

Exhibit No.: 910

Issues: Revenue  
Requirements/  
Solar Rebate  
Deferral Recovery

Witness: James R. Dittmer  
Type of Exhibit: Rebuttal  
Testimony  
Sponsoring party: Consumers  
Council of Missouri  
Case No.: ER-2014-0258  
Direct Testimony Date: January 16, 2015

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. ER-2014-0258**

**PUBLIC VERSION**

**REBUTTAL TESTIMONY**

**OF**

**JAMES R. DITTMER**

**ON BEHALF OF THE**

**CONSUMERS COUNCIL OF MISSOURI**

**January 16, 2015**

Com Exhibit No. 910  
Date 2-25-15 Reporter RF  
File No. ER-2014-0258

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

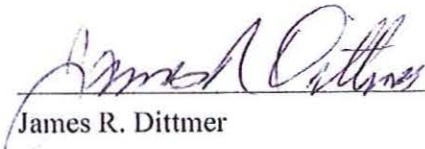
\_\_\_\_\_ )  
In the Matter of Union Electric Company )  
d/b/a Ameren Missouri's Tariff to Increase ) Case No. ER-2014-0258  
Its Revenues for Electric Service )  
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**AFFIDAVIT**

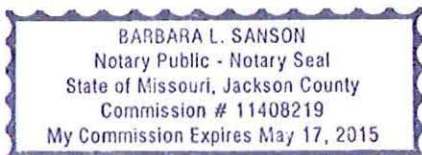
**STATE OF MISSOURI**    )  
  ) SS.  
**COUNTY OF JACKSON**    )


BEFORE ME, the undersigned notary public, this day personally appeared JAMES R. DITTMER, to me known, who being duly sworn according to law, deposes and says:

“My name is JAMES R. DITTMER. I am of legal age and a resident of the State of Missouri. I certify that the foregoing testimony and exhibits, offered by me on behalf of the Consumers Council of Missouri, are true and correct to the best of my knowledge and belief.”

  
\_\_\_\_\_  
James R. Dittmer

SUBSCRIBED AND SWORN to before me, a notary public, on this 16 day of January 2015



  
\_\_\_\_\_  
Notary Public in and for the State of Missouri

My Commission Expires: May 17, 2015

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**REBUTTAL TESTIMONY  
OF  
JAMES R. DITTMER**

**APPLICATION OF UNION ELECTRIC COMPANY  
d/b/a/ AMEREN MISSOURI TO INCREASE  
ITS REVENUES FOR ELECTRIC SERVICE**

**CASE NO. ER-2014-0258**

11 **I. INTRODUCTION AND SUMMARY**

12 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

13 A. My name is James R. Dittmer. My business address is P.O. Box 481934,  
14 Kansas City, Missouri 64148-1934

15  
16 **Q. BY WHOM ARE YOU EMPLOYED?**

17 A. I am a Senior Regulatory Consultant with the firm of Utilitech, Inc., a  
18 consulting firm engaged primarily in utility rate work. The firm's engagements  
19 include review of utility rate applications on behalf of various federal, state and  
20 municipal governmental agencies as well as industrial groups. In addition to  
21 utility intervention work, the firm has been engaged to perform special studies  
22 for use in utility contract negotiations.

23  
24 **Q. ON WHOSE BEHALF ARE YOU APPEARING?**

25

1 A. Utilitech, Inc. has been retained by the Consumers Council of Missouri to  
2 review and respond to one issue embodied within the application filed by Union  
3 Electric Company d/b/a Ameren Missouri (hereinafter "Ameren Missouri") to  
4 increase its rates for providing electric retail service.

