Exhibit No.:	_____
Issue:	Rate Design
Witness:	Richard E. Stinneford
Sponsoring Party:	Charter Communications, Inc.
Case No.:	Case No. ER-2010-0036

CHARTER COMMUNICATIONS, INC.

Case No. ER-2010-0036

DIRECT TESTIMONY

OF

RICHARD E. STINNEFORD

Bethesda, Maryland
January, 2010

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company, d/b/a AmerenUE's Tariffs to Increase its Annual Revenues for Electric Service	)))	Case No. ER-2010-0036

AFFIDAVIT OF RICHARD E. STINNEFORD

STATE OF MARYLAND)
) ss.
COUNTY OF _____)

I, Richard E. Stinneford, of lawful age, and being duly sworn, do hereby depose and state:

1. My name is Richard E. Stinneford. I am presently a consultant with Cablesave, llc.

2. Attached hereto and made a part hereof for all purposes is my direct testimony.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my personal knowledge, information and belief.

_____
Richard E. Stinneford

Subscribed and sworn to before me, a Notary Public, this 6th day of January, 2010.

_____
My Commission expires: Notary Public

_____

DIRECT TESTIMONY OF RICHARD E. STINNEFORD

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Richard E. Stinneford. My business address is 5313 Portsmouth Rd., Bethesda, MD 200816.

Q. What is your occupation and by whom are you employed?

A. I am a Member of Cablesave, llc. I provide a variety consulting services to clients relating to regulatory issues in the electric and gas industries.

Q. Please describe briefly the nature of the consulting services provided by Cablesave, llc.

A. Cablesave, LLC is an energy consulting company created to assist cable television operators with managing energy expenses. Among other assistance that we provide, we review how cable operators are billed by electric utilities under various rate schedules and work with cable operators to obtain rates for electric service more in-line with the costs utilities incur to serve the various types of cable loads. Current clients include the members of the Virginia Cable Telecommunications Association ("VCTA"), Comcast Communications, Inc. ("Comcast") and Charter Communications, Inc. ("Charter"). Either directly or indirectly through the VCTA, we are currently working for three of the four largest cable Multiple System Operators ("MSOs") in the country: Comcast, Charter and Cox Communications, Inc.

Q. Please state your educational background.

A. I hold a BA from Bucknell University where I majored in both Mathematics and Economics. I also received an MA in Economics from the State University of New York at Binghamton (now known as Binghamton University).

Q. Please describe your professional experience.

A. I have been a consultant in the electric and gas utility industries for 30 years. In addition to being a member of Cablesave, LLC, I am also a member in the Washington Utility Group, LLC, another energy consulting firm. Previously, I worked for the utility consulting practice of Ernst & Young (formerly Ernst & Whinney). Most relevant to this proceeding, one of my areas of expertise is utility costing and ratemaking. I have provided testimony before U.S. courts, the Federal Energy Regulatory Commission, and a number of state utility regulators. My detailed resume including a list of my specific regulatory appearances can be found in Exhibit RES-1.

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of Charter Communications, Inc. ("Charter"). Charter provides a variety of communications services across much of the service territory of AmerenUE ("the Company).

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to propose modified billing mechanisms that would apply to cable television power supplies currently being served under the Company's Service Classification No. 2(M), Small General Service Rate ("Small GS"). Currently, constant use loads such as cable television power supplies are charged well in excess of the costs incurred by the Company to serve them.

Q. Please summarize your testimony.

A. Because of their very high load factors and the fact that they are unmetered, cable television power supplies are currently charged in excess of the Company's cost to serve because the Small GS rate is designed around a class that is characterized by a much lower load factor and for customers who are overwhelmingly metered. By allowing cable power supplies a reduction off the monthly customer charge as the Company does for other unmetered customers and by allowing power supplies to take advantage of the Optional Time-of-Day Rate contained within the Small GS tariff, Charter would save over $500,000 at proposed rates.

