

Exhibit No.:
Issue: *Paperless Bill Credit;*
Error Corrections
Witness: *Erin M. Carle*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *ER-2016-0179*
Date Testimony Prepared: *January 20, 2017*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

REBUTTAL TESTIMONY

OF

ERIN M. CARLE

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

CASE NO. ER-2016-0179

Jefferson City, Missouri
January 2017

**** Denotes Highly Confidential Information ****

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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **ERIN M. CARLE**

4 **UNION ELECTRIC COMPANY**

5 **d/b/a Ameren Missouri**

6 **CASE NO. ER-2016-0179**

7 Q. Please state your name and business address.

8 A. Erin M. Carle, 111 N. 7th Street, Suite 105, St. Louis, MO 63101.

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

10 A. I am employed by the Missouri Public Service Commission (“Commission”) as a
11 Utility Regulatory Auditor in the Auditing Department of the Commission Staff Division.

12 Q Are you the same Erin M. Carle who contributed to the Missouri Public Service
13 Commission Staff’s (“Staff”) Revenue Requirement Cost of Service Report (“Staff Report”),
14 filed December 9, 2016?

15 A. Yes, I am.

16 Q. What is the purpose of your rebuttal testimony in this proceeding?

17 A. My rebuttal testimony will respond to the direct testimony of Ameren Missouri
18 (“Company”) witness Tara K. Oglesby regarding the proposed paperless bill credit while
19 supplying more information about the credit itself. I will also be explaining two corrections that
20 were discovered in my direct filed workpapers. The first one was on my Insurance Expense
21 workpaper and the second one was on my Rents and Leases workpaper.

22 **PAPERLESS BILL CREDIT**

23 Q. Did Ameren Missouri include an adjustment as part of its direct filed case to
24 reduce revenues to account for the proposed paperless bill credit?

1 A. Yes. On workpaper LMM-WP-211, Ameren Missouri witness Laura Moore
2 reflects an adjustment to reduce revenues by \$907,099.

3 Q. How did Ameren Missouri calculate the \$907,099 adjustment?

4 A. Per Ameren Missouri witness Tara Oglesby's direct testimony, the \$907,099
5 represents the cost savings Ameren Missouri receives for not having to issue a paper bill to
6 188,979 Missouri electric ratepayers that are currently enrolled in paperless billing. Each
7 ratepayer enrolled in paperless billing would receive a \$0.40 per month credit on his/her
8 electric bill. The \$0.40 credit is the difference in the cost to mail a paper bill and the cost to
9 issue an e-bill.

10 Q. Is Ameren Missouri proposing in this case to reduce revenues any further beyond
11 the \$907,000 amount referenced above?

12 A. Staff is not sure. On the top of page 6 of her direct testimony, Ameren Missouri
13 witness Tara Oglesby includes a chart that proposes to reduce revenues another \$580,320, which
14 is currently not reflected in Ameren Missouri's overall cost of service direct filed case. This
15 value represents the cost savings that Ameren Missouri would realize if an additional 120,000
16 ratepayers above the current level enrolled in paperless billing.

17 Q. How will Ameren Missouri's proposal affect the overall cost of service?

18 A. By reducing revenues, the overall cost of service would increase for all
19 ratepayers. All ratepayers would be required to cover a portion of the credit as part of their
20 tariffed rates each month, not just those ratepayers that are enjoying the benefit of the bill credit.

21 Q. If ordered by the Commission, with the credit included as a part of rates, would
22 all customers enrolled in paperless billing really receive the \$0.40 credit?

1 A. No. Since the credit would be included as a part of the overall cost of service that
2 is spread amongst all Ameren Missouri ratepayers, each ratepayer will be covering a portion of
3 the increase in the revenue requirement due to this proposal as part of his/her monthly bill.
4 Therefore, ratepayers enrolled in paperless billing most likely will not receive the full \$0.40
5 credit per month.

