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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

WILLIAM L. MCDUFFEY

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

CASE NO. ER-2007-0002

Jefferson City, Missouri
February 2007

EXHIBIT

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224

Staff EXHIBIT NO. 224
Date 3/29/07 Case No. ER-2007-0002
Reporter PF

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

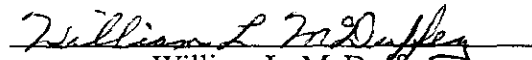
In the Matter of Union Electric Company)
d/b/a AmerenUE for Authority to File)
Tariffs Increasing Rates for Electric)
Service Provided to Customers in the)
Company's Missouri Service Area.)

Case No. ER-2007-0002

AFFIDAVIT OF WILLIAM L. McDUFFEY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

William L. McDuffey, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 11 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.


William L. McDuffey

Subscribed and sworn to before me this 2nd day of February, 2007.



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


Notary Public

My commission expires 9-21-10

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UNION ELECTRIC COMPANY
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REBUTTAL TESTIMONY

OF

WILLIAM L. McDUFFEY

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

CASE NO. ER-2007-0002

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Q. Please state your name and business address.

A. William "Mack" L. McDuffey, 200 Madison Street, Jefferson City, Missouri
65101.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (Commission) as a
Rate & Tariff Examiner in the Energy Department of the Utility Operations Division.

Q. How long have you been employed by the Commission?

A. I have been employed by the Commission since October, 1978.

Q. Have you previously testified before this Commission?

A. Yes, I have filed expert testimony in nineteen cases as shown on Schedule 1.
In addition, I have been responsible for preparing Staff recommendations in memorandum
form in numerous tariff filings and tariff cases.

Q. What experience, education and qualifications do you have?

A. I have over 28 years of experience at the Commission working with electric,
gas, and steam utility tariff issues. I review filed tariffs for technical and clerical changes,
work with regulated electric and steam utilities on the revision of rules and regulations,
address customer complaints, compile statistical data, respond to document requests, prepare

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1 records for microfilming, update various internal Commission records and maps, and verify
2 service area descriptions in territorial agreements cases and present testimony in formal
3 proceedings before the Commission.

4 In 1971, I received a Bachelor of Science degree in Business Administration from
5 Southwestern State College of Weatherford, Oklahoma. Upon graduation, I worked one year
6 for Caddo Electric Cooperative of Binger, Oklahoma, in the Engineering Department. I
7 assumed an Engineering Technician position with Oklahoma Gas and Electric Company of
8 Oklahoma City for five years prior to my employment with the Commission.

9 **Executive Summary**

10 Q. Please summarize your rebuttal testimony in this case.

11 A. My rebuttal testimony addresses Union Electric Company's ("AmerenUE" or
12 "Company") proposals on the following miscellaneous tariff issues:

13 **Rate Schedules**

- 14 1. Residential Definitions (UE tariff sheet 29)
15 2. Service Call Charge (UE tariff sheet 67.4)
16 3. Rider B and C Clarification (UE tariff sheets 99 & 100)
17 4. Municipal Underground Cost Recovery Rider (UE tariff sheet 118)

18 **Rules and Regulations**

- 19 5. Large Lot Subdivisions (UE tariff sheet 148)
20 6. Seasonal Revenues (UE tariff sheet 160)
21 7. Guarantee Agreement for Coop and Muni (UE tariff sheet 161)
22 8. Special Demand Metering Equipment (UE tariff sheet 165)
23 9. Multiple Occupancy Building Metering (UE tariff sheet 166)

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1 10. Billing Adjustment Periods (UE tariff sheet 170.1)

2 11. Seasonal Service Disconnects (UE tariff sheet 175)

3 12. Weatherization Program (not tariff)

4 **Residential Definitions**

5 Q. What is AmerenUE's proposal to modify its definition of a residential
6 customer?

7 A. The Company is proposing to modify its definition of a residential customer in
8 their electric tariff on Sheet No. 29 to exclude separately metered usage from service under
9 the Residential Service Rate.