5

6 **Q. PLEASE SUMMARIZE CONCLUSIONS AND RECOMMENDATIONS**  
7 **INCLUDED WITHIN YOUR REBUTTAL TESTIMONY.**

8 A. Ameren Missouri's rate relief request incorporates a proposal to recover over a  
9 three-year period solar rebate costs that have been, or are projected to be,  
10 deferred on the Company's balance sheet as of December 31, 2014 pursuant to  
11 deferral accounting granted for such costs within Case No. ET-2014-0085.  
12 During the period in which solar rebate costs were deferred Ameren Missouri  
13 achieved earnings above that targeted and authorized by this Commission. In  
14 fact, even if the solar rebate costs had been "expensed" or charged against  
15 current earnings during the period of deferral, cumulatively Ameren Missouri  
16 would still have reported earnings in excess of its MPSC authorized rate of  
17 return. To again allow recovery of solar rebate costs vis-à-vis reflection of  
18 amortization of deferred solar rebate costs will result in a "double recovery" or  
19 "over recovery" of such costs. Accordingly, I am recommending rejection of  
20 Ameren Missouri's request to reflect a three-year amortization of deferred solar  
21 rebate costs.

22

23

1       **II.    QUALIFICATIONS**

2       **Q.    BEFORE DISCUSSING IN GREATER DETAIL THE ISSUE YOU**  
3       **BRIEFLY   DESCRIBED   ABOVE,   PLEASE   STATE   YOUR**  
4       **EDUCATIONAL BACKGROUND?**

5       A.    I graduated from the University of Missouri - Columbia, with a Bachelor of  
6       Science Degree in Business Administration, with an Accounting Major, in 1975.  
7       I hold a Certified Public Accountant Certificate in the State of Missouri. I am a  
8       member of the American Institute of Certified Public Accountants.

9  
10      **Q.    PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE.**

11     A.    Subsequent to graduation from the University of Missouri, I accepted a position  
12     as auditor for the Missouri Public Service Commission. In 1978, I was  
13     promoted to Accounting Manager of the Kansas City Office of the Commission  
14     Staff. In that position, I was responsible for all utility audits performed in the  
15     western third of the State of Missouri. During my service with the Missouri  
16     Public Service Commission, I was involved in the audits of numerous electric,  
17     gas, water and sewer utility companies. Additionally, I was involved in  
18     numerous fuel adjustment clause audits, and played an active part in the  
19     formulation and implementation of accounting staff policies with regard to rate  
20     case audits and accounting issue presentations in Missouri. In 1979, I left the  
21     Missouri Public Service Commission to start my own consulting business.  
22     From 1979 through 1985 I practiced as an independent regulatory utility

1 consultant. In 1985, Dittmer, Brosch and Associates was organized. Dittmer,  
2 Brosch and Associates, Inc. changed its name to Utilitech, Inc in 1992.

3  
4 My professional experience since leaving the Missouri Public Service  
5 Commission has consisted primarily of issues associated with utility rate,  
6 contract and acquisition matters. For the past thirty-five years, I have appeared  
7 on behalf of clients in utility rate proceedings before various federal and state  
8 regulatory agencies. In representing those clients, I performed revenue  
9 requirement studies for electric, gas, water and sewer utilities and testified as an  
10 expert witness on a variety of rate matters. As a consultant, I have filed  
11 testimony on behalf of industrial consumers, consumer groups, the Missouri  
12 Office of the Public Counsel, the Missouri Public Service Commission Staff, the  
13 Indiana Utility Consumer Counselor, the Mississippi Public Service  
14 Commission Staff, the Arizona Corporation Commission Staff, the Arizona  
15 Residential Utility Consumer Office, the Nevada Office of the Consumer  
16 Advocate, the Washington Attorney General's Office, the Hawaii Consumer  
17 Advocate's Staff, the Oklahoma Attorney General's Office, the Oregon Citizens  
18 Utilities Board, the West Virginia Public Service Commission Consumer  
19 Advocate's Staff, municipalities and the Federal government before regulatory  
20 agencies in the states of Alaska, Arizona, Colorado, Florida, Hawaii, Indiana  
21 Kansas, Maine, Michigan, Mississippi, Missouri, Nevada, New Mexico, New  
22 York, Ohio, Oklahoma, Oregon, Texas, Washington and West Virginia, as well  
23 as the Federal Energy Regulatory Commission.

