

**Exhibit No.:** \_\_\_\_\_  
**Issue(s):** Low-Income Programs/  
Advertising/  
Edison Electric Institute Dues  
**Witness/Type of Exhibit:** Marke/Rebuttal  
**Sponsoring Party:** Public Counsel  
**File No.:** ER-2016-0179

**REBUTTAL TESTIMONY**  
**OF**  
**GEOFF MARKE**

Submitted on Behalf of the Office of the Public Counsel

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

FILE NO. ER-2016-0179

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DENOTES HIGHLY CONFIDENTIAL INFORMATION  
THAT HAS BEEN REDACTED

January 20, 2017

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**REBUTTAL TESTIMONY**  
**OF**  
**GEOFF MARKE**  
**UNION ELECTRIC COMPANY**  
**d/b/a Ameren Missouri**  
**CASE NO. ER-2016-0179**

1 **I. INTRODUCTION**

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

3 A. Geoff Marke, PhD, Economist, Office of the Public Counsel (OPC or Public Counsel), P.O.  
4 Box 2230, Jefferson City, Missouri 65102.

5 **Q. Are you the same Dr. Marke that filed direct testimony in ER-2016-0179?**

6 A. I am.

7 **Q. What is the purpose of your rebuttal testimony?**

8 A. The purpose of this testimony is to respond to the revenue requirement direct testimony  
9 regarding:

- 10 • Low-Income Programs
    - 11 ▪ Missouri Public Service Commission Staff (“Staff”) witness Kory Boustead
    - 12 and
    - 13 ▪ Division of Energy (“DE”) witness Sharlet E. Kroll
  - 14 • Advertising
    - 15 ▪ Staff witness Jason Kunst
  - 16 • Edison Electric Institute (“EEI”) Dues
    - 17 ▪ Staff witness Michael Jason Taylor
- 18  
19  
20

1 **Q. Please state OPC's position.**

2 A. OPC supports the current funding levels for Ameren Missouri's low-income weatherization  
3 ("LIWAP") and Ameren Missouri's Keeping Current/Cool programs. We are currently  
4 engaged in conversations regarding future design of the Keeping Current/Cool programs  
5 based on the recently completed third-party evaluation and reserve the right to comment  
6 further in surrebuttal testimony.

7 OPC recommends that advertising costs related to "Clean Energy" marketing for Ameren  
8 Missouri's Energy at Work communications campaign be disallowed as these costs are  
9 institutional in nature and not necessary to provide the useful provision of adequate service.  
10 We also support Staff's position to disallow costs related to the EEI as the Company has not  
11 demonstrated ratepayer benefits associated with this membership.

12 **II. LOW-INCOME PROGRAMS**

13 **Q. What is Staff's position regarding Ameren Missouri's Keeping Current and Keeping**  
14 **Cool programs?**

15 A. Staff recommends maintaining the current level of funding and to work with the Keeping  
16 Current/Cool Advisory group to implement the recommendation to increase the program  
17 eligibility from 125% of the federal poverty level to 135%.

18 **Q. What is OPC's position?**

19 A. OPC is presently engaged in discussions with the other Keeping Current/Cool advisory  
20 members regarding potential tariff revisions based on the recent evaluation. It is the hope of  
21 the advisory committee to reach a unanimous decision to present to the Commission if there  
22 are any further actions that need to be taken. As it stands, OPC supports Staff's  
23 recommendations and reserves the right to comment further in surrebuttal testimony pending  
24 results of the advisory committee's dialogue.

1 **Q. What is Staff's position regarding Ameren Missouri's low-income weatherization?**

2 A. Staff witness Boustead recommends maintaining the current funding mechanism and level of  
3 expenditures. Staff also recommends that Laclede Legal Department be notified that they will  
4 need to submit data in the near future regarding natural gas savings for a future LIWAP  
5 evaluation.

