

## WRITTEN TESTIMONY TO THE SENATE INTERIM UTILITY COMMITTEE

**From:** James Owen, Acting Public Counsel

**Dated:** August 23<sup>rd</sup>, 2016

The comments of the Office of Public Counsel (“OPC”) today are relatively broad and offered only as an opportunity to discuss a plethora of ideas with basic examples provided as a means of moving forward. Before moving forward, it’s important to explain OPC is mandated by statute to represent the rate-paying public in matters before the Public Service Commission (“Commission”) as well as “other venues”. We believe the Legislature falls under this broad definition as OPC is hopeful this forum will serve as a starting point into a larger conversation where it can continually provide its relevant information on policy positions and proposed legislation.

Our comments are structured to address public statements made by legislators, policymakers, and investor-owned utilities (“IOU”) that the concept of “regulatory lag” is problematic in nature and must be fixed. The OPC respectfully disagrees with this. Regulatory lag is perhaps the most necessary component involving cost of service regulation. Not only does this concept serve as a useful purpose in regulating and rewarding these IOU’s, but also that the time period has given the OPC, as well as other stakeholders, an opportunity to closely scrutinize data and evidence provided in the course of rates cases that, in turn, have saved Missouri ratepayers tens of millions of dollars a year. Regardless, the OPC does have a number of potential fixes to the discovery and procedural rules of a rate case with the potential of shaving months off the process while still ensuring necessary and essential customer protections.

Further, the OPC encourages conversations about performance-based ratemaking as long as ratepayer protections are observed and codified. While OPC ultimately believes the current

system is a proper, sufficient system of performance-based review of the utilities, we also recognize things can always be improved upon and other governments have provided leadership in moving regulation into the future.

The OPC would also like to note states such as New York have set aside two-years of coordinated, facilitated dialogue to make sense of the changing regulatory landscape in an attempt to reach consensus. As our state is in a unique position of having this conversation right before Presidential and gubernatorial administrations change, now is the appropriate time to consider doing a rate case moratorium in order for this conversation to be paramount in stakeholders' minds.

I'd also like to state our office has engaged in ongoing conversations with Christine Page at Missouri American Water Corporation and Tom Byrne at Ameren Missouri and have found these to be productive. We will continue to work these these parties, and expand that circle when ideas start to fully form, prior to the legislative session commencing in January. But for now, these are the thoughts OPC would like for this body to contemplate.

As a general guiding principal, if one of the purposes of the Committee is to address regulatory lag, the OPC would request the legislators comprising of this body pose the following questions to the regulated utilities for response:

1. Provide a listing of all capital projects that have been abandoned due to regulatory lag?
2. Provide the source of information upon which you rely to show that regulatory lag impacts your return on equity (ROE)?
3. Please explain why regulatory lag cannot be reduced within the current statutory framework that governs the Commission?
4. Would you support changes in the Commission rules requiring mandated data requests be provided at the time a rate change application is filed?

5. Would you support changes in the Commission rules requiring shortened discovery response periods to expedite the review process?
6. Would you support changes to the Commission's rules on requiring travel to view highly confidential and proprietary information?

### **State of the Utilities in Missouri: The Need for Reform?**

Before entering a conversation about what law-and policy-makers can do about reforming the regulatory landscape, it is important to look at where we are. Currently, a reasonable observer would note investor-owned utilities are doing well here in Missouri. Consider the following:

**Ameren:** Ameren's second quarter earnings were \$147 million, or \$0.61 per share, unchanged from 2015. Core, or non-GAAP income, was also \$0.61 per share, up from \$0.58 in 2015. This reflects higher retail electric sales volumes driven by warmer early summer temperatures and infrastructure investments under Illinois' "modern, constructive regulatory frameworks", despite the loss of Noranda Aluminum, the scheduled refueling outage at Callaway, and discontinuing the pursuit of a license for a second unit at Callaway. Warner Baxter said, "Our team continued to successfully execute all elements of our strategy...As a result of these solid earnings, I am pleased to report that we have raised our 2016 guidance to a range of \$2.45 to \$2.65 per share, up from our prior range of \$2.40 to \$2.60 per share." Ameren Missouri GAAP and core earnings for the quarter were \$92 million, compared to \$61 million and \$104 million, respectively, last year. Influencing factors, other than those already cited, include the impacts of the 2015 energy efficiency plan (negative) and lower O&M expenses (positive).