10 Q. What is the Staff's response?

11 A. No AmerenUE witness testified why this proposal is meritorious. In his direct
12 testimony AmerenUE witness Wilbon L. Cooper states, "These changes are of a
13 housekeeping nature and have no impact on customer bills." (Direct, p.23, ll. 11-12). The
14 Staff believes that AmerenUE's proposed change in the definition of residential customer in
15 its tariff may have significant impacts on customers, and until AmerenUE demonstrates the
16 benefit of this change, the Staff recommends the Commission not adopt it.

17 **Service Call Charge**

18 Q. What is AmerenUE's proposal to add a Service Call Charge under
19 Miscellaneous Charges?

20 A. AmerenUE is proposing to add a Service Call Charge in its electric tariff on
21 Sheet No. 67.4 under Miscellaneous Charges that would apply where a customer reports a
22 service problem, AmerenUE dispatches someone in response and that person finds the
23 problem to be in the customer's equipment. Customers are to be told of this potential charge

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1 before AmerenUE dispatches personnel to make a service call. This charge will encourage
2 customers to check their own equipment before requesting AmerenUE to make a service call;
3 thereby reducing service calls for customer-caused problems.

4 Q. What is the Staff's response to adding a \$50 Service Call Charge for service
5 calls initiated by a customer because of customer equipment issues?

6 A. The Staff recommends the Commission accept the proposal.

7 **Rider B and C Clarification**

8 Q. How is AmerenUE proposing to change Rider B and Rider C of its tariff?

9 A. AmerenUE proposes to change Rider B to make the rider available to
10 customers served at 115,000 kilovolts as well as those served at 138,000 kilovolts, and
11 AmerenUE proposes to change Rider C to reword the delivery and metering conditions.
12 These changes will promote better administration and customer understanding of these two
13 Riders.

14 Q. What is the Staff's response?

15 A. The Staff recommends the Commission accept these proposed changes to
16 Rider B and Rider C.

17 **Municipal Underground Cost Recovery Rider**

18 Q. How is AmerenUE proposing to change its cost recovery mechanism for
19 burying its facilities in municipalities where AmerenUE would use overhead facilities instead,
20 if the municipality permitted it to do so?

21 A. AmerenUE is proposing to include the life cycle cost and extend the recovery
22 period from seven to fifteen years. Presently, the cost recovery mechanism consists of a fixed
23 charge to the excess costs, with a monthly billing of that charge to the municipality for a

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1 period of up to seven years. The current cost recovery mechanism does not include the total
2 cost of owning and operating the facilities over a period of many years.

3 Q. What is the Staff's response?

4 A. The Staff recommends the Commission accept part of AmerenUE's proposal.
5 The Staff recommends the Commission accept extending the period of review from up to
6 seven years to up to fifteen years since doing so includes the recognized potential of the life
7 cycle of the overhead system, the underground system, the cost of each system and the
8 allowed municipality payment of the excess charge for underground versus overhead
9 facilities.

10 The Staff recommends the Commission reject the proposal to delete the following
11 language from present tariff sheet no. 120:

12 The monthly charge may reflect the total estimated costs of undergrounding
13 until the final actual costs of the additional facilities are known. The monthly
14 charge shall be adjusted to reconcile the estimated costs to the actual costs.

15 and replacing it with the following:

16 The monthly charge shall be wholly based on estimated costs.

17 **Large Lot Subdivisions**

18 Q. What changes does AmerenUE propose to its tariff provisions regarding line
19 extensions?

20 A. AmerenUE is proposing to add a Large Lot Subdivisions subgroup to its
21 electric tariff on Sheet No. 147 under "F. Overhead Extensions to Residential Subdivisions, 1.
22 Single-Family Residences" and to its electric tariff on Sheet No. 151 under "K. Underground
23 Extensions, 3. Residential Subdivision Extensions." AmerenUE proposes additional charges

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1 for subdivisions that have lot sizes which exceed 100,000 square feet (approximately 2.3
2 acres) and where the lot frontage footage exceeds 500 feet and/or the overhead service is
3 longer than a single span or the underground service is longer than 250 feet. AmerenUE's
4 current tariff provisions for line extensions do not include a limit on the size of subdivision
5 lots. Until recently typical subdivision lots have been up to an acre, or lot frontage footage of
6 approximately 200 feet. The introduction of large lot subdivisions has caused AmerenUE to
7 incur line extension costs much greater than the average per lot costs of residential
8 subdivisions experienced in the past. AmerenUE is proposing to modify its line extension
9 tariff provisions to require per lot contributions from the customers/developers who have
10 large subdivision lots, as defined earlier.

