

*Exhibit No.:*  
*Issues:* MEEIA Accounting Conditions  
*Witness:* Mark L. Oligschlaeger  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case No.:* EO-2015-0055  
*Date Testimony Prepared:* February 2, 2018

**MISSOURI PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF DIVISION**

**AUDITING DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**MARK L. OLIGSCHLAEGER**

**UNION ELECTRIC COMPANY  
d/b/a AMEREN MISSOURI**

**CASE NO. EO-2015-0055**

*Jefferson City, Missouri  
February 2018*

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REBUTTAL TESTIMONY OF  
MARK L. OLIGSCHLAEGER  
KANSAS CITY POWER & LIGHT COMPANY  
CASE NO. ER-2016-0285**

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1 Q. What knowledge, skills, experience, training and education do you have in the  
2 areas of which you are testifying as an expert witness?

3 A. I have been employed by this Commission as a Regulatory Auditor for  
4 approximately 36 years and have submitted testimony on ratemaking matters numerous times  
5 before the Commission. I have also been responsible for the supervision of other Commission  
6 employees in rate cases and other regulatory proceedings many times. I have received  
7 continuous training at in-house and outside seminars on technical ratemaking matters since I  
8 began my employment at the Commission.

9 **EXECUTIVE SUMMARY**

10 Q. Please summarize your rebuttal testimony in this proceeding.

11 A. In this testimony, I will recommend that certain accounting conditions be  
12 imposed upon Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”), in the  
13 event the Commission accepts Ameren Missouri’s request in this application to classify the  
14 proposed Flex Pay Pilot program as a Missouri Energy Efficiency Investment Act (MEEIA)  
15 program for purposes of setting customer rates.

16 **MEEIA ACCOUNTING CONDITIONS**

17 Q. What is MEEIA?

18 A. MEEIA is a law enacted several years ago that, among other provisions, allows  
19 for special ratemaking treatment of certain financial impacts resulting from energy efficiency  
20 initiatives offered to customers by electric utilities in Missouri.

21 Q. What special ratemaking treatment applies to qualifying MEEIA expenditures?

22 A. Under MEEIA, electric utilities are allowed to recover MEEIA program costs,  
23 “throughput disincentive,” and performance awards outside of general rate cases through a

1 rate rider mechanism. Ameren Missouri is currently recovering MEEIA related financial  
2 impacts through such a rate rider mechanism.

3 Q. Why do MEEIA ratemaking practices enter into a discussion of Ameren  
4 Missouri's proposed Flex Pay Pilot program?

5 A. In the direct testimony of Ameren Missouri witness William (Bill) R. Davis in  
6 this proceeding, he proposes that the costs of the Flex Pay Pilot program be classified as  
7 MEEIA costs, and thus be eligible for recovery through the MEEIA rate rider.

8 Q. What is Staff's position regarding the proposed Flex Pay Pilot Program?

9 A. As discussed in the rebuttal testimony of Staff witness Brad J. Fortson in this  
10 proceeding, Staff is recommending that the Commission deny Ameren Missouri's application.

11 Q. In the event that the Commission approves Ameren Missouri's application to  
12 treat the Flex Pay Pilot program as a MEEIA cost, does Staff recommend that accounting  
13 conditions be placed upon that approval?

14 A. Yes. Staff recommends that the Commission order Ameren Missouri to record  
15 any and all Flex Pay Pilot program costs, both capital and expense, using special accounting  
16 codes to distinguish such costs from other incurred costs that are included in Ameren  
17 Missouri's base rates. This type of cost coding is already used by Ameren Missouri to  
18 identify existing MEEIA cost impacts.

19 Q. Why is this condition appropriate?

20 A. For two reasons.

21 First, MEEIA costs are initially included in the rate rider recovery mechanism on an  
22 estimated basis, later subject to true-up to actual incurred costs. Therefore, as Ameren  
23 Missouri actually incurs incremental costs associated with any Flex Pay Pilot it is authorized

1 to offer, it must track such ongoing costs in order for the MEEIA rate rider to reflect actual  
2 costs of the program appropriately.

