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ER-2021-0240

SURREBUTTAL TESTIMONY

OF

LENA M. MANTLE

Submitted on Behalf of the Office of the Public Counsel

**UNION ELECTRIC COMPANY
D/B/A AMEREN MISSOURI**

FILE NO. ER-2021-0240

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TABLE OF CONTENTS

Testimony	Page
Exclusion of Research and Development Energy Usage	2
Exclusion of Retirement and Decommissioning Costs	4
Modification for Extreme Costs	7
Combination Bill Formatting	9

SURREBUTTAL TESTIMONY

OF

LENA M. MANTLE, P.E.

UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

CASE NO. ER-2021-0240

1 **Q. What is your name?**

2 A. Lena M. Mantle.

3 **Q. Are you the same Lena M. Mantle who provided both direct and rebuttal**
4 **testimony in this case?**

5 A. Yes, I am.

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

7 A. The purpose of this surrebuttal testimony is to respond to the rebuttal testimony of
8 Ameren Missouri witness Andrew Meyer regarding his response to OPC's
9 recommended modifications to Ameren Missouri's FAC.

10 I also provide a response to Ameren Missouri witness Michael W. Harding
11 regarding providing bills to Ameren Missouri's combination electric and gas
12 service customers showing the total cost of each service separately on their bills.

13 **Q. What recommendations do you make in this testimony?**

14 A. I recommend the Commission order Ameren Missouri:

- 15 • To include in its FAC tariff sheets:
- 16 ○ Language proposed by Mr. Meyer regarding the cost of energy for Ameren
 - 17 Missouri research and development projects broadened to include all
 - 18 research projects of Ameren Missouri;
 - 19 ○ Adding in the descriptor of the fuel cost term (FC) that fuel costs included
 - 20 in Ameren Missouri's FAC do not include any cost for decommissioning
 - 21 or retirement of a plant; and

- 1 ○ Language I recommended in my rebuttal testimony regarding the treatment
2 of extraordinary net costs;
- 3 • To identify, in its monthly FAC reports, the MWh used and the energy costs
4 excluded from all Ameren Missouri research projects; and
- 5 • To provide, by its June billing month, bills with the total cost of electric and gas
6 service stated separately on the bill to its combination electric and gas customers.

7 **Exclusion of Research and Development Energy Usage**

8 **Q. What is Ameren Missouri's response to your recommendation to add**
9 **language disallowing the cost of energy for its research and development**
10 **projects from flowing through the Fuel Adjustment Clause?**

11 A. It is Ameren Missouri witness Andrew Meyer's position that the language Staff
12 and Ameren Missouri agreed to in the *Stipulation and Agreement* in the FAC rate
13 change case, ER-2022-0026,¹ addresses the issue of the energy used for the
14 mining of bit coin and there should be no language added to the FAC tariff sheets
15 to deal with the energy usage of any other research and development projects.²

16 **Q. What language in the *Stipulation and Agreement* was Mr. Meyer referring**
17 **too?**

18 A. Mr. Meyer was referring to paragraph 2.e in the *Stipulation and Agreement*.

19 That effective on the date new rates become effective from File No. ER-
20 2021-0240, language will be added to Rider FAC that will reflect specific
21 general ledger subaccounts (sometimes referred to as "minors") or other
22 account coding so that the cost of purchasing energy from the
23 Midcontinent Independent System Operator, Inc's market to serve the
24 digital currency mining research and development project's load will be
25 excluded from the Account 555 costs included in the determination of
26 Actual Net Energy Costs under Rider FAC.

¹ *In the Matter of the Adjustment of Union Electric Company d/b/a Ameren Missouri's Fuel Adjustment Clause for the 37th Accumulation Period.*

² Rebuttal testimony of Ameren Missouri witness Andrew Meyer, page 7.

1 **Q. Did Ameren Missouri propose FAC tariff sheet in compliance with this**
2 **provision of the stipulation and agreement?**

3 A. There was no language regarding exclusion of the costs of purchasing energy for
4 digital currency mining research in the proposed changes to the FAC tariff sheets
5 provided with Ameren Missouri's direct testimony. However, Mr. Meyer's
6 Schedule AMM-R1, page 4 of 18 of his rebuttal testimony proposed "amounts
7 associated with energy purchased from the [Midcontinent Independent System
8 Operator ("MISO")] market to serve digital currency mining by the Company" be
9 excluded from the FAC costs recorded in account 555. He also recommends, on
10 proposed sheet 71.22³, excluding the "kWh used for digital currency mining
11 operations by the Company" from the accumulation period sales (S_{ap}) and the
12 recovery period sales (S_{rp}) used in calculating the FAC rate.

13 **Q. Did you find the specific ledger subaccounts or other account coding Ameren**
14 **Missouri and Staff agreed to in the *Stipulation and Agreement*?**

15 A. No, I did not.

16 **Q. Does this information need to be on the FAC tariff sheets?**

17 A. Not necessarily. But it should be included in the FAC monthly reports along with
18 the amounts excluded to ensure that the amounts were removed as agreed to.