Charter has discussed this proposal with the Company, and to the best of our understanding, it has no objections to its implementation.

III. IDENTIFICATION OF EXHIBITS

Q. Do you sponsor any exhibits in support of your testimony?

A. Yes, I sponsor eight exhibits with this testimony. Exhibit RES-1 is my professional resume. Exhibit RES-2 calculates the difference in electric charges to Charter between the proposed Service Classification No. 2(M), the tariff schedule under which power supplies are currently billed, and a modified Service Classification No. 2(M) that I discuss below.

IV. CABLE POWER SUPPLIES, CLASS LOAD PATTERNS AND TARIFF IMPLICATIONS

Q. Please explain the function of cable television power supplies and the nature of describe the nature of their loads.

A. Cable television power supplies are devices that provide electricity to all of the components within and along an integrated cable television network. These devices are each interconnected with the local electric distribution system, most mounted on the utility's poles, but in some cases can be in separate units that sit on the curbside. Except for outages, all connected cable power supplies operate around the clock, every day of the year. These devices run at very high load factors, approaching 100%, except for outages. While actual loads vary with the type of device and how they are configured, the majority of power supplies have smaller than 1 kW demands. Except for the larger curbside installations, power supplies almost always use less than 1,000 kWh per month. Even though the load at any particular location is relatively small, the load across an entire integrated cable television system can be significant. For example, in the Company's service territory, I estimate that Charter power supplies

place approximately 2.6 MW of instantaneous demand on the Company's distribution system. In most ways, cable power supplies are thus ideal loads for an electric system. Not only are they very high load factor, but the load is distributed across the entire distribution system, and not concentrated at one or two locations.

Q. What evidence is there that power supplies operate at a very high load factor?

A. Both to provide the best picture signal quality and for economic reasons, power supplies must operate at a nearly constant level. The Company and numerous other utilities across the country implicitly or explicitly acknowledge this point since they do not meter power supply locations. The Company's Illinois affiliates have recently agreed to assign a flat, i.e. 100% load factor, load profile to Charter's power supplies in their service territories for shopping purposes. Elsewhere, Duquesne Light, Pepco and Delmarva Power that have stand alone tariffs for power supplies and do not meter them. All assume 100% load factors for cost allocation and rate design purposes. Another utility, JCPL, meters power supplies but nonetheless has assumed they operate at a 100% load factor by assigning them a perfectly flat load profile for shopping purposes in New Jersey. Yet another utility, PECO, also recognizes the constant use nature of power supplies. While PECO has no separate tariff, the great majority of power supplies in PECO's service territory are unmetered and are assumed to operate at a constant use when assigning minimum demands for billing purposes.

Q. How does the Company bill cable providers for power supply loads?

A. As I noted earlier in my testimony, cable television power supplies, because of their relatively small monthly loads, are billed under the Company's Classification No. 2(M), Small General Service Rate, the only rate for which they currently qualify.

Q. As proposed, is this an appropriate tariff for power supplies?

A. No. The standard charges contained in the Small GS rate are inappropriate for power supplies because they do not take into account that (1) power supplies are unmetered and thus they should not be assigned any meter-related costs and (2) the load pattern of the typical customer served under this schedule is dramatically different than the load pattern of power supplies. The Small GS class as a whole is a relatively low load factor class.

V. PROPOSED MODIFICATIONS

Q. Does the Small GS class have any provisions that would allow its members to take advantage of higher load factors?

A. Yes, there is an optional time-of-day option that provides some higher load factor customers to recover at least some of the lower costs associated with their better load shapes. Unfortunately, to take advantage of that option, a time-of-use meter must be installed at those customers' locations. Since power supplies are unmetered, they cannot take advantage of that option.