3 Second, because MEEIA program financial impacts are recognized in customer rates  
4 outside of the general rate case process, such costs must be excluded from recoverable costs  
5 in Ameren Missouri rate cases. Separate tracking of these costs is warranted to ensure that  
6 Ameren Missouri does not receive double recovery of these costs in customer rates, once  
7 through the rate rider and once in base rates.

8 Q. Does Staff have other concerns regarding possible classification of a Flex Pay  
9 Program as a MEEIA program?

10 A. Yes. It is reasonable to expect that offering a flex-pay program to Ameren  
11 Missouri customers may result in certain financial savings to the utility, including a reduction  
12 in billing expenses, a reduction in the cash working capital allowance in rate base, and  
13 reduced disconnection/reconnection costs, among other impacts. Unless estimates of these  
14 savings are reflected upfront in the MEEIA rider rate charged to customers, Ameren Missouri  
15 will be in the position of keeping such benefits for itself for a period of time until base rates  
16 change, while charging customers upfront for Flex Pay Pilot direct costs and an estimate of  
17 throughput disincentive resulting from the Flex Pay Pilot. This potential mismatch between  
18 rate treatment of Flex Pay Pilot costs and savings is an additional reason why Staff  
19 recommends that this program not be classified under MEEIA.

20 Q. Do you expect the possible Flex Pay Pilot savings you discuss in your previous  
21 answer to be material to Ameren Missouri?

Rebuttal Testimony of  
Mark L. Oligschlaeger

1           A.     No, not in the context of the proposed Flex Pay Pilot. However, there could be  
2 a material impact on cost of service from these savings if the flex-pay program is later made  
3 available to a greater number of Ameren Missouri customers.

4           Q.     Does this conclude your rebuttal testimony?

5           A.     Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

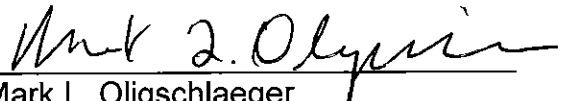
In the Matter of Union Electric Company d/b/a                    )  
Ameren Missouri's 2<sup>nd</sup> Filing to Implement                    )  
Regulatory Changes in Furtherance of Energy                )  
Efficiency as allowed by MEEIA                                    )  
**File No. EO-2015-0055**

**AFFIDAVIT OF MARK L. OLIGSCHLAEGER**

State of Missouri    )  
                                  ) ss.  
County of Cole        )

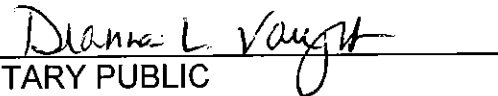
**COMES NOW** Mark Oligschlaeger and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Rebuttal Testimony*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
Mark L. Oligschlaeger

**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 15<sup>th</sup> day of February, 2018.

  
\_\_\_\_\_  
NOTARY PUBLIC

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: June 28, 2019  
Commission Number: 15207377



## **Mark L. Oligschlaeger**

### **Education, Background and Case Participation**

I attended Rockhurst College in Kansas City, Missouri, and received a Bachelor of Science degree in Business Administration, with a major in Accounting, in 1981. I have been employed by the Missouri Public Service Commission (Commission) since September 1981 within the Auditing Department.

In November 1981, I passed the Uniform Certified Public Accountant examination and, since February 1989, have been licensed in the state of Missouri as a CPA. The Uniform CPA examination consisted of four parts: Accounting Practice, Accounting Theory, Auditing and Business Law. I received a passing score in all four of these components the first time that I took the test.

I have been employed by this Commission as a Regulatory Auditor for approximately 36 years, and have submitted testimony on ratemaking matters numerous times before the Commission. I have also been responsible for the supervision of other Commission employees in rate cases and other regulatory proceedings many times. I have received continuous training at in-house and outside seminars on technical ratemaking matters since I began my employment at the Commission.