**Great Plains Energy:** GPE's second quarter earnings were \$31.6 million, or \$0.20 per share, down from \$0.28 per share in 2015. However, adjusted (non-GAAP) earnings, which excludes expenses related to the Westar acquisition, were \$85.6 million or \$0.55 per share, compared to \$0.28 per share in 2015. Terry Bassham said, "Our company delivered solid financial and operational performance for the quarter. We continue to optimize the performance of our business. Our generating units performed well during the extreme heat conditions that blanketed our region, where temperatures in June were the warmest since 1980." The company also remains on track to close the Westar acquisition in spring 2017.

**Empire:** Empire's net income for the second quarter was \$9.2 million, or \$0.21 per share, compared to \$0.16 for 2Q15. Exclusive of merger costs, earnings are \$0.27. Dividends per share remain unchanged at \$0.26 per quarter.



For the most recent twelve months, total earnings per share are \$1.33, or \$1.45 exclusive of merger costs, compared to \$1.30 in the previous twelve months. Factors cited include: increased Missouri rates; lower O&M costs; mild winter weather; fuel decrease due to deferral timing; increased depreciation, amortization, interest expenses. Brad Beecher said, "Our second quarter results, adjusted for weather and the merger-related costs incurred during the period, continue to meet our expectations...With FERC and Oklahoma approvals in place and a settlement agreement awaiting approval in Arkansas, we are making steady progress as we work through the remaining state and Federal regulatory processes necessary to close our merger with Algonquin Power and Utilities Corp. We continue to expect closing in the first quarter of 2017."

### **Regulatory Lag: The Concept, the Benefits, and How it Saves the Public Money**

In utility ratemaking, there is an inherent time lag between when the utility makes new investments or increases its costs and when it recovers those costs in rates. "Regulatory lag" is due in part to the formal contested case processes used to review and approve rate cases and the complexity of the issues and volume of information prepared and under regulatory scrutiny. Moreover, in some states, rates are set based on historical costs and usage, not forecasted amounts. Using historical information increases the regulatory lag occurs because utilities need to wait to prepare the filing until the historical costs are known. Freezing rates for the period of the lag imposes penalties for inefficiency, excessive conservatism, and wrong guesses. It also offers rewards for the inverse: companies can for a time keep the higher profits they reap from a superior performance and have to suffer the losses for a poor one.

Purportedly, there is consensus that excessive lag should be avoided as it can discourage needed investments and increase administrative costs. A number of states have instituted and explored approaches to limit regulatory lag in order to create an alternative regulatory process that encourages more investments. Putting aside the issue of whether more investment is always warranted, the Committee should be cognizant that increased exposure to potential stranded or imprudent assets necessitates that the risk be balanced between both shareholders and ratepayers.

Consequently, many of the mechanisms designed to reduce regulatory lag should also equip the Commission with the power to Order refunds in the event that the utility collects more than just and reasonable rates would allow.<sup>1</sup>

Missouri currently has a statutory requirement known as the “file and suspend” method for rate case filings. Under Section 393.150 RSMo, the Commission can suspend the initial implementation of a requested rate change for a period of 120 days beyond the stated tariff effective date. If a hearing on the rate change request cannot be concluded within the initial period of suspension, the Commission may extend the time of suspension for a further period not exceeding six months. This traditionally has produced rate case proceedings of 11 months in Missouri. Upon a fifty-state survey, Missouri does incredibly well in turning these cases around.<sup>2</sup>

Missouri also utilizes a historical test year to set a normalized amount for cost and expenditures for the utility moving forward. Typically, an historical test year is the latest calendar year; however, a test year can be any prior twelve-month period of audited information. The presence of a statute requiring new capital expenditures to be in service and used and useful before they can be collected in rates, drives the need in part, to utilize a historical test year for Missouri.<sup>3</sup>

The combination of the “file and suspend method” as well as the requirement that capital expenditures be in service and used and useful before they are included in rates, leads to regulatory lag. Regulatory lag is not, in and of itself, inherently bad for the utility. The

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<sup>1</sup> 23 states permit refund of revenues based on shortened rate case timelines, interim rates, or rate adjustment mechanisms. See Attachment One, *State Regulatory and Statutory Practices Summary*.

