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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2022-0337

REBUTTAL TESTIMONY

OF

STEVEN M. WILLS

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

**St. Louis, Missouri
February, 2023**

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I. INTRODUCTION

1

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

3 A. My name is Steven M. Wills. My business address is One Ameren Plaza,
4 1901 Chouteau Ave., St. Louis, Missouri.

5 **Q. Are you the same Steven M. Wills that submitted direct testimony in**
6 **this case?**

7 A. Yes, I am.

8 **Q. To what testimony or issues are you responding?**

9 A. My rebuttal testimony responds to Staff recommendations related to both
10 Residential and Non-residential rate offerings. It also supports the Company's proposed
11 Residential fixed charge proposal, and in doing so responds to Staff's testimony on the
12 Residential fixed charge, as well as Consumers Council of Missouri ("CCM") witness
13 Jacqueline Hutchinson's testimony on the topic. I also respond to Midwest Energy Consumers
14 Group ("MECG") witness Steve Chriss on the topic of rate design for certain Non-residential
15 rate classes. And finally I will discuss Office of Public Counsel ("OPC") witness Jordan Seaver's
16 request for the Company to create a "Customer Account Simulator."

1 **Q. What other Company witnesses are filing rebuttal testimony along with**
2 **you?**

3 A. Sixteen other witnesses are filing rebuttal testimony. Mitch Lansford is
4 addressing various revenue requirement adjustments, trackers, true-up items, etc. Charlie Steib
5 and Laura Moore are addressing dues and donations, and Mr. Steib also addresses cash working
6 capital issues. James Huss explains operational matters involving private LTE, TripSavers, and
7 coordination of excavation. Kelly Hasenfratz responds to compensation proposals. Ann
8 Bulkley, an external expert, is testifying about return on equity issues. Darryl Sagel addresses
9 capital structure. Matt Michels, Andrew Meyer, and Ajay Arora respond to proposals regarding
10 different generation facilities. Mark Peters deals with fuel modeling/expense. John Reed, an
11 external expert, addresses Staff and OPC proposals seeking to impose revenue requirement
12 adjustments associated with Company generation facilities despite the fact that the Company
13 has not in any way acted imprudently respecting such facilities and, moreover, despite the fact
14 that facilities are used and useful providing service to customers 24 hours per day, 365 days per
15 year. John Spanos, another external expert, responds to other parties' depreciation and
16 continuing property record proposals. Dr. Nicholas Bowden's rebuttal testimony addresses
17 various revenue issues. Thomas Hickman responds to class cost of service study ("CCOSS")
18 issues. Michael Harding's rebuttal testimony responds to rate design, program, and other
19 proposals.

1 **III. STAFF'S PROPOSED CHANGES TO RATE DESIGNS AND RATE PLAN**
2 **OFFERINGS REDUCE CUSTOMER CHOICE, CREATE UNREASONABLE**
3 **ADMINISTRATIVE INEFFICIENCIES, AND SHOULD NOT BE ADOPTED**

4 **Q. What changes does Staff recommend to the Company's Residential rate**
5 **offerings?**

6 A. Staff proposed to eliminate the availability of the Anytime User rate for all
7 customers with an Automated Metering Infrastructure ("AMI") meter, and also to begin the
8 process of defaulting customers to the Evening/Morning Savers rate one month after customers
9 have an AMI meter installed.

10 **Q. What is the practical effect of the recommendation to eliminate the**
11 **Anytime User rate option for customers served through AMI meters?**

12 A. Simply put, elimination of a popular rate option reduces customer choice. There
13 has been much discussion of rate modernization at the Commission in recent Ameren Missouri,
14 and other electric utility, rate cases. Clearly a thrust of that has been to advance Time of Use
15 ("TOU") rates with enhanced price signals that better reflect the cost of serving customers and
16 provide incentives for more economically efficient use. Those goals are laudable, and Ameren
17 Missouri absolutely shares in them – we articulated these exact goals very clearly from the
18 outset of our rate modernization proposal.

19 But it should not be lost in this discussion that another important goal of rate
20 modernization is to provide customers with the level of *choice* and control of their energy-
21 related decisions that today's customers expect of their service providers. The Company
22 presented its rate plan to the Commission in File No. ER-2019-0335 ("the 2019 case") to also
23 promote those important concepts of customer choice and control. The plan presented in the

1 2019 case was carefully designed to work in concert with the Company's AMI rollout, which is
2 approximately 64% complete but which will not be fully implemented until late 2024. And
3 based on these plans, we have communicated to customers about their rate options by
4 encouraging them to select a rate that works with their lifestyle. The point is that providing
5 customers with different options to meet their lifestyles and preferences provides a good
6 customer experience.

