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Issues: Rate Design
Witness: Thomas M. Imhoff
Sponsoring Party: MO PSC Staff
Type of Exhibit: Direct Testimony
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

THOMAS M. IMHOFF

UNION ELECTRIC COMPANY d/b/a AMERENUE

CASE NO. GR-2010-0363

*Jefferson City, Missouri
November 2010*

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1 recommendations based upon those evaluations. On August 9, 2001, I assumed my current
2 position of Rate & Tariff Examination Supervisor in the Energy Tariffs/Rate Design
3 Department, where my duties consist of directing Commission Staff employed within the
4 Department, analyzing applications, reviewing tariffs, and making recommendations based
5 upon my evaluations and the evaluations performed by the Energy Tariffs/Rate Design Staff.

6 Q. Have you previously filed testimony before this Commission?

7 A. Yes. A list of cases in which I have filed testimony before this Commission is
8 attached as Schedule 1.

9 Q. With reference to Case No. GR-2010-0363, have you participated in the
10 Commission Staff's (Staff) audit of AmerenUE (AmerenUE or Company)?

11 A. Yes, I have.

12 **EXECUTIVE SUMMARY**

13 Q. What is the purpose of your Direct Testimony?

14 A. The purpose of my Direct Testimony is to provide an overview of Staff's
15 position on AmerenUE's class cost of service (CCOS), rate design, energy efficiency and
16 low-income programs. I have attached Staff's CCOS Report to this testimony. Staff's CCOS
17 Report describes in greater detail, Staff's position regarding these issues. It was prepared by
18 various Staff members at and under my direction. The "report" approach to the case filing is
19 intended to minimize the number of Staff witnesses required to file individual pieces of direct
20 testimony and provides for a more concise presentation of the Staff's positions concerning
21 CCOS, rate design, energy efficiency and low-income weatherization programs.

22 **CLASS COST OF SERVICE**

23 Q. What is the purpose of Staff's CCOS testimony?

1 A. The purpose of Staff's CCOS recommendation is to present a reasonable and
2 equitable method for dividing Company's prudently incurred costs to provide service among
3 the various classes of AmerenUE's customers, or, in other words, to provide the Commission
4 with a measure of relative class cost responsibility for the overall revenue requirements of
5 AmerenUE.

6 Q. What is CCOS?

7 A. AmerenUE's rates are set, based on the cost of providing service to its
8 customers and the opportunity to earn a return on its investment. Staff's CCOS study, the
9 results of which are contained in Staff's CCOS Report, determines how AmerenUE's cost of
10 service should be divided among its customers. For the purpose of setting a common rate for
11 individual classes of customer, those customers are grouped together based upon similar
12 usage characteristics into groups such as Residential, Small General Service, Large General
13 Service, Large Volume Transportation, Interruptible, and Standard Transportation. Staff then
14 considers which class is responsible for individual items of cost, and assigns that cost to the
15 class by either direct assignment or allocation using reasonable methods for determining the
16 class responsibility for that item.

17 Staff summarizes its results and compares those results to revenues being collected by
18 AmerenUE from each class based on current rates. The difference between a particular
19 customer class costs responsibility and the revenues generated by that customer class is the
20 amount that class is either subsidizing (generating revenues that are greater than costs) or is
21 being subsidized (generating revenues that are less than costs).

22 Q. What is Staff's recommendation on CCOS?

1 A. Staff is recommending no revenue shifts in revenue responsibility between
2 AmerenUE's rate classes.

3 **RATE DESIGN**

4 Q. What is rate design?

5 A. Rate design is the assignment of rates to each customer class and is based on
6 the Staff's CCOS study and other factors relevant to this case.

7 Q. What is Staff's position regarding the appropriate rate design for AmerenUE?

8 A. Staff proposes the Straight Fixed Variable (SFV) rate design for the
9 Company's Residential and Small General Service classes. SFV collects all non-gas costs in
10 a flat, fixed monthly/delivery charge. The fixed charge is the same for all residential
11 customers. In addition, Staff recommends conservation measures that are to be used in
12 concert with the SFV rate design proposal as outlined in the Staff's Cost of Service Report.

13 Staff recommends that each component of AmerenUE's Large Volume Transportation
14 Service, Standard Transportation Service, Large General Service and Interruptible Service
15 non-gas tariff rates increase by the same percentage as AmerenUE's non-gas revenue
16 requirement percentage increase. Staff is not proposing the SFV rate design for these
17 customer classes.

