Exhibit No. 751

MECG – Exhibit 751
Steve W. Chriss
Surrebuttal Testimony
File Nos. ER-2021-0240 & GR-2021-0241

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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2021-0240

SURREBUTTAL TESTIMONY AND EXHIBITS OF

STEVE W. CHRISS

ON BEHALF OF

MIDWEST ENERGY CONSUMERS GROUP

NOVEMBER 5, 2021

Contents

Exhibits

Exhibit SWC-18: Derivation of MECG Proposed Rate Design for Large General Service at Ameren's Proposed Revenue Requirement

Introduction

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is Steve W. Chriss. My business address is 2608 SE J St., Bentonville, AR 72716-0550. I am employed by Walmart Inc. ("Walmart") as Director, Energy Services.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?

A. I am testifying on behalf of Midwest Energy Consumers Group ("MECG").

Q. ARE YOU THE SAME STEVE W. CHRISS WHO TESTIFIED EARLIER IN THIS DOCKET?

A. Yes.

Purpose of Testimony and Summary of Recommendations

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide MECG's response to the rebuttal testimonies of Union Electric Company D/B/A Ameren Missouri ("Ameren" or "the Company") and Staff on Service Classification No. 3(M) Large General Service Rate ("LGS"), Service Classification No. 4(M) Small Primary Service Rate ("SP") rate design issues.

Q. PLEASE SUMMARIZE MECG'S RECOMMENDATIONS TO THE COMMISSION FROM YOUR DIRECT TESTIMONY.

A. MECG's recommendations to the Commission are as follows:

1) MECG supports the allocation of production plant fixed costs using the Company's

proposed Average & Excess ("A&E") allocator based on the four non-coincident peaks ("NCP") for each customer class (together, "A&E 4NCP") allocator as modified slightly to comply with Section 393.1620.1(1) RSMo.

2) MECG does not oppose the remainder of the Company's proposed cost of service study. To the extent that alternative cost of service models or modifications to the Company's model are proposed by other parties, MECG reserves the right to address such changes in rebuttal testimony.

3) Due to the level of the Company's proposed increase, if the Commission were to award Ameren its proposed revenue requirement increase, the Commission should reject the Company's revenue allocation proposal and assign an equal percentage increase to all classes.

4) If the Commission awards a revenue requirement increase that is lower than that proposed by the Company, MECG recommends the Commission take significant steps to address the above cost rates paid by Small General Service ("SGS"), LGS, SP, and LPS. Specifically, MECG recommends that the Commission allocate the revenue increase using the following steps:

    a. Apply half of the difference between the approved revenue requirement and Ameren's proposed revenue requirement as a reduction to SGS, LGS, SP, LPS, and Company Owned Lighting based on the proportional contribution of each class to the overall revenue neutral shift to cost of service from the Company's proposed cost of service study; and

b. Apply the remaining half of the difference between the approved revenue requirement and Ameren's proposed revenue requirement on an equal percentage basis to all customer classes.

5) The Commission should require the Company to show all components of bill calculation of Electronic Data Interchange ("EDI") bills.

6) For the purposes of this docket, at the Company's proposed revenue requirement for the LGS and SP classes, MECG recommends that the Commission:

   a. Accept Ameren's proposed customer charges and on-peak and off-peak adjusters for both LGS and SP, and Ameren's proposed Rider B credits and reactive charge for SP;

   b. Increase the summer and winter demand charges for LGS and SP by three times the percent class increases; and

   c. Apply the remaining proposed increase on an equal percentage basis to the summer and winter energy charges.

7) If the Commission awards an increase for these classes that is lower than that proposed by the Company, then the Commission can then take larger steps to address the over-recovery of demand-related costs through energy charges and associated intra-class subsidies. Specifically, the Commission should set the demand charges per MECG's recommendation above and apply the approved reduction in the class revenue requirement by reducing all base rate energy charges on an equal percentage basis.

Q. DOES MECG PUT FORTH CHANGES TO ITS RECOMMENDATIONS IN THIS SURREBUTTAL TESTIMONY?

A. No.

Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR POSITION ADVOCATED BY THE COMPANY INDICATE MECG'S SUPPORT?

A. No. The fact that an issue is not addressed herein or in related filings should not be construed as an endorsement of, agreement with, or consent to any filed position.

