

Exhibit No.:
Issues: Adjustment to FAC Rate –
Thirty-Third Accumulation
Period
Witness: Marci L. Althoff
Type of Exhibit: Direct Testimony
Sponsoring Party: Union Electric Co.
Case No.: ER-2020-_____
Date Testimony Prepared: March 27, 2020

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

MARCI L. ALTHOFF

**St. Louis, Missouri
March, 2020**

DIRECT TESTIMONY

OF

MARCI L. ALTHOFF

Case No. ER-2020-_____

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 9th Revised Sheet No. 74.13 of Ameren Missouri’s Schedule
11 No. 6 – Schedule of Rates for Electric Service, that is being filed by Ameren Missouri to
12 adjust customer rates for changes in Ameren Missouri’s fuel and purchased power costs,
13 net off-system sales revenues, and associated transportation (i.e., Actual Net Energy Costs,
14 or “ANEC”), which were experienced during the four-month period October 2019 through
15 January 2020.¹

¹ This four-month period is the thirty-third overall Accumulation Period under Ameren Missouri’s Rider FAC, which was first approved by the Commission in Case No. ER-2008-0318, and which has subsequently been re-authorized, with certain modifications, in Case Nos. ER-2010-0036, ER-2011-0028, ER-2012-0166, ER-2014-0258 and ER-2016-0179.

1 **Q: Please explain why Ameren Missouri is filing a revision to its Rider FAC at this time.**

2 A: The Commission’s rule governing fuel and purchased power cost recovery mechanisms for
3 electric utilities – specifically 20 CSR 4240-20.090(8) – and Ameren Missouri’s Rider
4 FAC, require Ameren Missouri to make periodic filings to adjust customer rates for
5 changes in Ameren Missouri’s ANEC experienced during each Accumulation Period² as
6 compared to the base level of net energy costs (Factor “B” as listed in the Company’s Rider
7 FAC tariff) applicable to that same Accumulation Period. That change is to then be
8 reflected in an adjustment to the Rider FAC Fuel Adjustment Rate (i.e., Factor “FAR” in
9 Rider FAC). This adjustment can be positive (a FAR of greater than zero) or negative (a
10 FAR of less than zero). The Commission’s rule requires at least one such review and
11 adjustment each year. Ameren Missouri’s approved FAC tariff calls for three filings
12 annually – one filing covering each of the three four-month Accumulation Periods reflected
13 in Rider FAC. The changes in the FAR implemented in these three filings are then
14 collected from or refunded to customers over the applicable Recovery Period. The
15 Recovery Period applicable to this filing will begin on the first day of the June billing
16 month, May 27, 2020 and will run through January 31, 2021.³

17 **Q: What adjustment is being made in this filing?**

18 A: During the October 1, 2019 to January 31, 2020 Accumulation Period, Ameren Missouri’s
19 ANEC was \$138,078,455 which was a decrease of \$29,894,661 as compared to Factor B,
20 which totaled \$167,973,116 during that same period. The factors driving this decrease

² Capitalized terms not otherwise defined herein have the meaning given them in Rider FAC.

³ As indicated in the filing letter submitted with the tariff sheet being filed to implement that change in the FAR, as a result of the March 2, 2020 *Corrected Non-Unanimous Stipulation and Agreement* approved by the Commission in File No. ER-2019-0335, Recovery Periods are being converted to match calendar months instead of billing months which will result in the FAR set in this docket remaining in effect to September 30, 2020, and will make the Recovery Period run to January 31, 2021.

1 below net base energy costs (Factor B) were lower fuel costs for load partially offset by
2 lower net capacity revenues and lower off-system sales margins as compared to Factor B.
3 Fuel costs for load decreased as a result of the lower cost coal and coal transportation
4 contracts that were entered into starting in early 2018. Net capacity revenues decreased as
5 a result of lower capacity prices received in MISO's capacity market as compared to prices
6 used to establish Factor B and off-system sales margins decreased primarily as a result of
7 lower market prices. Also included in this filing is the true-up amount reflected in the
8 Company's thirtieth true-up filing, which is being filed concurrently with the initiation of
9 this docket. The above results in a Fuel and Purchased Power Adjustment ("FPA") of -
10 \$29,411,047 which, as described further below, will produce the FAR rates that will appear
11 as a separate line item to be applied to customers' bills during the 33rd Recovery Period that
12 starts with the first day of the June 2020 billing month.

13 **Q: Please further describe the impact of the change in the FAR on the Company's**
14 **customers.**

15 A: The \$29,894,661 decrease in ANEC during the 33rd Accumulation Period as compared to
16 Factor B for that Accumulation Period was calculated in the manner specified in the
17 Company's Rider FAC, and adjusted for voltage level differences, as provided for in Rider
18 FAC. Applying the 95% sharing ratio, the true-up amount of -\$1,446,580 from the thirtieth
19 true-up filing (made concurrently with the initiation of this docket) and the applicable
20 recovery of interest totaling \$435,461 as provided for in Rider FAC (which includes the
21 refund of \$110,569 in interest for Accumulation Period 33 and the recovery of \$546,030
22 in interest for the true-up of Accumulation Period 30), the total adjustment to be reflected
23 in the FAR is -\$29,411,047. That total, when using the estimated kilowatt-hour ("kWh")

