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Class Cost-of-Service
Witness: John A. Rogers
Sponsoring Party: MO PSC Staff
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Case No.: ER-2010-0036
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SURREBUTTAL TESTIMONY

OF

JOHN A. ROGERS

UNION ELECTRIC COMPANY

d/b/a

AMERENUE

CASE NO. ER-2010-0036

**Jefferson City, Missouri
March 2010**

Susan L. Sundermeyer
Notary Public

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Q. Please state your name and business address.

A. My name is John A. Rogers and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

Q. Are you the same John A. Rogers who: 1) contributed to Staff's Revenue Requirement Cost of Service Report (Staff Report) filed on December 18, 2009, 2) contributed to Staff's Class Cost of Service Rate Design Report (Staff CCOS Report) filed on January 6, 2010, and 3) filed rebuttal testimony on February 11, 2010?

A. Yes, I am.

Q. What is the purpose of your surrebuttal testimony?

A. I address the rebuttal testimony of AmerenUE witness Wilbon L. Cooper concerning his statement that the residential and general service customer charges should be increased due to the impact of the Company's energy efficiency and demand response efforts on expected customer consumption levels.

Q. On page 11 of his rebuttal Testimony, Mr. Cooper states that, due to consideration of the expected customer energy use reductions associated with the Company's aggressive energy efficiency and demand response efforts, its requested increase

Surrebuttal Testimony of
John A. Rogers

1 in customer charge would allow AmerenUE a more reasonable opportunity to earn its
2 authorized rate of return. Do you agree with Mr. Cooper's reasoning?

3 A. Mr. Cooper would be correct that a higher customer charge would mitigate the
4 erosion of earnings if AmerenUE was successfully implementing aggressive energy efficiency
5 and demand response programs. However, as presented in the Staff Report on pages 40 – 42,
6 AmerenUE is far from meeting the implementation schedule that it laid out in its preferred
7 resource plan, which means AmerenUE has not been aggressively implementing energy
8 efficiency and demand response programs. On page 25, lines 22 – 23 of his rebuttal
9 testimony, AmerenUE witness Stephen M. Kidwell, states that AmerenUE's demand-side
10 programs have been implemented later than originally expected. On page 28, lines 20 – 23,
11 Mr. Kidwell goes on to say: "The primary reason [for the delay in implementing programs]
12 was that Ameren senior management placed a hold on most ongoing projects during the
13 fourth quarter of 2008, due to financial pressures. While we continued program design and
14 tariff development, offering the programs to customers was delayed until the first quarter of
15 2009."

16 Q. When were programs first offered to customers by AmerenUE?

17 A. Although the "launch window" for AmerenUE's programs was generally the
18 fourth quarter of 2008, the first business program was offered on February 11, 2009, and the
19 first residential program was offered on April 24, 2009.

20 Q. Have the programs achieved the expected levels of expenditures and energy
21 and demand savings?

22 A. No. Although AmerenUE has not yet received evaluation reports from its
23 evaluation, measurement and verification contractors for the first program year ending

Surrebuttal Testimony of
John A. Rogers

September 30, 2009, AmerenUE did provide a preliminary programs performance summary to stakeholders at its February 4, 2010 DSM stakeholder quarterly update meeting. The following table includes the planned levels of expenditures and energy and demand savings for the three program years (ending in September 2009, 2010 and 2011, respectively) for all demand-side management programs in the AmerenUE preferred resource plan (PRP) and the actual levels of expenditures and energy and demand savings through December 31, 2009.

	Cumulative MWh			Cumulative MW			Annual Costs (\$000)		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
PRP	123,836	269,186	429,435	106	131	161	\$ 25,021	\$ 32,124	\$ 39,669
Actual	16,675	36,636	0	10	13	0	\$ 9,865	\$ 3,773	\$ -
Variance	(107,161)	(232,550)	(429,435)	(96)	(118)	(161)	\$ (15,155)	\$ (28,350)	\$ (39,669)

Q. What do you conclude from your last answer?

A. Although it may be AmerenUE's desire to have aggressive energy efficiency and demand response programs, the expenditures and energy and demand savings for the programs experienced to date are all lagging well behind those planned for in the preferred resource plan.

Q. Do you expect AmerenUE to attempt to accelerate its implementation of programs to catch up to the expenditure and energy and demand savings levels in the preferred resource plan?

A. It is uncertain what AmerenUE's plans are for implementing energy efficiency and demand response programs. Mr. Kidwell states on page 29, lines 3 – 5, of his rebuttal testimony that "AmerenUE's plans for the existing and any additional DSM programs are dependent upon the outcome of the Commission's decision on DSM cost recovery in this rate case." Since the stipulation and agreement reached on DSM does not give AmerenUE the cost recovery that it requested, Staff is unsure how AmerenUE will proceed regarding the implementation of energy efficiency and demand response programs.

Surrebuttal Testimony of
John A. Rogers

1 Q. Does that conclude your surrebuttal testimony?

2 A. Yes, it does.