7 In the Company's prior two electric rate cases the noted rate design expert Dr. Ahmad
8 Faruqui, then of the Brattle Company (he has subsequently retired), testified on this concept.
9 Dr. Faruqui stated:

10 Another impetus for rate modernization is that customers have diverse
11 preferences and want to be able to choose a rate that best fits their individual
12 lifestyle. Some customers simply want the lowest bill and are willing to shift
13 their usage around the clock to achieve that if given the opportunity. Other
14 customers prefer consistency and desire a predictable bill, even if it comes
15 at a premium. Modern rate design leaves behind the one-size-fits-all model
16 by embracing diverse offerings that maximize customer choice and
17 ultimately customer satisfaction.¹

18 **Q. Have some Ameren Missouri customers demonstrated a preference for a**
19 **traditional rate – i.e., the Anytime User plan?**

20 A. Yes. As I noted in my direct testimony, a significant number of customers have
21 elected the option provided under the Company's Commission-approved rate plan to opt out of
22 TOU rates and have selected the Anytime User rate. At that time, of 412,238 customers that had
23 received their AMI meter and had either selected a rate or defaulted, 51,933, or 12.6% of them
24 had made the conscious choice to opt for the Anytime User rate. Updating that statistic with
25 more current data, 55,396 of 546,207, or 10.1%, have elected to return to the Anytime User rate
26 as of this writing. This demonstrates that there is a meaningfully sized group of customers that

¹ File No. ER-2019-0335, Direct Testimony of Dr. Ahmed Faruqui, p. 3, ll. 6-12.

1 have an obvious preference for this more traditional rate. Perhaps they like more certainty in
2 their energy costs. Perhaps they are nervous about their ability to shift their usage, or simply
3 don't want the hassle of having to do so. But whatever their reasons, these customers have taken
4 advantage of the choice that was provided to them. Given the fact that these customers have just
5 recently made the affirmative choice of this rate under the Company's Commission-approved
6 tariffs and current default process, a sudden reversal that takes the option away from them and
7 forces them into a rate that they have previously rejected would likely create a substantial level
8 of frustration and dissatisfaction among many of these customers.

9 The customer letter attached to CCM witness Hutchinson's direct testimony is a good
10 example of the reaction that some customers already have to the defaulting process. The
11 negative reactions of customers like the one she cited would only be exacerbated if the default
12 process occurred with no opportunity to reverse it and opt back to the Anytime User rate – and
13 perhaps even more fierce negative reactions would come from customers that already opted out
14 and were later forced to move to a TOU rate they had just exercised their right to opt out of. If
15 Staff's suggestion to eliminate the Anytime User rate is approved in this case, I would expect
16 higher call volumes to the Company's call center (which if sustained over time would increase
17 costs borne by all customers), and more customer complaints directed both to the Company and
18 the Commission. It is always possible that such dissatisfaction will spread through social media
19 and create backlash to the TOU rate program, undermining its effectiveness as a long-term tool
20 to improve economic outcomes across the system.

1 **Q. Does the magnitude of customers selecting the Anytime User Rate**
2 **significantly undermine the goal of the TOU rate program of improving the economic**
3 **efficiency of the utilization of the system?**

4 A. No, I do not believe so. Compared to a world that existed just a couple of years
5 ago where the Company had no meaningful TOU adoption at all, it should still be considered a
6 success that hundreds of thousands of customers are being exposed to time-differentiated price
7 signals. Even if 10% of customers have opted out of TOU, that means that 90% are on TOU
8 rates. I think the best way to enhance the effectiveness of the TOU program is to allow customer
9 choice – including the choice of the Anytime User rate – while continuing to encourage
10 customers to explore the benefits of moving to more advanced rates.

