

Exhibit No.:
Issues: Fuel Adjustment Clause –
True-Up of Twenty-Seventh
Recovery Period
Witness: Marci L. Althoff
Type of Exhibit: Direct Testimony
Sponsoring Party: Union Electric Co.
Case No.: EO-2019-_____
Date Testimony Prepared: March 25, 2019

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

MARCI L. ALTHOFF

**St. Louis, Missouri
March, 2019**

DIRECT TESTIMONY

OF

MARCI L. ALTHOFF

Case No. EO-2019-_____

1 **Q: Please state your name and business address.**

2 A: My name is Marci L. Althoff. My business address is One Ameren Plaza, 1901 Chouteau
3 Ave., St. Louis, Missouri.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Ameren Services Company (“Ameren Services”) as Manager, Finance
6 Transformation. Ameren Services provides various corporate support services to Union
7 Electric Company d/b/a Ameren Missouri (“Company” or “Ameren Missouri”), including
8 settlement and accounting related to fuel, purchased power, and off-system sales.

9 **Q: What is the purpose of your testimony?**

10 A: My testimony supports the twenty-seventh true-up filing being made by Ameren Missouri
11 under 4 CSR 240-20.090(9) and the Company’s approved fuel adjustment clause (“FAC”).
12 The terms of the FAC are reflected in the FAC tariff -- Rider FAC -- on file with the
13 Commission.

14 **Q: What is the purpose of this true-up filing in the context of Ameren Missouri’s FAC?**

15 A: The purpose of this true-up filing is to identify the calculated difference between Actual
16 Net Energy Costs (Factor “ANEC” in Rider FAC)¹ and Net Base Energy Costs (Factor “B”

¹ Capitalized terms not otherwise defined in this testimony have the meaning given them in the Company’s FAC tariff, Rider FAC.

1 in Rider FAC), Interest (Factor “I” in Rider FAC), prudence disallowance amounts (Factor
2 “P” in Rider FAC), and true-up amounts (Factor “T” in Rider FAC) that were over- or
3 under-recovered from customers during the twenty-seventh Recovery Period² prescribed
4 by the FAC.

5 **Q: Please briefly explain the FAC process, including the accumulation periods, filing**
6 **dates, recovery and true-up periods.**

7 A: The FAC process is outlined in the Company’s FAC tariff. It begins with an Accumulation
8 Period which covers a four-month period in which the Company’s ANEC are accumulated
9 and compared to the B calculated in accordance with the FAC tariff. The difference
10 between B and ANEC, plus or minus factors I, P, and T total the amount recovered from
11 or refunded to customers for the Recovery Period at issue, based upon an estimate or
12 projection of the kilowatt-hour (“kWh”) sales that are expected during the Recovery
13 Period. This recovery, over the eight-month Recovery Period at issue in this docket, occurs
14 via application to customer bills of Fuel Adjustment Rates (“FAR”) (which are
15 differentiated by voltage, as provided for in the FAC tariff). New FAR rates take effect
16 every four months. After a Recovery Period, a true-up is filed which finalizes two things.
17 First, B is recalculated for the accumulation period months based upon S105 Midcontinent
18 Independent System Operator, Inc. (“MISO”) settlement statements.³ The MISO
19 settlement statements provide the kWh data for the amount of energy Ameren Missouri
20 purchased to serve its load and is multiplied by B to determine the dollars of net base energy
21 costs. Second, actual kWh sales data from the Recovery Period at issue are applied to the

² This sum has been included in the new FAR rates filed in the 30th Accumulation Period docket filed concurrently with this filing, as described in my direct testimony filed in that docket.

³ “S105” stands for 105 days after the end of the period covered by the settlement statement.

1 balance to be recovered from or refunded to customers for the Recovery Period at issue.
2 Taking into account the newly calculated difference between ANEC and B and the sales
3 data based upon actual kWh, an under- or over-recovery amount will remain to be collected
4 from or refunded to customers. That amount is then included in the next FAR rate
5 adjustment filing.

6 **Q: What was the timing of the accumulation and recovery relating to this true-up?**

7 A: The Accumulation Period was October 1, 2017 through January 31, 2018. The Recovery
8 Period for that Accumulation Period was the billing months of June 2018 through January
9 2019.

10 **Q: Why would there be a difference between the accumulated over- or under-recovery
11 and the amount collected during the Recovery Period?**

12 A: As noted earlier, B needs to be recalculated with MISO S105 settlement statements, as
13 those amounts are not available when the FAR rate adjustment filing for the Recovery
14 Period at issue is originally filed.⁴ The FAR rates are calculated based upon estimated kWh
15 sales for the Recovery Period. Since the FAR rates are based upon an estimated number,
16 once actual sales are recorded, a difference will always exist between the estimate and the
17 actual kWh billed.

18 **Q: What was the over- or under-recovery for the Recovery Period at issue in this filing?**

19 A: There was an over-recovery of \$1,673,819 from customers for the 27th Recovery Period
20 due to the difference between actual and estimated kWh sales and recalculations using the
21 S105 data. After applying the interest to be collected for the subject Accumulation Period

⁴ Because of the timing of the issuance of MISO settlement statements and the required timing of FAR filings under Rider FAC, when the FAR filings are made MISO S14 settlement statement data must be used. The S14 settlement data is preliminary; the S105 data reflects the actual kilowatt-hour data.

1 of \$1,199,266, which was calculated using the Company's short-term borrowing rate as
2 provided for in the FAC tariff and the Commission's FAC rules, there was a total over-
3 recovery from customers for the 27th Recovery Period of \$474,553. Schedule MA-TU to
4 this testimony contains the details of the calculation that produce the amount to be refunded
5 to customers.

6 **Q: How will that sum be reflected in customer rates?**

7 A: As earlier noted, it has been included as part of the adjustment to the FAR rates being filed
8 concurrently with the initiation of this docket.

9 **Q: Does this conclude your direct testimony?**

10 A: Yes, it does.