<sup>2</sup> Regulatory Research Associates, Inc. form Joint response from Consumers Energy, DTE Energy, and MEGA from [http://www.michigan.gov/documents/energy/Additional\\_Questions\\_4-6\\_response\\_from\\_DTE\\_Consumers\\_and\\_MEGA\\_420067\\_7.pdf](http://www.michigan.gov/documents/energy/Additional_Questions_4-6_response_from_DTE_Consumers_and_MEGA_420067_7.pdf).

<sup>3</sup> RSMo. §393.135.

Commission recognizes that there are shared benefits, as well as risks, that run to both shareholders and ratepayers.<sup>4</sup> Regulatory lag can serve to make the utility more efficient and more prudent, as well as provide the utility with retained benefits from synergies.<sup>5</sup> Regulatory lag is a phenomenon which naturally occurs in ratemaking because the regulatory ratemaking process lags behind the actual costs and revenues incurred by the utility. *See* James C. Bonbright *et al.*, “Principles of Public Utility Rates”, 96 (2nd ed. 1988). When a utility is under-recovering revenues, regulatory lag can be seen as deleterious to the utility. *Noranda Alum., Inc., et al., v. Union Elec. Co. d/b/a Ameren Mo.*, 2014 Mo. P.S.C. Lexis 882, \*29-30 (2014). When a utility is over-recovering revenues, regulatory lag can be seen as deleterious to the customer. *Id.* Traditional regulatory ratemaking is predicated on the idea that over a sufficient period of time the benefits and detriments of regulatory lag balance for both the utility and the consumer; sometimes a utility will over-recover, sometimes it will under-recover. *See* Alfred E. Kahn, The “Economics of Regulation: Principles and Institutions”, 48 (1989). In effect, regulatory lag creates the “quasi-competitive environment” that mimics how competitive firms operate and ensures natural monopolies are not abusing their power. If you believe in the competitive free market, you should support regulatory lag.

There is also the added, necessary benefit this time will allow the Public Service Commission Staff (“Staff”), OPC, or other stakeholders, an opportunity to catch problems and concerns with rate cases with the potential of saving Missouri ratepayers from excessive costs for an essential service. As an example, the Empire Electric case (ER-2016-0023) was filed to include the capital costs of a generator - HRSG (“Heat Recovery Steam Generator”) converted

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<sup>4</sup>Kansas City Power and Light Request for a General Rate Increase, Case No. ER-2010-0356, Report and Order May 4, 2011.

<sup>5</sup> *Id.*

Riverton 12 from combustion turbine generation to a more efficient combined cycle generation and added more capacity.

The Staff's direct case included an estimate of the capital costs of the HRSG because most of the costs had already been expended by Empire. However, the fuel costs included in Staff's direct case were estimated using the less efficient combustion turbines, i.e. fuel costs were higher than they would be with a combined cycle plant included. For this class cost-of-service study, Staff estimated the more efficient combined cycle would reduce fuel and purchased power costs net of off-system sales by **\$11 million**.

Another example where Staff caught a significant issue due to the time allowed for discovery involved Missouri-American Water Company ("MAWC") in their most recent rate case – WR-2015-0301. In that matter, Staff noticed a large amount of overtime incurred on MAWC's books during October of 2015. Staff learned this was the result of unusually high levels of premature failure rates associated with approximately 97,000 meters that had defective magnetic design or problems with other components of the meter resulting in either no recorded usage or lower-than-actual usage meter readings. Without this information, MAWC billed customer based on the prior year.

As Staff did not learn of this until February of 2016, there was little time to adequately investigate the matter resulting in an investigatory docket opened to do so. It is the opinion of OPC that this significant issue would not have been caught by the Staff had an expedited rate case schedule been ordered. OPC offers these two cases as another example of why regulatory lag benefits not only the ratepayer but parties such as Staff as to allow them proper time to investigate all matters.



Also in the Empire rate case: PSC Staff found \$3,082,367 in stopped depreciation from 2005 to present. This is money that was collected in rates but not booked to reserves because reserves exceeded the original cost of plant. Empire cited a Stipulation and Agreement from 1990 as authoritative source for stopping the booking of the accrual.

Also, as a source of reference, Charles Hyneman – OPC’s Chief Public Accountant – has compiled an exhibit to this document showing the most recent rate cases in regards to what the utility has sought vs. what they received. These were reached by an effort between that company, PSC Staff, our office, and the various intervenors who spotted problems with bookkeeping and calculations to reach what all parties could agree was the real value at issue.