11 **Q. What is your reaction to Staff's recommendation to change the time period**
12 **for defaulting customers to the Evening/Morning Savers rate to one month after the**
13 **customer gets an AMI meter, rather than the current six-month timing?**

14 A. There are a couple of significant problems with this proposal. First, in my
15 opinion, the original six-month timeline was established for good reason. By waiting six months
16 post-meter installation to ask customers to either select a rate or be defaulted, we are able to
17 collect the necessary interval (hourly or sub-hourly usage) data that can only be collected
18 through the new AMI network, in order to provide the customer with accurate rate comparison
19 information, which empowers them to make an informed choice about their rate plan. This data
20 makes a meaningful difference in the customer experience associated with the rate selection and
21 defaulting process. Without it, customers do not have adequate data to make an informed
22 decision and understand the impact of their rate selection. Accelerating the current timeline
23 would ensure that customers have no reliable information on which to make an informed

1 selection or understand what the impact of the rate change will be on their bill if they allow the
2 default to occur or select some other rate option. This would clearly be a step back in terms of
3 providing a positive, informed customer experience associated with TOU rates and has the
4 potential to actually increase the rate of customers trying to opt out of the TOU program entirely
5 (assuming that choice has not been taken away from them through implementation of Staff's
6 other proposal I discussed above).

7 **Q. What are the other reasons to reject Staff's proposal to accelerate the**
8 **default timeline?**

9 A. It is also critical to note that the Company has invested a significant amount of
10 time and money in developing customer communications around default processes that are
11 consistent with the Stipulation and Agreement that all parties to the 2019 case agreed to just a
12 couple of years ago, and which the Commission approved. Those communications are
13 inextricably tied to the six-month default window that was established by the agreement, and
14 ultimately the Commission Order, in that case. Customers receive specific communications at
15 pre-specified intervals to first introduce the concept of rate options, then when sufficient data is
16 collected, provide accurate personalized rate comparison data, and finally to notify customers
17 of the pending rate change, subject to their choice to pick another rate. All of the
18 communications would have to be completely revised in order to communicate this new default
19 timeline to customers – and this redesign process itself would take several months to complete.
20 It would include not only crafting the messages that need to be delivered to customers, but also
21 updating the messaging across several channels, including web pages, print mail pieces
22 (including changing process and testing those processes with our print mail vendor), and the
23 Company's Energy Manager portal (which is hosted by the third-party provider Bidgely, who

1 would also have to make system updates to the back-end functionality). As a result of that
2 reality, the Company would not even be capable of implementing such a change for a period of
3 at least many months following the date of a Commission order in this case, subject to scoping
4 all of the required changes that would be needed to implement. Further, implementing a change
5 of this magnitude at that time would mean many customers whose communications path was
6 already "in flight" (i.e., they recently received an AMI meter and just got one of the scheduled
7 communications related to the existing process), making it almost impossible to accelerate those
8 customers' default timelines, at least without creating significant confusion and added frustration
9 for those customers.

10 Further, it quickly becomes evident when reviewing the status of the AMI rollout that
11 all of the additional work that would have to be done, and cost incurred, in order to redesign the
12 TOU defaulting communications would ultimately have little impact. That is because, by the
13 time it could be implemented, relatively few of the Company's just over one million Residential
14 customers will be left to go through the default process. As of today, 795,261 customers already
15 have AMI meters. But by July of 2023, when rates are expected to take effect from this case, it
16 is anticipated that approximately 955,000, or approximately 77%, of all customers will already
17 have an AMI meter. Taken even a step further, there would be even fewer customers to be
18 impacted by the change if the Commission were to recognize the work needed to execute these
19 changes by delaying implementation of the change, for example, until the end of 2023.² At that
20 point, it is projected that 1.08 million customers, or 87% of all customers, will already have an
21 AMI meter. The time and expense of redesigning the communications would all be incurred so
22 that less than 15% of the customers would default just a few months earlier than they already

² I use this as an example because it is unclear precisely when a proposal such as this could be implemented until such time that the work was able to be more fully scoped.

1 will irrespective of the change. From a practical perspective, Staff's proposal creates additional
2 cost and significant additional administrative burden for little effect. This would represent a
3 highly inefficient use of resources.

4 **Q. Please describe Staff's recommendation with respect to Non-residential**
5 **rates.**

6 A. Staff recommends that all of the Non-residential rate schedules³ have a major
7 overhaul in this case, and then have a completely new major overhaul in the Company's next
8 electric general rate case to implement different new rate designs that override the new rate
9 structures we would be implementing in this case. Overhauling Non-residential rates, including
10 making the attendant billing system changes and engaging in the appropriate customer
11 communications to notify customers of the change, in two consecutive rate cases in a manner
12 where the two overhauls do not build on each other, but each go in completely different
13 directions with the rate design,⁴ is about as administratively inefficient, and customer
14 unfriendly, of a proposal as I can imagine.

