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Service Commission

Exhibit No.:

Issues: DOE Reimbursements for
Spent Nuclear Fuel, True-Up
Items

Witness: Lisa M. Ferguson

Sponsoring Party: MoPSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: ER-2014-0258

Date Testimony Prepared: February 6, 2015

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

UTILITY SERVICES - AUDITING

SURREBUTTAL TESTIMONY

OF

LISA M. FERGUSON

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

CASE NO. ER-2014-0258

Staff Exhibit No. 214
Date 2-23-15 Reporter XF
File No. ER-2014-0258

*Jefferson City, Missouri
February 2015*

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

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1 **SPENT NUCLEAR FUEL REFUNDS**

2 Q. Please respond to Company witness Laura Moore's statement found on page 36,
3 lines 12-13 of her rebuttal testimony that "Staff's focus on this refund (of expense) ignores
4 the fact there are also costs that change between rate cases that the company does not get
5 to recover."

6 A. Ms. Moore's statement is premised on the belief that Ameren Missouri never
7 experiences time periods when they are able to earn more than their authorized return on equity
8 ("ROE"). Ms. Moore's statement is correct if other positive earnings factors do not fully offset
9 increases in certain cost areas. It can also be true that cost-cutting measures in other areas, or a
10 significantly warmer than normal summer, or a significantly improved economy could more than
11 offset the increases in certain cost areas that Ameren Missouri experiences in between rate cases.

12 Q. On page 36, lines 18-20, of Company witness Moore's rebuttal she states
13 "Also, the settlement amounts that were booked as miscellaneous non-utility operating revenue
14 related to refunds of expenses that were incurred in a period of time that Ameren Missouri was
15 not involved in rate cases." Is this a true statement?

16 A. Not entirely. The response to Staff Data Request No. 0478 delineates when these
17 exact expenses occurred and what FERC accounts they were booked to. ** _____

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5 Q. On page 36, lines 20-22, Company witness Moore states, "Requiring
6 the Company to pass these refunds through rates to be set in this case would result in a
7 windfall to current customers." Is Staff proposing this particular refund be, in fact, returned
8 to current customers?

9 A. No. The Staff believes that Ms. Moore misunderstood Staff's proposal in my
10 rebuttal testimony. Staff is not recommending this particular refund that the Company received
11 during the test year in its prior rate case, No. ER-2012-0166, be returned to customers. Although
12 I am not an attorney, it is my understanding that to do so at this point may represent retroactive
13 ratemaking as Staff discussed in its direct testimony.

14 Instead, Staff is recommending that, going forward, the Commission require the
15 Company to record any refunds that Ameren Missouri receives from DOE for prior expenses that
16 Ameren Missouri incurred for spent nuclear fuel storage in an above-the-line expense account, as
17 a contra-expense within the account the original expense was booked to, as described in my
18 rebuttal testimony on page 5 and 6. This accounting treatment will provide greater transparency
19 of the refunds for expenses incurred that Ameren Missouri may receive in the future and allow
20 the parties ample opportunity to investigate and determine if any of the refunded expense had
21 been previously paid for by ratepayers and, therefore, should be returned to the customers.
22 Primarily because Ameren Missouri recorded a refund of expenses that were received during the
23 test year established in the prior rate case (ER-2012-0166) in a below-the-line, non-operating

1 revenue account, the potential for a customer refund was not examined in the last rate case. For
2 these reasons the Staff requests the Commission to require Ameren Missouri to record DOE
3 refunds for expense as specifically described in my rebuttal testimony on page 5.

