

Exhibit No.:
Issues: Demand-Side Programs
Witness: Brad J. Fortson
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: EO-2018-0211
Date Testimony Prepared: September 17, 2018

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

ENERGY RESOURCES DEPARTMENT

SURREBUTTAL TESTIMONY

OF

BRAD J. FORTSON

UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

CASE NO. EO-2018-0211

Jefferson City, Missouri
September 2018

1 A. Yes. Mr. Hyman states that DE generally supports Ameren Missouri's
2 proposed MEEIA Cycle 3 and also recommends the following:

- 3 1. The Company should strive to quantify net energy benefits
4 ("NEBs"), particularly those related to participant savings (e.g.,
5 based on natural gas and water bill savings), and include them
6 in the TRC test; if necessary, the Company should evaluate a
7 waiver of the Commission's rules in order to do so;
- 8 2. The Company should also provide its portfolio-level TRC test
9 and utility cost test ("UCT") results to the Commission while
10 excluding low-income and general education programs from
11 the tests' calculations;
- 12 3. Based on these revised cost-effectiveness calculations and an
13 examination of potential changes to marketing practices,
14 measure incentives, and eligible measure and program types,
15 the Company should amend its application to recognize any
16 include additional savings opportunities;
- 17 4. Ameren Missouri should include multiple OBF, OBT, and/or
18 OBR products in its portfolio to meet the varying needs of its
19 residential customers; and
- 20 5. The Company should create a way to evaluate new program
21 options or modified programs.

22 Q. What opinions does Mr. Hyman offer for including NEBs, particularly those
23 related to participant savings, in the TRC test?

24 A. Mr. Hyman states that the way NEBs are included in the TRC in
25 the Commission's recently revised MEEIA rules is technically wrong and that certain
26 participant-related NEBs should be included in the TRC test. Mr. Hyman further states that it
27 is evident when comparing the benefits and costs included in the TRC test and the UCT, that
28 Ameren Missouri did not include any participant-related NEBs in the TRC test. Mr. Hyman
29 goes on to say that, if necessary, Ameren Missouri should seek a waiver of the Commission's
30 rules in order to include participant-related NEBs in the TRC test.

1 Q. What is Staff's response to Mr. Hyman's testimony on the inclusion of certain
2 NEBs in the TRC test and Ameren Missouri's alleged failure to include certain NEBs in the
3 TRC test?

4 A. The Commission's recently revised MEEIA rules state that, "Non-Energy
5 Benefits may be included in the total resource cost test (TRC) only if they result in avoided
6 utility costs that may be calculated with a reasonable degree of confidence. Non-energy
7 benefits may always be considered in the societal cost test [{"SCT"}]."¹ Therefore, in
8 compliance with the Commission's recently revised MEEIA rules, any NEBs that **DO NOT**
9 result in avoided utility costs cannot be included in the TRC test. This further explains why
10 Ameren Missouri did not include NEBs that do not result in avoided utility costs in their
11 calculation of the TRC test. This is further explained in the Surrebuttal Testimony of Staff
12 witness Rogers.

13 Q. Mr. Hyman also states that he believes low-income and general education
14 programs should not be included in a portfolio-level cost-effectiveness test. In your opinion,
15 why does Mr. Hyman make this statement?

16 A. Mr. Hyman states that the inclusion of low-income and general education
17 programs in portfolio-level cost-effectiveness testing risks lowering total portfolio
18 cost-effectiveness, which could lead to the incorrect conclusions that certain programs (which
19 may or may not be low-income or general education programs) should be reduced in size or
20 eliminated in order to improve overall cost-effectiveness test results.

21 Q. Does Staff agree that low-income and general education programs should be
22 excluded from portfolio-level cost-effectiveness testing?

¹ 4 CSR 240-20.092(1)(II)4.

1 A. No. Commission Rule 4 CSR 240-20.094(4)(C) states, “Demonstration of
2 cost-effectiveness for each demand-side program and for the **total of all demand-side**
3 **programs** of the utility...” Therefore, it is Staff’s opinion that the Commission’s rule
4 requires that all demand-side programs, including low-income and general education
5 programs, should be included in portfolio-level cost-effectiveness testing.

6 Q. Does Mr. Hyman believe there are additional cost-effective savings
7 opportunities that Ameren Missouri could pursue?

8 A. Yes. Mr. Hyman states that based on savings contained in Ameren Missouri’s
9 2017 triennial IRP filing and the exclusion of NEBs in the cost-effectiveness testing that there
10 are additional cost-effective savings opportunities for Ameren Missouri to pursue.