1 sales for the Recovery Period, results in the following FAR amounts for the Company's
2 customers during that Recovery Period, beginning with the billing month of June 2020:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	-0.207 ¢/kWh
Primary	-0.201 ¢/kWh
Transmission	-0.195 ¢/kWh

3 Filed concurrently with my direct testimony is the tariff sheet that contains the formula that
4 Ameren Missouri used to calculate the FAR. Also included in the tariff sheet are the values
5 for each element of the formula that were used to derive the FAR. Assuming 1,022 kWh
6 of usage per month for the average residential customer, this will result in a refund under
7 the FAR of approximately \$2.12 per month. The refund is larger for the average residential
8 customer than the \$0.80 per month under the current FAR since the new FAR is more
9 negative. The primary factor driving this change in the FAR was lower fuel costs for load
10 in Accumulation Period 33 as compared to Accumulation Period 31 and the net base energy
11 costs applicable to each period. Decreases in the fuel costs for load during Accumulation
12 Period 33 as compared to Accumulation Period 31 and the net base energy costs applicable
13 to each period primarily were the result of the plant outages at Ameren Generating
14 Facilities including the Callaway Energy Center that occurred during Accumulation Period
15 31. These outages caused fuel costs for load to increase as higher cost purchased power
16 was used to supplement our lower cost generation in Accumulation Period 31.

17 **Q: How did you develop the various values used to derive the proposed FAR shown on**
18 **the tariff sheet?**

1 A: The data upon which Ameren Missouri based the values for each of the variables in the
2 approved FAR formula is shown in Schedule MA-FAR. This schedule contains all the
3 information that is required by 20 CSR 4240-20.090(8), and the workpapers that support
4 the data contained in Schedule MA-FAR. I have also included Schedule MA-TU, which
5 is a reproduction of Schedule MA-TU filed in the separate true-up docket for the thirtieth
6 Recovery Period, which as earlier noted is being filed concurrently with the initiation of
7 this docket.

8 **Q: If the rate schedule filed by Ameren Missouri is approved or allowed to go into effect,**
9 **what safeguards exist to ensure that the revenues the Company collects do not exceed**
10 **the net energy costs that Ameren Missouri actually incurred during the Accumulation**
11 **Period?**

12 A: Ameren Missouri's Rider FAC and the Commission's rules provide two mechanisms to
13 ensure that amounts collected from customers do not exceed Ameren Missouri's actual,
14 prudently-incurred ANEC. First, Rider FAC and the Commission's rules require a true-up
15 of the amounts collected from customers through Rider FAC, with any excess/unrecovered
16 amounts to be refunded/billed to customers through prospective adjustments to the FAR
17 calculation, with interest at Ameren Missouri's short-term borrowing rate. Second,
18 Ameren Missouri's ANEC are subject to periodic prudence reviews to ensure that only
19 prudently-incurred net energy costs are collected from customers through Ameren
20 Missouri's Rider FAC. These two mechanisms serve as checks that ensure that the
21 Company's customers pay only the prudently-incurred ANEC and no more.

22 **Q: What action is Ameren Missouri requesting from the Commission with respect to the**
23 **rate schedule that the Company has filed?**

1 A: As provided by 20 CSR 4240-20.090(8), the Commission Staff (the “Staff”) has thirty (30)
2 days from the date the revised FAC rate schedule is filed to conduct a review and to make
3 a recommendation to the Commission as to whether the rate schedule complies with the
4 Commission’s rules, the requirements of Section 386.266, RSMo (2016), and Ameren
5 Missouri’s approved Rider FAC. If the Commission finds the revised Rider FAC rate
6 schedule does comply, the FAR will take effect either pursuant to a Commission order
7 approving the FAR or by operation of law, in either case within 60 days after the FAR is
8 filed. Because Ameren Missouri believes its filing satisfies all of the requirements of
9 applicable statutes, the Commission’s rules and Ameren Missouri’s approved Rider FAC,
10 Ameren Missouri requests that after the Staff’s review, the Commission approve the FAR
11 or otherwise allow it to take effect by operation of law to be effective on the first day of
12 the June 2020 billing month (May 27, 2020).

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

14 A: Yes, it does.

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

In the Matter of the Adjustment of Union Electric Company)
d/b/a Ameren Missouri's Fuel Adjustment Clause for the)
33rd Accumulation Period.)

File No. ER-2020-

AFFIDAVIT OF MARCI L. ALTHOFF

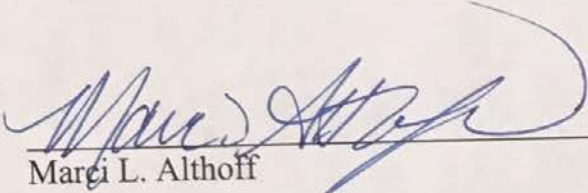
STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

Marci L. Althoff, being first duly sworn on her oath, states:

1. My name is Marci L. Althoff. I work in the City of St. Louis, Missouri, and I am employed by Ameren Services as Manager, Finance Transformation.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 6 pages and Schedule MA-FAR and MA-TU, all of which have been prepared in written form for filing in the above-referenced docket.

3. Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.



Marci L. Althoff

Subscribed and sworn to me this 24th day of March, 2020