11 Q. What is the Staff's response?

12 A. The Staff recommends the Commission accept AmerenUE's proposal to
13 require customer, or developer, contributions when AmerenUE makes line extension into
14 subdivisions having lots which exceed 100,000 square feet (approximately 2.3 acres) and
15 where the lot frontage footage exceeds 500 feet and/or the overhead service is longer than a
16 single span or the underground service is longer than 250 feet.

17 **Seasonal Revenues**

18 Q. Is AmerenUE proposing to delete seasonal revenue as an offset to the costs of
19 relocating distribution facilities for non-residential extensions?

20 A. Yes. Relocating distribution facilities for non-residential extensions has been
21 extremely limited and determining the seasonal revenue to offset against those costs is very
22 administratively burdensome.

23 Q. What is the Staff's response to AmerenUE's proposal?

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1 A. The Staff recommends the Commission accept AmerenUE's proposal.

2 **Guarantee Agreements**

3 Q. How is AmerenUE proposing to change its guarantee agreements with
4 customers when it is competing with electric cooperatives (cooperatives) and electric
5 municipal systems (municipals) for these customers?

6 A. AmerenUE proposes to amend its guarantee agreement to enhance its
7 bargaining position with respect to cooperatives and municipals when seeking to woo new
8 customers. Presently, the guarantee agreement gives customers twelve months to pay an
9 excess line extension charge. AmerenUE proposes to extend the payment period from one
10 year to three years, but not to change the excess charge calculation.

11 Q. What is the Staff's response?

12 A. The Staff recommends the Commission reject the proposal as unduly
13 discriminatory, but the Staff would not object to extending the guarantee agreement payment
14 period to three years for all new customers, not just those who can choose service from a
15 cooperative or municipality instead of AmerenUE.

16 **Special Demand Metering Equipment**

17 Q. What change is AmerenUE proposing to its tariff provisions regarding special
18 demand metering equipment?

19 A. AmerenUE proposes to delete from its subgroup "C. Multiple Metered
20 Account Billing" on tariff sheet 165 the following sentence:

21 Alternatively, at customer's request and expense, Company will install
22 special demand metering equipment to obtain a single simultaneous
23 demand for the billing of customer's account, provided it is feasible to

1 do so and that Company is not precluded from doing so by any other
2 sections of these rules and regulations.

3 Each of the Company's existing non-residential rate schedules includes language that
4 customers may not cumulate usage, unless such cumulation was in effect prior to 1980.
5 AmerenUE is proposing to delete the foregoing tariff language to eliminate customer
6 confusion.

7 Q. What is the Staff's response?

8 A. The Staff recommends the Commission delete the language, as AmerenUE
9 proposes.

10 **Multiple Occupancy Building Metering**

11 Q. How does AmerenUE propose to change the Multiple Occupancy Building
12 Metering section of its tariff?

13 A. The Company is proposing changes to the Multiple Occupancy Building
14 Metering section of its electric tariff on Sheet No. 166 that are not more restrictive than
15 Missouri Public Service Commission (PSC) Rule 4 CSR 240-20.050 Individual Electric
16 Meters – When Required (generally referred to as the “Master Metering” rule). The Staff not
17 only recommends the Commission reject AmerenUE's proposed changes, the entire section
18 should be rejected as superfluous.

19 Among other changes, AmerenUE proposes to add an exception for “Multiple-unit
20 buildings that are designated as congregate, assisted-living care facilities for elderly or
21 handicapped persons.” This proposed exception is not one that is expressly listed in the
22 Master Metering rule. Furthermore, it is not stated how, or from where, such a facility would
23 get this designation, so it would be impossible to administer.

1 The Master Metering Rule 4 CSR 240-20.050 (6) states, "The commission, in its
2 discretion, may approve tariffs filed by an electric corporation which are more restrictive of
3 master metering than the provisions of this rule." The Staff recommends the Commission
4 reject AmerenUE's proposal because it is less restrictive than the rule and impossible to
5 administer.