18 **ENERGY EFFICIENCY AND LOW INCOME WEATHERIZATION PROGRAMS**

19 Q. What is Staff's position regarding AmerenUE's energy efficiency programs
20 and low-income weatherization programs?

21 A. Staff supports continuation of the energy efficiency programs and low-income
22 weatherization programs AmerenUE currently has in effect.

1 Q. Please identify the Staff witness responsible for addressing each area in the
2 CCOS Report.

3 A. The Staff witness for each listed issue is as follows:

<u>Issue</u>	<u>Staff Witness</u>
Class Cost of Service	Michael J. Ensrud
Allocations	Daniel I. Beck
Rate Design	Henry E. Warren
Peak Calculation	Kim Cox
Low Income Weatherization	Henry E. Warren
Energy Efficiency	Michael Stahlman

11 Q. Does this conclude your Direct Testimony?

12 A. Yes it does.

UNIOIN ELECTRIC COMPANY d/b/a AMERENUE
CASE NO. GR-2010-0363

Summary of Cases in which prepared testimony was presented by:
THOMAS M. IMHOFF

<u>Company Name</u>	<u>Case No.</u>
Terre-Du-Lac Utilities	SR-82-69
Terre-Du-Lac Utilities	WR-82-70
Bowling Green Gas Company	GR-82-104
Atlas Mobilfone Inc.	TR-82-123
Missouri Edison Company	GR-82-197
Missouri Edison Company	ER-82-198
Great River Gas Company	GR-82-235
Citizens Electric Company	ER-83-61
General Telephone Company of the Midwest	TR-83-164
Missouri Telephone Company	TR-83-334
Mobilpage Inc.	TR-83-350
Union Electric Company	ER-84-168
Missouri-American Water Company	WR-85-16
Great River Gas Company	GR-85-136
Grand River Mutual Telephone Company	TR-85-242
ALLTEL Missouri, Inc.	TR-86-14
Continental Telephone Company	TR-86-55
General Telephone Company of the Midwest	TC-87-57
St. Joseph Light & Power Company	GR-88-115
St. Joseph Light & Power Company	HR-88-116
Camelot Utilities, Inc.	WA-89-1
GTE North Incorporated	TR-89-182
The Empire District Electric Company	ER-90-138
Capital Utilities, Inc.	SA-90-224
St. Joseph Light & Power Company	EA-90-252
Kansas City Power & Light Company	EA-90-252
Sho-Me Power Corporation	ER-91-298
St. Joseph Light & Power Company	EC-92-214
St. Joseph Light & Power Company	ER-93-41
St. Joseph Light & Power Company	GR-93-42
Citizens Telephone Company	TR-93-268
The Empire District Electric Company	ER-94-174
Missouri-American Water Company	WR-95-205
Missouri-American Water Company	SR-95-206
Union Electric Company	EM-96-149
The Empire District Electric Company	ER-97-81
Missouri Gas Energy	GR-98-140
Laclede Gas Company	GR-98-374
Laclede Gas Company	GR-99-315
Atmos Energy Corporation	GM-2000-312
Ameren UE	GR-2000-512
Missouri Gas Energy	GR-2001-292
Laclede Gas Company	GT-2001-329

Laclede Gas Company	GR-2001-629
Missouri Gas Energy	GT-2003-0033
Aquila Networks – L&P	GT-2003-0038
Aquila Networks – MPS	GT-2003-0039
Southern Missouri Gas Company, L.P.	GT-2003-0031
Fidelity Natural Gas, Inc.	GT-2003-0036
Atmos Energy Corporation	GT-2003-0037
Laclede Gas Company	GT-2003-0032
Union Electric Company d/b/a Ameren UE	GT-2003-0034
Laclede Gas Company	GT-2003-0117
Aquila Networks MPS & L&P	GR-2004-0072
Missouri Gas Energy	GR-2004-0209
Missouri Pipeline Company & Missouri Gas Company	GC-2006-0491
Atmos Energy Corporation	GR-2006-0387
Laclede Gas Company	GR-2007-0208
Missouri Gas Utility Company	GR-2008-0060
TriGen-Kansas City Energy Group	HR-2008-0300
Laclede Gas Company	GT-2009-0056
Missouri Gas Energy	GR-2009-0355
Empire District Gas Company	GR-2009-0434
Atmos Energy Corporation	GR-2010-0192
Laclede Gas Company	GR-2010-0171