19 **Q. Does adding the language Mr. Meyer has proposed address your concern**
20 **that the FAC specifically exclude costs of research and development**
21 **projects?**

22 A. No. The language Mr. Meyer is proposing addresses only the energy usage
23 associated with Ameren Missouri's current research and development bit coin
24 mining project. My recommendation is broader in that it would exclude the cost
25 of energy used in all research and development projects.

1 **Q. What is your recommendation?**

2 A. I recommend:

- 3 1) The language proposed by Mr. Meyer be broadened to include all research
4 projects of Ameren Missouri; and
5 2) The Commission require Ameren Missouri to identify, in its monthly FAC
6 reports, the MWh used and the energy costs excluded from all Ameren
7 Missouri research projects.

8 **Exclusion of Retirement and Decommissioning Costs**

9 **Q. What was Mr. Meyer's response to the recommendations that costs**
10 **associated with the retirement of a plant be excluded from the FAC?**

11 A. Mr. Meyer's response was that the Company conditionally agreed with the
12 recommendation to include language in the FAC tariff sheets that excluded
13 retirement and decommissioning costs.⁴

14 **Q. What was the condition?**

15 A. The condition was that language be included in the FAC that indicates such
16 amounts are eligible for deferral to a regulatory asset for consideration of recovery
17 through an amortization in subsequent rate proceedings. Mr. Meyer then stated
18 his understanding that this is how such other costs are being handled for the other
19 electric utilities in Missouri.

20 **Q. Is this how retirement and decommissioning costs are being handled for the**
21 **other electric utilities in Missouri?**

22 A. As I stated in my direct testimony, The Empire District Electric Company and
23 Evergy West both tried to flow retirement costs through its FAC. Both of these
24 companies voluntarily withdrew their request for these costs to be included in the

³ Rebuttal testimony of Andrew Meyer, Schedule AMM-R1, page 8 of 18.

⁴ Rebuttal testimony, page 8.

1 FAC with the understanding that they could request recovery of these cost through
2 different mechanisms. However, neither of the FAC tariff sheets for these
3 companies have been changed to state that retirement and decommissioning costs
4 are excluded from their FACs.

5 **Q. Should language be included in the FAC tariff sheets that provide for how a**
6 **cost that is excluded from the FAC is to be recovered?**

7 A. No. It is my understanding that these costs can be deferred to a regulatory asset
8 for recovery consideration regardless of whether or not it is stated in the FAC
9 tariff sheets.

10 **Q. Does Ameren Missouri's FAC tariff sheets, current or proposed, provide the**
11 **recovery treatment of other costs that are not included in the FAC?**

12 A. No. None of the FAC tariff sheets of Ameren Missouri or any other Missouri
13 electric utility include language regarding how costs not included in the FAC are
14 to be recovered. The tariff sheets only deal with how costs that are included in the
15 FAC are recovered.

16 **Q. What language did Mr. Meyer propose for the exclusion of retirement and**
17 **decommissioning costs?**

18 A. Mr. Meyer proposed the italicized language below be added in the definition of
19 fuel costs for fossil fuel plants.

20 1) For fossil fuel plants:

21 A. The following costs and revenues (including applicable taxes) arising
22 from steam plant operations recorded in FERC Account 501: coal
23 commodity, gas, alternative fuels, Btu adjustments assessed by coal
24 suppliers, quality adjustments related to the sulfur content of coal
25 assessed by coal suppliers, railroad transportation, switching and
26 demurrage charges, railcar repair and inspection costs, railcar
27 depreciation, railcar lease costs, similar costs associated with other
28 applicable modes of transportation, fuel hedging costs, fuel oil

1 adjustments included in commodity and transportation costs, fuel
2 additive costs included in commodity or transportation costs, oil
3 costs, ash disposal costs and revenues, and expenses resulting from
4 fuel and transportation portfolio optimization activities; *provided that*
5 *costs otherwise included in the foregoing associated with coal*
6 *remaining at a coal plant after the coal plant ceases coal-fired*
7 *generation shall be excluded from Factor FC and instead deferred on*
8 *the Company's books to a regulatory asset for consideration of*
9 *recovery in a general rate proceeding over a reasonable amortization*
10 *period as determined by the Commission;*⁵

11 **Q. Do you agree with the addition of this language?**

12 **A.** No. There are two problems with this language.

13 First, this limits the retirement and decommissioning costs to retirement
14 and decommissioning costs associated with a coal plant. The exclusion of
15 retirement and decommissioning costs should not be limited to coal plants. No
16 decommissioning or retirement costs of any type of plant should flow through the
17 FAC.

