

*Exhibit No.:*  
*Issues:* *Transmission Tracker;*  
*Noranda Deferral;*  
*Regulatory Reform*  
*Witness:* *Mark L. Oligschlaeger*  
*Sponsoring Party:* *MoPSC Staff*  
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*Case No.:* *ER-2016-0179*  
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**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. ER-2016-0179**

*Jefferson City, Missouri*  
*January 2017*

**\*\* Denotes Highly Confidential Information \*\***

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MARK L. OLIGSCHLAEGER  
UNION ELECTRIC COMPANY,  
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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **MARK L. OLIGSCHLAEGER**

4 **UNION ELECTRIC COMPANY,**  
5 **d/b/a AMEREN MISSOURI**

6 **CASE NO. ER-2016-0179**

7 Q. Please state your name and business address.

8 A. Mark L. Oligschlaeger, P.O. Box 360, Suite 440, Jefferson City, MO 65102.

9 Q. Please describe your educational background and work experience.

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

14 Q. What is your current position with the Commission?

15 A. In April 2011, I assumed the position of Manager of the Auditing Department  
16 within the Commission Staff Division.

17 Q. Are you a Certified Public Accountant (CPA)?

18 A. Yes, I am. In November 1981, I passed the Uniform Certified Public  
19 Accountant examination and, since February 1989, have been licensed in the state of Missouri  
20 as a CPA.

21 Q. Have you previously filed testimony before this Commission?

22 A. Yes, numerous times. A listing of the cases in which I have previously filed  
23 testimony before this Commission, and the issues I have addressed in testimony in cases from  
24 1990 to current, is attached as Schedule MLO-r1 to this rebuttal testimony.

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 35 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  
8 I began my employment at the Commission.

9 Q. Have you participated in the Commission Staff's ("Staff") review of the  
10 application filed by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") in  
11 Case No. ER-2016-0179 to increase its customer rates?

12 A. Yes, I have, with the assistance of other members of Staff.

13 **EXECUTIVE SUMMARY**

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

15 A. In this testimony, I address from a policy perspective the proposal discussed  
16 by Ameren Missouri witness Lynn M. Barnes in her direct testimony seeking authorization to  
17 implement a special regulatory mechanism, called a "tracker," to account for certain net  
18 transmission expenses. I will also address the proposal made in the direct testimony of  
19 Ameren Missouri witness William R. Davis calling for deferral and recovery in rates of the  
20 financial impact of the decline in revenues received by Ameren Missouri from its customer,  
21 Noranda Aluminum, Inc. ("Noranda"), since the last general rate proceeding. Regarding each  
22 of these proposals, Staff recommends that Ameren Missouri's requests be denied.

1           Lastly, I will also address some of the statements made in the direct testimony of  
2 Ameren Missouri witness Michael Moehn regarding “regulatory reform” and the mechanics  
3 of how electric utility rates are currently set in Missouri.

4           Q.     Are other Staff witnesses addressing these topics in rebuttal testimony?

5           A.     Yes. Staff witness Lisa M. Ferguson addresses Ameren Missouri’s proposed  
6 transmission tracker and the topic of “regulatory lag” in her rebuttal testimony; Staff  
7 witnesses John P. Cassidy and Sarah L. Kliethermes discuss Ameren Missouri’s proposed  
8 Noranda deferral in their rebuttal testimonies; and Staff witness Natelle Dietrich also  
9 addresses Mr. Moehn’s comments concerning the current ratemaking process in Missouri in  
10 her rebuttal testimony.

11           **TRANSMISSION TRACKER**

12           Q.     What is a “tracker”?

13           A.     The term “tracker” refers to a rate mechanism under which the amount of  
14 a particular cost of service item actually incurred by a utility is “tracked” and compared to  
15 the amount of that item currently included in a utility’s rate levels. Any over-recovery or  
16 under-recovery of the item in rates compared to the actual expenditures made by a utility  
17 is then booked to a regulatory asset or regulatory liability account, and would be eligible to  
18 be included in the utility’s rates set in its next general rate proceeding through an amortization  
19 to expense.

