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Case No.: ER-2022-0337

REBUTTAL TESTIMONY

OF

ANGELA SCHABEN

Submitted on Behalf of the Office of the Public Counsel

**UNION ELECTRIC COMPANY
D/B/A AMEREN MISSOURI**

CASE NO. ER-2022-0337

February 15, 2023

TABLE OF CONTENTS

Testimony	Page
Introduction	1
Response to Company's Recommended FAC Language Relating to Basemat Coal	2
Response to Staff's Recommendation to Continue Certain Measures Associated with Ameren Missouri's Monthly FAC Reporting	6
Response to Staff's Tariff Sheet Changes Relating to Ameren Missouri's Continuing FAC	11

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AMEREN MISSOURI, INC.
CASE NO. ER-2022-0337

1 **INTRODUCTION**

2 **Q. Please state your name, title, and business address.**

3 A. Angela Schaben, Utility Regulatory Auditor, Office of the Public Counsel (“OPC” or “Public
4 Counsel”), P.O. Box 2230, Jefferson City, Missouri 65102.

5 **Q. Are you the same Angela Schaben who filed direct testimony for the OPC in this case?**

6 A. Yes.

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is to respond to Ameren Missouri Company witness Andrew
9 Meyer’s direct testimony and Staff witness Amanda Connor’s direct testimony regarding
10 Ameren Missouri’s fuel adjustment clause (“FAC”).

11 **Q. Will you please summarize your recommendations?**

12 A. In addition to recommending the expansion of FAC reporting requirements proposed by
13 Staff, I am also proposing updating the headers on FAC tariff sheets 74 through 74.12.
14 Furthermore, I recommend alternative FAC Rider language in response to Mr. Andrew
15 Meyer’s proposed language relating to the exclusion of decommissioning and retirement plant
16 costs. The language I recommend ensures that Ameren Missouri’s FAC Rider language
17 pertaining to the exclusion of decommissioning and retirement costs is consistent with that of
18 other investor owned utilities within the state of Missouri.

1 **Response to Company’s Recommended FAC Language relating to Basemat Coal**

2 **Q. What change to Ameren Missouri’s FAC tariff is Company witness Andrew Meyer**
3 **recommending related to basemat coal?**

4 A. Mr. Meyer recommends revising Ameren Missouri’s FAC tariff “to make clear that
5 ‘basemat coal,’ which is coal that is left when a coal plant retires, is not to be included in
6 the FAC and should be deferred to a regulatory asset for future recovery consideration as
7 the Commission previously ordered for Evergy and Empire.”¹

8 **Q. What language pertaining to fuel costs related to plant retirement and/or**
9 **decommissioning is found in the Evergy and Empire FAC Riders?**

10 A. For both Evergy and Empire, fuel costs related to plant decommissioning and/ or retirement
11 are already excluded from their current FAC Riders. There is no language specifying an
12 explicitly narrow recovery treatment of one distinctive element related to plant retirements
13 and/ or decommissioning. The Evergy and Empire language of which I speak is as follows:

14 FC = Fuel costs, excluding decommissioning and retirement costs, incurred to
15 support sales and revenues associated with the Company’s in-service generating
16 plants: [. . .]

17 In order to promote consistency between all electric utilities regulated by the Commission,
18 Ameren’s FAC Rider language should be made the same as that of Evergy and Empire.

19 **Q. Does Mr. Meyer recommend specific tariff language changes?**

20 A. Yes. Mr. Meyer’s suggested language is found in bold and underlined below:

¹ Direct Testimony of Mr. Andrew Meyer

1 [P]rovided that costs otherwise included in the foregoing associated with coal
2 remaining at a coal plant after the coal plant ceases coal-fired generation shall be
3 excluded from Factor FC **and instead deferred on the Company's books to a**
4 **regulatory asset for consideration of recovery in a general rate proceeding (sic)**
5 **over a reasonable amortization period as determined by the Commission²**

6 **Q. Is Mr. Meyer's proposed change to Ameren Missouri's FAC tariff language**
7 **appropriate?**

8 A. No.

9 **Q. Why not?**

10 A. How Ameren Missouri recovers basemat coal costs resulting from plant retirement or
11 decommissioning is not relevant to either the fuel costs or the revenues of generating plants
12 that flow through the FAC, since basemat coal will not be consumed as fuel. Therefore, the
13 treatment of basemat coal upon a plant retirement or decommission is completely unrelated to
14 fuel costs appropriately flowing through the FAC. It makes no sense to include FAC Rider
15 language determining how "regulatory assets for consideration of recovery in a general rate
16 case", when the asset in question is not fuel related.