This should also be stacked against concerns ratepayers – citizens – have brought forth to our office and to the Commission. While anecdotal, they do offer this Committee an idea of some of the other matters our office as well as the PSC Staff are able to investigate and deal with during our discovery process. It is important to remember that the reason we are here having this conversation is because we are talking about regulated “natural” monopolies. That means “ratepayers” or your constituents are a captive audience. There is no choice, therefore regulation and the associated regulatory lag serves as a proxy for the free market. When we dilute that process, when mechanisms are created to minimize risk and guarantee profits without proper or thorough oversight, ratepayers, or your constituents, are exposed to increased risk. To illustrate just a few examples:

**Allconnect complaint (EC-2014-0309):** Pursuant to their agreement, KCP&L and GMO transfer certain callers and information to Allconnect (a telemarketing company). Allconnect pays a fee to KCP&L and GMO for every call transferred. “Staff and Public Counsel assert that KCP&L and GMO have violated the Commission’s affiliate transaction rule by transferring



customer information to Allconnect without having obtained the consent of those customers.” (Report and Order, pp 17-18) “The Commission finds and concludes that KCP&L and GMO have made customer-specific information available to Allconnect without the consent of their customers in violation of 4 CSR 240-20.015(2)(C).” (Report and Order p 19) Order explained: “Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company shall immediately cease violating Commission Rule 4 CSR 240-20.015(2)(C).” Report and Order p 23. Order was issued on April 27<sup>th</sup>, and became effective May 27<sup>th</sup>. Despite the clear ruling that they violated the law, the companies continued to sell customer specific information to a telemarketer.

**EC-2016-0001:** “The complaint alleges that Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) failed to remove the Energy Efficiency Investment Charge (“charge”) from the Dzhurinskiys’ electric bill when the Dzhurinskiys received assistance on a utility bill that was not an Ameren Missouri bill. The complaint argues that such conduct violated Ameren Missouri’s tariff (“tariff”).” (Report and Order p. 1) The company initially opposed and hired outside counsel. This case was resolved by a stipulation and agreement where the tariff was modified to include a way for customers to verify eligibility for the program.

**EA-2015-0146 (ATXI – an Ameren affiliate):** Company’s mistreatment of landowners at open houses held by the company became an issue discussed at the hearing and in the case. See ATXI reply brief, p. 22-25; Tr. Vol. 5. The Company argued that it did not need county assents to build the transmission lines.

**GC-2014-0202:**(Michael Stark, Complainant v. Summit Natural Gas of Missouri, Inc., Respondent) Company dug up landowners private road and put in a new line because they did not bother to look at maps. When the guy saw the contractor digging he told them to stop

because it was his property. Company instructed the contractor to finish the work anyway. The Commission did nothing.

### **Consumer-Minded, Internal Reforms**

With the use of such tools as update periods, true-up periods, and adjustments for “known and measurable” changes outside of the test year and true-up period, regulatory lag in Missouri has been greatly reduced. The aforementioned tools are all tools at the Commission’s disposal and do not require legislative intervention.

When allowed to work as designed, regulatory lag provides the Commission with the ability to set rates that are fair, reasonable and unbiased with no predetermined winners or losers.

Lag can also be reduced within the current statutory framework governing the Commission with modifications to its discovery rules. Right now, the average regulatory lag nation-wide is 8.2 months. Below we will outline steps the Commission are able to take that would bring Missouri below that amount. Using conservative estimates, these items would bring down regulatory lag below eight months. With many of the larger regulated utilities, there are a core set of common questions requested through the data request process. If these common set of questions were provided to the utility during the 60-day notification prior to the filing of a rate change request, then those responses would be provided as part of the initial application.

Discovery response periods for responding to data request can also be reduced to encourage quicker conclusion of the rate case proceeding. Currently under 4 CSR 240-2.090(2)(C), parties have twenty days initially to respond to a data request. Data request response time could be shortened to ten, twelve, or fourteen calendar days. Eliminating the requirement that parties have to come to the utility to view highly confidential or proprietary information without

a showing by the utility of substantial risk of harm would also reduce time, as well as tax payer expense, to review the material.

