

**EXHIBIT**

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Case No.: ER-2012-0166

**REBUTTAL TESTIMONY  
OF  
BARBARA A. MEISENHEIMER**

Submitted on Behalf of the Office of the Public Counsel

**UNION ELECTRIC COMPANY D/B/A  
AMEREN MISSOURI**

CASE NO. ER-2012-0166

August 14, 2012

CPC Exhibit No. 404  
Date 9-27-12 Reporter KF  
File No. ER-2012-0166



**REBUTTAL TESTIMONY  
OF  
BARBARA MEISENHEIMER**

**AMEREN**

**CASE NO. ER-2012-0166**

1 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 A. Barbara A. Meisenheimer, Chief Utility Economist, Office of the Public Counsel,  
3 P. O. 2230, Jefferson City, Missouri 65102.

4 **Q. HAVE YOU TESTIFIED PREVIOUSLY IN THIS CASE?**

5 A. Yes, I submitted direct testimony on revenue requirement issues on July, 6 2012,  
6 and cost of service and rate design issues on July 19, 2012.

7 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

8 A. The purpose of my rebuttal testimony is to present Public Counsel's updated class  
9 cost of service (CCOS) studies. I will also respond to the cost of services studies  
10 and the direct testimony of other parties.

1 Q. IN PREPARATION OF YOUR TESTIMONY, WHAT MATERIALS DID YOU REVIEW?

2 A. I have reviewed the direct testimony rate design testimony of the Staff of the  
3 Missouri Public Service Commission (PSC or Commission), the Missouri  
4 Industrial Energy Consumers (MIEC) and Ameren.

5 **I. CLASS COST OF SERVICE STUDY AND RATE DESIGN UPDATES**

6 Q. HAVE YOU UPDATED YOUR CLASS COST STUDIES?

7 A. Yes. I have updated my CCOS studies to reflect modifications I have made since  
8 the filing of direct testimony. These changes include corrections to worksheet cell  
9 values and cell formulas related to Operating Income, the LTS customer count in  
10 the A&E version in my study and customer calculation. In addition, based on  
11 discussions with the Company I have adjusted the allocation method for lighting  
12 related costs and Services - Account 369. I provided the workpapers related to  
13 these changes to the other parties in this case on Friday August 3, 2012.

14 Q. DO THESE CHANGES ALTER YOUR RATE DESIGN RECOMMENDATIONS?

15 A. No.

16 Q. DO YOU ANTICIPATE FURTHER UPDATES TO YOUR STUDIES?

17 A. In response to an inquiry from MIEC received on August 10, 2012, I am reviewing  
18 the class allocations of Energy Efficiency related costs to determine if an  
19 adjustment to the allocation of those costs will materially affect my study results  
20 or recommendations. If the adjustment materially affects my study results I will  
21 file supplemental rebuttal testimony on the issue.

1       **Q.     PLEASE PROVIDE YOUR REVISED CCOS STUDY RESULTS.**

2       **A.**     The updated CCOS study results are illustrated in Schedule REB BAM-1 and  
 3       Schedule REB BAM-2. Schedule REB BAM-1 illustrates the results of the study  
 4       for which I used a time of use Average and 4 Coincident Peak (A&4CP) allocator  
 5       to assign demand related production costs and associated expenses. Schedule  
 6       REB BAM-2 illustrates the results of the study for which I used an Average and  
 7       Excess 4 Non-coincident Peak (A&E 4NCP) allocator to assign demand related  
 8       production costs and associated expenses. The tables below summarize for each  
 9       class the current percent of revenue as well as the amount and percentage change  
 10      from current revenues required to equalize the rates of return.

