, as
8 compared to the period covered by the current EEIR. Second, is an increase in projected throughput
9 disincentive plus the completion of the large throughput disincentive under-collection recovery
10 due to the large spike in program participation in the fourth quarter of 2015. Third, is the inclusion
11 of \$13.6 million of performance incentive earned by the Company for its 2013-2015 energy
12 efficiency programs, as authorized by the Commission's order approving the *Revised Non-*
13 *Unanimous Stipulation and Agreement Addressing Ameren Missouri's Performance Award* in File
14 No. EO-2012-0142.

15 **Q. Are there any Ordered Adjustments included in this EEIR revision?**

16 A. There are two Ordered Adjustments (OA) included in this rate filing. The first OA
17 is from the *Stipulation and Agreement Regarding Adjustments to Ameren Missouri's EEIR* in File
18 No. EO-2017-0023 (MEEIA 1 Prudence Review) in the amount of \$60,000. The second OA
19 resulted from the *Non-Unanimous Stipulation and Agreement Settling Final EM&V for the 2016*
20 *MEEIA Cycle 2 Program Year* in File No. EO-2015-0055 for the Home Energy Report throughput
21 disincentive calculated to the amount of \$890,587.28.

22 **Q. What action is Ameren Missouri requesting from the Commission with respect**
23 **to the revised Rider EEIC rate schedule?**

1 A. The Company requests approval of the revised Rider EEIC rate schedule to become
2 effective on the first day of the February, 2018 billing month, which is January 25, 2018.

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

4 A. The rules require that Ameren Missouri provide the Annual Report required by 4
5 CSR 240-93(8). That report was filed on March 31, 2017, in File No. EO-2017-0258. There is a
6 60-day comment period following that report's submission, and no party filed comments. In
7 addition, I have attached documentation supporting the revised EEIR as Schedules WRD-2, WRD-
8 3, WRD-4, WRD-5, WRD-6, WRD-7, and WRD-8.

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

10 A. Yes, it does.