20           Q.     Should use of trackers be a common occurrence in Missouri rate regulation  
21 of utilities?

22           A.     No. Rates are normally set in Missouri to allow a utility an opportunity to  
23 recover its cost of service, measured as a whole, on an ongoing basis from the utility’s

1 customers. However, under this approach, neither utilities nor utility customers are allowed  
2 to be reimbursed through the rate case process for any prior under or over-recovery of costs  
3 experienced by the utility in rates, either measured for its cost of service as a whole or for  
4 individual cost of service components. For this reason, use of trackers in order to provide  
5 reimbursement in rates to utilities or customers of any over- or under-recovery of individual  
6 rate component items is rare and should be dependent on unique and unusual circumstances.

7 Q. Under what criteria might Staff consider the use of trackers to be justified?

8 A. Use of trackers may be justified under the following circumstances: (1) when  
9 the applicable costs demonstrate significant fluctuation and up-and-down volatility over time,  
10 and for which accurate estimation is difficult; (2) new costs for which there is little or no  
11 historical experience, and for which accurate estimation is accordingly difficult; and (3) costs  
12 imposed upon utilities by newly promulgated Commission rule. In addition, the costs should  
13 be material in amount.

14 Q. Why are trackers sometimes justified by significantly fluctuating and  
15 volatile costs?

16 A. If a utility's cost levels for a particular rate item over time demonstrate  
17 significant up-and-down volatility, it can be appropriate to implement a tracker mechanism  
18 for this type of item to reduce the amount of risk associated with a material inaccuracy in  
19 estimating the particular cost for purposes of setting the utility's rates.

20 Q. What is an example of a Commission authorized tracker for a volatile cost?

21 A. All major utilities operating in Missouri, including Ameren Missouri, have  
22 tracker mechanisms in place, at the present time, for their pension and other post-employment  
23 benefit (OPEB) expenses. (The term "OPEBs" generally refers to retiree medical benefits.)

1 Annual pension and OPEB expense amounts have at times been subject to significant annual  
2 volatility, primarily because pension and OPEB funding amounts are impacted by investment  
3 outcomes in equity and debt markets that, of course, can swing upward or downward based  
4 upon trends in the general economy.

5 Q. Are there other unusual aspects to pension and OPEB expense that justify  
6 using tracking mechanisms?

7 A. Yes. In Missouri, utilities place amounts intended for later payment to retired  
8 employees for pensions and OPEBs into external trust funds to help ensure that such funds are  
9 available when due to utility employees.<sup>1</sup> It is good policy for utilities to keep as current as  
10 possible on funding of pension and OPEB amounts. In this respect, authorizing tracker  
11 mechanisms for these expense items encourages utilities to stay current on pension and OPEB  
12 funding levels, by ensuring that utilities are ultimately made whole for their contributions,  
13 even in the event such contributions exceed the amount of pension and OPEB expense  
14 allowances currently included in their rate levels. Of course, if pension or funding amounts  
15 turn out to be less than the amounts for these items currently included in a utility's rate level,  
16 use of trackers also ensure that the funding/rate differential would ultimately be flowed back  
17 to its customers.

18 Q. Are there other instances where trackers may be justified?

19 A. In rare circumstances, utilities will incur significant new expenses for which  
20 they have little or no history to aid in determining an appropriate ongoing level for these  
21 expenses for setting rates. In those circumstances, it may be appropriate to authorize a tracker

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<sup>1</sup> Federal law requires prefunding of pension amounts. In Missouri, under state law utilities must prefund OPEB amounts in order to be eligible for rate recovery of this item on an accrual basis in advance of actual payment to retirees.

1 to protect both the utility and its customers from over- or under-recovery in rates of these  
2 expenses due to erroneous estimates.