12                                   **Table 1. Updated CCOS Results (A&4CP Production Allocator)**

	RES	SGS	LGS/SPS	LPS	LTS	Lighting
Revenue Neutral Class Revenue %	44.45%	10.78%	28.50%	8.00%	7.35%	0.92%
Revenue Neutral Shift	(\$19,072,809)	(\$7,446,632)	(\$16,928,446)	\$15,316,771	\$37,078,698	(\$8,947,581)
% Change	-1.62%	-2.58%	-2.27%	8.09%	24.99%	-25.72%

17                                   **Table 2. Updated CCOS Results (A&E 4NCP Production Allocator)**

	RES	SGS	LGS/SPS	LPS	LTS	Lighting
Revenue Neutral Class Revenue %	46.71%	11.06%	27.63%	7.34%	6.15%	1.10%
Revenue Neutral Shift	28,992,558	(1,433,731)	(35,464,286)	1,345,840	11,537,916	(4,978,297)
% Change	2.46%	-0.50%	-4.75%	0.71%	7.78%	-14.31%

1 Q. **BASED ON YOUR UPDATED CCOS RESULTS WHAT ARE YOUR RECOMMENDATIONS**  
2 **ON CLASS REVENUE RESPONSIBILITY?**

3 A. In direct testimony, I recommended that Residential Class and Small General  
4 Service Class are near system average and should not be subject to a revenue  
5 neutral increase. I also recommend that there be no increase in the Residential or  
6 SGS customer charges in this proceeding. These recommendations have not  
7 changed.

8 **II. RESPONSE TO DIRECT TESTIMONY**

9 Q. **PLEASE COMPARE THE RESULTS OF THE PARTIES' CLASS COST STUDIES.**

10 A. Table 3 provides a comparison of each party's revenue neutral increase or  
11 decrease as a percentage of the current revenue used by the party.

12 Table 3. Comparison of Revenue Neutral  
13 Rate Revenue Increase/Decrease Percentages

	RES	SGS	LGS/SPS	LPS	LTS	Lighting
OPC A&4CP	-1.62%	-2.58%	-2.27%	8.09%	24.99%	-25.72%
OPC A&E 4NPC	2.46%	-0.50%	-4.75%	0.71%	7.78%	-14.31%
Staff Case 3	6.81%	-4.20%	-7.28%	-5.73%	-4.43%	10.67%
Company <sup>1</sup>	6.82%	-6.24%	-6.80%	-4.04%	-1.94%	4.89%
MIEC COS 4	8.6%	-6.8%	-8.4%	-6.3%	-5.5%	5.9%

<sup>1</sup> Calculated from Schedule WLC-E5

1 Staff's results are based on the Staff Class Cost of Service workpapers. The  
2 MIEC results appear in the direct testimony of Maurice Brubaker. Ameren's  
3 results were derived from Company witness Cooper's direct testimony schedules.

4 **Q. WHAT ARE THE PRIMARY DIFFERENCES BETWEEN YOUR CCOS RESULTS AND**  
5 **THOSE OF THE COMPANY AND MIEC?**

6 A. I believe that there are two main factors that contribute to the differences between  
7 my study results and those of the Company and MIEC. The first is the allocation  
8 of Production Costs which were addressed in my direct testimony regarding rate  
9 design issues. The second is the use of weighted versus unweighted customer  
10 numbers for allocating certain customer related costs. I believe that the  
11 Company's use of unweighted customer numbers to assign what it identifies as  
12 the "customer related" portion of secondary distribution costs disproportionately  
13 assigns costs to Residential and SGS customers. The Company allocates the  
14 customer portion of poles, overhead and underground conductors and conduit  
15 transformers and services in a manner that results in each residential customer  
16 being allocated the same customer related cost as a Lowes or Walmart store taking  
17 service as a Large General Service customer even though the Lowes or Walmart  
18 likely is served by poles that can sustain heavier lines, by higher capacity  
19 conductors and more likely by underground conduit. This customer allocation  
20 method coupled with the use of a NCP method of allocating primary and  
21 secondary demand related costs too heavily assigns costs to small low use  
22 customers.

