

Exhibit No.:
Issues: Adjustment to FAC
Rate – Twenty-Ninth
Accumulation Period
Witness: Marci L. Althoff
Type of Exhibit: Direct Testimony
Sponsoring Party: Union Electric Co.
Case No.: ER-2019-_____
Date Testimony Prepared: November 20, 2018

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

MARCI L. ALTHOFF

**St. Louis, Missouri
November, 2018**

DIRECT TESTIMONY

OF

MARCI L. ALTHOFF

Case No. ER-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
3 Chouteau 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,
6 Power and Fuels Accounting. Ameren Services provides various corporate
7 support services to Union Electric Company d/b/a Ameren Missouri (“Company”
8 or “Ameren Missouri”), including settlement and accounting related to fuel,
9 purchased power, and off-system sales.

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

11 A: My testimony supports the 5th Revised Sheet No. 74.13 of Ameren Missouri’s
12 Schedule No. 6 – Schedule of Rates for Electric Service, that is being filed by
13 Ameren Missouri to adjust customer rates for changes in Ameren Missouri’s fuel
14 and purchased power costs, net off-system sales revenues, and associated
15 transportation (i.e., Actual Net Energy Costs, or “ANEC”), which were
16 experienced during the four-month period June 2018 through September 2018.¹

¹ This four-month period is the twenty-ninth 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 Fuel**
2 **Adjustment Clause (“FAC”) at this time.**

3 A: The Commission’s rule governing fuel and purchased power cost recovery
4 mechanisms for electric utilities – specifically 4 CSR 240-20.090(4) – and
5 Ameren Missouri’s Rider FAC, require Ameren Missouri to make periodic filings
6 to adjust customer rates for changes in Ameren Missouri’s ANEC experienced
7 during each Accumulation Period as compared to the base level of net energy
8 costs (Factor “B” as listed in the Company’s Rider FAC tariff) applicable to that
9 same Accumulation Period. That change is to then be reflected in an adjustment
10 to the Rider FAC Fuel Adjustment Rate (i.e., Factor “FAR” in Rider FAC). This
11 adjustment can be positive (a FAR of greater than zero) or negative (a FAR of
12 less than zero). The Commission’s rule requires at least one such review and
13 adjustment each year. Ameren Missouri’s approved FAC tariff calls for three
14 filings annually – one filing covering each of the three four-month Accumulation
15 Periods reflected in Rider FAC. The changes in the FAR implemented in these
16 three filings are then collected from or refunded to customers over the applicable
17 Recovery Period. The Recovery Period applicable to this filing will consist of the
18 billing months of February 2019 through September 2019.

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

20 A. Ameren Missouri’s ANEC during the June 1, 2018 to September 30, 2018
21 Accumulation Period decreased by \$8,843,852 as compared to the Factor “B”
22 applicable to that same period. The factors driving this decrease below net base
23 energy costs (Factor "B") were lower fuel costs for load, partially offset by lower

1 net capacity revenues and lower off-system sales margins. Also included in this
2 filing is the true-up amount reflected in the Company's twenty-sixth true-up
3 filing, which is being filed concurrently with the initiation of this docket. The
4 above results in a Fuel and Purchased Power Adjustment ("FPA") of -\$8,877,227
5 which, as described further below, will produce the FAR rates that will appear as
6 a separate line item to be applied to customers' bills during the 29th Recovery
7 Period that starts with the first day of the February, 2019 billing month.

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

10 A: The \$8,843,852 decrease in ANEC during the 29th Accumulation Period as
11 compared to Factor "B" for that Accumulation Period was calculated in the
12 manner specified in the Company's Rider FAC, and adjusted for voltage level
13 differences, as provided for in Rider FAC. Applying the 95% sharing ratio, the
14 true-up amount of \$15,060 from the twenty-sixth true-up filing (made
15 concurrently with the initiation of this docket) and the applicable refund of
16 interest totaling \$490,628 as provided for in Rider FAC (which includes the
17 refund of \$41,314 in interest for the Accumulation Period 29 and the refund of
18 \$449,314 in interest for the true-up of Recovery Period 26), the total adjustment
19 to be reflected in the FAR is -\$8,877,227. That total, when using the estimated
20 kWh sales for the February 2019 to September 2019 Recovery Period, results in
21 the following FAR amounts for the Company's customers during that Recovery
22 Period, beginning with the billing month of February 2019:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	-0.019 ¢/kWh
Primary	-0.018 ¢/kWh
Transmission	-0.018 ¢/kWh

1 Filed concurrently with my direct testimony is the tariff sheet that contains the
2 formula that Ameren Missouri used to calculate the FAR. Also included in the
3 tariff sheet are the values for each element of the formula that were used to derive
4 the FAR. This will result in refunds under the FAR of approximately \$0.19 per
5 month for a typical residential customer. This is a decrease from the FAR
6 currently in effect, which resulted in a charge of approximately \$1.99 per month
7 for the typical residential customer. The primary factors driving this decrease in
8 the FAR were lower fuel costs for load and higher off-system sales margins in
9 Accumulation Period 29 as compared to Accumulation Period 27 and the net base
10 energy costs applicable to each period. Fuel costs decreased due to the
11 replacement of higher cost coal and freight contracts with lower cost contracts in
12 early 2018 and the dispatch of lower cost resources during Accumulation Period
13 29 which were not available in Accumulation Period 27 as a result of the
14 Callaway Energy Center refueling outage that took place from October 2017 to
15 December 2017.

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

18 A: The data upon which Ameren Missouri based the values for each of the variables
19 in the approved FAR formula is shown in Schedule MA-FAR. This schedule

1 contains all the information that is required by 4 CSR 240-3.161(7)(A), and the
2 workpapers that support the data contained in Schedule MA-FAR. I have also
3 included Schedule MA-TU, which is a reproduction of Schedule MA-TU filed in
4 the separate true-up docket for the twenty-sixth Recovery Period, which as earlier
5 noted is being filed concurrently with the initiation of this docket.²

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

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

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

3 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the “Staff”) has
4 thirty (30) days from the date the revised FAC rate schedule is filed to conduct a
5 review and to make a recommendation to the Commission as to whether the rate
6 schedule complies with the Commission’s rules, the requirements of Section
7 386.266, RSMo (2016), and Ameren Missouri’s approved Rider FAC. If the
8 Commission finds the revised Rider FAC rate schedule does comply, the FAR
9 will take effect either pursuant to a Commission order approving the FAR or by
10 operation of law, in either case within sixty (60) days after the FAR is filed.
11 Because Ameren Missouri believes its filing satisfies all of the requirements of
12 applicable statutes, the Commission’s rules and Ameren Missouri’s approved
13 Rider FAC, Ameren Missouri requests that after the Staff’s review, the
14 Commission approve the FAR or otherwise allow it to take effect by operation of
15 law to be effective on the first day of the February 2019, billing month (January
16 25, 2019).

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

18 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 29th Accumulation Period.) File No. ER-2019-

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, 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 6 pages and Schedules MA-FAR and MA-TU, 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 20th day of November, 2018.



Notary Public

My commission expires: March 7, 2021

