

Exhibit No.:
Issues: Pre-Pay
Witness: Martin Hyman
Sponsoring Party: Missouri Department of Economic
Development – Division of Energy
Type of Exhibit: Rebuttal Testimony
Case Nos.: EO-2015-0055

MISSOURI PUBLIC SERVICE COMMISSION

UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

CASE NO. EO-2015-0055

REBUTTAL TESTIMONY

OF

MARTIN R. HYMAN

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri

February 2, 2018

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**


In the Matter of Union Electric Company d/b/a)
Ameren Missouri's 2nd Filing to Implement)
Regulatory Changes in Furtherance of Energy) File No. EO-2015-0055
Efficiency as Allowed by MEEIA)

AFFIDAVIT OF MARTIN HYMAN

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Martin R. Hyman, of lawful age, being duly sworn on his oath, deposes and states:

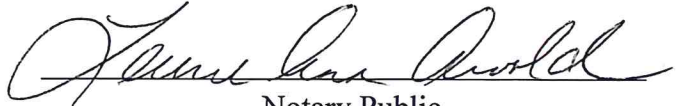
1. My name is Martin R. Hyman. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as a Planner III, Division of Energy.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of the Missouri Department of Economic Development – Division of Energy.
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 knowledge.



Martin R. Hyman

Subscribed and sworn to before me this 2nd day of February, 2018.





Notary Public

My commission expires: 4/26/20

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1 **I. INTRODUCTION**

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

3 A. My name is Martin R. Hyman. My business address is 301 West High Street, Suite 720,
4 PO Box 1766, Jefferson City, Missouri 65102.

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

6 A. I am employed by the Missouri Department of Economic Development – Division of
7 Energy (“DE”) as a Planner III.

8 **Q. Please describe your educational background and employment experience.**

9 A. In 2011, I graduated from the School of Public and Environmental Affairs at Indiana
10 University in Bloomington with a Master of Public Affairs and a Master of Science in
11 Environmental Science. There, I worked as a graduate assistant, primarily investigating
12 issues surrounding energy-related funding under the American Recovery and
13 Reinvestment Act of 2009. I also worked as a teaching assistant in graduate school and
14 interned at the White House Council on Environmental Quality in the summer of 2011. I
15 began employment with DE in September, 2014. Prior to that, I worked as a contractor for
16 the U.S. Environmental Protection Agency to coordinate intra-agency modeling
17 discussions.

18 **Q. Have you previously filed testimony before the Missouri Public Service Commission**
19 **(“Commission”) on behalf of DE or any other party?**

20 A. Yes. Please see Schedule MRH-Reb1 for a summary of my case participation.

1 **II. PURPOSE AND SUMMARY OF TESTIMONY**

2 **Q. What is the purpose of your Rebuttal Testimony in this proceeding?**

3 A. The purpose of my Rebuttal Testimony is to respond to Union Electric Company d/b/a
4 Ameren Missouri's ("Ameren Missouri" or "Company") proposal to establish a bill pre-
5 payment program ("pre-pay program") as part of its Missouri Energy Efficiency
6 Investment Act ("MEEIA") portfolio. DE recommends rejection of Ameren Missouri's
7 proposal, since a pre-pay program is not an eligible type of demand-side management
8 ("DSM") program under MEEIA. In the event that the Commission approves Ameren
9 Missouri's proposal, I provide recommendations to strengthen consumer protections.

10 **Q. What did you review in preparing this testimony?**

11 A. I reviewed relevant portions of Ameren Missouri's filings in this case, as cited below.

12 **III. PRE-PAY PROGRAMS AND MEEIA**

13 **Q. Please describe Ameren Missouri's proposal.**

14 A. According to Company witness Mr. William R. Davis, Ameren Missouri would institute a
15 "Flex Pay Pilot" program under which up to 1,000 customers (including up to 250 low-
16 income customers)¹ could choose to participate in a bill pre-payment program;² certain
17 types of customers, including those with medical conditions, would be ineligible to
18 participate.³ Customers would be provided with tools to monitor their usage and account

¹ Missouri Public Service Commission Case No. EO-2015-0055, *In the Matter of Union Electric Company d/b/a Ameren Missouri's 2nd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA*, Direct Testimony of William (Bill) R. Davis on Behalf of Union Electric Company d/b/a Ameren Missouri, November 30, 2017, page 7, lines 14-17.

