

*Exhibit No.:*

*Issues: DOE Reimbursements for  
Spent Nuclear Fuel, True-Up  
Items*

*Witness: Lisa M. Ferguson*

*Sponsoring Party: MoPSC Staff*

*Type of Exhibit: Surrebuttal Testimony*

*Case No.: ER-2014-0258*

*Date Testimony Prepared: February 6, 2015*

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION**

**UTILITY SERVICES - AUDITING**

**SURREBUTTAL TESTIMONY**

**OF**

**LISA M. FERGUSON**

**UNION ELECTRIC COMPANY  
d/b/a Ameren Missouri**

**CASE NO. ER-2014-0258**

*Jefferson City, Missouri  
February 2015*

**\*\* Denotes Highly Confidential Information \*\***

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**OF**  
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**CASE NO. ER-2014-0258**

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1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **LISA M. FERGUSON**

4 **UNION ELECTRIC COMPANY**

5 **d/b/a Ameren Missouri**

6 **CASE NO. ER-2014-0258**

7 Q. Please state your name and business address.

8 A. Lisa M. Ferguson, 111 N. 7<sup>th</sup> Street, Suite 105, St. Louis, MO 63101.

9 Q. By whom are you employed and in what capacity?

10 A. I am employed by the Missouri Public Service Commission (“Commission”) as a  
11 Utility Regulatory Auditor IV.

12 Q Are you the same Lisa M. Ferguson who contributed to Staff’s *Revenue*  
13 *Requirement Cost of Service Report* filed on December 5, 2014 and also filed rebuttal testimony  
14 on January 16, 2015 in this case?

15 A. Yes, I am.

16 Q. What is the purpose of your surrebuttal testimony in this proceeding?

17 A. My surrebuttal testimony will respond to the rebuttal testimony of Union Electric  
18 Company, d/b/a Ameren Missouri (“Company” or “Ameren Missouri”) witness Laura M. Moore  
19 regarding the issue of Department of Energy (“DOE”) reimbursements for spent nuclear fuel  
20 costs. I will also address updates to fuel, purchase power, and off system sales results for  
21 purposes of the Staff’s true-up. Staff will also address the increase in annual NRC fees and low  
22 level radioactive waste within the true-up audit.

**SPENT NUCLEAR FUEL REFUNDS**

1 Q. Please respond to Company witness Laura Moore’s statement found on page 36,  
2 lines 12-13 of her rebuttal testimony that “Staff’s focus on this refund (of expense) ignores  
3 the fact there are also costs that change between rate cases that the company does not get  
4 to recover.”

5  
6 A. Ms. Moore’s statement is premised on the belief that Ameren Missouri never  
7 experiences time periods when they are able to earn more than their authorized return on equity  
8 (“ROE”). Ms. Moore’s statement is correct if other positive earnings factors do not fully offset  
9 increases in certain cost areas. It can also be true that cost-cutting measures in other areas, or a  
10 significantly warmer than normal summer, or a significantly improved economy could more than  
11 offset the increases in certain cost areas that Ameren Missouri experiences in between rate cases.

12 Q. On page 36, lines 18-20, of Company witness Moore’s rebuttal she states  
13 “Also, the settlement amounts that were booked as miscellaneous non-utility operating revenue  
14 related to refunds of expenses that were incurred in a period of time that Ameren Missouri was  
15 not involved in rate cases.” Is this a true statement?

16 A. Not entirely. The response to Staff Data Request No. 0478 delineates when these  
17 exact expenses occurred and what FERC accounts they were booked to. \*\* \_\_\_\_\_

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5 Q. On page 36, lines 20-22, Company witness Moore states, “Requiring  
6 the Company to pass these refunds through rates to be set in this case would result in a  
7 windfall to current customers.” Is Staff proposing this particular refund be, in fact, returned  
8 to current customers?

9 A. No. The Staff believes that Ms. Moore misunderstood Staff’s proposal in my  
10 rebuttal testimony. Staff is not recommending this particular refund that the Company received  
11 during the test year in its prior rate case, No. ER-2012-0166, be returned to customers. Although  
12 I am not an attorney, it is my understanding that to do so at this point may represent retroactive  
13 ratemaking as Staff discussed in its direct testimony.

14 Instead, Staff is recommending that, going forward, the Commission require the  
15 Company to record any refunds that Ameren Missouri receives from DOE for prior expenses that  
16 Ameren Missouri incurred for spent nuclear fuel storage in an above-the-line expense account, as  
17 a contra-expense within the account the original expense was booked to, as described in my  
18 rebuttal testimony on page 5 and 6. This accounting treatment will provide greater transparency  
19 of the refunds for expenses incurred that Ameren Missouri may receive in the future and allow  
20 the parties ample opportunity to investigate and determine if any of the refunded expense had  
21 been previously paid for by ratepayers and, therefore, should be returned to the customers.  
22 Primarily because Ameren Missouri recorded a refund of expenses that were received during the  
23 test year established in the prior rate case (ER-2012-0166) in a below-the-line, non-operating

1 revenue account, the potential for a customer refund was not examined in the last rate case. For  
2 these reasons the Staff requests the Commission to require Ameren Missouri to record DOE  
3 refunds for expense as specifically described in my rebuttal testimony on page 5.

