## Exhibit No. 104

Staff – Exhibit 104 Cedric Cunigan Direct Testimony File No. ER-2021-0312

Exhibit No.:

Issue: Rate Design

Witness: Cedric E. Cunigan, PE

Sponsoring Party: MoPSC Staff
Type of Exhibit: Direct Testimony

Case No.: ER-2021-0312
Date Testimony Prepared: November 17, 2021

# MISSOURI PUBLIC SERVICE COMMISSION

**COMMISSION STAFF** 

**INDUSTRY ANALYSIS DIVISION** 

ENGINEERING ANALYSIS DEPARTMENT

**DIRECT TESTIMONY** 

**OF** 

CEDRIC E. CUNIGAN, PE

THE EMPIRE DISTRICT ELECTRIC COMPANY, d/b/a Liberty

CASE NO. ER-2021-0312

Jefferson City, Missouri November 17, 2021

| 1   |   | DIRECT TESTIMONY  |  |  |  |  |  |
|-----|---|---|--|--|--|--|--|
| 2   | OF  |   |  |  |  |  |  |
| 3   | CEDRIC E. CUNIGAN, PE   |   |  |  |  |  |  |
| 4 5 |   | THE EMPIRE DISTRICT ELECTRIC COMPANY, d/b/a Liberty                             |  |  |  |  |  |
| 6   | CASE NO. ER-2021-0312   |   |  |  |  |  |  |
| 7   | Q.  | Please state your name and business address.                                    |  |  |  |  |  |
| 8   | A.  | My name is Cedric E. Cunigan. My business address is 200 Madison Street,        |  |  |  |  |  |
| 9   | Jefferson City, Missouri 65101.   |   |  |  |  |  |  |
| 10  | Q.  | By whom are you employed and in what capacity?                                  |  |  |  |  |  |
| 11  | A.  | I am employed by the Missouri Public Service Commission ("Commission") as       |  |  |  |  |  |
| 12  | a Professional Engineer.  |   |  |  |  |  |  |
| 13  | Q.  | Please describe your educational background and relevant work experience.       |  |  |  |  |  |
| 14  | A.  | My credentials were attached to Staff's direct Cost of Service ("COS") Report.  |  |  |  |  |  |
| 15  | EXECUTIVE SUMMARY   |   |  |  |  |  |  |
| 16  | Q.  | What is the purpose of this Direct Testimony?                                   |  |  |  |  |  |
| 17  | A.  | The purpose of this Direct Testimony is to sponsor Staff's Report on Rate       |  |  |  |  |  |
| 18  | Design ("Report") filed concurrently with this direct testimony and present a summary of    |   |  |  |  |  |  |
| 19  | Staff's recommendations described within the Report.  |   |  |  |  |  |  |
| 20  | Q.  | What is the total cost of service or revenue requirement for Ameren Missouri to |  |  |  |  |  |
| 21  | be allocated to the rate classes?   |   |  |  |  |  |  |
| 22  | A.  | Based on Staff's corrected Accounting Schedules filed on November 4, 2021, in   |  |  |  |  |  |
| 23  | conjunction with the Staff Cost of Service Report filed on October 29, 2021 ("COS Report"), |   |  |  |  |  |  |

Empire's gross revenue requirement is \$589,531,779, annually. However, this amount is offset by \$16 million related to tax impacts and prepayment of taxes by ratepayers, and further offset by \$8.897 million in other revenues.<sup>1</sup> Netting these values results in an annual amount of revenues to be collected from ratepayers of \$564,085,253.<sup>2</sup> Staff's calculated normalized and annualized revenues provided in the COS Report were \$537,285,406, indicating that an increase

### **RATE DESIGN REPORT**

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- Q. What are Staff's recommendations regarding rate design in this case?
- A. Based on Staff's review of Empire's records and its expert judgement, Staff recommends that the approximate \$26,204,866 or 4.8719%, be allocated to the classes as an equal percentage increase, based on Staff's direct revenue requirement as constituted and analyzed as described in this Report.
  - Staff makes the following rate design recommendations:

to the rate schedules of \$26,204,866, or 4.8719\%, is cost justified.

- 1. Staff recommends consolidation of the Commercial Building "CB" and Small Heating "SH" rate schedules into a new "Small General" rate schedule.
- 2. Staff recommends consolidation of the General Power Service "GP," Total Electric Building Service "TEB," rate schedules into a Medium General Service rate schedule, or into two new rate schedules, Large General Secondary Service and Small General Primary Service. The Feed Mill and Grain Elevator Service "PFM" rate schedule should be eliminated, with customers transitioned to the Medium

<sup>&</sup>lt;sup>1</sup> Other revenues includes sales of energy and capacity through the integrated marketplace, rental proceeds, and what are typically referred to as "miscellaneous revenues," which are the product of tariff charges such as disconnection charges, bad check charges, and other charges that are not contained on class rate schedules.

<sup>&</sup>lt;sup>2</sup> Including lighting revenue, but not including miscellaneous revenues.