3 Q. Has Staff agreed to use of a tracker for this reason?

4 A. Yes. When Kansas City Power & Light Company's (KCPL) Iatan II  
5 generating station went into service in 2010, Staff agreed to a tracker applicable to the  
6 operation and maintenance expenses associated with this power plant for KCPL and its  
7 affiliated company, KCP&L Greater Missouri Operations, given the lack of prior history for  
8 these expenses. This tracker has since been discontinued.

9 Q. Are there any other instances where the Commission has used trackers?

10 A. In some circumstances, the Commission has established, within the rules it  
11 promulgates, provisions for tracking and recovery of incremental costs caused by utility  
12 compliance with new rules. This was the case with the Commission rules requiring electric  
13 utilities to take certain actions regarding vegetation management and infrastructure inspection  
14 activities, which became effective in 2008.

15 Q. Are cost deferrals resulting from use of trackers any different from cost  
16 deferrals resulting from use of accounting authority orders?

17 A. Yes. In Missouri, when someone refers to an "accounting authority order,"  
18 also known as an AAO, it is understood that person is referring to a Commission order that  
19 allows a utility to defer certain costs on its balance sheet, for potential recovery of the  
20 deferred costs in rates through amortizations to expense in general rate proceedings. This is  
21 similar to how deferrals resulting from trackers may be treated in general rate proceedings.  
22 However, the nature of the costs to which AAOs are normally granted, and the nature of the  
23 costs to which tracking treatment is normally granted, are quite different.



1           Q.     Would you explain the major differences in how AAOs and trackers have been  
2 used in Missouri?

3           A.     Typically, AAOs have been used to allow utilities to capture certain  
4 unanticipated and “extraordinary” costs that are not considered to be included in their ongoing  
5 rate levels. The term “extraordinary costs” refers to costs associated with an event that is  
6 unusual, unique, and non-recurring in nature. Extraordinary events are not part of the  
7 ordinary and typical activities of a utility company. The classic example of an extraordinary  
8 event is the occurrence of a natural disaster, such as a wind or ice storm, or major flood that  
9 affects a utility’s service territory.

10           In contrast, trackers have been used in Missouri to track certain costs that are ongoing  
11 to a utility, and for which some allowance has been built into the company’s existing rate  
12 levels. For this reason, while costs subject to trackers exhibit some highly unusual or unique  
13 attributes which justify the use of a tracker, these costs are not “extraordinary” in the sense  
14 that this term is commonly applied to costs covered by AAOs.

15           Q.     Why would widespread use of trackers in setting utility rates not be in the  
16 public interest?

17           A.     There are at least two reasons. First, excessive use of trackers would tend to  
18 unreasonably skew ratemaking results either in favor of the utility or in favor of its customers.  
19 Secondly, broad use of trackers would inevitably dull the incentives a utility has to operate  
20 efficiently and productively under the rate regulation approach employed in Missouri.

21           Q.     Why would the widespread use of trackers tend to unreasonably skew the  
22 ratemaking results for a utility?

1           A.     With certain exceptions, the policy in Missouri has been to set a utility's rates  
2 based upon measurement of "all relevant factors," taking into accounts levels of revenues,  
3 expenses, rate base, and rate of return that are calculated at or about the same point in time.  
4 Use of an "all relevant factors" approach is necessary in order to ensure that a utility's  
5 rate levels are based upon an accurate measurement of its cost of service at a particular point  
6 in time.

7           When trackers are used as part of setting rates, certain cost factors inevitably receive  
8 different and inconsistent treatment compared to other cost factors. For example, if a utility  
9 tracks expenses that tend to increase in amount over time, but does not track cost of service  
10 factors that may reduce its cost of service (factors such as revenue growth, or increases in the  
11 rate base offsets for accumulated depreciation or deferred taxes), the utility will have the  
12 potential of receiving retroactive dollar-for-dollar recovery of certain cost increases in its  
13 customer rates through the operation of its trackers, while pocketing for itself any beneficial  
14 changes in other cost of service components that occur over the same period. In this manner,  
15 inappropriate use of trackers can lead to skewed and unfair ratemaking results.