**CASE PARTICIPATION OF  
MARK L. OLIGSCHLAEGER**

<b>Company Name</b>	<b>Case Number</b>	<b>Issues</b>
Missouri-American Water Company	WR-2017-0285	<b>Direct:</b> Future Test Year <b>Rebuttal:</b> Future Test Year New Tax Legislation
Spire Missouri, Inc., d/b/a Spire (Laclede Gas Company / Missouri Gas Energy)	GR-2017-0215 and GR-2017-0216	<b>Rebuttal:</b> Tracker Proposals; Other Policy Proposals; Software Costs
Missouri-American Water Company	WU-2017-0351	<b>Rebuttal:</b> Property Tax AAO <b>Surrebuttal:</b> Property Tax AAO
Missouri Gas Energy and Laclede Gas Company	GO-2016-0332 and GO-2016-0333	<b>Rebuttal:</b> ISRS Updates; Capitalized Incentive Compensation; Hydrostatic Testing
Kansas City Power & Light Company	ER-2016-0285	<b>Rebuttal:</b> Tracker Proposals; Use of Projected Expenses; Expense Trackers in Rate Base
Laclede Gas Company and Missouri Gas Energy	GO-2016-0196 and GO-2016-0197	<b>Rebuttal:</b> ISRS True-ups
Union Electric Company d/b/a Ameren Missouri	ER-2016-0179	<b>Rebuttal:</b> Transmission Tracker; Noranda Deferral; Regulatory Reform
KCP&L Greater Missouri Operations Company	ER-2016-0156	<b>Rebuttal:</b> Tracker Proposals; Use of Projected Expenses; Tracker Balances in Rate Base; Deferral Policy
Missouri-American Water Company	WR-2015-0301	<b>Rebuttal:</b> Environmental Coast Adjustment Mechanism; Energy Efficiency and Water Loss Reduction Deferral Mechanism Tracker
Laclede Gas Company	GO-2015-0178	<b>Direct:</b> ISRS True-ups
Kansas City Power & Light Company	EU-2015-0094	<b>Direct:</b> Accounting Order – Department of Energy Nuclear Waste Fund Fees
Union Electric Company d/b/a Ameren Missouri	EO-2015-0055	<b>Rebuttal:</b> Demand-Side Investment Mechanism
Kansas City Power & Light Company	ER-2014-0370	<b>Rebuttal:</b> Trackers <b>Surrebuttal:</b> Trackers; Rate Case Expense
Kansas City Power & Light Company	EO-2014-0255	<b>Rebuttal:</b> Continuation of Construction Accounting
Union Electric Company d/b/a Ameren Missouri	EC-2014-0223	<b>Rebuttal:</b> Complaint Case – Rate Levels