1     **III. SUMMARY OF AMEREN MISSOURI'S REQUEST FOR**  
2     **AMORTIZATION OF DEFERRED SOLAR REBATE COSTS**

3  
4     **Q. PLEASE SUMMARIZE YOUR UNDERSTANDING OF AMEREN**  
5     **MISSOURI'S REQUEST TO RECOVER SOLAR REBATE COSTS**  
6     **THAT HAVE BEEN DEFERRED OVER RECENT PERIODS.**

7     A. As described within the direct testimony of Ms. Laura Moore, Ameren Missouri  
8     proposes to include in the development of the revenue requirement to be  
9     established within this case \$33,697,000 of annual amortization expense  
10    resulting from solar rebate costs that have been deferred pursuant an ordered  
11    issued within Case No. ET-2014-0085. More specifically, within Case No. ET-  
12    2014-0085 the MPSC approved a Non-Unanimous Stipulation and Agreement  
13    ("the Stipulation") entered into by Ameren Missouri, the MPSC Staff, the  
14    Office of the Public Counsel, as well as several intervenors participating in the  
15    noted case.

16  
17    Among other things, the noted Stipulation provides that Ameren Missouri be  
18    allowed to defer within a regulatory asset account payments for solar rebates  
19    paid by Ameren Missouri after July 31, 2012. The Stipulation also provided  
20    that solar rebates paid through "the end of the true-up period in Ameren  
21    Missouri's next general rate proceeding, plus ten percent (10%) of that amount"  
22    could be deferred within the regulatory asset account contemplated by the



1 Stipulation – with the total deferral balance not to exceed \$101,090,000.<sup>1</sup>  
2 Finally, the Stipulation provided that solar repayments would not be recovered  
3 within the Renewable Energy Standard Rates Adjustment Mechanism, but  
4 would instead be recovered in a general rate proceeding through reflection of a  
5 three-year amortization of the deferrals recorded within the regulatory asset  
6 account being established.

7  
8 The adjustment sponsored by Ms. Moore at page 26 of her direct testimony  
9 reflects the Company’s proposed three-year amortization of the maximum  
10 deferral balance authorized per the Stipulation. The annual revenue requirement  
11 impact of the Company’s amortization proposal is approximately \$33 million.

12

13 **IV. AMEREN MISSOURI’S EARNINGS DURING THE PERIOD**  
14 **OF DEFERRAL FOR SOLAR REBATE PAYMENTS**

15

16 **Q. WHAT HAS AMEREN MISSOURI’S REPORTED EARNINGS BEEN**  
17 **DURING THE PERIOD THAT THE COMPANY HAS BEEN**  
18 **AUTHORIZED TO DEFER SOLAR REBATE PAYMENTS PURSUANT**  
19 **TO CASE ET-2014-0085?**

20 **A.** Pursuant to Commission Rule 4 CSR 240-3.160(6), any electric company  
21 permitted to implement a Fuel Adjustment Clause is required to provide  
22 quarterly “surveillance monitoring reports”. Included within Table 1 below are  
23 Ameren Missouri’s authorized return on equity and achieved returns on equity

---

<sup>1</sup> Page 5 of the Stipulation provides that the regulatory asset account shall not exceed \$91.9 million plus ten percent – which equates to a maximum total deferral balance of \$101,090,000.

1 as reported for quarters ending June 2013 through September 2014. The  
2 earnings information contained in Ameren Missouri's surveillance reports  
3 covering the periods up through March 2014 were previously designated as  
4 "public" during the evidentiary hearing in Case No. EC-2014-0223, while a  
5 motion to declassify the earnings information for the remaining period through  
6 September 2014 has been filed by the Consumers Council of Missouri in this  
7 case and is currently pending before the Commission. September 2014 is the  
8 most recently filed surveillance report available at this time.

9  
10 The June 2013 surveillance report would capture a twelve-month period that  
11 reflects the impact of deferrals of solar payment for the ten months August 2012  
12 through June 2013. In other words, the authorized and reported earnings for the  
13 period shown on Table 1 reflect reported Ameren Missouri earnings available to  
14 date for the period of time that the Company has been authorized to defer  
15 significant amounts of solar rebate payments. Or stated more succinctly, the  
16 achieved earnings reported on the surveillance reports, and summarized on  
17 Table 1 below, are *higher* than would have been reported *but for* Ameren  
18 Missouri's authority to defer significant amounts of solar repayments that  
19 otherwise would have resulted in a charge to current period earnings.

