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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

MICHAEL J. ENSRUD

UNION ELECTRIC COMPANY d/b/a AMERENUE

CASE NO. GR-2007-0003

**Jefferson City, Missouri
December 2006**

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

In the Matter of Union Electric Company)
d/b/a AmerenUE for Authority to File)
Tariffs Increasing Rates for Natural Gas)
Service Provided to Customers in the)
Company's Missouri Service Area.)

Case No. GR-2007-0003

AFFIDAVIT OF MICHAEL J. ENSRUD

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael J. Ensrud, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 8 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.


Michael J. Ensrud

Subscribed and sworn to before me this 28th day of December, 2006.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public

My commission expires 9-21-10

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DIRECT TESTIMONY
OF
MICHAEL J. ENSRUD
UNION ELECTRIC COMPANY d/b/a AMERENUE
CASE NO. GR-2007-0003

Q. Please state your name and business address.

A. My name is Michael J. Ensrud, P.O. Box 360, Jefferson City, Missouri 65102.

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

A. I am a Rate & Tariff Examiner II in the Energy Department of the Missouri Public Service Commission (Commission).

Q. What is your educational and professional experience?

A. I have a Bachelor of Science from Drake University in Accounting. I have attended the NARUC Annual Regulatory Studies Program at Michigan State University. In the regulatory field, I've worked for CompTel Missouri, and CommuniGroup, Inc., Teleconnect, Telecom* USA, and General Telephone Company of the Midwest in the private sector. In addition, I have four years experience with the Iowa Public Utility Board – Iowa's equivalent to the Missouri Commission

Q. Have you previously testified before the Missouri Public Service Commission?

A. Yes, I have testified before this Commission. I have also filed written testimony and have testified in several other jurisdictions.

EXECUTIVE SUMMARY

Q. What is the purpose of your testimony?

1 A. I am proposing two refinements (exceptions) needed to Union Electric
2 Company's d/b/a AmerenUE's (Ameren's or Company's) seasonal reconnection ("Seasonal
3 Use") charge.

4 Ameren proposes a "Seasonal Use" reconnection fee for the purpose of **dissuading**
5 customers from engaging in seasonal disconnection. For those who persist, the Seasonal Use
6 charge allows Ameren to recapture the fixed and sunk costs from the customer who
7 eventually reaps the benefits from Ameren's investments. The fee would be calculated by
8 multiplying the missed Customer Charge by the number of months and fractions of months
9 that service is disconnected.

10 The Staff proposes that two exceptions to the "Seasonal Use" reconnection fee be
11 included in the tariff. If the customer can show they paid the Customer Charge at another
12 location or if a different customer resided at the premise (and purchased gas) during the time
13 that the initial customer was absent, then the initial customer should not be charged the
14 monthly Customer Charge component of the Seasonal Use charge.

15 **EXEMPTIONS TO BOTH EXISTING AND PROPOSED SEASONAL USE CHARGE**

16 Q. What is the tariffed "Seasonal Use" Charge?

17 A. It is Ameren's method of addressing the inequity of customers engaging in
18 seasonal disconnect in order to avoid paying sunk and fixed costs that are rightly attributable
19 to the customer who seasonally disconnects but habitually return to Ameren for service in
20 winter months. Ameren proposes to either discourage seasonal disconnect or to recapture the
21 Customer Charge (in the current format) for each month that the customer was disconnected.
22 (The Customer Charge is a component of Ameren's Seasonal Use charge.) There would be a
23 12-month limitation on the recapture of missed Customer Charges under Ameren's proposal

1 for General Service customers. Ameren seeks the ability to recapture from General Service
2 customers missed Customer Charges that occur when a customer voluntarily disconnects and
3 reconnects service at the same premise within a 12-month period.

4 Ameren's proposal is a two-component charge. There is the "recapture" provision, as
5 described above, plus a traditional Reconnection Charge (currently \$40.00 / proposed \$65.00)
6 that relates to the cost of a customer placing a call to a dispatch board and Ameren
7 dispatching an employee (in an Ameren truck) to reconnect service after being disconnected.
8 Since a reconnection can only occur after a disconnection has occurred, the Reconnection
9 Charge also incorporates the costs associated with the initial disconnect. Therefore, the cost
10 of reconnection is also inflated to incorporate the cost of the disconnection that required
11 Ameren to eventually perform a reconnection.

12 Q. How is Ameren's "seasonal disconnect charge" described in its tariff?

13 A. While Ameren uses the term "seasonal disconnect charge" in its testimony, the
14 charge is described as "Seasonal Use" in the tariff.

15 Q. What is the status of Ameren's "Seasonal Use" tariff provision today?

16 A. Ameren currently has a "Seasonal Use" provision for Residential customers in
17 its tariff. Ameren proposes to expand this tariff to include General Service customers, as well
18 as the existing Residential customers. The language is as follows for both the existing
19 residential customers and for the proposed General Service customers:

20 *"Seasonal Use. This schedule is a continuous service schedule. If service is*
21 *disconnected at the request of the customer, and thereafter restored at the same*
22 *location for the same occupant(s) within a twelve (12) month period following*
23 *the date of the service disconnection, a reconnection charge will become due*

1 *and payable when service is restored. The charge shall be computed by*
2 *multiplying the Customer Charge by the number of months and fractions of*
3 *months that service is disconnected, plus the Reconnection Charge as indicated*
4 *in Section D. Miscellaneous Charges, Sheet No. 19."*

5 Q. Does Staff recommend that the tariffed language for Residential customers be
6 implemented for General Service customers in its present form?

7 A. No. While the proposed General Service clause is acceptable, Staff
8 recommends that the Commission insert two exceptions to the proposed tariff language.
9 Further, Staff proposes these same two exemptions to the Residential tariff.