Regulatory lag can also be reduced within the current statutory framework governing the Commission with modifications to the rules on testimony filings. Currently, IOU's file their direct testimony, then all other parties file their direct, then parties file rebuttal, and then parties file sur-rebuttal. In order to speed this process up, non-utility parties should be required to file their direct and their rebuttal testimony at the same time. This will move things along faster and lead to a decrease in repetitive filings as well as allowing issues to be joined earlier.

There are other modifications to the Commission's discovery rules which could eliminate delay in the rate case process should the Commission seek to revise those rules without any threat to ratepayer protection and have the potential to reduce a rate case from one to two months.

Further, the Commission should consider a two-step rate increase to cover expected post-order capital additions and identifiable expenses within a specified period of time, after audit to establish in-service date of capital additions and incurrence of identified expenses. Offsets to capital additions such as additional depreciation on rate base assets and additional deferred income taxes should be used as a deduction from allowable gross investment.

Further, a change made internally for the Commission would be to allow parties in a rate case, complaint, *et al* to notice up motions for hearing rather than allowing this to be set by a regulatory law judge or by the Commission in some cases. The Commission could also create regulations that motions must be heard within a set period of time or establish a Commission version of "Law Day" where routine motions could be noticed up and heard. This would give power to the parties to move cases forward and expedite the litigation aspect of these cases.



Finally, it should be noted there is no central repository for data requests and responses whereby a party to this case can go and find material already requested. Parties routinely use rounds of data requests just asking for other responses to data requests. If these were all placed in one spot, that would not be necessary. Additionally, there's no requirement for companies to make certain material available in Jefferson City. PSC Staff members and OPC often have to drive to St. Louis, Kansas City, or Joplin to look at documents. This eats up time and money. If the PSC put this requirement in place, this would be helpful as well.

It should be emphasized that even if the IOU's are potentially exposed to some short-term risk that their expenses grow faster than normal, they are ultimately in control of when they file for rate increases to offset this risk. In contrast, ratepayers have no such defense.

Many of the regulatory lag reduction mechanisms are already in place and available for both the Commission as well as the utility's use. Better yet, the Legislature would have to do nothing in order to enact these measures. It is also be noted IOU's already have a bevy of items that help with combatting regulatory lag as they see it. These include: \*Commission already has other tools at its disposal to address any purported issues with regulatory lag: AAOs, expense trackers, FAC, RESRAM, and the Gas ISRS

OPC would like to emphasize that context should be at the forefront in discussing any radical departure. Missouri is a vertically integrated state that has traditionally enjoyed lower electric rates than are deregulated counterparts.

### **Performance-Based Metrics**

In the conversation circling the proposed electric legislation from the 2016 Legislative Session, there was references to performance-based ratemaking (PBR). While the OPC took the position the aforementioned legislation did not actually address PBR as it simply re-labeled

formula ratemaking as such, we believe this is a subject worthy of more dialogue. Incentive-based regulation can include decoupling measures (that would require aggressive consumer protection measures such as “claw-back” provisions, reductions in ROE, and rate case moratoriums), revenue-cap regulation, or any form of regulation tied to specific performance incentives, such as reliability of service or achievement of specified resource objectives. OPC has reviewed a number of states including as well as the United Kingdom and found a number of ideas worth exploring within this process.

As a caveat, the following is offered by the OPC only as a point to begin conversation. Our intention is to continue revising our thoughts on the issue of adding additional performance-based ratemaking through this process and, as we learn more, may end up making additional recommendations as well as critiques of material we’ve outlined below. In the spirit of open dialogue, we are hopeful other interested parties will respect our efforts to participate in a dialogue and not view these thoughts as official OPC policy.

In a May 18, 2015 editorial in the *Utility Dive* web magazine titled “Why Utilities Should Push for Performance-Based Regulation”, authors Ron Lehr and Michael O’Boyle state “(PBR) adds alternative sources of revenue to an otherwise stagnant business model subject to flat or shrinking demand for electricity service, and links shareholder value to customer value by financially rewarding utilities for achieving the outcomes customers want from electricity service. This provides new opportunity for utilities to increase returns and reduce risks if they provide the outcomes customers want, creating a win-win for customers and shareholders.”

A general consensus of the term “claw-back” is a provision that prevents unjust enrichment between ratepayers and the IOU’s. For the purposes of this discussion, such provisions could include audits that could be commenced by any interested party to be submitted to the

Commission for review and applied as described above. This could include rate case moratoriums as what is often proscribed in New York State as a part of Agreements and Stipulations. Anything that triggers an immediate review rather than simply saying a party can “file a complaint.” This has proven an ineffective process for protecting Missouri rate payers.