20  
21 Finally, also reported on Table 1 below is the revenue requirement that has been  
22 over collected as calculated from the rate base and achieved operating income  
23 included on the quarterly surveillance reports.

<b>Table 1</b>			
<b>Authorized Versus Reported Earning And Implied Over Recovery of Revenue Requirements During Solar Rebate Payment Deferral Period</b>			
<b>12 Month Reporting Period Ending</b>	<b>Authorized ROE</b>	<b>Reported Achieved ROE</b>	<b>Calculated Over Recovery of Revenue Requirements</b>
June 2013	9.80%	10.57%	\$42.98 million
September 2013	9.80%	10.32%	\$29.24 million
December 2013	9.80%	10.34%	\$31.18 million
March 2014	9.80%	10.45%	\$37.16 million
June 2014	9.80%	11.89%	\$116.19 million
September 2014	9.80%	11.43%	\$93.18 million

1

2 **Q. WHAT AMOUNTS OF SOLAR REBATE PAYMENTS HAVE BEEN**  
3 **DEFERRED SINCE AUGUST 1, 2012 – THE DATE AFTER WHICH**  
4 **DEFERRAL ACCOUNTING WAS AUTHORIZED PURSUANT TO**  
5 **CASE NO. ET-2014-0085?**

6 **A.** That information has been provided by month from August 2012 through  
7 October 2014 in response to Data Request MPSC 0159s2 received in this case.  
8 Total solar rebate payments made during the noted period total to \$87,388,391.

9

10 **Q. DO EXCESS REVENUE REQUIREMENTS RECOVERED THROUGH**  
11 **RATES, CALCULATED FROM ACHIEVED EARNINGS OBTAINED**  
12 **FROM FAC SURVEILLANCE REPORTS, EXCEED SOLAR REBATE**  
13 **PAYMENTS THROUGH OCTOBER 2014?**

14

1 A. Yes. Referring back to Table 1, over recovered revenue requirements for the  
2 twelve month periods ending September 2013 and September 2014 sum to  
3 \$122.4 million – or approximately \$35 million more than the amount of solar  
4 rebate payments incurred and deferred for the period August 2012 through  
5 October 2014.

6

7 **Q. ARE EARNINGS REPORTED WITHIN THE FAC SURVEILLANCE**  
8 **REPORTS IN ANY FASHION “NORMALIZED” OR ADJUSTED FOR**  
9 **ITEMS THAT MIGHT BE “DISALLOWED” IN THE CONTEXT OF A**  
10 **TYPICAL RATE REVIEW?**

11 A. My understanding is that no adjustments are posted to earnings reflected in the  
12 surveillance reports – which would include any adjustments typically reflected  
13 in rate case reviews.

14

15 **Q. HAVE YOU “AUDITED,” OR ARE YOU PROPOSING ANY**  
16 **ADJUSTMENTS TO, THE EARNINGS REFLECTED IN THE**  
17 **SURVEILLANCE REPORTS?**

18 A. No.

19

20 **Q. GIVEN YOUR PREVIOUS RESPONSE, CAN YOU CONCLUDE WITH**  
21 **CERTAINTY THAT EVEN IF DEFERRAL ACCOUNTING FOR THE**

22

1           **SOLAR REBATE PAYMENTS HAD NOT BEEN AUTHORIZED, THAT**  
2           **AMEREN MISSOURI'S REGULATED EARNINGS WOULD BE**  
3           **APPROXIMATELY EQUAL TO, OR GREATER THAN, EARNING**  
4           **TARGETED BY THIS COMMISSION IN THE COMPANY'S LAST**  
5           **GENERAL RATE CASE?**

6        A.    I cannot draw such conclusion with certainty. What I can conclude is that there  
7            is a reasonable indication that even if all such solar payments costs had *not* been  
8            deferred, and an audit of the entire recovery period had been undertaken with  
9            resultant "rate case adjustments" posted, that Ameren Missouri's reported  
10           earnings would have fallen within a close range surrounding the targeted return  
11           on equity. Further, it is difficult to envision that even with all typical "rate case  
12           adjustments" posted that some significant amount of excess earnings would not  
13           have been realized.