15 The Commission has already ordered the Company to look at updating a number of its
16 Non-residential rate structures in its first electric rate review that will take effect in 2025 or later.
17 That timing was selected for good reason. It is expected to be the first rate review that will occur
18 after full deployment of the Company's AMI meter system. The data being collected from the
19 AMI meters will allow a more robust analysis of rate structures and the potential bill impacts
20 that may arise from them for customers, and the existence of the new meters will facilitate billing

³ 2(M) – Small General Service ("SGS"), 3(M) – Large General Service ("LGS"), 4(M) – Small Primary Service ("SPS"), and 11(M) – Large Primary Service ("LPS")

⁴ It is evident from Staff testimony that the rate design it supports for the post-AMI implementation is very different from what it is proposing in this case, and this is not a stepping stone to build to the end state rate structure.

1 more complex time varying rates that presumably may be proposed by the Company or other
2 parties in that case. Staff appears to recognize that the next case is the right opportunity to fully
3 evaluate new Non-residential rates, and yet somehow suggests that we should also
4 fundamentally alter our billing paradigm in this case leading up to that change. To overhaul the
5 Non-residential rates twice in quick succession would be an utter waste of significant resources
6 for short-lived rates.

7 **Q. What work would need to be done to implement Staff's proposed changes**
8 **to Non-residential rates?**

9 A. First, the Company would obviously have to program its billing system with all
10 of the new rates. For complex rates that require interval data for billing, this is more of an effort
11 than for simpler rate changes. To implement our current suite of Residential TOU rates, our
12 digital team needed approximately 500 hours of labor and 4 or more months to complete all of
13 the requirements gathering, programming, implementation, and testing of the new interval-
14 billed rate structures. The Commission may recall that the Company even needed to seek
15 extended time to implement all of the changes that were required to implement the Residential
16 rate plan – changes related not just to billing system programming, but also customer
17 communications, rate selection tools, and defaulting logic, among other things. The Residential
18 rate changes were ordered in March 2020, but could not be fully implemented until May 2021.
19 While work would still need to be scoped, it is easy to imagine a similar amount of time and
20 cost being incurred for this effort, if it were required to be undertaken.

21 Additionally, the internal communication materials and training to allow Company
22 personnel to understand and respond to impacted customers' inquiries would have to be
23 developed and delivered. Finally, appropriate customer communications would need to occur

1 to ensure customers were informed of and educated about the change in rates. A
2 communications plan for the diverse group of Non-residential customers, which ranges from
3 small commercial customers like a "mom and pop" convenience store, to large corporate chains
4 like Walmart, to huge energy-consuming factories, would likely be more challenging and
5 nuanced to devise and execute than a Residential communication plan due to the different
6 communication channels and tactics that would need to be used to reach these very different
7 types of customers. Again, it strikes me as obvious that the extreme administrative inefficiency
8 of doing this twice in consecutive cases is a barrier that should be given considerable weight in
9 evaluating this proposal. I strongly urge the Commission to reject this approach.

10 **Q. How would Staff's proposal impact the Non-residential customer**
11 **experience?**

12 A. Redesigning Non-residential rates in such quick succession is a recipe for poor
13 customer experience, customer confusion, and complaints to the Company and the
14 Commission.

15 **Q. But Staff's testimony provided a "special notice" to parties that may**
16 **oppose these Non-residential rate designs, suggesting that such parties, including the**
17 **Company, should begin communicating with customers about the potential for**
18 **prospective changes now in order to avoid such delays.⁵ Has the Company engaged in**
19 **communications with customers on this topic as a result of this "special notice"?**

20 A. No.

⁵ File No. Er-2022-0337, Class Cost of Service Direct Testimony of Sarah L.K. Lange, p. 6, ll. 1 – 13.

1 **Q. Why not?**

2 A. There are so many reasons. First off, Staff has no authority to require the
3 Company to do anything, including to undertake specific customer communications, nor is there
4 any rational reason for them to expect to have, or be able to assert, such authority. Of course,
5 there are certain things that the Commission itself can and does have the proper authority to
6 require of the Company when communicating with its customers. But beyond clear orders from
7 the Commission that are related to topics that are legally within the Commission's purview, no
8 party to the case besides the Company has the authority to dictate the manner in which the
9 Company communicates with its customers. Certainly, the Company would listen to Staff if it
10 reached out to the Company and made a reasonable recommendation for a particular customer
11 communication on a particular topic and would engage in good faith consideration of and
12 discussion about Staff's suggestion. However, the demanding tone of the "special notice" Staff
13 provided in this case is particularly unreasonable given that management of the utility is within
14 the purview of the utility's management.