10 Q. What are Staff's proposed two exemptions that are needed for the "seasonal
11 disconnect charge" or the "Seasonal Use" tariff?

12 A. The tariff should be modified to reflect that: if the customer can produce a
13 receipt or other written proof that the customer had utilized utility service at an "interim
14 location" (a location where the customer resided between moving out of a specific location
15 and moving back in to that same specific location within 12-months), then the Customer
16 Charge component of the reconnection charge should be waived. For each month that the
17 customer can document that they paid for utility service at the interim location, Ameren
18 should exempt each month's Customer Charge in Seasonal Use application. Ameren should
19 still charge the traditional reconnection charge component.

20 Q. Why is this exemption appropriate?

21 A. It is appropriate because it provides a little more balance to the existing
22 application. It is difficult to provide "perfect justice" in most tariff applications. There is

1 often conflicting interests between the customer and the company, or between a specific
2 customer and the residual customer base. Such is the case here.

3 It could be argued that the customer did nothing to eliminate sunk or fixed costs
4 incurred by Ameren when the customer moved away for the interim period and returned to
5 use Ameren's service.

6 On the other hand, if the customer paid for utility services at the interim location, that
7 is somewhat proof that the customer is **not motivated** by cost avoidance - meaning not
8 retaining service in warmer months. If the customer is paying for service at the interim
9 location, that action defeats the traditional motivation of cost avoidance.

10 The existing language is a step in the right direction to prevent inappropriate cost
11 avoidance. Such a provision is an acknowledgement that seasonal disconnects generally need
12 to be deterred. That is a benefit to Ameren and its remaining customers.

13 The proposed exception restores the customer's ability to relocate in the traditional
14 manner - without penalty, as long as the customer pays for service at the interim location. To
15 apply a charge both at the interim location and at the vacant location is to double charge the
16 relocated customer. The "double charge" consideration somewhat trumps the concern of
17 facilities (reflecting underlying cost expenditures) setting idle awaiting the return of a
18 customer who has taken a temporary hiatus from paying for those costs. Acceptance of this
19 proposed exception gives priority to the double-payment argument over the inequity-of-
20 reassignment-of-cost argument.

21 Q. Is there any other argument favoring the exception?

22 A. Yes. The numbers of parties qualifying for the exception are likely to be small
23 in number. Most who engage in seasonal disconnect are likely to remain at the same premise.

1 They merely do so with a temporary interruption in service. It is Staff's perception that the
2 proposed exception will not greatly diminish the revenue that Ameren will collect via the
3 Seasonal Use charge because those who can provide proof of paying for service at an interim
4 location are likely to be few.

5 Q. Do you have any other issue in relation to the Seasonal Use application?

6 A. Yes. Currently, the tariffed provision assumes a Customer Charge is in place.
7 Staff has proposed to revise the rate structure to eliminate the Customer Charge and replace it
8 with the more encompassing "Delivery Charge" - as addressed in Staff Witness Anne Ross'
9 testimony. If the Commission were to adopt the "Delivery Charge", the two "Seasonal Use"
10 charges - the existing clause applicable for Residential customers and the proposed version
11 applicable for General Use customers - would need to be modified because they are based on
12 a rate element that would no longer exist. The "Delivery Charge" term would need to replace
13 the "Customer Charge" term.

14 Q. Are there any other tweaks to the existing methodology that you want to
15 propose?

16 A. The existing tariff makes references to a recapture of "fractions of months" that
17 are missed. The Seasonal Use charge function is to make Ameren whole for missed
18 payments. It should not be a revenue enhancing mechanism. Only in situations where the
19 customer actually missed paying fractions of either the Customer Charge (current
20 environment) or the Delivery Charge (proposed environment) should Ameren impose
21 fractions of charges in the Seasonal Use recovery mechanism. If the facilities were idle for
22 six and half months, but the customer only missed paying six charges, then the Seasonal Use
23 charge should require the customer to only pay for six customer charges.

1 The reverse is also true. If the facilities were idle for six and half months, but the
2 customer missed paying seven charges, then the customer charge should pay a Seasonal Use
3 charge based upon seven missed charges.

4 Q. Is there another exception to the "Seasonal Use" charge that is appropriate?

5 A. Yes. If, in the interim, between the initial customer moving out and the initial
6 customer moving back in, there was an "interim" customer who paid for service; the initial
7 customer should not additionally be charged the applicable Delivery/Customer Charge for any
8 payments of these charges made by the interim customer. The initial customer would still be
9 responsible for Delivery/Customer Charge relating to the time that the premises sat vacant
10 with no payment being made, plus the traditional Reconnection Charge.

11 Q Why is this appropriate?

12 A. This is appropriate because Ameren collected the appropriate
13 Delivery/Customer charge from the interim customer. To allow Ameren to charge the initial
14 customer for the whole period even though an interim customer paid for those charges would
15 allow Ameren to double recover on the sunk and fixed facilities applicable to the premise
16 would be inappropriate.

17 Q. What tariff language does Staff propose should be added?

18 A. Staff proposes the following additional tariff language:

19 *A Customer who has proof that they paid for service elsewhere should not*
20 *be charged the Delivery/Customer Charge for the interim period - between*
21 *leaving and returning within the twelve (12) month period. For each month that*
22 *the customer can prove that they paid for service elsewhere, that customer should*

1 *not be charged the cumulative Delivery/Customer charge component of the*
2 *Seasonal Use charge.*

3 *If a subsequent customer occupies the premise where an initial customer*
4 *is being billed a "Seasonal Use" charge, the initial customer should not be*
5 *charged the Delivery/Customer Charge where the Company has collected a*
6 *Delivery/Customer Charge from an interim customer.*

7 Q. Does this conclude your testimony?

8 A. Yes. It does.