

AMEREN ILLINOIS COMPANY
DOCKET NO. 13-0192
REBUTTAL TESTIMONY OF SCOTT J. RUBIN
TABLE OF CONTENTS

I. STATEMENT OF QUALIFICATIONS AND SUMMARY 1
II. RESPONSE TO IIEC WITNESS COLLINS 1
III. RESPONSE TO AMEREN WITNESS JONES 3
IV. RESPONSE TO AMEREN WITNESS ALTHOFF 5

1 **I. STATEMENT OF QUALIFICATIONS AND SUMMARY**

2 **Q. Please state your name.**

3 A. My name is Scott J. Rubin. I previously filed direct testimony on behalf of the
4 Office of the Attorney General (“AG”) and the Citizens Utility Board (“CUB”)
5 (AG/CUB Ex. 3.0).

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

7 A. My rebuttal testimony briefly responds to portions of the direct testimony of Brian
8 Collins on behalf of the Illinois Industrial Energy Consumers (IIEC Ex. 2.0), the
9 rebuttal testimony of Ameren Illinois Company (“Ameren” or “Company”)
10 witness Leonard Jones (Ameren Ex. 23.0), and the rebuttal testimony of Karen
11 Althoff on behalf of Ameren (Ameren Ex. 24.0). All of these witnesses address
12 issues associated with Ameren’s cost-of-service study (“COSS”) or proposed rate
13 design.

14 **II. RESPONSE TO IIEC WITNESS COLLINS**

15 **Q. Have you reviewed the direct testimony of IIEC witness Collins?**

16 A. Yes, I have reviewed IIEC Exhibit 2.0.

17 **Q. What is your understanding of Mr. Collins’s testimony as it relates to**
18 **Ameren’s COSS?**

19 A. Mr. Collins proposes to make a radical change in the method of allocating
20 transmission and distribution (“T&D”) mains in the COSS. He proposes to
21 allocate 40% of the cost of T&D mains on a per-customer basis. IIEC Ex. 2.0 at
22 9. This would have the effect of shifting millions of dollars in costs from large

23 users (such as Mr. Collins's clients) to residential customers. Specifically,
24 according to IIEC Exhibit 2.1, the residential (GDS-1) customer class would have
25 more than \$2.8 million in costs shifted to it in Rate Zone I, \$4.5 million in Rate
26 Zone II, and \$7.1 million in Rate Zone III.

27 **Q. Is there any precedent in Illinois for allocating T&D mains on a per-**
28 **customer basis?**

29 A. No, there is not. I have participated in a number of rate cases for energy utilities
30 in Illinois during the past ten years. In almost every case, a witness for some
31 large user will propose a per-customer allocation of distribution costs to try to
32 improperly shift costs away from his or her client. This Commission has
33 consistently rejected such an approach as being contrary to the facts and to sound
34 regulatory policies in Illinois.

35 **Q. Is there any factual support for Mr. Collins's adjustment?**

36 A. No. Ameren witness Althoff addresses the major flaws in Mr. Collins's
37 adjustment. Ameren Ex. 24.0, pp. 16-22. In addition, I would note that there is
38 absolutely no factual support for the 40% figure that Mr. Collins used. It appears
39 that he picked this number based on what some other utility may have done
40 somewhere else. He provides no support or documentation for that figure and he
41 readily acknowledges that he did not perform any analysis on Ameren data. IIEC
42 Ex. 2.0, 9:202-207.

43 **Q. What do you recommend?**

44 A. I recommend that the Commission reject IIEC's proposal to improperly shift more
45 than \$14 million of costs from large users to residential users through the use of
46 an undocumented, and consistently rejected, methodology.