6 **Q. What is DE's position regarding Ameren Missouri's low-income weatherization?**

7 A. DE witness Kroll recommends maintaining the current funding mechanism and level of  
8 expenditures. DE also recommends that the Commission should direct Ameren Missouri to  
9 convene interested stakeholders and develop a report outlining options for future  
10 weatherization program administration in Ameren Missouri's next rate case.

11 **Q. What is OPC's position?**

12 A. OPC supports the current funding mechanism and level of expenditures, but believes it is  
13 premature to contact Laclede's legal department regarding natural gas savings associated  
14 with LIWAP participants. We are unaware of any party making a formal recommendation to  
15 begin yet another evaluation of Ameren Missouri's LIWAP programs. Until such time  
16 (presumably well into the future), OPC does not see the merit in such a recommendation.  
17 That being said, we do not see the harm in such a notification either.

18 As it stands, OPC takes no formal position on DE's recommendation for a future report  
19 regarding LIWAP administration. We would be willing to engage in discussions with  
20 relevant stakeholders on this topic moving forward, but ultimately believes it is DE's  
21 responsibility to take a formal position on whether or not they want to continue providing  
22 complementary administrative services.

1 **III. ADVERTISING**

2 **Q. What is the Staff’s position on advertising?**

3 A. Staff witness Jason Kunst has allocated advertising costs under the standards set out in EO-  
4 85-185, et al., which included the following five categories:

- 5 1. General: informational advertising that is useful in the provision of adequate service;
- 6 2. Safety: advertising which conveys the ways to safely use electricity and to avoid  
7 accidents;
- 8 3. Promotional: advertising used to encourage or promote the use of electricity;
- 9 4. Institutional: advertising used to improve the company’s public image;
- 10 5. Political: advertising associated with political issues.

11 Mr. Kunst states that:

12 The Commission utilized these categories of advertisements to explain that a  
13 utility’s revenue requirement should: 1) always include the reasonable and  
14 necessary cost of general and safety advertisements; 2) never include the cost  
15 of institutional or political advertisements; and 3) include the cost of  
16 promotional advertisements only to the extent the utility can provide cost-  
17 justification for the advertisements (Report and Order in KCPL Case Nos.  
18 EO-85-185, et al., 28 Mo.P.S.C. (N.S.) 228, 269-71 (1986)).<sup>1</sup>

19 **Q. What is the OPC’s position?**

20 A. OPC supports Staff’s allocation with the exception of advertng expense related to  
21 “Clean Energy” under Ameren Missouri’s Energy at Work campaign. Staff allocated  
22 these costs as “General” and “above the line” where OPC believes these costs should  
23 be allocated as “Institutional” and “below the line.” OPC has reviewed the  
24 advertising classified as Clean Energy from Ameren Missouri’s campaign and do

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<sup>1</sup> ER-2016-0179 Staff Report: Revenue Requirement Cost of Service. p.112, 9-14.

1 not see how such costs are necessary and useful in the providing adequate service.  
2 On the contrary, these expenses appear to be in place to improve the Company's  
3 public image. \*\*

4 \*\*

5 **IV. EDISON ELECTRIC INSTITUTE (“EEI”) DUES**

6 **Q. What was Staff’s position regarding EEI dues?**

7 A. Staff witness Jason Kunst recommends that their entire amount of EEI dues recorded in the  
8 test year by Ameren Missouri be disallowed. This recommendation is based on previous  
9 Commission guidance regarding the need to show explicit benefits to ratepayers as well as  
10 EEI’s role as a lobbyist at the federal, state and local levels.

11 **Q. What is OPC’s position?**

12 A. We support Staff’s disallowance. EEI’s work clearly falls under the rubric of “lobbying” and,  
13 therefore, should not be recovered in rates. EEI is an association that represents investor-  
14 owned electric utilities and their industrial affiliates. Much of their work centers on activities  
15 to influence public opinion on shareholder interests. Absent any allocation analysis of the  
16 benefits of EEI membership by Ameren Missouri, these costs cannot be deemed prudent.

17 **Q. Does this conclude your testimony?**

18 A. Yes.