15 I have described why the Company was not required to undertake these
16 communications, but there are even more compelling reasons we did not *choose* to do so. That
17 is because it would be a bad idea from a customer experience perspective for us to do so. This
18 rate design change has not been ordered by the Commission. Staff has not even heard the
19 Company's response to its proposal. And it is very possible that the Commission will agree with
20 the Company's points and will not order the implementation of this rate. For a variety of very
21 good reasons, this rate design change may not happen or could be materially modified. Yet Staff
22 seems to presuppose that there is such an urgency to get its new temporary rate design in effect
23 that we need to start laying all of the groundwork now and making significant amounts of what

1 could very easily end up being wasted effort, with a lot of resulting confusion and frustration,
2 to do so.

3 Communication between a utility and its customers is an important topic, and customers
4 do not have unlimited bandwidth to provide their attention to a constant barrage of utility
5 communications and messages. Customer communications also carry a cost. Extraneous
6 messaging increases that cost, which is ultimately reflected in the revenue requirement used to
7 set rates. So, the extraneous communications demanded by Staff, which will be entirely wasted
8 if the Commission does not order this rate change or even materially modifies it, can only serve
9 to confuse or frustrate customers with information of questionable relevance ("a rate design
10 change might be coming, but might not"). Those communications will also eventually become
11 duplicative and further confusing, assuming we need to communicate in the relatively near term
12 about rate design changes that all parties agree should be forthcoming in the next electric rate
13 review following full AMI deployment. I believe customers would likely be entirely and
14 rightfully confused if we went down the path Staff recommends, or rather, improperly attempts
15 to dictate.

16 **Q. Are there any additional reasons you would like to articulate and share**
17 **with the Commission that all of Staff's recommendations related to Residential and Non-**
18 **residential rates should not be approved?**

19 A. Yes. The AMI implementation that is ongoing, and the transition process of all
20 Residential customers to TOU rates that are underway, are very complex undertakings. While
21 the Company obviously has substantial resources devoted to customer service, they are not
22 unlimited, and they are already highly engaged in trying to execute on these existing initiatives.
23 More rapidly increasing the number of accounts that are billed using interval data will be a

1 resource challenge. In fact, a later section of my testimony will talk about some of the customer
2 service-related issues that the existing initiatives, largely arising from the increased level of
3 interval billing of Residential customers, have experienced, and of course what we have done
4 as a company to remedy those issues.

5 Further increasing the human resources to devote to these initiatives comes with a cost
6 that will eventually be borne by customers. It's also difficult in today's labor market to ramp up
7 customer service staffing quickly, and training new employees takes time. Trying to do too
8 much too fast is a real problem – and when problems occur, it is customers who are most
9 negatively impacted. We can overwhelm existing staff and create higher turnover (which creates
10 an amplifying feedback loop on resource challenges), and we can create an environment where
11 errors that impact customers are more likely to occur. I am seriously concerned that
12 implementation of Staff's new rate design proposals will stretch our resources to the point that
13 the customer service and billing issues we work as a company so hard to avoid may become
14 more common.

15 **IV. THE RESIDENTIAL CUSTOMER CHARGE SHOULD VARY ACROSS**
16 **RATE PLANS AS I DESCRIBED IN MY DIRECT TESTIMONY**

17 **Q. Staff recommends that the Residential customer charge remain at its**
18 **current level for all rate plans. What rationale is presented by Staff for their**
19 **recommendation?**

20 **A.** Staff calculates what they describe as the customer-related costs using the
21 basic customer approach. Staff suggests that the customer-related costs are less than the
22 current customer charge, but that the current charge level should be maintained at its

1 current level to avoid non-uniformity of customer impacts from the rate increase arising
2 from this case.

3 **Q. Do the costs reflected in Staff's customer charge study include all of the**
4 **costs that are appropriately classified as customer-related for purposes of allocating**
5 **them to the classes?**

6 A. No. Staff uses only a subset of the costs that should be allocated to classes
7 based on customer count to establish the customer-related costs that should be allocated at
8 least in part to the customer charge – at least in the case of the Residential class. There are
9 a number of distribution accounts that are described in the direct testimony of Company
10 witness Tom Hickman that are appropriately classified through the minimum size study as
11 at least partially customer-related – including accounts 364 – Poles, 365 – Overhead
12 conductors, and 366 – Underground conduit. Interestingly, where Staff can identify similar
13 costs – including costs related to the accounts that I just referenced such as poles, but where
14 the costs are "customer-specific," meaning the pole or similar asset only serve one
15 individual customer, Staff includes those costs as customer-related for the classes where
16 that identification has been made. But the fact that some or all of the costs of those items
17 are also attributable to the need to simply connect customers to the grid is not unique to
18 those customers and customer classes where the customer-specific assets are readily
19 identifiable. Customer counts is clearly a cost driver for a portion of these costs for all
20 classes and all customers in those classes, including the Residential class.