11 Q. Does Staff agree with Mr. Hyman’s assertion that there are additional
12 cost-effective savings opportunities for Ameren Missouri to pursue?

13 A. Staff agrees that Ameren Missouri should pursue all opportunities to achieve
14 cost-effective savings for its proposed MEEIA Cycle 3 demand-side programs. However, as
15 shown in Table 9 of Staff’s Rebuttal Report, certain demand-side programs that
16 Ameren Missouri has proposed in its Application are not cost-effective using Staff’s updated
17 avoided costs. Ameren Missouri should focus on making their currently proposed
18 demand-side programs cost-effective before attempting to pursue any additional savings
19 opportunities. Staff further recommends the Commission authorize Ameren Missouri to
20 continue MEEIA Cycle 2 for up to one additional year to allow Ameren Missouri, Staff and
21 other interested parties, the opportunity to develop a MEEIA Cycle 3 plan that meets the
22 MEEIA statutory requirements or consider other options that may be available.

1 Q. What is Mr. Hyman's recommendation for OBF, OBT, and OBR as it relates
2 to Ameren Missouri's Application?

3 A. Mr. Hyman recommends that, either in its MEEIA portfolio or in conjunction
4 with its MEEIA portfolio, Ameren Missouri offer multiple on-bill programs as a suite of
5 financing options, including OBF, OBT, and OBR mechanisms, in order to meet customers'
6 diverse financial needs.

7 Q. Does Staff agree with Mr. Hyman's recommendation of Ameren Missouri
8 offering multiple on-bill programs in its MEEIA portfolio or in conjunction with its MEEIA
9 portfolio?

10 A. Not at this time. There was a considerable amount of discussion regarding
11 on-bill financing through a collaborative process² during Ameren Missouri's MEEIA Cycle 2,
12 including an attempt to implement an on-bill financing program that, due to too
13 many constraints, was never implemented. Also, as Mr. Hyman points out in his
14 Rebuttal Testimony, Ameren Missouri provided a feasibility study on PAYS®.³ There were
15 both concerns cited within the study as well as possible concerns with the study itself.
16 Therefore, it is Staff's opinion it is premature to offer an OBF, OBT, and/or OBR
17 program/mechanism at this time. However, Staff recommends OBF, OBT, and OBR continue
18 to be monitored and reviewed for possible future inclusion in Ameren Missouri's MEEIA
19 portfolio.

20 Q. What does Mr. Hyman state about the process for adding or modifying
21 programs within Ameren Missouri's MEEIA Cycle 3?

² Case No. EO-2015-0055, Item No. 310, Order Approving Non-Unanimous Stipulation and Agreement, exhibit 1 non-unanimous stipulation and agreement 2-5-2016.pdf, pages 9 – 10.

³ Pay As You Save.

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1 A. Mr. Hyman states that there are relatively limited processes available for
2 adding new programs. He further states that in response to a DE data request that
3 Ameren Missouri proposes the continuation of the current 11-step change process⁴ to make
4 modifications to existing programs, and that Ameren Missouri also proposes the IRP check-in
5 process as well as an updated potential study to provide avenues for considering new
6 programs.

7 Q. Does Mr. Hyman make a recommendation to address concerns related to
8 adding or modifying programs?

9 A. Yes. Mr. Hyman recommends that Ameren Missouri meet with stakeholders
10 once per year in order to discuss potential opportunities for new programs.

11 Q. Does Staff support Mr. Hyman's recommendation for the additional meetings?

12 A. No. Stakeholders meet quarterly throughout the MEEIA cycle where
13 discussion of new or modified programs can take place. If a new or modified program is
14 agreed upon by Ameren Missouri and its stakeholders, Ameren Missouri can request approval
15 of such new or modified program by complying with 4 CSR 240-20.094(4) or 4 CSR
16 240-20.094(5), respectively.

17 Q. Does this conclude your surrebuttal testimony?

18 A. Yes.

⁴ Union Electric Company tariff sheet nos. 201.3 and 211.2.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's 3rd Filing to) Case No. EO-2018-0211
Implement Regulatory Changes in)
Furtherance of Energy Efficiency as)
Allowed by MEEIA)

AFFIDAVIT OF BRAD J. FORTSON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW BRAD J. FORTSON and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

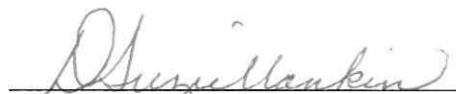


BRAD J. FORTSON

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17th day of September 2018.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070



Notary Public