16           Q.     How do trackers affect a utility's incentives to operate efficiently?

17           A.     An inevitable byproduct of the Missouri ratemaking approach is  
18 "regulatory lag." "Regulatory lag" is simply the passage of time between when a utility  
19 experiences a change in its cost of service, and when that change is reflected in its rate levels.  
20 While the utilities often portray regulatory lag as a phenomenon that is entirely negative or  
21 harmful, the existence of regulatory lag does provide utilities with incentive to be as efficient  
22 and cost-effective over time as they can. Excessive use of trackers can serve to eliminate or  
23 weaken these beneficial incentives.

1 Q. Would you explain your point further?

2 A. The operation of regulatory lag as part of the normal ratemaking process  
3 exposes a utility to the prospect of lower earnings if its cost of service increases between  
4 general rate proceedings, but it also allows the utility to experience higher earnings after a  
5 general rate proceeding, if it is able to reduce its cost of service. The use of trackers would  
6 damage this “penalty/reward” aspect of current Missouri ratemaking policy, if applied to  
7 normal and ongoing utility costs. A company that experiences an increase in an expense that  
8 is being tracked will experience no reduction in earnings related to that increased cost  
9 (because the cost increase will be captured on its balance sheet and not on its income  
10 statement) and, therefore, will have less incentive to attempt to minimize any such cost  
11 increase. On the other hand, a company that experiences a reduction in an expense that is  
12 being tracked will experience no increase to its ongoing earnings levels as a result of the  
13 decreased cost (again, because the cost decrease will be captured on its balance sheet and not  
14 on its income statement). Therefore, the utility would have less incentive to attempt to  
15 produce the lower cost levels in the first place.

16 Q. For what cost of service items is Ameren Missouri seeking authority in this  
17 proceeding to implement a new tracking mechanism?

18 A. In this rate case, Ameren Missouri is seeking authority to implement a tracker  
19 for transmission expenses.<sup>2</sup> It is my understanding that the transmission expenses proposed to  
20 be covered by the tracker would be generally those allocated from the Midcontinent  
21 Independent System Operator, Inc. (MISO) regional transmission organization. Tracker  
22 treatment would not apply to the small percentage of transmission expenses that are currently

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<sup>2</sup> The proposed tracker would also reflect an offset for transmission revenues received by Ameren Missouri.

1 allowed recovery through operation of the Fuel Adjustment Clause (FAC). I will briefly  
2 explain why Ameren Missouri's request in this case does not meet appropriate criteria for use  
3 of a tracker.

4 Q. Is it generally appropriate to track transmission expenses?

5 A. No. All major utilities incur transmission expenses on a routine basis, as a  
6 normal ongoing cost of service item. Contrary to the characterization of Ameren Missouri  
7 witness Barnes at page 18, line 16 through page 19, line 2 of her direct testimony, these  
8 expenses are not "volatile" or unusually hard to predict; Ameren Missouri has based its  
9 request for tracker treatment of these costs in this case on a detailed budget for transmission  
10 expenses that go out years into the future. In fact, because of its predictability, Ameren  
11 Missouri and other electric utilities have the ability to plan their general rate proceedings, to  
12 some degree, in order to capture these changes in transmission expense on a timely basis.

13 Q. What is your understanding of the underlying reason for why Ameren Missouri  
14 is requesting this tracker at this time?

15 A. Based upon a review of the direct testimony filed in this proceeding pertinent  
16 to its transmission tracker request, this request appears to be premised as a whole upon claims  
17 that the current Missouri ratemaking process and its reliance on historical cost ratemaking will  
18 not provide Ameren Missouri with a realistic opportunity to actually earn at or near the  
19 authorized return set by the Commission in the future without approval of this tracker.

