

Exhibit No.:  
Issues: Low-income customers  
Witness: Anne E. Ross  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Rebuttal Testimony  
Case No.: ER-2010-0036  
Date Testimony Prepared: February 26, 2010

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**REBUTTAL TESTIMONY**

**OF**

**ANNE E. ROSS**

**UNION ELECTRIC COMPANY d/b/a AMERENUE**

**CASE NO. ER-2010-0036**

**Jefferson City, Missouri  
February 2010**

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

In the Matter of Union Electric Company   )  
d/b/a AmerenUE's Tariffs to Increase its   )  
Annual Revenues for Electric Service.       )

Case No. ER-2010-0036

**AFFIDAVIT OF ANNE E. ROSS**

STATE OF MISSOURI       )  
                                      ) ss  
COUNTY OF COLE        )

Anne E. Ross, of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 7 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.



Anne E. Ross

Subscribed and sworn to before me this 26<sup>th</sup> day of February, 2009.



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

  
Notary Public



Rebuttal Testimony of  
Anne E. Ross

1 Q. What is Staff's response to AmerenUE witness Wilbon L. Cooper's statements  
2 at page 5, lines 2-10 of his Additional Direct testimony regarding the startup and  
3 implementation costs of a new low-income residential customer class?

4 A. Staff agrees that the costs identified by Mr. Cooper will be incurred when  
5 setting up a separate rate class or program. We have not quantified the expected level of these  
6 costs.

7 Q. Did the Office of the Public Counsel propose a low-income program in its  
8 supplemental direct testimony in this case?

9 A. No. The Office of the Public Counsel did not propose a low-income program.  
10 Office of the Public Counsel witness Barbara Meisenheimer suggested the Commission wait  
11 on starting such a program for AmerenUE "...pending evaluation of the success of other  
12 experimental programs," (Meisenheimer, Supplemental Direct, p. 2, lines 6-7). But, Ms.  
13 Meisenheimer, much as Staff did, outlined a program that could be implemented if the  
14 Commission believes that "...an experimental low-income program should be adopted in this  
15 case." (p. 2, line 8)

16 Q. Would you please summarize the parameters of the program outlined in Ms.  
17 Meisenheimer's Supplemental Direct testimony?

18 A. Ms. Meisenheimer provided the following parameters for the low-income  
19 program she outlined:

- 20 • Provide monthly bill credits for AmerenUE electric customers who use electricity as  
21 their primary heating source (p. 3, lines 4-7), and who have household incomes less  
22 than 100% of the Federal Poverty Guideline (FPG) ( p. 22, lines 14-16), with the  
23 monthly credit increasing as household income decreases. (tables on pp. 23-24
- 24 • Require participants to apply for LIHEAP and for low-income weatherization  
25 assistance. (p. 2, lines 12-13)

Rebuttal Testimony of  
Anne E. Ross

- 1 • Contain an arrearage repayment incentive for participants who have unpaid balances
- 2 when they enter the program. Customers would be required to participate in the
- 3 arrearage incentive as a condition of receiving the bill credits. (p. 2, lines 16-18)
- 4 • Encourage, but not require, participants to enroll in AmerenUE's Budget Bill plan.

5  
6 Q. Did Ms. Meisenheimer estimate how many AmerenUE low-income customers  
7 would be enrolled in such a program?

8 A. No. But in the tables on pp. 23-24 of her testimony, Ms. Meisenheimer has  
9 provided scenarios with 800-1200 participants.

10 Q. Do you know why Ms. Meisenheimer provided tables based on these numbers  
11 of participants?

12 A. No. However, she does mention in her testimony that relatively low number of  
13 customers tend to participate in programs such the one she outlined.

14 Q. Who will determine whether potential participants meet the requirements of  
15 the program Ms. Meisenheimer outlines?

16 A. This task will be performed by the Community Action Agencies in  
17 AmerenUE's electric service territory. (p. 22, lines 5-12).

18 Q. What does Ms. Meisenheimer estimate the expected cost of such an  
19 experimental program to be?

20 A. She estimates that the program will cost approximately \$550,000 annually.

21 Q. What is Staff's response to the program outlined by Ms. Meisenheimer?

22 A. In general, Staff believes that a properly designed bill credit program could  
23 help fill the gap between the amount of income a very low-income customer has available to  
24 pay for utility services and the cost of those services, and that it makes sense to target  
25 customers at the lowest income levels. That group has the same basic needs as anyone else –  
26 shelter, food, utilities, clothing, medical care – and their incomes are woefully inadequate to

Rebuttal Testimony of  
Anne E. Ross

1 meet those needs. By decreasing the amount that such customers are expected to pay, it  
2 should increase the likelihood that some of these customers will be able to pay their utility  
3 bills in full and on time, thus decreasing arrearages. Like Staff, Ms. Meisenheimer does not  
4 appear to believe that the vast majority of very low-income customers lack the desire to pay  
5 their bills; rather, most of them lack the ability to do so.

6 Q. Like other parties, is it Staff's position that participation eligibility be limited  
7 to participants who apply for LIHEAP?

8 A. Yes.

9 Q. Should low-income program participants be required to apply for low-income  
10 weatherization, as it appears Ms. Meisenheimer suggests?

