

Exhibit No.:
Issues: Adjustment to FAC Rate –
Twenty-Fifth Accumulation
Period
Witness: Marci L. Althoff
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2018-_____
Date Testimony Prepared: July 27, 2017

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

MARCI L. ALTHOFF

July, 2017
St. Louis, Missouri

NP

DIRECT TESTIMONY

OF

MARCI L. ALTHOFF

Case No. ER-2018-_____

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, Power
6 and Fuels Accounting. Ameren Services provides various corporate support services to
7 Union Electric Company d/b/a Ameren Missouri (“Company” or “Ameren Missouri”),
8 including settlement and accounting related to fuel, purchased power and off-system
9 sales.

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

11 A: My testimony supports the 1st Revised Sheet No. 74.13 of Ameren Missouri’s Schedule
12 No. 6 – Schedule of Rates for Electric Service, that is being filed by Ameren Missouri to
13 adjust customer rates for changes in Ameren Missouri’s fuel and purchased power costs,
14 net off-system sales revenues, and associated transportation (i.e., Actual Net Energy
15 Costs, or “ANEC”), which were experienced during the four-month period February
16 2017 through May 2017.¹

¹ This four-month period is the twenty-fifth 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-

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

3 A: The Commission’s rule governing fuel and purchased power cost recovery mechanisms
4 for electric utilities – specifically 4 CSR 240-20.090(4) – and Ameren Missouri’s Rider
5 FAC, require Ameren Missouri to make periodic filings to adjust customer rates for
6 changes in Ameren Missouri’s ANEC experienced during each Accumulation Period as
7 compared to the base level of net energy costs (Factor “B” as listed in the Company’s
8 Rider FAC tariff) applicable to that same Accumulation Period. That change is to then be
9 reflected in an adjustment to the Rider FAC Fuel Adjustment Rate (i.e., Factor “FAR” in
10 Rider FAC). This adjustment can be positive (a FAR of greater than zero) or negative (a
11 FAR of less than zero). The Commission’s rule requires at least one such review and
12 adjustment each year. Ameren Missouri’s approved FAC tariff calls for three filings
13 annually – one filing covering each of the three four-month Accumulation Periods
14 reflected in Rider FAC. The changes in the FAR implemented in these three filings are
15 then collected from or refunded to customers over the applicable Recovery Period. The
16 Recovery Period applicable to this filing will consist of the billing months of October
17 2017 through May 2018.

18 **Q. What adjustment is being made in this filing?**

19 A. Ameren Missouri’s ANEC during the February 1, 2017 to May 31, 2017 Accumulation
20 Period decreased by \$7,447,235 as compared to the Factor “B” applicable to that same
21 period. The primary factors driving this decrease below the base (Factor "B") were lower
22 fuel costs and higher net capacity revenues partially offset by lower off-system sales

authorized, with certain modifications, in Case Nos. ER-2010-0036, ER-2011-0028, ER-2012-0166, ER-2014-0258 and ER-2016-0179.

1 margins and the Adjustment for Reduction of Service Classification 12(M) or 13(M)
2 Billing Determinants provided for in Rider FAC (referred to as the “N Factor” and
3 calculated in accordance with the Commission’s *Order Approving Second Stipulation*
4 *and Agreement* in Case No. ER-2016-0130).² Also included in this filing is the true-up
5 amount reflected in the Company’s twenty-second true-up filing, which is being filed
6 concurrently with the initiation of this docket. The above results in a Fuel and Purchased
7 Power Adjustment (FPA) of -\$6,258,396 which, as described further below, will produce
8 the FAR rates that will appear as a separate line item to be applied to customers' bills
9 during the 25th Recovery Period that starts with the first day of the October, 2017 billing
10 month.

