

Exhibit No. 506

Exhibit No.:
Issues: Revenue Requirement
Witness: Greg Meyer
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Missouri Industrial Energy Consumers
Case No.: ER-2021-0240
Date Testimony Prepared: October 15, 2021

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

In the Matter of Union Electric Company
d/b/a Ameren Missouri's Tariffs to Adjust
its Revenues for Electric Service

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) **Case No. ER-2021-0240**
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Rebuttal Testimony of

Greg R. Meyer

On behalf of

Missouri Industrial Energy Consumers

October 15, 2021



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Case No. ER-2021-0240

STATE OF MISSOURI)

) SS

COUNTY OF ST. LOUIS)


Affidavit of Greg R. Meyer

Greg R. Meyer, being first duly sworn, on his oath states:

1. My name is Greg R. Meyer. 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.

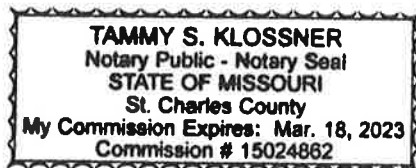
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2021-0240.

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.



Greg R. Meyer

Subscribed and sworn to before me this 15th day of October, 2021.





Notary Public

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Rebuttal Testimony of Greg R. Meyer

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

2 A Greg R. Meyer. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q ARE YOU THE SAME GREG R. MEYER WHO PRESENTED DIRECT TESTIMONY**
5 **IN THIS DOCKET?**

6 A Yes, I am.

7 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

8 A This testimony is presented on behalf of the Missouri Industrial Energy Consumers
9 ("MIEC"), a non-profit corporation that represents the interest of large customers in
10 Missouri utility matters. These companies purchase substantial quantities of electricity
11 from Ameren Missouri, and the outcome of this proceeding will have an impact on their
12 cost of electricity.

1 Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

2 A My rebuttal testimony includes a further discussion of the curtailment of the operations
3 at the High Prairie Wind Farm ("High Prairie") and a discussion of an error I discovered
4 with the revenue annualization I proposed in my direct testimony.

5 **High Prairie Wind Farm**

6 Q DID AMEREN MISSOURI CLAIM THAT RECOGNITION OF PRODUCTION TAX
7 CREDITS ("PTC") WOULD BENEFIT AMEREN MISSOURI RATEPAYERS DURING
8 THE CERTIFICATE OF CONVENIENCE AND NECESSITY ("CCN"), CASE NO.
9 EA-2018-0202?

10 A Yes. Ameren Missouri witness Ajay Arora stated the following on page 3 of his direct
11 testimony in that CCN case:

12 The BTA arrangement is the best structure for capturing the entire value
13 of the approximately \$400 million in Production Tax Credits ("PTC's")
14 the Project will generate and to provide all of the cost savings to Ameren
15 Missouri customers.

16 Q HAS THE CURTAILMENT OF GENERATION AT HIGH PRAIRIE DUE TO CERTAIN
17 SPECIES BEING KILLED INHIBITED AMEREN MISSOURI FROM GENERATING
18 POWER TO ITS STATED CAPACITY?

19 A Yes. As I stated in my direct testimony, High Prairie not generating for the entire period
20 at night from April 1 - October 31 represents approximately 28.03% of the year.

1 **Q IF HIGH PRAIRIE IS NOT GENERATING ELECTRICITY, IS IT ABLE TO CLAIM PTC**
2 **FOR THE BENEFIT OF AMEREN MISSOURI CUSTOMERS?**

3 A No. If Ameren Missouri is restricted in the hours it can operate High Prairie, that will
4 reduce the amount of PTC it can claim for the benefit of Ameren Missouri customers.
5 Stated differently, if Ameren Missouri is not producing electricity during the hours High
6 Prairie is curtailed, it cannot recognize PTC for the benefit of customers as promised
7 by Ameren Missouri's witness Arora.

8 **Q WHAT DO YOU PROPOSE FOR THE LOSS OF PTC AS A RESULT OF CURTAILED**
9 **OPERATIONS AT HIGH PRAIRIE?**

10 A I propose to sum the MWh of lost production from High Prairie during the current
11 curtailment period. A lost MWh of production equates to one PTC. Therefore, the lost
12 MWh production at High Prairie equates to the same level of lost PTC. I would propose
13 to sum those MWh/PTC and price them out at the current PTC value grossed-up to
14 reflect revenue. I would then apply this lost revenue opportunity as a reduction to the
15 RESRAM rates.¹ In this way, the customers of Ameren Missouri are being provided
16 some recognition for the loss of generation at High Prairie.

