

Exhibit No.:  
Issues: Adjustment to FAC Rate –  
Thirtieth Accumulation Period  
Witness: Marci L. Althoff  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Union Electric Co.  
Case No.: ER-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. 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 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 6<sup>th</sup> 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 2018 through  
15 January 2019.<sup>1</sup>

---

<sup>1</sup> This four-month period is the thirtieth 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 4 CSR 240-20.090(8) – and Ameren Missouri’s Rider FAC,  
4 require Ameren Missouri to make periodic filings to adjust customer rates for changes in  
5 Ameren Missouri’s ANEC experienced during each Accumulation Period<sup>2</sup> as compared to  
6 the base level of net energy costs (Factor “B” as listed in the Company’s Rider FAC tariff)  
7 applicable to that same Accumulation Period. That change is to then be reflected in an  
8 adjustment to the Rider FAC Fuel Adjustment Rate (i.e., Factor “FAR” in Rider FAC).  
9 This adjustment can be positive (a FAR of greater than zero) or negative (a FAR of less  
10 than zero). The Commission’s rule requires at least one such review and adjustment each  
11 year. Ameren Missouri’s approved FAC tariff calls for three filings annually – one filing  
12 covering each of the three four-month Accumulation Periods reflected in Rider FAC. The  
13 changes in the FAR implemented in these three filings are then collected from or refunded  
14 to customers over the applicable Recovery Period. The Recovery Period applicable to this  
15 filing will consist of the billing months of June 2019 through January 2020.

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

17 A: During the October 1, 2018 to January 31, 2019 Accumulation Period, Ameren Missouri’s  
18 ANEC was \$145,529,140 which was a decrease of \$30,223,558 as compared to Factor B,  
19 which totaled \$175,752,698 during that same period. The factors driving this decrease  
20 below net base energy costs (Factor B) were lower fuel costs for load and higher off-system  
21 sales margins, partially offset by lower net capacity revenues as compared to Factor B.  
22 Fuel costs for load decreased primarily as a result of the lower cost coal and freight

---

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

1 contracts that became effective in early 2018. Off-system sales margins increased  
2 primarily as a result of stronger market prices and lower coal and freight costs to generate  
3 sales. Lastly, net capacity revenues decreased as a result of lower capacity prices received  
4 in MISO's capacity market as compared to the prices used to establish Factor B. Also  
5 included in this filing is the true-up amount reflected in the Company's twenty-seventh  
6 true-up filing, which is being filed concurrently with the initiation of this docket. The  
7 above results in a Fuel and Purchased Power Adjustment ("FPA") of -\$29,373,701 which,  
8 as described further below, will produce the FAR rates that will appear as a separate line  
9 item to be applied to customers' bills during the 30<sup>th</sup> Recovery Period that starts with the  
10 first day of the June 2019 billing month.

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

13 A: The \$30,223,558 decrease in ANEC during the 30<sup>th</sup> 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 Rider  
16 FAC. Applying the 95% sharing ratio, the true-up amount of -\$1,673,819 from the twenty-  
17 seventh true-up filing (made concurrently with the initiation of this docket) and the  
18 applicable recovery of interest totaling \$1,012,498 as provided for in Rider FAC (which  
19 includes the refund of \$186,768 in interest for Accumulation Period 30 and the recovery  
20 of \$1,199,266 in interest for the true-up of Recovery Period 27), the total adjustment to be  
21 reflected in the FAR is -\$29,373,701. That total, when using the estimated kilowatt-hour  
22 ("kWh") sales for the June 2019 to January 2020 Recovery Period, results in the following

1 FAR amounts for the Company's customers during that Recovery Period, beginning with  
2 the billing month of June 2019:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	-0.176 ¢/kWh
Primary	-0.170 ¢/kWh
Transmission	-0.165 ¢/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 1,015 kWh  
6 of usage per month for the average residential customer, this will result in a refund under  
7 the FAR of approximately \$1.79 per month. This is a decrease from the FAR currently in  
8 effect, which resulted in a refund of approximately \$0.19 per month for the average  
9 residential customer. The primary factors driving this decrease in the FAR were lower fuel  
10 costs for load and higher off-system sales margins in Accumulation Period 30 as compared  
11 to Accumulation Period 28 and the net base energy costs applicable to each period. Fuel  
12 costs for load decreased primarily as a result of the lower cost coal and freight contracts  
13 that became effective in early 2018. Additionally, off-system sales margins increased  
14 because of stronger market prices in Accumulation Period 30 versus Accumulation Period  
15 28 and the lower coal and freight costs to generate sales.

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

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

1 information that is required by 4 CSR 240-20.090(8), and the workpapers that support the  
2 data contained in Schedule MA-FAR. I have also included Schedule MA-TU, which is a  
3 reproduction of Schedule MA-TU filed in the separate true-up docket for the twenty-  
4 seventh Recovery Period, which as earlier noted is being filed concurrently with the  
5 initiation of this docket.

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

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

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

22 A: As provided by 4 CSR 240-20.090(8), the Commission Staff (the "Staff") has thirty (30)  
23 days from the date the revised FAC rate schedule is filed to conduct a review and to make

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 is  
6 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 or otherwise allow it to take effect by operation of law to be effective on the first day of  
10 the June 2019, billing month (May 24, 2019).

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

12 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 30<sup>th</sup> Accumulation Period.    )       File No. ER-2019-

**AFFIDAVIT OF MARCI L. ALTHOFF**

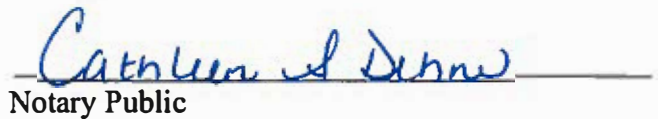
STATE OF MISSOURI        )  
  ) ss  
CITY OF ST. LOUIS        )

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, 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. 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 25<sup>th</sup> day of March, 2019.

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

My commission expires: 3/7/2021