**CASE PARTICIPATION OF  
MARK L. OLIGSCHLAEGER**

<b>Company Name</b>	<b>Case Number</b>	<b>Issues</b>
Kansas City Power & Light Company	EO-2014-0095	<b>Rebuttal:</b> DSIM
Union Electric Company d/b/a Ameren Missouri	ET-2014-0085	<b>Surrebuttal:</b> RES Retail Rate Impact
Kansas City Power & Light Company & KCP&L Greater Missouri Operations Co.	EU-2014-0077	<b>Rebuttal:</b> Accounting Authority Order
Kansas City Power & Light Company	ET-2014-0071	<b>Rebuttal:</b> RES Retail Rate Impact <b>Surrebuttal:</b> RES Retail Rate Impact
KCP&L Greater Missouri Operations Company	ET-2014-0059	<b>Rebuttal:</b> RES Retail Rate Impact <b>Surrebuttal:</b> RES Retail Rate Impact
Missouri Gas Energy, A Division of Laclede Gas Company	GR-2014-0007	<b>Surrebuttal:</b> Pension Amortizations
The Empire District Electric Company	ER-2012-0345	<b>Direct (Interim):</b> Interim Rate Request <b>Rebuttal:</b> Transmission Tracker, Cost of Removal Deferred Tax Amortization; State Income Tax Flow-Through Amortization <b>Surrebuttal:</b> State Income Tax Flow-Through Amortization
KCP&L Greater Missouri Operations Company	ER-2012-0175	<b>Surrebuttal:</b> Transmission Tracker Conditions
Kansas City Power & Light Company	ER-2012-0174	<b>Rebuttal:</b> Flood Deferral of off-system sales <b>Surrebuttal:</b> Flood Deferral of off-system sales, Transmission Tracker conditions
Union Electric Company d/b/a Ameren Missouri	ER-2012-0166	<b>Responsive:</b> Transmission Tracker
Union Electric Company d/b/a Ameren Missouri	EO-2012-0142	<b>Rebuttal:</b> DSIM
Union Electric Company d/b/a Ameren Missouri	EU-2012-0027	<b>Rebuttal:</b> Accounting Authority Order <b>Cross-Surrebuttal:</b> Accounting Authority Order
KCP&L Greater Missouri Operations Company	EO-2012-0009	<b>Rebuttal:</b> DSIM
Missouri Gas Energy, A Division of Southern Union	GU-2011-0392	<b>Rebuttal:</b> Lost Revenues <b>Cross-Surrebuttal:</b> Lost Revenues
Missouri-American Water Company	WR-2011-0337	<b>Surrebuttal:</b> Pension Tracker

**CASE PARTICIPATION OF  
MARK L. OLIGSCHLAEGER**

<b>Company Name</b>	<b>Case Number</b>	<b>Issues</b>
The Empire District Electric Company	ER-2011-0004	<b>Staff Report on Cost of Service: Direct:</b> Report on Cost of Service; Overview of the Staff's Filing <b>Surrebuttal:</b> SWPA Payment, Ice Storm Amortization Rebasing, SO2 Allowances, Fuel/Purchased Power and True-up
The Empire District Electric Company, The-Investor (Electric)	ER-2010-0130	<b>Staff Report Cost of Service: Direct</b> Report on Cost of Service; Overview of the Staff's Filing; Regulatory Plan Amortizations; <b>Surrebuttal:</b> Regulatory Plan Amortizations
Missouri Gas Energy, a Division of Southern Union	GR-2009-0355	<b>Staff Report Cost of Service: Direct</b> Report on Cost of Service; Overview of the Staff's Filing; <b>Rebuttal:</b> Kansas Property Taxes/AAO; Bad Debts/Tracker; FAS 106/OPEBs; Policy; <b>Surrebuttal:</b> Environmental Expense, FAS 106/OPEBs
KCP&L Greater Missouri Operations Company	EO-2008-0216	<b>Rebuttal:</b> Accounting Authority Order Request
The Empire District Electric Company	ER-2008-0093	Case Overview; Regulatory Plan Amortizations; Asbury SCR; Commission Rules Tracker; Fuel Adjustment Clause; ROE and Risk; Depreciation; True-up; Gas Contract Unwinding
Missouri Gas Utility	GR-2008-0060	Report on Cost of Service; Overview of Staff's Filing
Laclede Gas Company	GR-2007-0208	Case Overview; Depreciation Expense/Depreciation Reserve; Affiliated Transactions; Regulatory Compact
Missouri Gas Energy	GR-2006-0422	Unrecovered Cost of Service Adjustment; Policy
Empire District Electric	ER-2006-0315	Fuel/Purchased Power; Regulatory Plan Amortizations; Return on Equity; True-Up
Missouri Gas Energy	GR-2004-0209	Revenue Requirement Differences; Corporate Cost Allocation Study; Policy; Load Attrition; Capital Structure
Aquila, Inc., d/b/a Aquila Networks-MPS-Electric and Aquila Networks-L&P-Electric and Steam	ER-2004-0034 and HR-2004-0024 (Consolidated)	Aries Purchased Power Agreement; Merger Savings
Laclede Gas Company	GA-2002-429	Accounting Authority Order Request
Union Electric Company	EC-2002-1	Merger Savings; Criticisms of Staff's Case; Injuries and Damages; Uncollectibles