4 **TRUE-UP ITEMS**

5 **Fuel, Purchase Power, Off System Sales Results**

6 Q. Please describe all updates made to fuel expense, purchase power, and off system  
7 sales for true-up purposes.

8 A. Staff has reviewed all true-up data provided by Ameren Missouri and has  
9 reflected updated accounting prices for Ameren Missouri's coal commodity and coal  
10 transportation contracts in effect through January 1, 2015, as an input into Staff's RealTime®  
11 production cost model. The true-up update included coal commodity and transportation costs for  
12 Illinois coal that is supplied and transported to the Sioux plant. All other updates were to the  
13 transportation costs and fuel surcharges for the remaining coal plants. Staff also reviewed all  
14 updates to nuclear pricing subsequent to the Callaway refueling that occurred during October  
15 through November 2014. Staff has reflected a slight increase in cost for nuclear fuel as part of  
16 the production cost model inputs. These changes to accounting coal and nuclear prices were  
17 provided to Staff witness Shawn E. Lange for inclusion in Staff's production cost model. Staff  
18 witness Lange is continuing to review the production cost model results and may have additional  
19 changes that may need to be addressed in true-up testimony.

20 Q. Has Staff reflected any changes to other fuel costs that are accounted for outside  
21 of the production cost model as part of its true-up audit?

22 A. Yes. Staff included an increase in limestone costs due to an increase in limestone  
23 tons consumed at the Sioux plant and increased electricity and fuel to prepare the limestone for

1 use in the “scrubber” at the Sioux facility. Staff also included a level of costs for activated  
2 carbon in order for the Company to meet the Mercury and Air Toxics Standards (“MATS”)  
3 requirements at the Rush Island coal plant that go into effect in April 2015. A signed contract  
4 was executed for the active carbon on January 22, 2015. In addition, there was a slight increase  
5 in the fixed demand cost of natural gas used in Ameren Missouri’s generation facilities and a  
6 decrease in fly ash costs, both of which Staff has reflected in its true-up cost-of-service  
7 calculation.

8 Q. Did Staff include an updated level of non-labor maintenance expense for the  
9 Callaway Energy Center?

10 A. Yes. Staff has included a normalized level of maintenance expense for the  
11 Callaway energy center by taking 2/3 of the actual cost of the refueling that was completed in  
12 November 2014.

### 13 **Nuclear Regulatory Commission (“NRC”) Annual Fees**

14 Q. On page 40, lines 9-10, of Company witness Laura Moore’s testimony; she  
15 mentions that the annual fee from the U.S. Nuclear Regulatory Commission (“NRC”) needs to be  
16 annualized from the 2014 level to the 2015 level. Does Staff agree with this annualization?

17 A. Yes. Staff has reviewed Ameren Missouri’s response to Staff Data Request  
18 No. 0551, which provided the invoices for the 2014 and 2015 NRC annual fees. Staff has  
19 included an increase of \*\* \_\_\_\_\_ \*\* to annualize NRC fees to reflect the new fee level that  
20 took effect on October 1, 2014.

**PR**

**Low Level Radioactive Waste**

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Q. Did Staff true-up the level of expense for the disposal of low level radioactive waste as was stated in the Revenue Requirement Cost of Service Report filed on December 5, 2014?

A. Yes. Staff was provided an update to Data Request No. 0356, which updated actual costs for disposal of low level radioactive waste through December 2014. Based upon that information, Staff has included an annualized level of \*\* \_\_\_\_\_ \*\* for this expense in the cost-of-service.

Q. Does this conclude your surrebuttal testimony?

A. Yes, it does.

**PR**



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

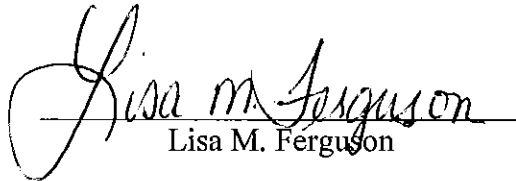
In the Matter of Union Electric Company d/b/a )  
Ameren Missouri's Tariff to Increase Its )  
Revenues for Electric Service )

Case No. ER-2014-0258

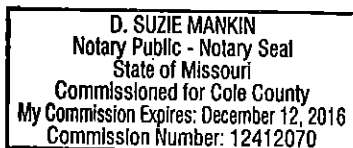
AFFIDAVIT OF LISA M. FERGUSON

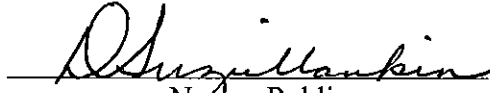
STATE OF MISSOURI     )  
                                  )  
COUNTY OF COLE     )     ss.

Lisa M. Ferguson, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 6 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

  
\_\_\_\_\_  
Lisa M. Ferguson

Subscribed and sworn to before me this 6<sup>th</sup> day of February, 2015.



  
\_\_\_\_\_  
Notary Public