4 **TRUE-UP ITEMS**

5 **Fuel, Purchase Power, Off System Sales Results**

6 Q. Please describe all updates made to fuel expense, purchase power, and off system
7 sales for true-up purposes.

8 A. Staff has reviewed all true-up data provided by Ameren Missouri and has
9 reflected updated accounting prices for Ameren Missouri's coal commodity and coal
10 transportation contracts in effect through January 1, 2015, as an input into Staff's RealTime®
11 production cost model. The true-up update included coal commodity and transportation costs for
12 Illinois coal that is supplied and transported to the Sioux plant. All other updates were to the
13 transportation costs and fuel surcharges for the remaining coal plants. Staff also reviewed all
14 updates to nuclear pricing subsequent to the Callaway refueling that occurred during October
15 through November 2014. Staff has reflected a slight increase in cost for nuclear fuel as part of
16 the production cost model inputs. These changes to accounting coal and nuclear prices were
17 provided to Staff witness Shawn E. Lange for inclusion in Staff's production cost model. Staff
18 witness Lange is continuing to review the production cost model results and may have additional
19 changes that may need to be addressed in true-up testimony.

20 Q. Has Staff reflected any changes to other fuel costs that are accounted for outside
21 of the production cost model as part of its true-up audit?

22 A. Yes. Staff included an increase in limestone costs due to an increase in limestone
23 tons consumed at the Sioux plant and increased electricity and fuel to prepare the limestone for

1 use in the “scrubber” at the Sioux facility. Staff also included a level of costs for activated
2 carbon in order for the Company to meet the Mercury and Air Toxics Standards (“MATS”)
3 requirements at the Rush Island coal plant that go into effect in April 2015. A signed contract
4 was executed for the active carbon on January 22, 2015. In addition, there was a slight increase
5 in the fixed demand cost of natural gas used in Ameren Missouri’s generation facilities and a
6 decrease in fly ash costs, both of which Staff has reflected in its true-up cost-of-service
7 calculation.

8 Q. Did Staff include an updated level of non-labor maintenance expense for the
9 Callaway Energy Center?

10 A. Yes. Staff has included a normalized level of maintenance expense for the
11 Callaway energy center by taking 2/3 of the actual cost of the refueling that was completed in
12 November 2014.

13 **Nuclear Regulatory Commission (“NRC”) Annual Fees**

14 Q. On page 40, lines 9-10, of Company witness Laura Moore’s testimony; she
15 mentions that the annual fee from the U.S. Nuclear Regulatory Commission (“NRC”) needs to be
16 annualized from the 2014 level to the 2015 level. Does Staff agree with this annualization?

17 A. Yes. Staff has reviewed Ameren Missouri’s response to Staff Data Request
18 No. 0551, which provided the invoices for the 2014 and 2015 NRC annual fees. Staff has
19 included an increase of ** _____ ** to annualize NRC fees to reflect the new fee level that
20 took effect on October 1, 2014.

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Low Level Radioactive Waste

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2 Q. Did Staff true-up the level of expense for the disposal of low level
3 radioactive waste as was stated in the Revenue Requirement Cost of Service Report filed
4 on December 5, 2014?

5 A. Yes. Staff was provided an update to Data Request No. 0356, which updated
6 actual costs for disposal of low level radioactive waste through December 2014. Based upon that
7 information, Staff has included an annualized level of ** _____ ** for this expense in the
8 cost-of-service.

9 Q. Does this conclude your surrebuttal testimony?

10 A. Yes, it does.

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BEFORE THE PUBLIC SERVICE COMMISSION

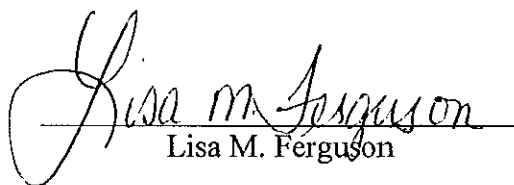
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a)
Ameren Missouri's Tariff to Increase Its) Case No. ER-2014-0258
Revenues for Electric Service)

AFFIDAVIT OF LISA M. FERGUSON

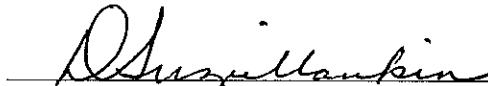
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Lisa M. Ferguson, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 6 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.


Lisa M. Ferguson

Subscribed and sworn to before me this 6th day of February, 2015.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070


Notary Public