

Exhibit No.:
Issue(s): Retail Revenue
Witness: Joel McNutt
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: GR-2021-0241
Date Testimony Prepared: October 15, 2021

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

REBUTTAL TESTIMONY

OF

JOEL MCNUTT

**UNION ELECTRIC COMPANY
d/b/a Ameren Missouri**

CASE NO. GR-2021-0241

*Jefferson City, Missouri
October 2021*

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **JOEL MCNUTT**

4 **UNION ELECTRIC COMPANY**

5 **d/b/a Ameren Missouri**

6 **CASE NO. GR-2021-0241**

7 Q. Please state your name and business address.

8 A. Joel McNutt, 200 Madison Street, Jefferson City, MO 65101.

9 Q. By whom are you employed and in what capacity?

10 A. I am employed by the Missouri Public Service Commission (“Commission”) as
11 an Economics Analyst for the Tariff and Rate Design Department, of the Industry Analysis
12 Division of the Commission Staff.

13 Q. Are you the same Joel McNutt who has previously filed testimony in Staff’s
14 Revenue Requirement Cost of Service Report in this case?

15 A. Yes.

16 Q. What is the purpose of your rebuttal testimony?

17 A. The purpose of my rebuttal testimony is to address Ameren Missouri’s continued
18 execution of certain Special Contracts and to provide an adjustment to Staff’s calculation of
19 revenue for Special Contract customers.

20 **EXECUTION OF CERTAIN SPECIAL CONTRACTS**

21 Q. Do the workpapers of Ameren Missouri Witness Michael Harding provide
22 support for continuing certain contracts originally initiated under Ameren Missouri’s Special
23 Contract tariff?

1 A. Not completely. Mr. Harding provided workpapers that appear to provide a
2 value for the cost to bypass, which is the customer's cost to construct their own infrastructure
3 to connect to the transmission pipeline, for customers currently served on the Special Contract
4 tariff.¹ However, when Staff inquired about how the cost of bypass was calculated, Ameren
5 Missouri responded that the actual cost to bypass is not known and the cost to bypass that was
6 provided in Mr. Harding's workpapers were an engineering estimate of what Ameren Missouri
7 thinks may be the cost to bypass for these customers. However, Ameren Missouri admits the
8 cost may be higher or lower and does not provide any further details as to how the engineering
9 estimate was derived².

10 Q. Does Ameren Missouri's Special Contract tariff state that it can charge a specific
11 flexed transportation charge?

12 A. No. The tariff states:

13 The right to charge a lower Transportation Charge shall be exercised on
14 a case-by-case basis at the discretion of the Company without
15 Commission approval. Said right may be exercised only if the customer
16 certifies to the Company (in a form acceptable to the Company), and the
17 Company is convinced that: (i) bypass of Union Electric by an
18 intrastate or interstate upstream pipeline is imminent; (ii) without the
19 Company's lowering the Transportation Charge, the customer will
20 bypass Union Electric; and (iii) the rate flexed is prudent given the level
21 of customer's total cost to bypass.

22 Ratemaking treatment of any flexed Transportation Charges will
23 be reviewed and considered by the Commission in subsequent
24 rate proceedings.

25 Staff's concern is that if the cost to bypass is not actually known, then it is nearly
26 impossible for Staff to evaluate the reasonableness of Ameren Missouri's continued execution
27 of the contract.

¹ There are currently three customers served on the Special Contract tariff. Two of the three customers have contracts that are being renewed annually because the initial term of the contracts has expired.

² Ameren Missouri response to Staff Data Request No. 0383

1 Q. What is Staff's recommendation regarding Special Contracts?

2 A. As stated on page 57 in Staff's direct testimony, "Staff annualized revenue for
3 this customer as if the customer was served under the Large Volume Transportation tariff
4 through the 12 months ending April 30, 2021. Staff will review customer contracts and revenues
5 through the true-up period ending September 30, 2021."

6 Staff recommends that until Ameren Missouri can provide actual support for
7 continuing certain contracts, a revenue imputation be performed as if the customer was not
8 served on the Special Contract tariff as provided in Ameren Missouri's Special Contract tariff.

9 Staff would expect that Ameren Missouri would require the customer
10 requesting to continue to receive the contract rate would provide the necessary documentation
11 including a detailed estimate of the cost to bypass to the Company for review. Staff would
12 further expect that the customer's documentation would be subject to Commission review in
13 subsequent rate cases.

14 **ADJUSTMENT OF STAFF'S REVENUE FOR SPECIAL CONTRACT CUSTOMERS**

15 Q. Does Staff have any corrections to its calculation of revenue for Special Contract
16 customers?

17 A. Yes. When reviewing gas usage and revenue provided by Ameren Missouri in
18 its direct filing for Special Contract customers, Staff noticed one account showed lower than
19 normal usage as compared to the prior rate case. Staff submitted data request (DR) No. 0382
20 to Ameren Missouri to inquire about the reduced usage. In response, Ameren Missouri informed
21 Staff that this specific account is only used on an as-needed basis, which is what lead to sporadic
22 usage during the test year and update period. In light of this explanation, Staff recommends

Rebuttal Testimony of
Joel McNutt

1 making an adjustment to usage and revenue to reflect the customer's usage levels from the last
2 rate case. This adjustment results in an addition to revenue of \$231.00.

3 Q. Does this conclude your rebuttal testimony?

4 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust Its)
Revenues for Natural Gas Service) Case No. GR-2021-0241

AFFIDAVIT OF JOEL McNUTT

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW JOEL McNUTT and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Joel McNutt*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

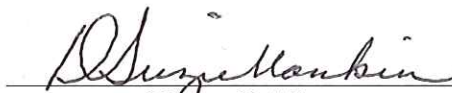


JOEL McNUTT

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of October 2021.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public