23 **Q. COMPANY WITNESS MARK MUELLER AND STAFF WITNESS CAROL GAY FRED**  
24 **DISCUSS THE STATUS OF THE KEEPING CURRENT PROGRAM. PLEASE RESPOND TO**  
25 **THEIR TESTIMONY.**

1 A. The Company indicated a willingness to continue the program as designed until  
2 an evaluation is complete and the parties have an opportunity to consider if the  
3 program has been successful in meeting its original goals. The Company proposes  
4 an ongoing collaborative effort by interested parties to develop any proposed  
5 modifications which should be implemented if the program is to continue. The  
6 Staff does not oppose continuation of the program at this time provided that the  
7 funding level does not increase and that heating assistance customers are also  
8 allowed to independently participate in the cooling component which currently  
9 they are prohibited from doing. Public Counsel agrees with these  
10 recommendations. Public Counsel further recommends that in order to avoid  
11 discontinuity in program availability, the program stop-date should correspond  
12 with the date rates become effective in Ameren Missouri's next general rate  
13 proceeding unless ordered by the Commission. Consistent with the Staffs concern  
14 regarding changes to the surcharge in between rate cases, Public Counsel agrees  
15 that the shared funding mechanism should also be extended until the date rates  
16 become effective in Ameren Missouri's next general rate proceeding. In that  
17 proceeding parties should be allowed to recommend how any unspent funds will  
18 be used.

19 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

20 A. Yes.



OPC CCOS Study Summary - A&4CP Production Demand Allocator

	TOTAL	RES	SGS	LGS/SPS	LPS	LTS	Lighting
1 O & M EXPENSES	1,969,287,865	848,855,027	205,144,919	571,440,932	166,498,782	160,558,625	16,789,579
2 DEPREC. & AMORT. EXPENSE	419,139,538	202,135,042	48,887,442	112,451,722	28,195,568	22,024,541	5,445,223
3 TAXES	230,415,300	107,538,978	26,219,977	63,799,022	16,746,864	13,822,464	2,287,994
4							
5 TOTAL EXPENSES AND TAXES	2,618,842,703	1,158,529,047	280,252,338	747,691,676	211,441,214	196,405,631	24,522,797
6	0	0	0	0	0	0	0
7 CURRENT RATE REVENUE	2,585,401,417	1,177,189,202	288,636,756	747,206,548	189,217,082	148,358,398	34,793,431
8 OFFSETTING REVENUES:							
9 Revenue Credits	364,008,037	152,909,070	36,788,637	110,273,125	31,454,340	31,349,838	1,233,027
10							
11 Total Offsetting Revenues	364,008,037	152,909,070	36,788,637	110,273,125	31,454,340	31,349,838	1,233,027
12							
11 TOTAL CURRENT REVENUE	2,949,409,454	1,330,098,272	325,425,393	857,479,673	220,671,422	179,708,236	36,026,458
12 CLASS % OF CURRENT REVENUE	100.00%	45.10%	11.03%	29.07%	7.48%	6.09%	1.22%
13							
14 OPERATING INCOME	330,566,751	171,569,225	45,173,054	109,787,997	9,230,208	(16,697,394)	11,503,661
15							
16 TOTAL RATE BASE	6,702,797,478	3,092,121,599	764,966,730	1,882,883,751	497,731,330	413,265,241	51,828,826
17							
18 IMPLICIT RATE OF RETURN	4.93%	5.53%	5.91%	5.83%	1.85%	-4.04%	22.20%
19							
20 EQUAL RATE OF RETURN	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%
21							
22 REQUIRED OPERATING INCOME							
23 Equalized (OPC) Rates of Return	330,566,751	152,496,416	37,726,422	92,859,551	24,546,979	20,381,303	2,556,080
24							
25 TOTAL COST OF SERVICE	2,949,409,454	1,311,025,463	317,978,761	840,551,227	235,988,193	216,786,934	27,078,877
26 CLASS % of COS	100.00%	44.45%	10.78%	28.50%	8.00%	7.35%	0.92%
27							
28 MARGIN REVENUE REQUIRED							
29 to Equalize Class ROR - Revenue Neutral	2,949,409,454	1,311,025,463	317,978,761	840,551,227	235,988,193	216,786,934	27,078,877
30							
31 COS INDICATED REVENUE NEUTRAL SHIFT	(0)	(19,072,869)	(7,446,632)	(16,928,446)	15,316,771	37,078,698	(8,947,531)
32 % REVENUE NEUTRAL RATE INCREASE	0.00%	-1.62%	-2.58%	-2.27%	8.09%	24.99%	-25.72%
33 CLASS % OF REVENUE AFTER REVENUE SHIFT	100.00%	44.79%	10.88%	28.25%	7.91%	7.17%	1.00%