20 Q. Are general concerns regarding the nature of the Missouri ratemaking process  
21 relevant when considering whether to authorize trackers?

22 A. In Staff's opinion, no. As I previously testified, any request to track individual  
23 cost of service items should be considered on the basis of whether there are highly unusual

1 considerations present that would make this this type of special accounting treatment justified.  
2 Generic complaints regarding the current Missouri rate process are not an adequate  
3 justification. Nor is the fact that the cost in question may be increasing over time.

4 Q. At page 17, line 13 to page 18, line 2 Ms. Barnes discusses how Ameren  
5 Missouri has had to “absorb” increased levels of transmission expense compared to the level  
6 included in Ameren Missouri’s current customer rates. Please comment.

7 A. In Ameren Missouri’s last general rate case, rates were not set to allow the  
8 utility to recover its transmission expenses in isolation, but to recover its cost of service in  
9 total. It is always potentially misleading to review one utility rate component in isolation to  
10 attempt to determine whether that one item has been “recovered” or not. If a utility’s  
11 financial results show that it has attained its authorized return on equity, then that utility has  
12 recovered its cost of service in total, notwithstanding that individual rate components may  
13 show over- or under-recovery since the last rate case if viewed in isolation.

14 Q. In fact, has Ameren Missouri been able to earn a reasonable return in the  
15 recent past?

16 A. Yes. As part of the Commission rules governing use of the FAC mechanism in  
17 Missouri, participating utilities are required to submit quarterly reports to the Commission  
18 detailing their current earnings situation. As the Commission is aware, the FAC surveillance  
19 earnings results of Ameren Missouri that have been declassified since 2012 show that it has  
20 earned close to, at, or above its authorized return on equity during those applicable periods  
21 from 2012 on. The rebuttal testimony of Staff witness Ferguson contains additional  
22 information regarding the recent trend of Ameren Missouri’s earnings.

1 Q. Does any electric utility in Missouri currently have a transmission expense  
2 tracker, or has had one in the past?

3 A. No.

4 Q. Based upon Ameren Missouri's earnings as reported in FAC surveillance  
5 reports and other evidence reviewed by Staff in this rate proceeding, does it appear that  
6 Ameren Missouri has under-earned since its last rate case due to having to "absorb"  
7 unrecovered transmission expenses?

8 A. \*\* \_\_ \*\*

9 **NORANDA DEFERRAL**

10 Q. Please give your understanding of Ameren Missouri's proposal to defer the  
11 financial impact of declining revenues received from Noranda.

12 A. Ameren Missouri has made a quantification of its alleged "lost fixed costs"  
13 incurred due to the reduction in sales to Noranda since its last rate case, and has proposed to  
14 recover that amount in rates through a ten-year amortization in this filed case.

15 Q. What does Ameren Missouri mean by the term "lost fixed costs?"

16 A. "Lost fixed costs" is the way Ameren Missouri refers to the reduction in  
17 revenues it has received from Noranda since its last general rate case. Instead of clearly  
18 addressing the fact that the Company is seeking to defer the financial impact of failure to  
19 receive the expected level of revenues from Noranda over this period, Ameren Missouri's  
20 chosen terminology focuses on its characterization of the costs that were intended to be  
21 reimbursed by receipt of the foregone revenues. The Commission should not be confused by  
22 Ameren Missouri's terminology. Ameren Missouri is seeking authorization in this case to  
23 defer and recover a quantification of revenues it never received from Noranda, not a deferral

1 of capital related expenses or operating expenses as is normally the basis for utility deferral  
2 requests to the Commission.

3 Q. Does Staff agree with Ameren Missouri's quantification of the financial impact  
4 of Noranda's reduction in revenues since its last rate case?