14  
15  
16        V.    **AMEREN MISSOURI'S REQUEST TO REFLECT IN RATES A**  
17            **THREE-YEAR AMORTIZATION OF DEFERRED SOLAR REBATE**  
18            **PAYMENTS SHOULD BE REJECTED TO AVOID AN "OVER**  
19            **RECOVERY" OR "DOUBLE RECOVERY" OF SUCH COST.**

20  
21        Q.    **WHAT IS YOUR RECOMMENDATION REGARDING AMEREN**  
22            **MISSOURI'S REQUEST FOR RECOVERY OF PREVIOUSLY**  
23            **DEFERRED SOLAR REBATES IN THE DEVELOPMENT OF BASE**  
24            **RATES IN THIS PROCEEDING?**

25

1       A.     As summarized at the outset of testimony, I am recommending rejection of  
2             Ameren Missouri's proposal to reflect in rates a three-year amortization of  
3             deferred solar rebate payments. As noted in the previous section of testimony,  
4             Ameren Missouri's reported earnings indicate that calculated excess revenues  
5             collected during the deferral period exceed solar rebate payments made during  
6             the deferral period. Thus, there is a strong indication that rates in effect were  
7             sufficient to assume that such solar payments have already been collected from  
8             ratepayers. To allow the Company's request to reflect amortization of deferred  
9             solar rebate payments would essentially require ratepayers to again pay for costs  
10            already recovered in rates. Accordingly, I am recommending rejection of the  
11            Company's proposal to amortize deferred solar rebate payments.

12  
13       **Q.     HAVE YOU REVIEWED THE NON-UNANIMOUS STIPULATION AND**  
14            **AGREEMENT, AS WELL AS THIS COMMISSION'S ORDER**  
15            **APPROVING SUCH STIPULATION FROM CASE NO. ET-2014-0085?**

16       A.     Yes.

17       **Q.     DOESN'T THE STIPULATION PROVIDE FOR DEFERRAL**  
18            **ACCOUNTING AND ANTICIPATE THAT COSTS DEFERRED**  
19            **PURSUANT TO THE STIPULATION WILL BE RECOVERED IN**  
20            **RATES IN THIS "NEXT GENERAL RATE CASE" OVER A THREE-**  
21            **YEAR PERIOD?**

22

1 A. I would agree that recovery of deferred solar rebate costs over a three-year  
2 prospective period was anticipated with the Stipulation.

3

4 **Q. HAVE THE COMPANY AND ITS INDEPENDENT AUDITORS RELIED**  
5 **UPON THE STIPULATION TO RECORD SOLAR REBATE**  
6 **PAYMENTS WITHIN A REGULATORY ASSET ACCOUNT – RATHER**  
7 **THAN A CHARGE AGAINST CURRENT PERIOD EARNINGS – FOR**  
8 **THE PERIOD AUGUST 2012 TO DATE?**

9 A. Yes.

10

11 **Q. WHAT ACCOUNTING WOULD OCCUR IF YOUR**  
12 **RECOMMENDATION TO REJECT THE COMPANY’S THREE-YEAR**  
13 **AMORTIZATION OF DEFERRED SOLAR REBATE COSTS IS**  
14 **ADOPTED BY THIS COMMISSION?**

15 A. Ameren Missouri would be required to charge against current period earnings  
16 the entire after-tax write down of all previously deferred costs. In other words,  
17 Ameren Missouri would need to reflect a one-time or non-recurring charge  
18 against earnings in the amount of the entire deferral balance.