17 **Q DO YOU HAVE THE INFORMATION TO QUANTIFY THE ADJUSTMENT YOU ARE**
18 **PROPOSING?**

19 A In response to OPC Data Request No. 2033, Ameren Missouri estimates that the loss
20 in production for the period April 14 - September 30, 2021 equates to 249,932 MWh.²

¹Tracked as part of the RESRAM factor ROUR per direct testimony of Ameren Missouri witness Steven M. Wills, page 48, lines 6-9.

²The breakdown of that lost production:

April 14 - May 14 = 46,195 MWh

May 14 - September 30 = 203,737 MWh

1 Using the rate of lost generation for the period of full nighttime curtailment, May 14 -
2 September 30, one may estimate that October's losses amount to roughly 45,113
3 MWh, bringing the total lost generation to approximately 295,045 MWh. At the current
4 PTC rate of \$25/MWh factored up to revenues using a factor of 1.315, the lost
5 generation has a value of \$9,699,604.

6 **Q WHY ARE YOU PROPOSING A REDUCTION TO THE RESRAM RATES?**

7 A It is my understanding that Ameren Missouri has included the investment in High Prairie
8 in its RESRAM rates from the time the wind farm was in service until the time High
9 Prairie can be recognized in base rates (Case No. ER-2021-0240). Just to be clear,
10 this proposed adjustment captures the actual time that High Prairie operated at
11 curtailed generation during the period April 14 - October 31, 2021

12 **Q DO YOU HAVE ANOTHER PROPOSED ADJUSTMENT TO THE RESRAM**
13 **REGULATORY ASSET?**

14 A Yes. I would propose that the RESRAM costs be reduced because of the curtailed
15 operations of High Prairie. The RESRAM rate calculation allows deferral of rate of
16 return and depreciation on plant-in-service additions. Since High Prairie has been
17 curtailed in its operations for a significant part of calendar year 2021, I would propose
18 that the return allowed in the RESRAM rates be reduced for the hours of curtailment
19 compared to the total operational hours of High Prairie. In this way, Ameren Missouri
20 ratepayers are not required to pay a return for an asset that is not capable of producing
21 power due to it being curtailed.

Total = 249,932 MWh

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1 **Q PLEASE QUANTIFY YOUR ADJUSTMENT.**

2 A I am proposing to reduce the RESRAM rate in a future accumulation period for the
3 return associated with the period of April 14 - October 31, 2021. Using the rate of return
4 used in the latest RESRAM filing (Case No. ER-2022-0091) of 6.991%, and taking into
5 account both the number of hours for which a restriction was in place and the differential
6 between day and night wind speeds, I have calculated a reduction of \$7,548,108.

7 **Q WHAT IS THE TOTAL RESRAM RATE ADJUSTMENT YOU ARE PROPOSING?**

8 A I am proposing a total RESRAM rate adjustment of approximately \$17.2 million; \$9.7
9 million of lost PTC and \$7.5 million of reduced return.

10 **Q IN YOUR DIRECT TESTIMONY YOU ALSO PROPOSED A RATE OF RETURN**
11 **REDUCTION TO HIGH PRAIRIE BECAUSE ITS GENERATION WAS BEING**
12 **CURTAILED. PLEASE EXPLAIN THE DIFFERENCE BETWEEN THE**
13 **ADJUSTMENT YOU PROPOSED IN YOUR DIRECT TESTIMONY, AND THE ONE**
14 **YOU ARE PROPOSING IN REBUTTAL.**

15 A In my direct testimony, I proposed a reduction to the return that was included in base
16 rates. That adjustment assumed that High Prairie would be curtailed in its nightly
17 operations from April 1 - October 31 each year going forward. One could argue that
18 this adjustment annualizes the potential permanent curtailment of High Prairie. At the
19 time of my direct testimony, it was unclear if High Prairie would be allowed to operate
20 during the bat season. It is still unclear as I write this rebuttal testimony if curtailed
21 operations at High Prairie will continue in the future.

22 The adjustment I am proposing in my rebuttal testimony captures the actual
23 time period (hours) in 2021 that High Prairie has been curtailed. This adjustment

1 directly affects the RESRAM rate calculation that Ameren Missouri is proposing to
2 recover through the RESRAM Rider.

3 **Q IN SUMMARY, YOU ARE PROPOSING THAT AMEREN MISSOURI'S RESRAM**
4 **RATES SHOULD BE ADJUSTED FOR THE LOST PTC FROM CURTAILED**
5 **GENERATION AT HIGH PRAIRIE IN 2021 AND A REDUCTION IN THE RESRAM**
6 **RATES FOR THE RATE OF RETURN ON HIGH PRAIRIE FOR THE TIME IT IS NOT**
7 **AVAILABLE TO PRODUCE POWER.**

8 A Yes. These adjustments should be made for any curtailed operations at High Prairie
9 until new rates become effective in Case No ER-2021-0240.