11 **Q: Please further describe the impact of the change in the FAR on the Company’s**
12 **customers.**

13 A: The \$7,447,235 decrease in ANEC during the 25th Accumulation Period as compared to
14 Factor “B” for that Accumulation Period was calculated in the manner specified in the
15 Company’s Rider FAC, and adjusted for voltage level differences, as provided for in
16 Rider FAC. Applying the 95% sharing ratio, the true-up amount of \$289,541 from the
17 twenty-second true-up filing (made concurrently with the initiation of this docket) and the
18 applicable recovery of interest totaling \$526,936 as provided for in Rider FAC (which
19 includes the refund of \$10,509 in interest for the Accumulation Period 25 and the
20 recovery of \$537,445 in interest for the true-up of Recovery Period 22), the total
21 adjustment to be reflected in the FAR is -\$6,258,396. That total, when using the
22 estimated kWh sales for the October 2017 to May 2018 Recovery Period, results in the

² The N Factor applied for two of the four months of the accumulation period at issue in this docket (February and March, 2017).

1 following FAR amounts for the Company's customers during that Recovery Period,
2 beginning with the billing month of October 2017:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	-0.026 ¢/kWh
Primary	-0.025 ¢/kWh
Transmission	-0.024 ¢/kWh

3
4 Filed concurrently with my direct testimony is the tariff sheet that contains the formula
5 that Ameren Missouri used to calculate the FAR. Also included in the tariff sheet are the
6 values for each element of the formula that were used to derive the FAR. This will result
7 in refunds under the FAR of approximately \$0.26 per month for a typical residential
8 customer. This is a decrease from the FAR currently in effect, which resulted in a charge
9 of approximately \$0.70 per month for the typical residential customer.

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

12 A: The data upon which Ameren Missouri based the values for each of the variables in the
13 approved FAR formula is shown in Schedule MA-FAR. This schedule contains all the
14 information that is required by 4 CSR 240-3.161(7)(A), the additional N Factor
15 adjustment data described earlier, and the workpapers that support the data contained in
16 Schedule MA-FAR. I have also included Schedule MA-TU, which is a reproduction of
17 Schedule MA-TU filed in the separate true-up docket for the twenty-second Recovery

1 Period, which as earlier noted is being filed concurrently with the initiation of this
2 docket.³

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

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

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

20 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the "Staff") has thirty (30)
21 days from the date the revised FAC rate schedule is filed to conduct a review and to make

² While the Commission's FAC rules allow filings relating to changes in ANEC to be combined in one filing with the true-up of past Recovery Periods, after consultation with the Staff it is the Company's understanding that the Staff prefers separate filings, but also prefers that sums reflected in such concurrently-filed true-ups be included in the new FAR rates filed in the separate Accumulation Period filing.

1 a recommendation to the Commission as to whether the rate schedule complies with the
2 Commission's rules, the requirements of Section 386.266, RSMo (2016), and Ameren
3 Missouri's approved Rider FAC. If the Commission finds the revised Rider FAC rate
4 schedule does comply, the FAR will take effect either pursuant to a Commission order
5 approving the FAR or by operation of law, in either case within 60 days after the FAR
6 was filed. Because Ameren Missouri believes its filing satisfies all of the requirements of
7 applicable statutes, the Commission's rules and Ameren Missouri's approved Rider FAC,
8 Ameren Missouri requests that after the Staff's review, the Commission approve the FAR
9 to be effective with the billing month of October 2017.

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

11 **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 25th Accumulation Period) File No. ER-2018-

AFFIDAVIT OF MARCI L. ALTHOFF

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

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

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

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 7 pages and Schedule MA-FAR NP, all of which have been prepared in written form for filing in the above-referenced docket.

3. I hereby swear and affirm that the information contained in the attached testimony to the questions therein propounded is true and correct.



Marci L. Althoff

Subscribed and sworn to before me this 27th day of July 2017.



Notary Public

My commission expires:



ER-2018-_____

SCHEDULE MA-FAR
HAS BEEN MARKED
HIGHLY CONFIDENTIAL
IN ITS ENTIRETY

NP