² *Ibid*, page 3, lines 4-16.

³ *Ibid*, page 7, lines 17-20.

1 status.⁴ The Company would have the ability to remotely disconnect⁵ customers that
2 exhaust their account balances, but would not disconnect low-income customers.⁶

3 **Q. Has the Company requested any variances from Commission rules in order to**
4 **implement this proposal?**

5 A. Yes. The Company requested a number of variances, such as waivers from the need to
6 issue bills and from the requirement to provide a physical notice to customers prior to
7 disconnection of service.⁷

8 **Q. Would customers pay any additional fees under the proposal?**

9 A. Yes, potentially. The Company indicates that there would be no payment processing fee
10 for two payments per month under the program.⁸ The proposed treatment of payment fees
11 would result in additional costs for customers that add money to their accounts on a weekly
12 basis due to circumstances such as receiving weekly paychecks.

13 In addition, customers that revert to traditional billing for any reason would have to pay a
14 deposit, "... if a deposit would have had been required had the customer not participated
15 in the Program."⁹ In one of its many variance requests associated with the proposal for this
16 program, Ameren Missouri simply states that, "The deposit could be paid in installments
17 as necessary,"¹⁰ but does not indicate how many installments could be allowed or provide

⁴ *Ibid*, pages 4-7, lines 14-17, 1-12, 1-11, and 1-11.

⁵ *Ibid*, page 13, lines 20-21.

⁶ *Ibid*, page 9, lines 3-7 and 13-23, and page 10, lines 9-10.

⁷ Missouri Public Service Commission Case No. EO-2015-0055, *In the Matter of Union Electric Company d/b/a Ameren Missouri's 2nd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA*, Application for Approval of Flex Pay Program Pilot and Request for Associated Variances, November 30, 2017, Exhibit B – Table of Requested Variances.

⁸ EO-2015-0055, Davis Direct, page 13, lines 7-11.

⁹ *Ibid*, Schedule WRD-DIR-2-3.

¹⁰ EO-2015-0055, Application for Approval of Flex Pay Program Pilot and Request for Associated Variances, Exhibit B – Table of Requested Variances, page 2.

1 assurance that customers would be provided deposit payment terms equivalent to those
2 available if customers had not been on the prepay program.

3 **Q. What types of programs can be included under MEEIA?**

4 A. Under Section 393.1075.2(3), RSMo., a demand-side program is defined as, "... any
5 program conducted by the utility to modify the net consumption of electricity on the retail
6 customer's side of the electric meter, including but not limited to energy efficiency
7 measures, rate management, demand response, and interruptible or curtailable load"
8 The definition of "energy efficiency" at Section 393.1075.2(4), RSMo. is, "... measures
9 that reduce the amount of electricity required to achieve a given end use ...," and the
10 definition of "demand response" at Section 393.1075.2(2), RSMo. is, "... measures that
11 decrease peak demand or shift demand to off-peak periods" An "interruptible or
12 curtailable rate" is identified at Section 393.1075.2(5), RSMo. as, "... a rate under which
13 a customer receives a reduced charge in exchange for agreeing to allow the utility to
14 withdraw the supply of electricity under certain specified conditions" I would also note
15 that the definition of demand-side program at 4 CSR 240-20.092(1)(M) excludes
16 "deprivation of service."

17 **Q. Based on these definitions, is a pre-pay program a MEEIA program?**

18 A. No. A pre-pay program does not modify the net consumption of electricity by retail
19 customers in the same way as an energy efficiency program, demand response program, or
20 interruptible or curtailable rate. Energy efficiency programs reduce consumption but
21 maintain the specific end use desired by a customer, while demand response programs and
22 interruptible or curtailable rates can reduce peak usage and shift such usage to off-peak
23 periods. By contrast, a pre-pay program does not specifically encourage any of these

1 actions, since it simply creates a limit to customer usage based on an account balance. This
2 type of program may result in conservation (i.e., a reduction in usage regardless of desired
3 end uses), and could lead to deprivation of service in extreme cases.¹¹ There is an additional
4 danger that participating customers that also receive natural gas service (aside from the
5 Company's natural gas customers, who are ineligible to participate)¹² would shift their
6 behaviors towards using natural gas for heating in unsafe ways, e.g., by using natural gas-
7 fired ovens.