10 **Q WHAT IS YOUR POSITION ON LOST PTC IF HIGH PRAIRIE IS CURTAILED NEXT**
11 **YEAR?**

12 A I propose that Ameren Missouri be required to quantify the value of the lost PTC, similar
13 to how I quantified the lost PTC value during the 2021 curtailment period and include
14 that value in a regulatory liability that the Commission can decide its application in
15 Ameren Missouri's next rate case. Alternatively, these monies could be credited back
16 to ratepayers through the RESRAM.

17 **Q DO YOU HAVE ANY OTHER CONCERNS WITH THE CURTAILMENT OF HIGH**
18 **PRAIRIE?**

19 A Yes. The fuel costs incurred during the period High Prairie was curtailed (April 14 -
20 October 31) were higher than if no curtailment had occurred. I would propose that
21 Ameren Missouri be required to calculate the full savings from additional wind
22 generation using its production cost model to simulate the full operation of High Prairie

1 versus the curtailed operations. Those fuel savings should be credited back to
2 customers through Ameren Missouri's Fuel Adjustment Clause.

3 **Q WOULD THE SAME CALCULATION BE NECESSARY IF HIGH PRAIRIE IS**
4 **CURTAILED IN ANY FUTURE PERIODS?**

5 A Yes.

6 **Revenues**

7 **Q HAVE YOU REVISED YOUR ADJUSTMENT TO THE COMPANY'S RESIDENTIAL**
8 **("1M") AND SMALL GENERAL SERVICE ("2M") REVENUES?**

9 A Yes. In my adjustment I did not previously account for the additional base fuel that
10 would be necessary given the increase in sales I proposed. This revision provides an
11 estimate of the impact of base fuel. If the Commission accepts my proposed increase
12 in sales, I recommend that the additional sales be run through the production cost
13 model to determine the impact in the same way that the Company calculated the impact
14 of its changes to sales levels.

15 **Q PLEASE EXPLAIN YOUR REVISION.**

16 A In determining my original sales adjustment, I found the split between winter and
17 summer usage used by the Company and multiplied the sales by that ratio. For
18 purposes of calculating the impact of fuel, I used that same ratio and used the
19 corresponding fuel cost for the winter and summer periods. I then netted the cost of
20 fuel against my additional sales revenue to arrive at my updated revenue adjustments
21 for both the 1M and 2M customer classes.

1 Q HOW DID YOU CALCULATE THE COST OF FUEL?

2 A To determine the cost of fuel, I examined the Fuel Adjustment Clause Tariff
3 Sheet 71.15, and looked at the second revision to find the summer base factor
4 (\$0.01259/kWh), and the third revision to obtain the winter base factor (\$0.01167/kWh).
5 I then added the fuel adjustment rate effective from the third revision (\$0.00291/kWh)
6 to both the summer and winter base factors. This was the most recent Fuel Adjustment
7 Clause tariff sheet available at the time I provided my updated adjustment workpapers.
8 I then multiplied the resulting sums by the secondary voltage adjustment factor
9 (1.0570).

10 Q WHAT WAS THE EFFECT OF YOUR REVISION?

11 A I have identified the effect in Table 1 below.

Table 1					
<u>Effect of Fuel on Proposed Increase to 1M Sales</u>					
Line	Season	Seasonal Usage Breakdown	Additional Sales Revenue	Additional Fuel Cost	Increase in Sales Revenue Net of Fuel
1	Winter	63.82%	\$ 5,569,590	\$ 1,595,414	\$ 3,974,176
2	Summer	36.18%	6,930,707	961,467	\$ 5,969,240
3	Total	100.00%	\$ 12,500,297	\$ 2,556,881	\$ 9,943,416

<u>Effect of Fuel on Proposed Increase to 2M Sales</u>					
Line	Season	Seasonal Usage Breakdown	Additional Sales Revenue	Additional Fuel Cost	Increase in Sales Revenue Net of Fuel
4	Winter	64.80%	\$ 7,948,792	\$ 2,728,270	\$ 5,220,522
5	Summer	35.20%	10,030,685	1,575,625	\$ 8,455,060
6	Total	100.00%	\$ 17,979,477	\$ 4,303,895	\$ 13,675,582

12 As Table 1 shows, the proposed revenue adjustment in my direct testimony should be
13 reduced by approximately \$2.6 million for the 1M sales class and \$4.3 for the 2M sales

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1 class. However, I want to emphasize that the most appropriate way to calculate the
2 fuel impact is to include the increased generation to serve the increased sales in the
3 Company's production cost model.

4 **Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

5 **A** Yes, it does.

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