

Exhibit No.:  
Witness: Maurice Brubaker  
Type of Exhibit: Rebuttal Testimony  
Issues: Low-Income Issues  
Sponsoring Party: Missouri Industrial Energy Consumers  
Case No.: ER-2010-0036

**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  
Tariff Nos. YE-2010-0054  
and YE-2010-0055

Rebuttal Testimony of

**Maurice Brubaker**

**Low Income**

On behalf of

**Missouri Industrial Energy Consumers**

February 26, 2010



BRUBAKER & ASSOCIATES, INC.  
CHESTERFIELD, MO 63017

Project 9187

MIEC Exhibit No. 414  
Date 3/26/10 Reporter PHE  
File No. ER-2010-0036

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**STATE OF MISSOURI**

**COUNTY OF ST. LOUIS**

**SS**

**Affidavit of Maurice Brubaker**

Maurice Brubaker, being first duly sworn, on his oath states:

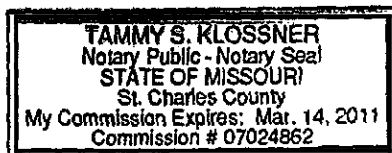
1. My name is Maurice Brubaker. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Missouri Industrial Energy Consumers in this proceeding on their behalf.


2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2010-0036.

3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.

  
Maurice Brubaker

Subscribed and sworn to before me this 25<sup>th</sup> day of February 2010.



  
Notary Public

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**Rebuttal Testimony of Maurice Brubaker**

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

2    A    Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140,  
3    Chesterfield, MO 63017.

4    Q    **ARE YOU THE SAME MAURICE BRUBAKER WHO HAS PREVIOUSLY FILED**  
5    **TESTIMONY IN THIS PROCEEDING?**

6    A    Yes.

7    Q    **ARE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE OUTLINED IN**  
8    **ANY OF THOSE PRIOR TESTIMONIES?**

9    A    Yes. This information is included in Appendix A to my direct testimony on revenue  
10    requirement issues.

**Maurice Brubaker  
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1    **Q     ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

2    A     This testimony is presented on behalf of the Missouri Industrial Energy Consumers  
3           ("MIEC"). These companies purchase substantial quantities of electricity from  
4           AmerenUE, principally at the primary and transmission voltage levels.

5    **Q     HAVE YOU REVIEWED THE DIRECT TESTIMONIES OF WILBON L. COOPER**  
6           **AND RICHARD MARK (ON BEHALF OF AMERENUE); ANNE E. ROSS (ON**  
7           **BEHALF OF COMMISSION STAFF); BARBARA A. MEISENHEIMER (ON BEHALF**  
8           **OF THE OFFICE OF PUBLIC COUNSEL); AND ALSO THE PLEADING FILED BY**  
9           **AARP AND THE CONSUMERS COUNCIL OF MISSOURI (CCM)?**

10   A     Yes. In my rebuttal testimony, I will address certain issues raised and proposals  
11           made by these parties. The fact that I do not address a particular issue or proposal  
12           should not be interpreted to mean that I am in agreement with the position taken by  
13           another party.

14   **Q     PLEASE SUMMARIZE YOUR POSITION.**

15   A     My position may be summarized as follows:

- 16           1. The problems encountered by low-income customers are a societal problem and  
17           are more properly addressed in the Legislature and not through utility rates.
- 18           2. MIEC believes that low-income residential rates could be interpreted to be unduly  
19           discriminatory and/or could have the characteristics of a tax.
- 20           3. There is no basis for charging large industrial customers in order to fund a  
21           low-income residential program.
- 22           4. Staff's testimony makes it clear that there is a lack of information about the  
23           number of potential eligible customers and the costs that might be incurred in  
24           connection with any particular low-income residential program.
- 25           5. Staff's suggestion of adopting some undefined program as a result of this case,  
26           including some unspecified amount of revenue requirement in this case, and  
27           establishing a tracker for the difference, should be rejected.

**Maurice Brubaker**  
**Page 2**

1 6. If a low-income residential program is found to be necessary, appropriate,  
2 practical and legal, it should be funded solely from other customers in the  
3 residential customer class.

4 7. If funding is not restricted to residential customers, there should be caps on the  
5 amount of costs charged on individual bills so as to moderate the impact on  
6 business customers. Examples of states that have this type of limitation include  
7 Illinois, Wisconsin and Utah.

8 **Q DOES MIEC SHARE THE CONCERNS EXPRESSED BY AMERENUE WITNESS**  
9 **MARK AT PAGES 4 AND 5 OF HIS TESTIMONY WITH RESPECT TO THE**  
10 **POSSIBILITY THAT A LOW-INCOME RESIDENTIAL RATE COULD BE**  
11 **INTERPRETED TO BE UNDULY DISCRIMINATORY AND/OR COULD HAVE THE**  
12 **CHARACTERISTICS OF A TAX?**

13 **A** Yes. I am advised by counsel that these are valid concerns.

14 **Q HOW SHOULD THE PROBLEMS OF LOW-INCOME CUSTOMERS BE VIEWED?**

15 **A** Fundamentally, the problems of low-income customers stem more from a general  
16 lack of income than from the price levels of particular goods or services. The overall  
17 problem is not solved by creating special rates for customers who are identified as  
18 low income. Rather, an approach which addresses the income side of the equation  
19 would be more direct and could be more beneficial. This means that the problem is  
20 more susceptible to being addressed and cured as a legislative matter, rather than an  
21 electric matter.