19

20 **Q. GIVEN YOUR THREE PREVIOUS ANSWERS, WHY IS IT**  
21 **REASONABLE AT THIS TIME TO REJECT THE COMPANY’S**  
22 **PROPOSED THREE-YEAR AMORTIZATION OF DEFERRED SOLAR**  
23 **REBATE PAYMENTS?**

1       A.     First, it is only reasonable and equitable that ratepayers be required to provide  
2             for the recovery of prudently incurred and statutorily mandated costs *once*.  
3             Second, while I am not appearing as a legal expert, my review of numerous  
4             MPSC orders and Missouri appellate court decisions leads me to conclude that  
5             this Commission's granting of deferral accounting does not constitute a  
6             ratemaking authorization. Third, the Stipulation from Case No. ET-2014-0085  
7             may have led Ameren Missouri and its independent auditors to conclude that it  
8             was "probable" that deferred solar rebate payments reflected on the Company's  
9             balance sheet as a "regulatory asset" would eventually be recovered as part of a  
10            future base rate change occurring as a result of a general rate case application..  
11            That stated, there was never a "guarantee" that deferred solar rebate payments  
12            would be prospectively recovered in rates, and Ameren Missouri was likely  
13            aware of legal and regulatory precedent in Missouri regarding deferrals when it  
14            entered into that Stipulation.

15

16       **Q.     TURNING TO YOUR FIRST POINT, PLEASE EXPAND UPON THE**  
17             **ARGUMENT THAT RATEPAYERS SHOULD BE REQUIRED TO**  
18             **ONLY PROVIDE FOR RECOVERY OF REASONABLY INCURRED**  
19             **SOLAR REBATE PAYMENTS *ONCE*.**

20       A.     At the outset I would emphasize that neither I nor the Consumers Council view  
21             the position being recommended herein as a "disallowance" of solar rebate  
22             payments. It is recognized that Ameren Missouri should be allowed to recover  
23             the statutorily mandated solar rebate payments. My position, and the position of



1           the Consumers Council, is that such costs have already been recovered in rates  
2           that were sufficient to provide for full recovery of the solar rebate payments *and*  
3           provide a reasonable return on investors' capital. And in this instance, I am  
4           effectively arguing that a "reasonable return on investors' capital" is equivalent  
5           to Ameren Missouri earning its MPSC- authorized or targeted return on equity  
6           as calculated after deducting the impact of all solar rebate payments incurred.

7

8

9       **Q.   TURNING TO YOUR SECOND POINT, PLEASE EXPAND UPON**  
10       **YOUR CONCLUSION THAT IN MISSOURI THE GRANTING OF**  
11       **DEFERRAL ACCOUNTING IS NOT TANTAMOUNT TO ALSO**  
12       **CONCURRENTLY GRANTING EXPLICIT RATEMAKING**  
13       **TREATMENT.**

14       **A.**   Again, I am not a lawyer and am not attempting to testify as a legal expert. The  
15       Consumers Council will be providing legal support within its briefs to be filed  
16       at the end of hearings for the conclusions that I draw from reading a number of  
17       previous Commission orders which reveal that this Commission does not view  
18       its granting of deferral accounting to be equivalent to, or implicit of, the  
19       granting of rate recovery for costs being authorized for deferral. To the contrary,

20

1 my understanding from review of an appellate court decision<sup>2</sup> and numerous  
2 MPSC orders<sup>3</sup> is that the appellate court and this Commission have regularly  
3 concluded that the mere granting of deferral accounting does *not* constitutes  
4 automatic and complete prospective recovery in rates. Further, certain decisions  
5 have specifically concluded that other relevant factors, including offsets, could  
6 be considered at the time that rates for recovery of previously deferred costs  
7 were being considered.

8 **Q. ARE YOU FAMILIAR WITH THE TERM “SINGLE ISSUE**  
9 **RATEMAKING” OR “PIECEMEAL RATEMAKING”?**

10 A. Yes. The term “single issue ratemaking” refers to a proposal, in my experience  
11 most frequently advanced by regulated utilities, to provide for current or future  
12 recovery of specific costs - or possibly “lost revenues” - without regard to what  
13 is occurring with the recovery of all other cost of service components. Single  
14 issue ratemaking occurs in the form of automatic rate trackers – such as fuel  
15 adjustment clauses – as well as with deferral accounting mechanism which  
16 indicate a promise or commitment to recover in future rates costs being incurred  
17 in the present.