1 **Q. If the driver of those costs is customers for purposes of allocating them**
2 **between classes, should they be associated with energy charges in the rate design**
3 **process?**

4 A. No, I spoke about this at greater length in my direct testimony. Rate design
5 is really an extension of the cost allocation process. The same principle of cost causation
6 is at work in the design of rates, which effectively determines the allocation of costs among
7 customers within a class. Generally, reflecting costs in the rate element (e.g., customer
8 charge, demand charge, energy charge) that matches the cost classification (e.g., customer-
9 related costs, demand-related costs, energy-related costs) from the CCOSS, transmits the
10 cost structure of the utility as a price signal to customers on their bills. An appropriate
11 determination of the customer charge would include these additional customer-related
12 costs from the CCOSS.

13 **Q. Are there other concerns you have with the calculations in Staff's**
14 **Residential customer charge study?**

15 A. Yes. There are two additional concerns. First, as discussed by Company
16 witness John Spanos, Staff's depreciation rates – and therefore the annual level of
17 depreciation expense – for legacy meters that are being replaced by AMI meters are too
18 low because Staff proposes to depreciate those meters as if they remain on the system
19 when, in fact, they will all be off the system by the end of 2024. If the additional \$16.4
20 million of depreciation expense were included in Staff's customer charge study, it would
21 increase the suggested monthly cost per customer by \$0.86.

22 Second, Staff appears to have excluded the expenses in account 903 – Customer
23 Records and Collection Expenses from its Residential customer charge study. These costs,

1 as the account name clearly implies, are driven by customer count, not usage levels, and
2 should be allocated as such. Staff's customer charge analysis from the Company's last
3 electric rate case, File No. ER-2021-0240, identified expense from account 903 in its
4 customer charge study. Staff has not articulated a rationale for excluding these costs in this
5 case. The Company has a pending data request to seek clarification of Staff's rationale on
6 this point. But inclusion of the account 903 costs would increase Staff's suggested monthly
7 cost per customer by \$2.47. Taken together the meter depreciation expense adjustment and
8 the addition of account 903 expense would increase Staff's calculated Residential customer
9 charge from \$7.68 to \$11.01. Appropriate treatment of the minimum size costs of accounts
10 including 364-366 that I discussed above would further increase Staff's result to be in line
11 with the customer-related costs identified in my direct testimony. However, I do understand
12 that Staff deliberately selects a different methodology for these costs, and I am not
13 suggesting that Staff would support the number from my direct testimony.

14 **Q. CCM witness Hutchinson also recommends maintaining the current**
15 **Residential customer charge. What is your response to Ms. Hutchinson's argument?**

16 A. In part, it is the same as my response to Staff's rationale. Ms. Hutchinson
17 states that "Ideally, the rate design for Residential customers should include a fixed charge
18 that is based nothing more than the cost of the meter, customer service, and the line to the
19 dwelling."⁶ To the extent that there are other costs that are customer-related, such as the
20 minimum size costs of poles and conductor, those costs are also appropriate to reflect in
21 the customer charge in order to develop a rate structure that reflects the cost structure of

⁶ Direct Testimony Jacqueline Hutchinson on behalf of CCM, at p. 13, ll. 16-18.

1 the utility. If there were no poles or conductors, then the presence of the meter and line to
2 the dwelling would be meaningless as no electric service could be provided.

3 **Q. Ms. Hutchinson also argues that customer charges hurt low-income**
4 **customers, and that in order to give customers the ability to control their bills, fixed**
5 **charges should be kept low. Do you agree?**

6 A. No. I also addressed these specific issues extensively in my direct testimony
7 in this case, so I will be brief here. Low-income customers, like all Residential customers,
8 exist all across the usage spectrum, meaning that there are some low-income customers
9 with relatively low usage and some with relatively high usage. High usage low-income
10 customers have the highest energy burden of anyone on the system, but keeping a low
11 customer charge negatively impacts affordability for these customers. Lower customer
12 charges mean higher variable charges, which raises the bill of high usage customers,
13 including those with low income who I just identified as having the highest energy burden
14 of any customers on the system.