5 A. No. Staff witness Sarah L. Kliethermes addresses these disagreements in her  
6 rebuttal testimony.

7 Q. As a matter of policy, what is Staff's position regarding utility proposals to  
8 defer revenue losses?

9 A. Staff is opposed as a matter of principle to deferral of "lost revenues" amounts.  
10 The level of revenues assumed in setting new rates for a utility in a general rate proceeding is  
11 intended only as part of an opportunity afforded the utility to earn a reasonable rate of return,  
12 or profit, and should not be viewed as a "guarantee" in any way. The accounting system in  
13 place for Ameren Missouri and all Missouri utilities measures loss of revenues as a reduction  
14 in profitability, all other financial impacts held constant. In essence, in this case Ameren  
15 Missouri is seeking to achieve higher profits prospectively through rate recovery of the  
16 foregone Noranda revenues in order to compensate itself for the lower profits attributable to  
17 the Noranda load loss experienced since the time of its last rate case. A utility being  
18 "made whole" through the ratemaking process in this manner is inappropriate as a matter of  
19 policy, in Staff's view.

20 Q. At page 32 of Ameren Missouri witness Davis' direct testimony, he alleges  
21 that the sequence of events leading to the reduction in receipt of Noranda revenues by Ameren  
22 Missouri was "extraordinary." Does Staff agree?

1           A.     No. As mentioned earlier, the term “extraordinary” has been defined as  
2 meaning “unusual, unique and non-recurring.” Customers cease to take service from utilities  
3 on a continual basis, for economic or other reasons. This phenomenon is neither unusual,  
4 unique nor non-recurring.

5           Q.     Since Noranda was indisputably a very large customer of Ameren Missouri,  
6 does that fact change your view as to whether this loss was extraordinary?

7           A.     No. Even if the loss in revenues from a departing customer is very large, that  
8 does not make the situation “extraordinary.” Truly extraordinary costs involve events that  
9 cannot be reasonably anticipated by utilities. In contrast, the recent financial troubles  
10 experienced by Noranda, and the possibility that the firm would go out of business, has been  
11 extensively discussed in both past Ameren Missouri rate proceedings and in general news  
12 coverage for years.

13           **REGULATORY REFORM**

14           Q.     In his direct testimony, Ameren Missouri witness Moehn discusses what he  
15 believes to be the disincentives in place for Ameren Missouri to increase its spending and  
16 investment in Missouri as a result of alleged deficiencies in the current Missouri ratemaking  
17 approach. Please comment.

18           A.     Mr. Moehn’s testimony seems to assume that utility companies spending and  
19 investing more is an indisputable benefit for its customers and for the state of Missouri as a  
20 whole. However, it should be kept in mind that the expected result of an electric utility  
21 spending and investing “more” is higher customer rates. It seems both logical and reasonable  
22 to believe that a regulatory system that restrains utility investment and spending to the level  
23 sufficient to achieve safe and adequate customer service would be a beneficial structure from



1 a customer perspective, and not inherently a “problem to be solved.” This should particularly  
2 be taken into account for a utility like Ameren Missouri that has already sought and received  
3 frequent large rate increases from its customers over the last decade, notwithstanding the  
4 alleged disincentives for spending and investment in the current Missouri ratemaking system.

5 Q. At page 26, lines 7-10 of his direct testimony, Mr. Moehn states “We have to  
6 invest less because we lose money on the net investments we make in excess of depreciation  
7 expense reflected in our rates from the time those investments start serving customers until  
8 new rates that reflect those investments are set in a rate case.” Do you agree with this  
9 statement?