OPC CCOS Study Summary - A&E 4NCP Production Demand Allocator

	TOTAL	RES	SGS	LGS/SPS	LPS	LTS	Lighting
1 O & M EXPENSES	1,969,287,865	883,265,482	209,449,613	558,170,947	156,496,859	142,273,736	19,631,228
2 DEPREC. & AMORT. EXPENSE	419,139,538	215,180,349	50,519,390	107,420,953	24,403,751	15,092,578	6,522,517
3 TAXES	230,415,300	115,427,893	27,206,868	60,756,756	14,453,831	9,630,484	2,939,469
4							
5 TOTAL EXPENSES AND TAXES	2,618,842,703	1,213,873,724	287,175,870	726,348,656	195,354,440	166,996,798	29,093,214
6	0	0	0	0	0	0	0
7 CURRENT RATE REVENUE	2,585,401,417	1,177,189,202	288,636,756	747,206,548	189,217,082	148,358,398	34,793,431
8 OFFSETTING REVENUES:							
9 Revenue Credits	364,008,037	171,480,734	39,111,922	103,111,182	26,056,203	21,481,302	2,766,693
10							
11 Total Offsetting Revenues	364,008,037	171,480,734	39,111,922	103,111,182	26,056,203	21,481,302	2,766,693
12							
11 TOTAL CURRENT REVENUE	2,949,409,454	1,348,669,936	327,748,678	850,317,730	215,273,285	169,839,700	37,560,124
12 CLASS % OF CURRENT REVENUE	100.00%	45.73%	11.11%	28.83%	7.30%	5.76%	1.27%
13							
14 OPERATING INCOME	330,566,751	134,796,212	40,572,808	123,969,074	19,918,844	2,842,902	8,466,911
15							
16 TOTAL RATE BASE	6,702,797,478	3,321,093,092	793,610,703	1,794,583,606	431,177,277	291,595,288	70,737,513
17							
18 IMPLICIT RATE OF RETURN	4.93%	4.06%	5.11%	6.91%	4.62%	0.97%	11.97%
19							
20 EQUAL RATE OF RETURN	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%
21							
22 REQUIRED OPERATING INCOME							
23 Equalized (OPC) Rates of Return	330,566,751	163,788,770	39,139,078	88,504,788	21,264,684	14,380,817	3,488,614
24							
25 TOTAL COST OF SERVICE	2,949,409,454	1,377,662,494	326,314,948	814,853,445	216,619,125	181,377,616	32,581,827
26 CLASS % of COS	100.00%	46.71%	11.06%	27.63%	7.34%	6.15%	1.10%
27							
28 MARGIN REVENUE REQUIRED							
29 to Equalize Class ROR - Revenue Neutral	2,949,409,454	1,377,662,494	326,314,948	814,853,445	216,619,125	181,377,616	32,581,827
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31 COS INDICATED REVENUE NEUTRAL SHIFT	(0)	28,992,558	(1,433,731)	(53,464,286)	1,345,840	11,537,916	(4,978,297)
32 % REVENUE NEUTRAL RATE INCREASE	0.00%	2.46%	-0.50%	-4.75%	0.71%	7.78%	-14.31%
33 CLASS % OF REVENUE AFTER REVENUE SHIFT	100.00%	46.65%	11.11%	27.53%	7.37%	6.18%	1.15%