11 A. It depends. If the requirement is only that participants *must submit an*  
12 *application*, regardless of whether or not that they actually receive weatherization, Staff could  
13 agree; however, if the requirement is that the household *must receive weatherization services*,  
14 Staff has reservations. While theoretically Staff agrees that weatherizing participants' homes  
15 is desirable, in that by weatherizing the customer's home the customer's bill decreases;  
16 therefore, lowering the amount of financial assistance that the customer needs in order to pay  
17 that bill. However, in practice, it would exclude many customers who live in rental units.  
18 Rental units cannot be weatherized without a landlord match that ranges from 5 – 50% of the  
19 cost, and in recent discussions with members of the Missouri weatherization network, the  
20 network indicated that it is having little success in persuading landlords of low income rental  
21 properties to agree to weatherization.

22 Q. Does Staff agree with Ms. Meisenheimer that customers should be encouraged,  
23 but not required, to enroll in budget billing?

Rebuttal Testimony of  
Anne E. Ross

1           A.     Yes, that would be acceptable.

2           Q.     What is Staff's opinion of restricting such a program to 800-1200 participants?

3           A.     That number represents such a tiny fraction of AmerenUE's residential  
4 customers that Staff is not sure that spending half a million dollars for them is warranted.  
5 Staff estimates that the number is somewhere between 50,000 and 310,000<sup>1</sup>. The 1200  
6 customers that OPC suggests would participate represents approximately 2.5 % of the lower  
7 number, and around four-tenths of one percent of the larger number. Since every AmerenUE  
8 residential customer will bear the cost of this program, including other low-income  
9 ratepayers, the Commission must decide whether the benefits outweigh the costs and whether  
10 or not to limit the number of participants.

11          Q.     Does Staff have any further comments on Ms.Meisenheimer's suggestion of a  
12 bill credit program to address the inability of AmerenUE's low-income customers to pay their  
13 utility bills?

14          A.     Yes. As Ms. Meisenheimer noted in her testimony, there have been several  
15 'experimental' programs of this type set up around the state. Some have been abysmal  
16 failures, like the program set up in Scott and Stoddard counties<sup>2</sup>; others appear to have  
17 worked better since there were participants that paid their bills while they were participating  
18 in the program, but the stakeholders have never sat down and tried to identify the lessons  
19 learned – what worked, what didn't, how long any effects lasted, and the "why" behind any  
20 results. That is probably due to the competing demands on the parties' time, as well as the

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<sup>1</sup> These numbers were developed using the information from a recent 'Missouri LIHEAP Facts, a fact sheet put out by the Campaign for Home Energy Assistance. This publication estimates that approximately 87% of LIHEAP customers fall in the 0-100% FPG range, so that percentage was applied to the LIHEAP estimates developed by Staff in their Direct testimony on this issue.

<sup>2</sup> This program was set up in Case No. GR-2003-0517. Despite several attempts at outreach by the Community Action Agency in that area, the program failed to attract a single participant.

1 fact that these programs have been implemented piecemeal through rate case settlements. But  
2 whatever the reason, before implementing an additional program, Staff proposes that the  
3 lessons learned should be addressed before any additional ratepayer money is used for another  
4 ‘experiment.’

5 Furthermore, Staff believes that this discussion should occur outside of a rate case, so  
6 that the Commission can participate to the extent that it wishes, be kept apprised of the  
7 progress of the group, and provide any direction that it believes is appropriate. Commission  
8 interest and input will do much to keep the process moving forward productively.

9 Q. Has Staff identified a process by which this could be done relatively quickly  
10 and efficiently?

11 A. Yes. Staff suggests that the Commission order the following:

- 12 1. First, a comparative analysis of the existing natural gas and electric utility low income  
13 programs and programs terminated in the past ten years should be conducted by a  
14 third-party evaluator. Past and current bill credit programs in Missouri have been  
15 similar enough that they can be compared on a number of measures, such as effect on  
16 the customer’s bill payment behavior and arrearage levels, participation level, and so  
17 on. The goal of the analysis would be to identify best practices from the various  
18 programs, and to quantify the effect on utility costs. These best practices would be  
19 compared with the best practices of successful low-income programs in other states.  
20
- 21 2. Following a comparative analysis, Staff would organize a roundtable, where all  
22 interested parties could meet to discuss best (and worst) practices based on the  
23 comparative analysis. Since this would not be happening during a contested case, the  
24 Commissioners would be able to participate to whatever extent they desired.  
25
- 26 3. The stated goal of the roundtable would be to discuss the best practices, and to attempt  
27 to design a program that contained those components. In addition, a list of issues that  
28 have either been identified as stumbling blocks or that have been identified as of  
29 concern to a stakeholder or stakeholders, would be prepared, and it would be decided  
30 whether these should be addressed in further meetings, or if the issue needs to be sent  
31 to the Commission or other entity for direction.  
32
- 33 4. In addition, Staff would be expected to present to the Commission a report that would  
34 summarize the findings of the analysis, present the Roundtable participants’  
35 recommendation for a program that incorporates best practices, and include a list of all



Rebuttal Testimony of  
Anne E. Ross

1 concerns/stumbling blocks. Roundtable participants would be encouraged to append  
2 their thoughts to this report, if desired.

3  
4 After completing this process, the Commission would have the depth of information  
5 that was the original goal of these experimental programs; in addition, the analysis and report  
6 will provide the Commission with a broad perspective that will be invaluable in future policy  
7 decision-making for both natural gas and electric utilities. Given the importance of this issue,  
8 Staff strongly recommends that the Commission adopt this recommendation.

9 Q. Does this conclude your testimony?

10 A. Yes