10 A. No. The statement is both inaccurate in some respects and potentially  
11 misleading.

12 Q. How is Mr. Moehn’s statement quoted above inaccurate?

13 A. Mr. Moehn implies that any plant investment made by Ameren Missouri in  
14 excess of the ongoing growth in its accumulated depreciation reserve results in the utility  
15 “losing money.” Even if one accepted the premise of Mr. Moehn’s statement regarding  
16 “losing money,” which as I explain below I do not, this assertion is untrue. Ameren Missouri  
17 and other utilities also experience growth over time in their accumulated deferred income tax  
18 (ADIT)<sup>3</sup> reserves, which like growth in the depreciation reserve also results in a declining rate  
19 base and adds “room” for utilities to add investment to their systems without the potential for  
20 any earnings detriment from an increase to rate base. ADIT reserves are a very material rate  
21 base offset for utilities. It would be generally accurate to state that a utility can add new plant  
22 investment to its system over time equal to the growth in its depreciation and deferred tax

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<sup>3</sup> The ADIT reserve measures at a point in time the amount of income tax expense collected from customers that exceed the amount of income taxes actually paid by the utility to federal and state taxing authorities.

1 reserves without adding to its total rate base. In recent years, for Ameren Missouri, the  
2 combined amount of annual growth in the depreciation and ADIT reserves has been in the  
3 range of \$500 million.

4 Q. Do you agree with Mr. Moehn's characterization that utilities can  
5 "lose money" under the current regulatory structure in Missouri?

6 A. No. In most contexts, the term "losing money" means an actual financial loss;  
7 i.e., expenses exceeding revenues. However, in the context that Mr. Moehn uses the term,  
8 it is clear that he means any shortfall in earned return on equity compared to the authorized  
9 level last set by the Commission. Again, the Commission sets the authorized return on equity  
10 as an opportunity for the utility to earn, not as guaranteed earnings in any way. While an  
11 inability by a utility to earn its authorized returns may be a matter of concern in some  
12 contexts, it is not a "financial loss" in the normal sense that term is used. Ameren Missouri  
13 has achieved millions of dollars of profit annually for many years, and to my knowledge has it  
14 ever suffered a true financial loss in offering utility services in the state of Missouri going  
15 back decades in time.

16 Q. Did you participate in the preparation of the *Staff Report* ("Report")  
17 in Case No. EW-2016-0313, *A Working Case to Consider Policies to Improve Electric*  
18 *Utility Regulation*?

19 A. Yes, I did.

20 Q. What was the conclusion in the Report regarding recent earnings trends for  
21 Missouri electric utilities?

22 A. The Report stated, at page 68, "Based upon the available information, Staff is  
23 not convinced that Missouri utilities have, as a whole, systematically under-earned in recent

Rebuttal Testimony of  
Mark L. Oligschlaeger

1 years due to regulatory lag, even after taking into account the trend of declining sales  
2 experienced by Missouri electric utilities.”

3 Q. Does the statement from the Report quoted above apply to Ameren Missouri  
4 specifically?

5 A. \*\* \_\_\_\_\_

6 \_\_\_\_\_ \*\*

7 Q. Must the Commission grant authority for Ameren Missouri to implement a  
8 transmission expense tracker and/or defer Noranda “lost revenues” in this case to provide  
9 Ameren Missouri with a reasonable opportunity to earn the ROE the Commission authorizes  
10 it to earn in this case?

11 A. No.

12 Q. Does this conclude your rebuttal testimony?

13 A. Yes, it does.



**CASE PARTICIPATION OF  
MARK L. OLIGSCHLAEGER**

<b>Company Name</b>	<b>Case Number</b>	<b>Issues</b>
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
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
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

**CASE PARTICIPATION OF  
MARK L. OLIGSCHLAEGER**

<b>Company Name</b>	<b>Case Number</b>	<b>Issues</b>
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
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, SO <sub>2</sub> 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

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<b>Company Name</b>	<b>Case Number</b>	<b>Issues</b>
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
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

**CASE PARTICIPATION OF  
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<b>Company Name</b>	<b>Case Number</b>	<b>Issues</b>
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
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



**CASE PARTICIPATION OF  
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<b>Company Name</b>	<b>Case Number</b>	<b>Issues</b>
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