Q. Is there a readily available solution to this problem?

A. Yes. Power supplies are unmetered in the first place because they operate at a nearly constant use. Therefore, one can predict the number of kWh that will fall into each of the time of use billing periods by calculating the number of hours in each of the time of use billing periods and assign the monthly billing kWh to each period on the basis of the ratio of those hours to the total hours in the month. Thus, for example, if 65% of summer hours fall into the Off Peak period, then 65% of the billed kWh in a summer month in a particular location can be assumed to fall in that billing period. This allows constant use customers to avail themselves of at least some of the benefit of their high load factor without the need to incur the extra expenses of installing time of use meters at every location. I therefore propose that the energy rates charged to cable television power supply locations be set at the energy rates that this Commission ultimately approves for the optional time-of-day rates contained in Service Classification No. 2(M).

Q. What changes do you propose for the Small GS rate customer charge?

A. Because cable television power supplies are unmetered, there is no meter investment at those locations and there is no associated meter reading expense. I therefore propose a reduced customer charge be enacted for cable television power supplies.

Q. Is there precedent for such a reduction for other unmetered loads?

A. Yes. The Company currently has a $5.17 monthly customer charge for unmetered lighting uses in its Service Classification No. 6(M), Street and Outdoor Lighting – Customer-Owned. The Company has set this charge at $6.10 in its proposed tariffs. I propose that the monthly customer charge for cable television power supplies be set at

the same amount as the Commission approves in this case for Service Classification No. 6(M).

Q. You noted earlier that Charter had discussed these proposals with the Company. Please elaborate.

A. In early August of 2009, I contacted the Company to discuss Charter's concerns about the level of charges and to explore various remedies for Charter's power supply locations including, but not limited to, a new stand-alone tariff for power supplies. There were a number of subsequent phone and email contacts in which the general framework of a possible solution emerged. On October 15, 2009, I received an email from Mr. Wil Cooper at the Company, who indicated that an agreement along the lines I have presented above would be acceptable to the Company, that is, that cable television power supplies would be assigned the approved monthly customer charge for Service Classification No. 6(M) and the option of either the standard energy charges or the Optional Time-of-Day energy charges of Service Classification No. 2(M). After talking with representatives at Charter, they also agreed that it was acceptable and I communicated that fact to Mr. Cooper.

Q. Is the process you describe representative of how power supply rate design proposals are sometimes adopted by parties in the context of rate proceedings?

A. Yes. In my experience it is often the case that the utility and the customer agree to a proposal such as I have outlined after informal discussions and exchange of written materials and emails. It is my understanding that there is still an opportunity in this case

for parties to reach agreements that they can present to Staff and other parties before the Commission is required to render a final decision on the Company's going-forward rate design. Thus, I am comfortable in relying on the discussions between the Company and Charter as a basis for presenting the solution described above, and the discussions are the type of information upon which I would normally rely in formulating testimony such as this.

Q. Have the Company and Charter formally agreed to the proposal you have described?

A. No. It is my hope that a formal agreement can be reached in a timely fashion and presented to the Commission. Alternatively, presuming the Company still agrees with my proposal, it may simply confirm its agreement in its surrebuttal testimony. In either case, it is Charter's hope that the solution I have described will be treated as a non-controversial change to the Company's proposed rate design, and ultimately be approved by the Commission.

Q. What is the result of your proposed modifications?

A. Exhibit RES-2 shows the estimated difference in annual charges to Charter power supplies of billing them under Service Classification No. 2(M) as proposed in the Company's filing and with the modifications I have discussed above. Pages 1 and 2 of this exhibit show the savings for a typical power supply for a summer month and a winter month. These savings are then multiplied by the number of Charter power supplies to arrive at aggregate monthly savings. Total summer and winter savings

roll-up to page 1 and total $536,782. The savings calculation is approximate as I have made some simplifying assumptions with respect to the average local sales taxes and municipal charges.

The energy charges shown on pages 1 and 2 for the time of day option weighted averages calculated on page 3 based on the Company's proposed charges and my estimate of the number of annual hours falling into each period.

Q. Does this conclude your direct testimony?

A. Yes, it does.