LGS and SP Rate Design

Q. WHAT IS YOUR UNDERSTANDING OF AMEREN'S RESPONSE TO MECG'S PROPOSED LGS AND SP RATE DESIGN?

A. Ameren responded that the MECG proposal would seek "to shift a large portion to the LGS and SPS demand charges." *See* Rebuttal Testimony of Michael W. Harding, page 4, line 20.

Q. DOES MECG AGREE WITH AMEREN'S ASSESSMENT?

A. No, as while MECG's proposal shifts the recovery of some demand costs from the energy charges to the demand charges, I would not characterize that shift as "large." As I discuss in my Direct Testimony, per Ameren's cost of service study, approximately 77 percent of the costs incurred by the Company to serve LGS and SP customers are demand-related while only approximately 21 percent are energy related. However, under Ameren's proposed rates, only 14 percent of LGS revenues and 9.6 percent of SP revenues are proposed by Ameren to be collected through demand costs.

Q. WHAT IS THE BREAKDOWN OF COST RECOVERY BY CHARGE FOR LGS PER MECG'S PROPOSED RATE DESIGN?

A. Per MECG's proposed rate design, 17 percent of LGS revenues – only three percent more than in Ameren's proposed rates – would be recovered through the demand charge, 80.6 percent would be recovered through the energy charges, and 2.4 percent would be recovered through the customer charges. As such, the shift is quite modest and implements change in a gradual manner, and the MECG proposal still under-recovers demand costs through the demand charge by almost 60 percent. Table 1S compares the MECG proposed LGS rate design to Ameren's proposed LGS rate design.

Table 1S. LGS and SP Cost of Service Study Results, Equalized Rate of Return vs. Proposed LGS and SP Revenue Requirements.

Component	COSS Results		LGS Revenue Requirement (Ameren Proposed)		LGS Revenue Requirement (MECG Proposed)	
	($000)	(% of Total)	($000)	(% of Total)	($)	(% of Total)
Demand	$565,531	76.7	$79,558	14.0	$96,589	17.0
Energy	$153,373	20.8	$474,667	83.6	$457,635	80.6
Customer	$18,762	2.5	$13,563	2.4	$13,563	2.4
Total	**$737,666**	**100**	**$567,788**	**100**	**$567,788**	**100**

Source: Exhibit SWC-10

Q. DO MECG'S PROPOSED DEMAND CHARGES, WHEN LOOKED AT ON A YEAR-ROUND BASIS, REMAIN BELOW THE COST OF DISTRIBUTION AND TRANSMISSION SERVICES?

A. Yes, even with the shift, the proposed demand charges in total would continue to under-recover the cost of distribution and transmission services. At the Company's proposed revenue requirement, the estimated year-round cost-based transmission and distribution charge for LGS would be $6.05/kW. *See* Exhibit SWC-13. While MECG's proposed total demand charges at Ameren's proposed revenue requirement are $7.34/kW for summer months and $2.72/kW for winter months, if applied on a year-round basis, the demand charge would be $4.31/kW. *See* Exhibit SWC-18.

Q. DOES STAFF OPPOSE RECOVERING MORE DEMAND-RELATED COST THROUGH THE LGS AND SP DEMAND CHARGES?

A. Yes, apparently because LGS and SP customers are billed for demand based on their respective monthly non-coincident peak ("NCP") demands, either across the entire month, or for SP customers and LGS customers on Rider I, during on-peak hours from Monday through Friday, and that this method of billing does not precisely match customer load with cost causation. *See* Rebuttal Testimony of Sarah L.K. Lange, page 10, line 13 to line 15. It should be noted that the demands are ratcheted, which recognizes the fixed nature of the costs to be recovered through the demand charges and that there is some level of cost recovery required in all months from all customers. All customers have a minimum monthly demand of 100 kW and SP customers and LGS customers on Rider I are subject to a ratchet of 50 percent of their off-peak NCP. *Id,* line 3 to line 6.