**CASE PARTICIPATION OF  
MARK L. OLIGSCHLAEGER**

<b>Company Name</b>	<b>Case Number</b>	<b>Issues</b>
Missouri Public Service	ER-2001-672	Purchased Power Agreement; Merger Savings/Acquisition Adjustment
Gateway Pipeline Company	GM-2001-585	Financial Statements
Ozark Telephone Company	TC-2001-402	Interim Rate Refund
The Empire District Electric Company	ER-2001-299	Prudence/State Line Construction/Capital Costs
Missouri Gas Energy	GR-2001-292	SLRP Deferrals; Y2K Deferrals; Deferred Taxes; SLRP and Y2K CSE/GSIP
KLM Telephone Company	TT-2001-120	Policy
Holway Telephone Company	TT-2001-119	Policy
Peace Valley Telephone	TT-2001-118	Policy
Ozark Telephone Company	TT-2001-117	Policy
IAMO Telephone Company	TT-2001-116	Policy
Green Hills Telephone	TT-2001-115	Policy
UtiliCorp United & The Empire District Electric Company	EM-2000-369	Overall Recommendations
UtiliCorp United & St. Joseph Light & Power	EM-2000-292	Staff Overall Recommendations
Missouri-American Water	WM-2000-222	Conditions
Laclede Gas Company	GR-99-315 (remand)	Depreciation and Cost of Removal
United Water Missouri	WA-98-187	FAS 106 Deferrals
Western Resources & Kansas City Power & Light	EM-97-515	Regulatory Plan; Ratemaking Recommendations; Stranded Costs
Missouri Public Service	ER-97-394	Stranded/Transition Costs; Regulatory Asset Amortization; Performance Based Regulation
The Empire District Electric Company	ER-97-82	Policy

**CASE PARTICIPATION OF  
MARK L. OLIGSCHLAEGER**

<b>Company Name</b>	<b>Case Number</b>	<b>Issues</b>
Missouri Gas Energy	GR-96-285	Riders; Savings Sharing
St. Louis County Water	WR-96-263	Future Plant
Union Electric Company	EM-96-149	Merger Savings; Transmission Policy
St. Louis County Water	WR-95-145	Policy
Western Resources & Southern Union Company	GM-94-40	Regulatory Asset Transfer
Generic Electric	EO-93-218	Preapproval
Generic Telephone	TO-92-306	Revenue Neutrality; Accounting Classification
Missouri Public Service	EO-91-358 and EO-91-360	Accounting Authority Order
Missouri-American Water Company	WR-91-211	True-up; Known and Measurable
Western Resources	GR-90-40 and GR-91-149	Take-Or-Pay Costs

**CASE PARTICIPATION OF  
MARK L. OLIGSCHLAEGER**

**Cases prior to 1990 include:**

<u>COMPANY NAME</u>	<u>CASE NUMBER</u>
Kansas City Power and Light Company	ER-82-66
Kansas City Power and Light Company	HR-82-67
Southwestern Bell Telephone Company	TR-82-199
Missouri Public Service Company	ER-83-40
Kansas City Power and Light Company	ER-83-49
Southwestern Bell Telephone Company	TR-83-253
Kansas City Power and Light Company	EO-84-4
Kansas City Power and Light Company	ER-85-128 & EO-85-185
KPL Gas Service Company	GR-86-76
Kansas City Power and Light Company	HO-86-139
Southwestern Bell Telephone Company	TC-89-14