1    **Q     IN HIS REBUTTAL TESTIMONY, AMERENUE WITNESS WARNER BAXTER**  
2           **MADE A "SUGGESTION" THAT ONE WAY TO ADDRESS THE ISSUE IS TO**  
3           **REDUCE RESIDENTIAL REVENUES BY 1% AND TRANSFER THOSE COSTS TO**  
4           **THE LARGER INDUSTRIAL CUSTOMERS, RAISING THEIR RATES BY 3.2%. IS**  
5           **AMERENUE ACTUALLY MAKING SUCH A PROPOSAL?**

6    **A     No. Although Mr. Mark makes passing reference to it in his testimony addressing**  
7           **low-income issues, neither he nor Mr. Cooper provides any justification for that**  
8           **approach, nor do they suggest a program related to low-income customers that is**  
9           **based on this "suggestion."**

10   **Q     HAS ANYONE ATTEMPTED TO PROVIDE ANY JUSTIFICATION FOR THAT**  
11           **APPROACH?**

12   **A     No. Nor has anyone attempted to justify setting the level of rates for a particular**  
13           **sub-class of residential customers equal to the rates charged to large industrial**  
14           **customers. In fact, Staff witness Anne Ross, at page 12 of her testimony, rejects this**  
15           **notion.**

16   **Q     WHAT PROPOSAL IS MADE BY COMMISSION STAFF?**

17   **A     Commission Staff witness Ross discusses the problems with trying to establish a**  
18           **low-income residential rate and states explicitly that there is also a lack of adequate**  
19           **data to even define the class or determine, even in a ballpark sense, the potential**  
20           **impact of any particular program. Nevertheless, she continues on in her testimony to**  
21           **make a recommendation that some sort of program be adopted, that some amount of**  
22           **revenue requirement be designated in this case for such a program, and that**  
23           **AmerenUE be given a "tracker" for the difference in cost.**

1    **Q     DO YOU AGREE WITH THIS PROPOSAL?**

2    A     No. According to Ms. Ross's testimony, depending upon the qualifying criteria  
3           established, eligibility could range up to in excess of 350,000 customers, and based  
4           on her recommended discount, the revenue requirement impact could be \$109 million  
5           per year! Given the lack of availability of reliable information, the absence of any  
6           specific proposal, and the broad ranging and potentially open-ended nature of the  
7           financial impact, there is nothing before the Commission for approval that can be  
8           acted upon.

9    **Q     STAFF SUGGESTS THAT ELIGIBLE CUSTOMERS SHOULD RECEIVE A**  
10       **DISCOUNT EQUAL TO 50% OF THE NON-FUEL PORTION OF THE RATE. HAS**  
11       **STAFF PRESENTED ANY JUSTIFICATION FOR THIS DISCOUNT?**

12   A     No, none.

13   **Q     OPC HAS NOT MADE A SPECIFIC PROPOSAL, PREFERRING TO AWAIT THE**  
14       **EVALUATION OF THE SUCCESS OF OTHER EXPERIMENTAL PROGRAMS,**  
15       **SUCH AS THOSE BEING CONDUCTED IN THE SERVICE TERRITORIES OF**  
16       **LACLEDE GAS COMPANY AND EMPIRE DISTRICT ELECTRIC COMPANY. IS**  
17       **THIS A REASONABLE APPROACH?**

18   A     Yes, I believe it is. It certainly makes sense to evaluate the existing programs and  
19           find out what worked and what didn't, what was good and what wasn't, before  
20           creating any kind of broader program, if one is found to be necessary, desirable and  
21           legal.

1 Q BOTH AMERENUE WITNESS COOPER AND OPC WITNESS MEISENHEIMER  
2 SEEM TO SUGGEST THAT A PILOT PROGRAM DESIGNED TO TEST VARIOUS  
3 ASPECTS OF AN EXPERIMENTAL LOW-INCOME PROGRAM MIGHT PROVIDE  
4 USEFUL INFORMATION. IF THE COMMISSION WISHES TO PURSUE RATES  
5 FOR LOW-INCOME CUSTOMERS, WOULD THIS BE A PREFERABLE  
6 APPROACH?

7 A Yes. Clearly, there is a deficit of data with respect to this issue, and if there is interest  
8 in proceeding, then I suggest that some form of pilot program would be the most  
9 logical course of action.

10 Q STAFF, AARP AND CCM ALL SEEM TO SUGGEST THAT THE DISCOUNTS  
11 ASSOCIATED WITH ANY SUCH PROGRAM SHOULD BE SHARED BY ALL  
12 CUSTOMER CLASSES. DO YOU AGREE?

13 A No, I do not. A low-income program, to the extent it is to be funded from electric  
14 customers, should be funded by other residential customers so as to minimize the  
15 impact on businesses.

16 Some states that have specified a broad-based recovery have approached  
17 this issue by putting a maximum dollar amount on what can be recovered from any  
18 given customer's bill. For example, Utah caps the maximum amount that can be  
19 collected on any customer's monthly bill at \$50; Illinois caps the charges at \$4.80 per  
20 monthly bill for a customer smaller than 10,000 kW and \$360 for a customer larger  
21 than 10,000 kW; and Wisconsin caps charges at \$750.

22 Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

23 A Yes, it does.