17 **Q. Does Mr. Meyer testify that the Commission ordered Evergy and Empire to exclude**
18 **their basemat coal costs from their FACs and record them in regulatory assets?**

19 A. Yes.

² Rebuttal Testimony of Mr. Andrew Meyer, schedule amm-d3, page 3.

1 **Q. Is that what the Commission ordered Evergy and Empire to do?**

2 A. No. The most recent report and orders pertaining to Evergy (ER-2022-0129³ and ER-2022-
3 0130⁴) and Empire (ER-2021-0312⁵) do not single out retirement and/or decommissioning
4 fuel cost treatment specifically related to basemat coal. Neither does the agreed upon FAC
5 Rider language updates specifically consider basemat coal treatment upon plant retirement
6 and/or decommissioning.

7 **Q. In the most recent rate cases filed by Evergy and Empire, was the FAC continuation**
8 **language, specifying how basemat coal should be treated in the event of plant**
9 **retirements or decommissioning, updated for each utility?**

10 A. No. The FAC rider language for Evergy Missouri Metro (ER-2022-0129), Evergy Missouri
11 West (ER-2022-0130), and Empire (ER-2021-0312) was updated resulting from Stipulation
12 and Agreements of each respective rate case. However, the updated FAC rider language
13 for each does not specifically mention basemat coal treatment upon the retirement or
14 decommissioning of a plant. In fact, decommissioning and retirement fuel costs are
15 specifically excluded from the updated FAC rider language⁶.

16 **Q. Was FAC tariff language to specifically exclude basemat coal costs from Ameren**
17 **Missouri's FAC an issue in Ameren Missouri's last general rate case?**

18 A. No. In that case, Case No. ER-2021-0240, OPC witness Lena Mantle recommended
19 Ameren Missouri's FAC tariff be modified to state that "[n]o retirement or decommissioning
20 costs of any plant should be included for cost recovery in the FAC,"⁷ but neither she nor any
21 other OPC witness proposed excluding Ameren Missouri's non-fuel basemat coal costs.

³ [stipulation and agreement_public 8-30-2022.pdf](#); [er-2022-0129 and 0130 amended report and order v3.pdf](#)

⁴ [stipulation and agreement_public 8-30-2022.pdf](#); [er-2022-0129 and 0130 amended report and order v3.pdf](#)

⁵ [er-2021-0312 - order approving stipulation and agreements v2.pdf](#) and [er-2021-0312 - report and order v3.pdf](#)

⁶ Schedule ADS-R-1

⁷ Rebuttal Testimony of Ms. Lena Mantle, File No. ER-2021-0240, page 3, lines 21-23.

1 **Q. Would the retirement and decommissioning costs of which Ms. Mantle is referring**
2 **include the treatment of basemat coal?**

3 A. No. Basemat coal is not usable fuel for the generation of energy and therefore should not be
4 associated with the FAC.

5 **Q. If that's the case, does it make sense to include specific FAC modification language**
6 **regarding the recovery treatment of basemat coal?**

7 A. Not at all. The language Mr. Meyer proposes is considering only one method of future
8 recovery treatment for materials currently existing in the location of a plant that is not yet
9 retired and/or decommissioned.

10 **Q. Why is this an issue?**

11 A. The treatment of basemat coal should be considered wholly and in combination with all other
12 factors related to the retirement and/or decommissioning of a plant, in the same general rate
13 case. There is no need to embed language related to prospective treatment of one aspect related
14 to an unspecified future plant retirement and/or decommissioning to be decided in a future
15 general rate case. By proposing that basemat coal “should be deferred to a regulatory asset
16 for future recovery consideration”, the Company is essentially telling the Commission how
17 basemat coal recovery should be treated in a future rate case, before the issue is even
18 relevant.

19 **Q. Do you propose alternative FAC language in response to Mr. Meyer's proposed**
20 **language?**

21 A. Yes. I propose that Ameren Missouri's FAC Rider language be updated to reflect the same
22 language in Evergy's and Empire's updated FAC Riders⁸:

⁸ As highlighted in Schedule ADS-R-1

1 FC = Fuel costs, excluding decommissioning and retirement costs, incurred to
2 support sales and revenues associated with the Company's in-service generating
3 plants: [. . .]

4 **Q. What do you recommend?**

5 A. I recommend the Commission order:

- 6 1. Language relating to the treatment of basemat coal upon the retiring or
7 decommissioning of a plant should not be included in Ameren Missouri's FAC.
- 8 2. Ameren Missouri's FAC Rider language be updated to reflect the same
9 language in Evergy's and Empire's updated FAC Riders:

10 FC = Fuel costs, excluding decommissioning and retirement costs,
11 incurred to support sales and revenues associated with the
12 Company's in-service generating plants: [. . .]