General Service rate schedule, or the appropriate voltage-specific rate schedule, as 1 2 applicable. 3 3. Staff recommends that the Large Power rate schedule be restructured from a 4 two-block hours' use structure to a multi-part ToU structure, with retention of the facilities charge and with modification of the demand charge to a coincident peak 5 demand charge. 6 7 4. Staff reviews several Residential rate structure options, and recommends that 8 the increase applicable to residential customers be applied only to daytime 9 consumption. Pursuant to Staff's recommendation, residential customers would see their monthly customer charge remain at \$13.00. A residential customer using 10 11 1,000 kWhs of electricity in a month would see an increase of approximately 12 \$7.76 per month if all usage were during the daytime. A residential customer using 13 1,000 kWh of electricity in a month all during nighttime hours would see no 14 increase. A typical residential user consuming 1,000 kWh of electricity per month 15 would see an average increase of approximately \$3-\$5 per month. 16 5. Staff recommends certain studies be implemented or continued to better align 17 revenue responsibility with cost causation. 18 Additional recommendations include: 19 Q. What are Staff's recommendations regarding Empire's Fuel Adjustment Clause (FAC) tariff? 20 21 A. Staff proposes the Base Factor (BF) rate be set at \$0.00953 per kWh. 22 This is a decrease from the current Base Factor of \$0.02338 per kWh established in Case No. 23 ER-2019-0374. 24 In addition, Staff recommends the following changes to Ameren Missouri's FAC tariffs: 25 Replace the current Base Factor of \$0.02338 with the revised Base Factor of \$0.00953 26 per kWh.

| 1  | • Replace the current transmission percentage to be included in the FAC with 50% for            |  |  |  |  |  |  |
|----|---|--|--|--|--|--|--|
| 2  | MISO transmission costs and 19.39% for SPP transmission costs.                                  |  |  |  |  |  |  |
| 3  | • Continue the current voltage adjustment factors ("VAF's") of:                                 |  |  |  |  |  |  |
| 4  | $VAF_{PRIMARY} = 1.0429$ and $VAF_{SECONDARY} = 1.0625$   |  |  |  |  |  |  |
| 5  | Add language to Original Sheet No. 17k to include Auction Revenue Rights and                    |  |  |  |  |  |  |
| 6  | Transmission Congestion Rights, to be consistent with what the Commission approved              |  |  |  |  |  |  |
| 7  | to be included in the FAC from Case No. ER-2019-0374.   |  |  |  |  |  |  |
| 8  | • Add language to Original Sheet No. 17n in the Off-System Sales Revenue ("OSSR")               |  |  |  |  |  |  |
| 9  | definition to include revenues from the Missouri Joint Municipal Electric Utility               |  |  |  |  |  |  |
| 10 | Commission ("MJMEUC") contract and include revenues from the North Folk Ridge,                  |  |  |  |  |  |  |
| 11 | Neosho Ridge, and Kings Point Wind Farms.   |  |  |  |  |  |  |
| 12 | Add language to Original Sheet No. 17n in the Renewable Energy Credit ("REC")                   |  |  |  |  |  |  |
| 13 | definition that the Renewable Energy Credits must be sold or utilized for compliance            |  |  |  |  |  |  |
| 14 | with the Missouri Renewable Energy Standard ("RES") before they expire.                         |  |  |  |  |  |  |
| 15 | Q. What is Staff's recommendation regarding Empire's Renewable Energy                           |  |  |  |  |  |  |
| 16 | Purchase Plan/Green Energy Tariff?  |  |  |  |  |  |  |
| 17 | A. The proposed tariff references execution of a Renewable Energy Purchase                      |  |  |  |  |  |  |
| 18 | ("REP") service agreement, which has not yet been developed by Empire. Staff recommends         |  |  |  |  |  |  |
| 19 | that any REP schedule approved in this case incorporate the provisions intended for the service |  |  |  |  |  |  |
| 20 | agreement. Additionally, Staff recommends a percentage cap on the number of RECs available      |  |  |  |  |  |  |
| 21 | to the program to ensure REC availability for the statutory RES standard is prioritized.        |  |  |  |  |  |  |
| 22 | Q. Does this conclude your Direct Testimony?  |  |  |  |  |  |  |
| 23 | A. Yes it does.   |  |  |  |  |  |  |

#### BEFORE THE PUBLIC SERVICE COMMISSION

#### OF THE STATE OF MISSOURI

| In the Matter of the Requ<br>District Electric Compan<br>Authority to File Tariffs<br>Electric Service Provided<br>Missouri Service Area | y d/b/a Lil<br>Increasing | ) ) ) ) | Case No. ER-2021-0312 |  |  |  |  |  |  |
|--|---------------------------|---------|-----------------------|--|--|--|--|--|--|
| AFFIDAVIT OF CEDRIC E. CUNIGAN, PE   |                           |         |                       |  |  |  |  |  |  |
| STATE OF MISSOURI  | )                         | 90      |                       |  |  |  |  |  |  |
| COUNTY OF COLE   | )                         | SS.     |                       |  |  |  |  |  |  |

**COMES NOW CEDRIC E. CUNIGAN, PE** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Cedric E. Cunigan, PE*, and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

CEDRIC E CUNIGAN, PE

#### **JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 114 day of November 2021.

Dianna L. Vaught Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2023
Commission Number: 15207377