There are obvious concerns about manipulating data and information that should also be addressed in these regulations. Metrics could be redefined to exclude energy sold at a loss or energy from a unit that is operated out of merit order. This pitfall can be quickly remedied by ensuring that regulators carefully monitor how well performance incentive mechanisms are achieving their intended results, and step in quickly to make necessary adjustments, particularly where an incentive is clearly being gamed. In addition, the potential for gaming makes it all the more important that financial rewards and penalties are set conservatively in the beginning, and only increased once regulators and utilities gain experience with the performance incentive mechanism. Manipulation can be more difficult to detect, particularly when data are collected and analyzed by the utility. To reduce the risk of manipulation, verification methods should be adopted and independent third parties used to collect, analyze, and verify data where practical. Complex data analysis techniques should be avoided due to transparency issues. See *Utility Performance Incentive Mechanisms – A Handbook*, page 56.

According to the article “From Old to New: How Rethinking Regulation Can Deliver a Smarter Electricity System”, authors Sonia Aggarwal, Steve Kihm, and Ron Lehr outline five ideas that could transform regulation into a forward-looking system creating customer and societal value and that should be considered by this Commission moving forward:

1. Engage stakeholders to consider which customer and societal values are most important for the regulated electric sector, driving toward quantitative metrics for



- performance in each category. (This *Synapse* handbook found here and can be provided to the Commission upon Request as it is voluminous.);
2. Improve estimates of the utility cost of equity to reflect the minimum markup on money received from shareholders. This value should set the lower bound for the return on equity allowed to utilities;
  3. Research the benefits in each of the value categories to estimate total benefits. This value should set an upper bound for the incentives offered to utilities that deliver these values;
  4. Consider the difference between the cost of equity and the current return on equity. This is the money motivating shareholders and utility management, and represents the existing or baseline incentive for performance against which future incentives should be measured; and
  5. Consider alternative ways to deliver the performance portion of utility revenues, aside from adjustments to rate of return, keeping in mind that direct shareholder incentives (or, better yet, "shared savings" programs where some incentive goes to shareholders and some flows back to the customer) may provide the most direct connection to intended performance.

### **Conclusion**

The OPC believes there is great benefit to a continued conversation on improving electric regulatory matters and a combination of (1) tightening discovery and internal procedural rules; (2) modifying testimony schedules; (3) creating a two-step rate process; (4) creating a hybrid test year using historical and future rates; (5) adopting PBR measures with adequate consumer protections; and (6) asking substantial questions of all relevant stakeholders is a welcome place to start. Again, we would also urge lawmakers and policymakers to issue a moratorium on such cases until a new approach is finalized.

The OPC would like to finish with not our words but the words of some of the ratepayers – your constituents - who come to these local public hearings we hold on these rate cases. Our office remains hopeful their voices are also heard in this process. They do not get the luxury of government relation offices that can come here to represent them. They have our office and, more importantly, they have their elected representatives. Here is just a sample of what they have to say as attached.

### **ER-2014-0258 (Ameren Electric)**

24 My question is: Do I go without heat  
25 or do I go without medication?

**Tr. Vol. 12, p. 19**

19 may be would listen to it. As a utility user, and  
20 I hope I am until I die, I don't like to spend  
21 money on utilities from Laclede Gas, water, sewer,  
22 anything. I think whatever I was paying for costs  
23 that much, that's what I will pay. And I'm not  
24 going in distress to pay this. But eventually  
25 there's going to come a time in my life and in my

1 existence where I'm going to have to make the  
2 choice; do I stay warm, do I eat, do I read, do I  
3 flush my toilet, do I drink water? What's going on  
4 here? And I won't be able to survive. Between the  
5 fees and the costs, it's just becoming prohibitive  
6 to live in this state, this country. Thank you  
7 very much.

**TR. Vol. 11, pp 49-50.**

I've disconnected everything but the  
13 refrigerator in my house. Because I'm going to see  
14 how low my bill can go. My bill hasn't went  
15 nowhere. I'm tired of being a little poor person  
16 in the poor city paying to help the wealthy. So I  
17 think UE should go back to how it used to be and  
18 maybe some of these stockholders get off their  
19 greedy A-S-S and have a apathetic heart because we  
20 are our brothers' keepers. And try to do something  
21 about it. That's all I have to say about this. I  
22 was very upset because you live in a wealthy area,  
23 I pay \$48, get the hello out of here. And I'm  
24 paying all this? So get it off the backs of the  
25 poor. The stockholders, have an apathetic heart.