47 **III. RESPONSE TO AMEREN WITNESS JONES**

48 **Q. Have you reviewed the rebuttal testimony of Ameren witness Jones?**

49 A. Yes, I have reviewed Ameren Exhibit 23.0.

50 **Q. On pages 9 through 15, Mr. Jones discusses your concerns about the impacts**
51 **on low users of straight fixed variable ("SFV") pricing. Do you have a**
52 **response?**

53 A. Yes. Mr. Jones focuses on averages and typical customers. My concern is with
54 the customers who are not average or typical. He appears to have analyzed data
55 for certain customers, including customers who are coded as being non-heating
56 customers in Ameren's records. That data, however, was not provided to AG and
57 CUB during discovery. See AG/CUB Ex. 3.2. In the response to AG Data
58 Request 6.06, Mr. Jones claimed that the data were unreliable and so he refused to
59 provide it. AG/CUB Ex. 3.2. Now in his rebuttal he uses that same data, so I
60 cannot verify his analysis.

61 Moreover, the data he presents in rebuttal is based on an average or typical
62 customer, not on specific customers who might be at the low (or high) end of the
63 distribution of usage. Unusual impacts from moving toward SFV pricing occur at
64 the extremes (the 20 or 30 percent of customers who use the least amount of gas,

65 for example). The impacts on average or typical customers mask the rather
66 extreme effects that can occur among low users. That is precisely why this
67 Commission ordered Peoples and North Shore to separate low-use customers
68 from larger residential customers, as I explained in my direct testimony. See
69 AG/CUB Ex. 3.0 at 26-28. Similarly, in 2010, the Commission asked
70 Commonwealth Edison Company to study the effects on low-use customers of
71 moving toward SFV pricing. That information is currently under review in that
72 utility's rate design case (ICC Docket No. 13-0387).

73 **Q. If Mr. Jones is correct that the Company's existing data for non-heating**
74 **customers are not accurate, would you withdraw your recommendation that**
75 **Ameren do the same type of study that Peoples and North Shore were**
76 **ordered to do?**

77 A. No. I addressed this in response to Ameren's data request 3-30 addressed to the
78 AG and CUB. For ease of reference, I have attached a copy of my response as
79 AG/CUB Ex. 7.1. In that response, I recommend that Ameren could use data for
80 residential customers who do not use more than 30 therms per month. I base that
81 cut-off on data compiled by the U.S. Department of Energy, which I consider a
82 reasonable proxy for customers who do not heat with natural gas.

83 **Q. Does anything in Mr. Jones's rebuttal testimony affect your conclusions and**
84 **recommendations?**

85 A. No.

86 **IV. RESPONSE TO AMEREN WITNESS ALTHOFF**

87 **Q. Have you read the rebuttal testimony of Ameren witness Althoff?**

88 A. Yes, I reviewed Ms. Althoff's rebuttal testimony, Ameren Exhibit 24.0.

89 **Q. On pages 25-28, Ms. Althoff states that she is unsure of your position on Rate**
90 **GDS-5. Can you clarify your position?**

91 A. Yes, I apologize if my position on this issue was unclear in my direct testimony. I
92 agree with Ameren's proposed changes in GDS-5 in this case. I also recommend
93 that the Commission revisit this issue in the next case where Ameren's rate design
94 and class revenue allocation are considered, so that decisions can be made about
95 any further modifications that may be necessary in Rate GDS-5.

96 **Q. On page 28 of her rebuttal, Ms. Althoff states that you did not provide any**
97 **analysis to support your recommendation for Rate GDS-4 in Rate Zone III.**
98 **Is she correct?**

99 A. No, she is not correct. I described the analysis I performed on pages 15 through
100 16 of my direct testimony. AG/CUB Ex. 3.0 at 15-16. I provided the specific
101 calculations supporting this testimony in my workpapers spreadsheet on the
102 "Allocation WP" tab. This spreadsheet was provided to Ameren shortly after my
103 testimony was filed, and the Company did not ask me any data requests about the
104 analyses contained therein.

105 **Q. Does anything in Ms. Althoff's rebuttal testimony affect your conclusions**
106 **and recommendations?**

107 A. No.

108 **Q. Does this conclude your rebuttal testimony?**

109 A. Yes, it does.