Q. DO YOU AGREE THAT MOVEMENT TOWARDS COST-BASED RATES SHOULD BE NEGATED DUE TO THE USE OF NCP BILLING?

A. No. While NCP billing for demand does not allow for precise matching of customer demands with cost causative system peak characteristics, it is superior to energy charges for the recovery of fixed demand-related costs, as it is still representative of the individual customer demands on the system, whereas monthly energy usage is not. Additionally, for SP and LGS customers on Rider I, the relationship between customer demands and cost causative system peak characteristics is improved from an all-hours NCP approach, particularly for transmission and generation costs, because the billing demands are limited to on-peak hours. Additionally, even within MECG's proposal, 80.6 percent of LGS revenues will be recovered through the energy charges vs. a cost-based level of 20.8 percent, which should be more than enough room to account for the diversity of LGS and SP customer loads.

Q. WILL AMI HELP TO ALLEVIATE THIS ISSUE IN THE FUTURE?

A. Yes. AMI will allow for more precision in rate-setting for demand charges in the future, but the Commission ultimately is charged in this case with determining rates to be in effect before that future comes to pass, and should not be persuaded that it is necessary to wait for a more perfect future to ignore movement that will create a move towards cost-based rates in the present. As such, MECG continues to support its LGS and SP rate design recommendation.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

Derivation of MECG Proposed Rate Design for Large General Service at Ameren's Proposed Revenue Requirement

Current Retail Revenues	$ 507,149,139
Proposed Base Revenue Requirement	$ 567,788,047
% Class Increase	11.96%
3X Class Increase	35.87%

LGS	Billing Units	Present Rates	Proposed Rates	Revenue	Adjust Demand Charges by 3X and Accept Customer and On-Peak/Off-Peak Propsed Changes		% of Energy Charge Revenue	Adjusted Energy Charge Revenues	Resulting Energy Rates
Customer Charge									
Standard	127,573	$ 94.51	$ 105.82	$ 13,499,775	$ 105.82	$ 13,499,775			
TOD Bills	501	$ 115.59	$ 126.91	$ 63,582	$ 126.91	$ 63,582			
Low Income Charge	128,074	$ 0.78	$ 0.78	$ 99,898	$ 0.78	$ 99,898			
Demand Charge									
Summer	7,727,878	$ 5.40	$ 6.04	$ 46,676,383	$ 7.34	$ 56,699,478			
Winter	14,679,337	$ 2.00	$ 2.24	$ 32,881,715	$ 2.72	$ 39,889,765			
Energy Charge									
Summer kWh									
First 150 HU	1,016,971,346	$ 0.0969	$ 0.1085	$ 110,341,391			23.2%	$ 106,382,399	$ 0.1046
Next 200 HU	1,089,830,895	$ 0.0729	$ 0.0816	$ 88,930,201			18.7%	$ 85,739,431	$ 0.0787
Over 350 HU	472,781,230	$ 0.0491	$ 0.0549	$ 25,955,690			5.5%	$ 25,024,413	$ 0.0529
On-Peak	5,617,128	$ 0.0114	$ 0.0114	$ 64,035	$ 0.0114	$ 64,035			
Off-Peak	10,806,297	$ (0.0065)	$ (0.0065)	$ (70,241)	$ (0.0065)	$ (70,241)			
Winter kWh									
First 150 HU	1,654,392,691	$ 0.0609	$ 0.0682	$ 112,829,582			23.8%	$ 108,781,314	$ 0.0658
Next 200 HU	1,770,375,754	$ 0.0452	$ 0.0506	$ 89,581,013			18.9%	$ 86,366,893	$ 0.0488
Over 350 HU	770,481,446	$ 0.0356	$ 0.0399	$ 30,742,210			6.5%	$ 29,639,195	$ 0.0385
Seasonal Energy	408,429,624	$ 0.0356	$ 0.0399	$ 16,296,342			3.4%	$ 15,711,638	$ 0.0385
On-Peak	8,833,444	$ 0.0035	$ 0.0035	$ 30,917	$ 0.0035	$ 30,917			
Off-Peak	18,181,978	$ (0.0019)	$ (0.0019)	$ (34,546)	$ (0.0019)	$ (34,546)			
Total kWh	7,183,262,986			$ 567,887,946		$ 110,242,663			
					Remaining Revenue	$ 457,645,283			

		MECG Proposed
Demand	$ 96,589,243	17.0%
Energy	$ 457,635,449	80.6%
Customer	$ 13,563,357	2.4%
		100.0%
Total Billing kW	22,407,215	
Year-Round Rate/k\	$ 4.31	

Sources:
Exhibit SWC-3
Exhibit SWC-11
Exhibit SWC-17