18  
19 **Q. ARE YOU FAMILIAR WITH THE ARGUMENTS FOR, AS WELL AS**  
20 **AGAINST, “SINGLE ISSUE RATEMAKING”?**

---

<sup>2</sup> Office of the Public Counsel v. Public Service Commission, 858 S.W.2d 806 (Mo. Ct of App. 1993).

<sup>3</sup> Missouri Public Service Case Nos. EO-91-358 & EO-91-360 Order Issued December 20, 1991;  
Missouri-American Water Company et al. Case No. WO-2002-273 Order Issued November 10, 2004;  
Southern Union Company Case No. GU-2011-0392 Order Issued January 25, 2012; Ameren Missouri  
Case No. EU-2012-0027 Order Issued November 26, 2013.

1 A. Yes. Arguments frequently cited in favor of single issue ratemaking proposals  
2 include reduction in regulatory lag, reduced need for frequent rate cases, and  
3 certainty of recovery of prudently incurred costs with the attendant expected  
4 benefit of lower financing costs. Arguments frequently cited against single  
5 issue ratemaking proposals include the removal of incentives for utilities to  
6 operate efficiently and control *overall* costs, as well as restrictions upon the  
7 regulator to consider the utility's *overall* recovery of all costs. More specifically  
8 on this latter point, it is frequently and I believe credibly argued that  
9 authorization of single issue ratemaking mechanisms can prevent the regulators  
10 from considering *over recoveries* occurring with base rates that could be  
11 considered as "offsets" to costs otherwise expected to recovered through a  
12 single issue ratemaking mechanisms. It is important, in my opinion, to  
13 recognize that this Commission has regularly stated that deferral accounting  
14 would not prevent it from considering relevant "offsets" to the full prospective  
15 recovery of costs for which it had previously granted deferral accounting  
16 authority.

17  
18 **Q. TURNING TO YOUR THIRD POINT, PLEASE EXPAND YOUR**  
19 **STATEMENT THAT THE DEFERRAL ACCOUNTING FOR SOLAR**  
20 **REBATE PAYMENTS SHOULD NOT BE CONSTRUED TO BE A**  
21 **GUARANTEE OF RECOVERY OF SUCH COSTS.**

22 A. This third point is arguably just a continuation of the second point- namely, that  
23 *this Commission* has historically determined that deferral accounting does not

1 equate to guaranteeing recovery of all costs deferred in the development of  
2 prospective rates. I mention it separately, however, in anticipation of a  
3 Company criticism of the Consumers Council's proposal that Ameren  
4 Missouri's independent auditors, and ultimately Ameren Missouri's investors,  
5 have relied upon an assumption that costs deferred in regulatory asset account  
6 would be fully recoverable in future rates. Further, it will not be a surprise if  
7 Ameren Missouri argues that if the Consumer Council's proposal is adopted that  
8 such an order would shake the confidence of investors and rating agencies.  
9

10 **Q. SHOULD INVESTORS' CONFIDENCE IN THE REGULATORS'**  
11 **WILLINGNESS TO AUTHORIZE RECOVERY OF PRUDENTLY**  
12 **INCURRED COSTS BE OF CONCERN TO THIS COMMISSION?**

13 A. In general, investor confidence in this Commission's willingness to allow  
14 recovery of prudently incurred costs should be a concern. However, as noted, in  
15 my view this Commission has been consistent and transparent in its decisions  
16 over a great number of years that it does not consider the authorization of  
17 deferral accounting to be equivalent to the authorization of automatic recovery  
18 of all costs deferred in the particular manner requested by the utility in a future  
19 rate case. Further, this Commission in many prior MPSC decisions has  
20 consistently stated that it was not guaranteeing unadjusted rate recovery of  
21 deferred costs, and that it would consider relevant "offsets" to prospective  
22 recovery of deferred costs when the issue of rate recovery arises in a general  
23 rate case. On this particular issue, the Commission should recognize that

1           Ameren has been granted the opportunity for full recovery of appropriately  
2           expended and deferred solar rebate costs, and therefore it should not be allowed  
3           to double recover or over recover these same costs as would occur with the  
4           Company's three-year amortization proposal in this case.

5

6    **Q.    DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

7    **A.    Yes, it does.**