8 I would also note that the American Council for an Energy-Efficient Economy has stated
9 that pre-pay programs should not be considered energy efficiency programs until further
10 evaluations of the potential savings from these programs (and their behavioral feedback
11 and education aspects) takes place, in addition to determining whether participants are
12 offered weatherization and energy efficiency services.¹³

13 **Q. Should the Commission reject Ameren Missouri's proposal to include a pre-pay**
14 **program in its MEEIA portfolio?**

15 A. Yes. As noted above, a pre-pay program is not a DSM program under MEEIA.
16 Additionally, DE is concerned with Ameren Missouri's request for a variance from
17 physically contacting customers prior to disconnection. The rule requiring physical contact
18 with customers is an important consumer protection, since a utility may not know of every
19 customer's particular situation. For example, a customer may not have a registered medical

¹¹ An example of the distinction between energy efficiency and conservation is the difference between replacing an incandescent lightbulb with an LED (energy efficiency) versus not turning on the lightbulb at all (conservation).

¹² EO-2015-0055, Davis Direct, page 7, lines 17-20.

¹³ Drehobl, Ariel. 2017. "Should utility prepay plans be considered energy efficiency programs?" American Council for an Energy-Efficient Economy. <http://aceee.org/blog/2017/02/should-utility-prepay-plans-be>.

1 reason for avoiding disconnection, but a physical visit to the customer's premises might
2 reveal that electricity is nonetheless vital to the customer's health and well-being.

3 **Q. Are there any aspects of the Company's proposal that should be pursued?**

4 A. Yes. Additional engagement with consumers regarding their energy usage is an important
5 behavioral change strategy. Outside of the context of a pre-pay program, such engagement
6 can support better understanding by customers of their rates and the opportunities that they
7 have to save energy. DE recommends that Ameren Missouri undertake these behavioral
8 modification strategies regardless of the approval or rejection of a pre-pay program. The
9 strategies could be undertaken in conjunction with the Company's Home Energy Reports
10 or as separate initiatives.

11 **Q. In the event that the Commission approves a pre-pay program, does DE have any**
12 **recommendations for consumer protections?**

13 A. Yes. At a minimum, DE recommends the following if the Commission approves a pre-pay
14 program:

- 15 1. The Commission should deny the requested waivers related to contacting customers
16 prior to disconnection.
- 17 2. The Company should be required to follow all provisions of the Hot and Cold
18 Weather Rules.
- 19 3. Customers should be informed that they will be required to reestablish a deposit
20 when they leave the program or the pilot ends. If some customers are required to
21 provide a deposit for resuming traditional service, then the Company should be
22 required to follow all pertinent repayment limitation and flexibility provisions in 4
23 CSR 240-13.030 (Deposits and Guarantees of Payment).

1 4. The Commission should determine how the monthly customer charge would be
2 applied to the balances of participants. Ameren Missouri's application and
3 testimony do not specify how the customer charge would be incurred by
4 participants.

5 5. The Commission should require the Company to screen prospective participants to
6 ensure that they do not need electricity to survive, up to and including individually
7 contacting all customers that express interest. Examples of customers that should
8 not be included in the program include customers that have a medical need
9 dependent on electric service (even if such need is not already known or registered)
10 and customers with household members that would be adversely impacted by a loss
11 of service.

12 6. The Company should not be allowed to charge any payment processing fees for
13 participating customers for four (rather than two) payments per month.

14 7. Customer participation in the pre-pay program should not affect customer
15 eligibility for participation in any billing assistance, energy efficiency, or
16 weatherization program in the event that a customer leaves or is removed from the
17 pre-pay program.

18 8. Low-income customers should not be pressured into joining the program, e.g.,
19 through encouragement to do so when communicating with the Company or
20 Community Action Agencies regarding billing assistance and weatherization.

21 Notwithstanding these recommended conditions, DE reiterates that the Commission should
22 not approve Ameren Missouri's proposal in the context of MEEIA.

1 **IV. CONCLUSIONS**

2 **Q. Please summarize your conclusions and the positions of DE.**

3 A. DE recommends rejection of Ameren Missouri's pre-pay program proposal, since it is not
4 a MEEIA program. In the event that the Commission approves Ameren Missouri's
5 proposal, DE recommends a number of conditions on the program's implementation in
6 order to protect consumers.

7 **Q. Does this conclude your Rebuttal Testimony in this case?**

8 A. Yes.