18 Second, recovery of a non-FAC cost should not be specified in the FAC
19 tariff. Cost recovery of cost excluded from the FAC does not require a provision
20 in the FAC in order for the cost is to be recovered. The costs of fuel for the
21 Maryland Heights Energy Center are also excluded yet there is no mention of how
22 those costs are recovered. There is no mention of how the excluded MISO costs
23 are recovered. There is no mention of how capacity costs of purchased power
24 agreements of greater than a year or the bit coin mining costs are recovered.
25 There is no reason why the tariff sheets should prescribe how retirement and
26 decommission costs will be treated.

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

28 **A.** I recommend adding in the descriptor of the fuel cost term (FC) in the FAC tariff
29 sheets that fuel costs included in Ameren Missouri's FAC do not include any cost

⁵ Rebuttal testimony, Schedule AMM-R1, page 2 of 18.

1 for decommissioning or retirement of a plant. Taking into consideration Staff's
2 recommended revision to the FC descriptor, it should read (my recommended
3 language in italics):

4 FC = Fuel costs and revenues, *excluding decommissioning and retirement*
5 *costs*, incurred to support sales and revenues associated with the
6 Company's in-service generating plants consisting of the following:

7 **Modification for Extreme Costs**

8 **Q. What was Mr. Meyer's response to your recommendation that Ameren**
9 **Missouri's FAC be modified for extreme costs?**

10 A. Mr. Meyer suggests that this is a broad policy issue that should first be vetted in a
11 workshop for all utilities simultaneously and then, if changes are to be made, they
12 should be made through a formal rulemaking applying the general principles to all
13 electric utilities.⁶

14 **Q. Do you agree that this this a broad policy issue that can only be taken care of**
15 **with workshops and a rulemaking?**

16 A. No. This change, like numerous other changes that have been made over the years
17 to electric utilities' FACs, can and should be made one electric utility at a time.
18 Ameren Missouri was the first utility to file for a general rate case after the
19 electric utilities on the west side of the State of Missouri experienced extreme fuel
20 and purchased power costs in February 2021. Empire has since filed and the
21 Evergy utilities will be filing a general rate case in January 2022.

22 **Q. Have other broad policy FAC issues been resolved outside of a workshop and**
23 **rulemaking process?**

24 A. Yes. Many other broad issues have been resolved outside of a workshop and
25 rulemaking process one rate case at a time. The first that comes to mind is the
26 treatment of regional transmission organization transmission ("RTO") costs.

1 Originally none of the RTO costs were included in the FAC. Then for a short
2 time, all costs were included. Now only a portion of the costs associated with real
3 purchased power are included with the portion being specific to the utility and the
4 purchased power of that utility.

5 Another issue resolved in general rate cases was the addition to the FAC
6 tariff sheets of the specific accounts the costs and revenues included in the FAC
7 are recorded in. Ameren Missouri's concern that this would preclude costs if
8 MISO changed the schedule of a cost was also dealt with outside of a workshop
9 and rulemaking process and eventually was added to the rule making negating the
10 need for the language to be in the tariff sheets.

11 Language regarding how extreme net costs can be treated should not be
12 delayed until workshops have been conducted, rules have been changed, and
13 general rate cases have been filed. It should begin in this general rate case with
14 the addition of the language I proposed in my rebuttal testimony.

15 **Q. What is the language you are recommending be added to Ameren Missouri's**
16 **FAC tariff sheets?**

17 **A.** I recommend the Commission order Ameren Missouri to include the following in
18 its FAC tariff sheets:

19 When extraordinary net costs have been incurred in an accumulation
20 period, for good cause the Commission may allow (after opportunity for
21 any party to be heard) the recovery period to extend beyond eight months.
22 The amount not recovered will be added to subsequent recovery periods
23 with a true-up for the extraordinary cost at the end of the Commission
24 approved recovery time period for the extraordinary cost.

⁶ Rebuttal testimony, page 8-9.

1 **Combination Bill Formatting**

2 **Q. What was Ameren Missouri's response to your recommendation that**
3 **combined gas and electric customer bills have the totals for each service**
4 **shown separately on customers' bills?**

5 A. Ameren Missouri witness Michael W. Harding stated that the request was
6 reasonable but would take some time for Ameren Missouri to implement and that
7 it would take time to complete the process of producing bills with the totals for
8 the different services being shown separately. He provided no date by which
9 Ameren Missouri would commit to providing bills for combination customers that
10 showed the cost of their electric service separate from gas service. He only stated
11 that Ameren Missouri may need time past the end of this rate case.⁷

12 **Q. What date do you recommend the Commission require the change to be**
13 **complete?**

14 A. Given that Ameren Missouri does not need a Commission order to implement this
15 change, I recommend the Commission require Ameren Missouri to issue bills by
16 at least its June billing cycles for its combination gas and electric customers with
17 the total cost of the electric service separate from the gas service.

18 **Q. Does this conclude your surrebuttal testimony?**

19 A. Yes, it does.

⁷ Rebuttal testimony, page 6.