

Exhibit No.:
Issues: Adjustment to FAC Rate –
Twenty-Seventh Accumulation
Period
Witness: Marci L. Althoff
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2018-_____
Date Testimony Prepared: March 23, 2018

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

MARCI L. ALTHOFF

March, 2018
St. Louis, Missouri

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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 3rd 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 October 2017
16 through January 2018.¹

¹¹ This four-month period is the twenty-seventh 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**
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 June 2018
17 through January 2019.

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

19 A. Ameren Missouri’s ANEC during the October 1, 2017 to January 31, 2018 Accumulation
20 Period increased by \$39,233,547 as compared to the Factor “B” applicable to that same
21 period. The primary factors driving this increase above the base (Factor "B") were higher
22 fuel costs, primarily due to greater dispatch of higher-cost resources during the Callaway
23 Energy Center refueling outage during October to December 2017, lower off-system

1 sales margins, and lower net capacity revenues due to lower capacity prices received in
2 MISO's capacity market as compared to the prices used to establish the base. Also
3 included in this filing is the true-up amount reflected in the Company's twenty-fourth
4 true-up filing, which is being filed concurrently with the initiation of this docket. The
5 above results in a Fuel and Purchased Power Adjustment (FPA) of \$37,812,059 which, as
6 described further below, will produce the FAR rates that will appear as a separate line
7 item to be applied to customers' bills during the 27th Recovery Period that starts with the
8 first day of the June, 2018 billing month.

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

11 A: The \$39,233,547 increase in ANEC during the 27th Accumulation Period as compared to
12 Factor "B" for that Accumulation Period was calculated in the manner specified in the
13 Company's Rider FAC, and adjusted for voltage level differences, as provided for in
14 Rider FAC. Applying the 95% sharing ratio, the true-up amount of -\$122,059 from the
15 twenty-fourth true-up filing (made concurrently with the initiation of this docket) and the
16 applicable recovery of interest totaling \$662,248 as provided for in Rider FAC (which
17 includes the recovery of \$148,993 in interest for the Accumulation Period 27 and the
18 recovery of \$513,255 in interest for the true-up of Recovery Period 24), the total
19 adjustment to be reflected in the FAR is \$37,812,059. That total, when using the
20 estimated kWh sales for the June 2018 to January 2019 Recovery Period, results in the
21 following FAR amounts for the Company's customers during that Recovery Period,
22 beginning with the billing month of June 2018:

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<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	0.231 ¢/kWh
Primary	0.225 ¢/kWh
Transmission	0.218 ¢/kWh

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Filed concurrently with my direct testimony is the tariff sheet that contains the formula that Ameren Missouri used to calculate the FAR. Also included in the tariff sheet are the values for each element of the formula that were used to derive the FAR. This will result in charges under the FAR of approximately \$2.34 per month for a typical residential customer. This is an increase from the FAR currently in effect, which resulted in a charge of approximately \$0.27 per month for the typical residential customer.

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

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A: The data upon which Ameren Missouri based the values for each of the variables in the approved FAR formula is shown in Schedule MA-FAR. This schedule contains all the information that is required by 4 CSR 240-3.161(7)(A), and the workpapers that support the data contained in Schedule MA-FAR. I have also included Schedule MA-TU, which is a reproduction of Schedule MA-TU filed in the separate true-up docket for the twenty-fourth Recovery Period, which as earlier noted is being filed concurrently with the initiation of this docket.²

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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

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

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

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

18 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the “Staff”) has thirty (30)
19 days from the date the revised FAC rate schedule is filed to conduct a review and to make
20 a recommendation to the Commission as to whether the rate schedule complies with the
21 Commission’s rules, the requirements of Section 386.266, RSMo (2016), and Ameren
22 Missouri’s approved Rider FAC. If the Commission finds the revised Rider FAC rate

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 schedule does comply, the FAR will take effect either pursuant to a Commission order
2 approving the FAR or by operation of law, in either case within 60 days after the FAR is
3 filed. Because Ameren Missouri believes its filing satisfies all of the requirements of
4 applicable statutes, the Commission's rules and Ameren Missouri's approved Rider FAC,
5 Ameren Missouri requests that after the Staff's review, the Commission approve the FAR
6 or otherwise allow it to take effect by operation of law to be effective on the first day of
7 the June 2018, billing month (May 24, 2018).

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

9 A: Yes, it does