6 **Billing Adjustment Periods**

7 Q. Is AmerenUE proposing changes to the number of billing periods for which
8 AmerenUE will make billing adjustments?

9 A. Yes. AmerenUE is proposing two changes to its electric tariff sheet No. 170.1.
10 The first is a proposal to extend the period over which AmerenUE will make billing
11 adjustments to correct for meter error caused by the meter running either too fast or too slow
12 from the present period of twelve (12) months prior to when the meter is read (or the bill is
13 issued) to a proposed period of twenty-four (24) months. The second proposal is to reduce
14 from sixty (60) months to twenty-four (24) months the period over which billing adjustment
15 may be made for improper meter connections, meter constant, rate schedule or similar
16 reasons.

17 Q. What is the Staff's response?

18 A. The Staff recommends the Commission accept these proposed billing
19 adjustment period changes.

20 **Seasonal Service Disconnects**

21 Q. Is AmerenUE proposing to impose charges for customers who disconnect
22 electric service for part of a year?

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1 A. Yes. AmerenUE proposes a new Seasonal Service Disconnect charge to be
2 added to its electric tariff on Sheet No. 175 asserting that to do so would be consistent with a
3 proposal it has made for its gas tariff. AmerenUE proposes to charge customers the Customer
4 Charge (monthly minimum charge) of the Company's Residential Service Rate for each
5 month electric service is disconnected if the service is disconnected for fewer than twelve (12)
6 months plus, additionally, charge AmerenUE's service reconnection charge. Presently, the
7 monthly minimum charge is \$7.25 and the reconnection charge is \$30.

8 Q. What is the Staff's response?

9 A. The Staff sees no need to add seasonal service disconnect charges for electric
10 service. Unlike gas customers, electric customers require continuous service. The reason the
11 charge is used for gas service is that many residential customers only use gas during the cold
12 weather months of the year, for example, those gas customers who use gas only for space
13 heating. The Staff believes the administrative costs of implementing this proposal for electric
14 service would far outweigh any benefits.

15 **Weatherization Program**

16 Q. Does AmerenUE have a weatherization program in its Missouri electric tariff?

17 A. No, AmerenUE's weatherization program is not addressed in its tariff. Staff
18 witness Lena M. Mantle has addressed this issue in her revenue requirement rebuttal
19 testimony filed on January 31, 2007.

20 **Revenue Requirement Impact**

21 Q. Will the implementation of these tariff recommendations have any effect on
22 Staff's revenue requirement recommendation?

23 A. No.

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1 | Q. Does this conclude your rebuttal testimony?

2 | A. Yes, it does.

PREVIOUS TESTIMONY OF
William L. McDuffey
Case No. ER-2007-0002

<u>CASE NUMBER</u>	<u>TYPE OF FILING</u>	<u>COMPANY</u>
ER-80-120	Direct	The Empire District Electric Company
ER-80-313	Direct	Missouri Edison Company
ER-82-180 HR-82-179	Direct	Missouri Power & Light Company
ER-83-20	Direct	Sho-Me Power Corporation
ER-83-80	Direct	Sho-Me Power Corporation
EA-86-144	Territory	The Empire District Electric Company
EA-87-85 EA-87-123	Direct	Consolidated Electric Service Company Union Electric Company
EC-87-148	Direct	Howard Electric Cooperative vs. Union Electric Company
EC-96-38	Rebuttal	Union Electric Company
ET-98-110	Direct, Rebuttal	Union Electric Company
ET-99-126	Surrebuttal	Missouri Public Service
ER-99-247 EC-98-573	Direct, Surrebuttal	St. Joseph Light & Power Company
ER-2001-299	Direct	The Empire District Electric Company
ER-2001-672	Direct	UtiliCorp United, Inc. d/b/a Missouri Public Service
ER-2004-0034 HR-2004-0024	Direct, Rebuttal, Surrebuttal	Aquila, Inc. d/b/a Aquila Networks L&P and Aquila Networks MPS
ER-2004-0570	Direct, Surrebuttal	The Empire District Electric Company
ER-2006-0315	Direct	The Empire District Electric Company
ER-2006-0314	Direct, Rebuttal	Kansas City Power & Light Company
ER-2007-0004	Direct	Aquila, Inc. d/b/a Aquila Networks L&P and Aquila Networks MPS