15 As far as Ms. Hutchinson's suggestion that fixed charges should be kept low in
16 order to provide customers with an enhanced ability to control their bills, the Company's
17 proposal in this case already accommodates this recommendation. Recall that the
18 advanced TOU rates, which are designed with customers who want to control their bill in
19 mind, are proposed to have no or little increase in the customer charge.

1 change, in particular, was a huge paradigm change for the Company that required training of
2 billing personnel, and adaptation of resource levels and work flows to accommodate.
3 Specifically, we went from a framework where two meter readings were required to generate a
4 bill (a read at the beginning of the period, and a read at the end), to a framework that requires
5 approximately 2,880 meter readings per month.⁸ This change required new workflows and
6 resource allocations, and some backlogs developed while the Company gained operational
7 experience with these workflows.

8 However, as described earlier and also by Staff witness Fontaine, the Company
9 developed an aggressive approach to remedying the issues once the magnitude of the backlog
10 became apparent. As of the last report available to me, the number of customers receiving
11 estimated bills for more than three consecutive billing periods had fallen by 42% from its peak
12 level experienced earlier in 2022. "No bills" aged 30 days or more had fallen by 95% since their
13 2022 peak. We continue to aggressively work to fully remedy the situation.

14 **Q. Staff witness Fontaine makes several recommendations in her testimony**
15 **related to this issue. Does the Company agree that her recommendations are appropriate?**

16 A. Generally, yes. But I would highlight a few suggestions to make minor changes
17 to them to make them more useful in identifying trends in the categories that proved to be
18 problematic in the recent history I described above.

19 **Q. Please describe the suggested changes.**

20 A. First, Staff witness Fontaine recommends that the Company incorporate
21 monthly estimation data into the monthly reports provided to the Commission's Customer

⁸ The Company's interval billing is based on 15-minute intervals. An average billing period is approximately 30 days, so there are (30 days x 24 hours per day x 4 readings per hour) 2,880 intervals per month.

1 Experience Department Staff. Specifically, she recommends that the data submitted indicate the
2 number of customers with three or more estimated bills, along with the total number of
3 estimated bills for the month.

4 It is my expectation that witness Fontaine specifically means three or more *consecutive*
5 estimated bills. With that clarification, I would recommend that the report include the number
6 of customers with more than three consecutive estimated bills, rather than three or more. This
7 is a better indicator of the amount of estimated bills that may be out of compliance with
8 applicable rules.

9 Next, Staff recommends also incorporating into such reporting data associated with
10 monthly "no bills." I also agree that this can be reported, but the description of the data to include
11 in the report should again be slightly modified to make sure the most relevant information is
12 provided.

13 **Q. What change do you recommend to the definition of "no bill"?**

14 A. Witness Fontaine requests a count of customers billed outside of 24-35 days as
15 required by Commission rules. I think this slightly misses the issue the Company experienced
16 that was described to Staff as "no bills." The rule referenced by witness Fontaine defines the
17 number of days in the billing period itself, meaning that the bill applies to a service period lasting
18 for 24-35 days. The Company's no bill issue was not related to the length of the service period
19 that was being billed. It related just to the timeliness of rendering and delivering the bill itself,
20 relative to when the service period ended. I recommend changing what is reported to Staff to
21 reflect the number of customers that have not been billed within 30 days of the close of their
22 billing period. I say within 30 days because there are some valid operational reasons that some
23 bills occasionally may take several days after the billing period closes to process. But once the

1 bill exceeds 30 days, the likelihood of the customer receiving two bills at once, or in very quick
2 succession increases. 30 days is a good threshold to understand the magnitude and scope of bills
3 that are truly late and potentially creating customer frustration.

4 **Q. Staff witness Fontaine also recommended that the Company meet with**
5 **Staff periodically to discuss billing and estimation procedures and status, improve account**
6 **and technician notes to ensure processes are being followed and workflow is not stalled,**
7 **and continue to provide additional training to employees in an effort to reduce human**
8 **error and increase the employee's ability to accurately address customer questions and**
9 **concerns. Does the Company agree with these recommendations?**

10 A. Yes. The Company suggests that the Staff and Company work on a mutually
11 agreeable schedule for meetings on these topics, and also coordinate those meetings with any
12 other routine or ad hoc meetings that may otherwise be held to provide updates between the
13 parties. The Company will apprise Staff of our progress on increased training and
14 documentation around these processes in those meetings.