6 Q. How would the paperless bill credit program work?

7 A. Per the response to Staff Data Request No. 525, Ameren Missouri would begin
8 implementing the credit in August or September 2017 if authorized to do so by the Commission.
9 All current paperless bill customers would receive the credit, and as customers newly enroll
10 in paperless billing, they will also receive a \$0.40 credit on their bill for each month they are
11 enrolled. There is currently no policy in place to limit the number of enrollees to receive
12 the credit nor is there a timeline specifying the length of time the paperless bill credit program
13 will last.

14 Q. Would all Ameren Missouri ratepayers benefit from such a program?

15 A. No. There would be an overall increase in the revenue requirement mentioned
16 above, as well as Ameren Missouri has many elderly and/or low income ratepayers that may not
17 have the capability to take advantage of the paperless bill credit due to lack of internet access or
18 ratepayers that live in rural areas with unreliable to no internet connectivity. In order to receive a
19 paperless bill, the ratepayer would have to go online and log into their Ameren Missouri account.
20 These ratepayers would be required to pay for credits as part of their overall Ameren Missouri
21 utility bill that they would never be capable of receiving a benefit from.

22 Q. Has Ameren Missouri performed any type of analysis to determine the percentage
23 of its ratepayers that would fall into the above groups?

Rebuttal Testimony of
Erin M. Carle

1 A. No. Per the response to Staff Data Request No. 524, Ameren Missouri has not
2 performed an analysis showing which customers are capable or incapable of participating in the
3 paperless bill program. Ameren Missouri tracks the number of accounts eligible for paperless
4 bills based on the type of account, but does not take into consideration elderly and/or low income
5 status or internet connection and availability.

6 Q. Staff witness Lisa Kremer discusses focus groups in her rebuttal testimony,
7 addressing research that Ameren Missouri has performed on paperless billing. Has Staff made
8 an adjustment to remove any focus group expenses related to making customers aware of the
9 paperless billing option?

10 A. No. Staff has not made an adjustment to remove any focus group expenses
11 related to paperless billing. Staff did make an adjustment to remove \$19,050 from cost of
12 service that is related to social media advertising for the paperless bill credit, as provided in
13 response to Staff Data Request No. 427.

14 Q. What is Staff's position in regards to Ameren Missouri's paperless bill credit
15 proposal?

16 A. Staff has determined that the paperless bill credit, or reduction to revenue, should
17 not be included in Ameren Missouri's cost of service calculation. When a ratepayer enrolls in
18 paperless billing, Ameren Missouri is saving \$0.40 per paperless bill customer each month by
19 not having to issue a paper bill to that customer. By providing a credit of \$0.40 each month to
20 these ratepayers, Ameren Missouri is giving away any cost savings it would achieve by enrolling
21 customers in paperless billing, while also increasing the revenue requirement that all customers
22 must pay through a reduction in revenue which reflects the cost savings it is giving away.
23 Ameren Missouri's proposal forces all ratepayers, regardless of ability to enroll in paperless

1 | billing or not, to cover the revenue requirement effect of attempting to incent customers to enroll
2 | in paperless billing.

3 | **CORRECTIONS TO DIRECT FILING**

4 | Q. Please explain the correction that has been made to Staff's Insurance Expense
5 | workpaper.

6 | A. In its direct filed Insurance Expense workpaper, Staff made an adjustment to
7 | allocate 4% of the Workers' Compensation premium to gas; however, the amount supplied in
8 | response to Staff data request 363 had already been allocated. Essentially Staff calculated a
9 | removal for the gas allocation twice. Staff made a correction to include the 4% removed back
10 | into Ameren Missouri's cost of service.

11 | Q. What was the value of this correction?

12 | A. The correction to insurance expense increases Staff's direct revenue requirement
13 | by **_____**.

14 | Q. Please explain the correction that was made on Staff's Rents and Leases
15 | workpaper.

16 | A. In its Rents and Leases workpaper, Staff had a calculation error that affected the
17 | test year value for IT leases.

18 | Q. What is the value of this correction?

19 | A. The correction to rents and leases increases Staff's direct revenue requirement by
20 | **___**.

21 | Q. Does this conclude your rebuttal testimony?

22 | A. Yes it does.

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