**Tr. Vol. 11, p. 57**

MS. JACKSON: Oh, let's see, I'm a total  
19 disabled veteran. I'm on a fixed income and the  
20 continual rate increases for Ameren exceed mine, and  
21 I'm sure many other people's, cost of living. And I  
22 would like to understand why they have continued to  
23 increase their rates every year, which exceed our

24 increases every year, without the benefits coming  
25 back to us.

1 Since I am single, I have no children, then I  
2 don't qualify for any type of adjustments to my bill  
3 because apparently I don't spend enough because I  
4 don't have kids to spend it on.  
5 Those -- I agree with what some of the other  
6 individuals have stated so I'm not going to  
7 reiterate all that again, I just wanted to be on  
8 record that not just seniors are struggling to pay  
9 these bills but the rest of veterans, disabled  
10 veterans, those of us that can't work, that aren't  
11 allowed to work.

**Tr. Vol 3, p. 23-24**

**GR-2014-0086 (Summit Gas)**

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16 MS. WARNER: I want to agree with what  
17 Mr. Bartlett and Ms. Fisher stated. This is a  
18 community of single parents, elderly people,  
19 disabled people. I'm a caregiver for disabled  
20 people. It's a community of widows and widowers.  
21 In the winter, you go into people's homes, and  
22 they have plastic taped over their windows and  
23 doors. It's also common to go into people's home,  
24 and they will ask you to step into a small bedroom  
25 because it's the only thing they're heating and

1 they're heating it with a small space heater and  
2 they and their children are living in that little  
3 space.  
4 People are going without food trying to keep  
5 their utilities on. Any increase in this community  
6 is devastating, any increase in utility costs is  
7 devastating. There is no room for people to take  
8 that money from.  
9 I'm done.

**Tr. Vol 8, pp.15-16 (Gallatin, MO - no commissioners  
attended)**



**ER-2014-0370 (KCPL)**

19 MS. ATKINSON: I am a homeowner and a  
20 bill payer from the Blue Hills neighborhood. I am  
21 also a Parishioner at St. Therese Little Flower  
22 Church located in the Blue Hills community, and I  
23 work in the church as an Emergency Assistance  
24 Director.  
25 Working with the families in this

1 community, I see many people struggling to pay  
2 their utility bills. I see people like Ms. Evan;  
3 she is disabled and receives \$887 from Social  
4 Security Disability. She pays \$300 in rent and she  
5 pays \$75 a month in gas, \$100 a month in lights,  
6 water bill of \$100, and she already has an  
7 outstanding gas bill of \$500. She pays co-pay for  
8 her medicines. She pays the telephone bill. She  
9 has to pay for food and other personal items.  
10 I told her about the rate increase  
11 proposal and the approximate cost it will entail  
12 and she nearly cried. This is just one family. I  
13 have three files drawers and more of stories  
14 similar to Ms. Evan's.

**Tr. Vol 3, pp 17-18**

	Rate Case Filed	Utility Request Increase (in Millions of \$)
Missouri American Water Company	Jul-15	\$51.0
Empire District Electric	Oct-15	\$33.4
KCPL Greater Missouri Operations (GMO)	Feb-16	\$59.3

\* In its recent direct testimony in GMO rate case Staff finds that GMO is earning above a reasonable level

Laclede Gas Company

OPC finds that Laclede Gas is currently earning above  
When you factor in an adjustment for normal weather  
of 50% equity and 50% debt, Laclede is earning signifi

Ameren Missouri

Ameren Missouri provided a DR response to OPC that

2013	10.02%
2014	9.90%
2015	8.84%
3 yr avg	9.59%

The authorized ROE by the Missouri Commission in Ca

Utility Agreed  
Increase (in  
Millions of \$)

\$30.6

\$20.4

\*

by approximately \$26 million

a reasonable ROE of 9.6%.  
r and a reasonable capital structure  
cantly above a reasonable ROE.

: states its per book ROE for 2013-2015 was

use No. ER-2014-0258 was 9.53%