15 **Q. Finally, witness Fontaine recommends changes to the Company's tariff**
16 **language around estimated billing issues, specifically addressing customer's ability to**
17 **provide meter readings themselves using postcard in certain circumstances. Does the**
18 **Company agree with this recommendation?**

19 A. Yes. The postcard process referenced by witness Fontaine has been reinstated
20 as of January 26, 2023, and the Company is agreeable to referencing that in its tariffs.

1 extent that the distribution demand related costs are not currently fully reflected by the level of
2 the current demand charge. But the Company believes that any amount of movement in the
3 demand charge relative to the energy charge should be gradual to avoid any significant bill
4 impacts on the customers in the class that might arise from significant changes in the relative
5 weighting of the different charges.

6 **Q. Does the Company agree that a new EV version of the 3(M) and 4(M) rates**
7 **should be developed in this case to mitigate the impact of the demand charge on these**
8 **customers?**

9 A. No. First, as I just discussed, any changes in the demand charge should be
10 moderated to maintain gradualism in the way they impact all customers – including those with
11 EV charging applications. A moderate change would not warrant the development of a whole
12 new rate structure. Second, while this new rate structure would not be as complex to bill as the
13 Non-residential rates proposed by Staff in this case, the same arguments that I made with respect
14 to the administrative inefficiency of developing new rate structures in this case – shortly before
15 we undertake a more comprehensive review of these class rate structures in the first case that
16 will take effect in or after 2025 – apply to this proposal as well. It makes more sense to focus
17 the rate re-design efforts in a single case. Finally, there is another issue I can see with the
18 implementation of this new optional rate. Either we would have to restrict the rate to only
19 customers with significant EV charging applications, which would require additional
20 administrative procedures to verify the eligibility of the customer for the optional rate, or we
21 would potentially risk having every low load factor customer in these rate classes adopt the
22 optional rate and reduce their bill as a "free rider" on the EV rate. That would create the potential
23 for revenue erosion for the Company that would impact our opportunity to achieve the revenues

1 needed to cover our revenue requirement and, ultimately, would raise rates for all customers. If
2 the rate were adopted, I would recommend that rate switching into the new EV rate should be
3 covered by the rate switching revenue tracker that I proposed in my direct testimony in this case.

4 **VII. OPC WITNESS SEAVER'S REQUEST**

5 **FOR CUSTOMER INFORMATION PORTALS IS NOT POSSIBLE**

6 **Q. OPC witness Jordan Seaver requests that the Company create a**
7 **"Customer Account Simulator" to provide Staff and OPC with a way to see the type**
8 **of information a customer sees when they log into their online account. Is the**
9 **Company opposed to the concept of giving Staff and OPC greater access to the type**
10 **of information customers see when logging into their accounts?**

11 A. Not at all. We believe it is entirely appropriate for both Staff and OPC to be
12 familiar with this type of information and experience.

13 **Q. Are there any barriers to providing the access OPC requests?**

14 A. Yes. Unfortunately, I am advised by the Company's digital team that there
15 is no practical way to provide this access directly to our system, given the existing
16 architecture and design of the Company's customer information systems, without an active
17 billing account being tied to the online account. Our system simply is not designed to allow
18 for "test accounts" or "dummy accounts" that can be linked to mocked up information to
19 create this type of environment. Although I am not a systems architect, my understanding
20 is that this is a foundational issue with the way the production system is designed, which
21 is functionally impossible to achieve without massive overhauls to the system that would
22 be cost prohibitive. In fact, internal Company personnel would love to have similar access

1 that they can use to explore the customer interface, but previous analysis of our capabilities
2 to create that access have demonstrated that it is practically impossible to do.

3 **Q. Is the Company willing to explore alternatives to get interested**
4 **members of the OPC and Staff more insights into the customer experience associated**
5 **with our online customer portal?**

6 A. Absolutely. The Company would be agreeable to, for example, scheduling
7 "guided tours" of the system led by Company personnel at mutually agreeable times with
8 Staff and OPC, at reasonable time intervals (e.g., up to two times per year). The Company
9 is also open to discussing what other alternatives may exist, but does not foresee any of
10 those alternatives including the development of a simulator of the nature described by
11 witness Seaver.

12 **Q. Does this conclude your rebuttal testimony?**

13 A. Yes, it does.