13 **Response to Staff's Recommendation to Continue Certain Measures Associated With Ameren**
14 **Missouri's Monthly FAC Reporting**

15 **Q. What are Staff's recommendations for Ameren Missouri's monthly FAC reporting?**

16 A. Staff witness Ms. Amanda Conner recommends that Ameren Missouri be required to continue
17 to report the following measures:

- 18 1. Continue to include the information provided in Schedule amm-d1 of Andrew M.
19 Meyer's direct testimony filed in this proceeding in Ameren Missouri's FAC
20 Monthly Reports, to clarify the major/minor accounts included and excluded within
21 the FAC, and detailed designations and descriptions for each account, along with
22 any changes to them between rate cases;

1 2. Continue to include one Base Factor for summer and one Base Factor for winter
2 in the FAC tariff sheets, calculated from the Net Base Energy Costs (“NBEC”) that
3 the Commission includes in the revenue requirement upon which it sets Ameren
4 Missouri’s general rates in this case; and

5 3. Continue to include transmission costs and revenues that are included in Ameren
6 Missouri’s FAC consistent with those that Ameren Missouri incurs for Purchased
7 Power and Off-System Sales. This is a continuation of the currently used
8 methodology consistent with the FAC with what the Commission termed as “true
9 purchased power” in its Report and Order in File No. ER-2014-0258.

10 4. Continue to provide monthly filings that will aid the Staff in performing FAC
11 tariff, prudence and true-up reviews; these filings should specifically include tabs
12 5D, 5D p1, 5D p2, 5D p3, 5D p4, 5D p5, 5E, 5E p1, 5F, and 5F p1 within the current
13 monthly filings;

14 5. Continue to include within the FAC Monthly Reports information related to the
15 Renewable Choice Program, as referenced in the Non-Unanimous Stipulation and
16 Agreement approved in ET-2018-0063. If the Renewable Choice Program is
17 replaced with another program, similar information should be provided for that
18 program.⁹

19 **Q. Do you agree?**

20 A. I agree with these recommendations with minor modifications. Monthly filings of 5D p3 and
21 5D p4 should be updated to include information relating to all generation resources added
22 between rate cases, in addition to the High Prairie and Atchison data Ameren Missouri
23 currently provides.

⁹ Direct Testimony of Amanda Conner, File No. ER-2022-0337, page 2, filed January 10, 2023.

1 **Q. Does Staff recommend adding measures to the required monthly FAC reporting?**

2 A. Yes. Staff witness Ms. Amanda Conner recommends the implementation of the additional
3 measures for monthly FAC reporting below:

4 1. As part of the information Ameren Missouri submits when it files a tariff
5 modification to change its Fuel and Purchased Power Adjustment rate within the
6 FAC, include Ameren Missouri's calculation of the interest included in the proposed
7 rate;

8 2. In addition to the monthly reports required by 20 CSR 4240-20.090(5), provide
9 Ameren Missouri's MISO Ancillary Services Market ("ASM") market settlements
10 and revenue neutrality uplift charges;

11 3. Maintain at Ameren Missouri's corporate headquarters, or at some other
12 mutually-agreed-upon location within a mutually-agreed-upon time for review, a
13 copy of each and every nuclear fuel, coal, and transportation contract Ameren
14 Missouri has that is or was in effect for the previous four (4) years;

15 4. Within 30 days of the effective date of each and every nuclear fuel, coal, and
16 transportation contract Ameren Missouri enters into, provide both notice to Staff of
17 the contract and opportunity to review the contract at Ameren Missouri's corporate
18 headquarters or at some other mutually-agreed-upon location;

19 5. Maintain at Ameren Missouri's corporate headquarters, or provide at some other
20 mutually-agreed-upon location within a mutually-agreed-upon time, a copy for
21 review of each and every natural gas contract Ameren Missouri has that is in effect;

22 6. Within 30 days of the effective date of each and every natural gas contract Ameren
23 Missouri enters into, provide both notice to Staff of the contract and an opportunity

1 for review of the contract at Ameren Missouri's corporate headquarters or at some
2 other mutually-agreed-upon location;

3 7. Provide a copy of each and every Ameren Missouri hedging policy;

4 8. Within 30 days of any change in an Ameren Missouri hedging policy, provide a
5 copy of the changed hedging policy for Staff to retain;

6 9. Provide a copy of Ameren Missouri's internal policy for participating in the MISO
7 ASM, including any Ameren Missouri sales/purchases from that market that are in
8 effect at the time the tariff changes ordered by the Commission in this rate case go
9 into effect for Staff to retain;

10 10. If Ameren Missouri revises any internal policy for participating in the MISO
11 ASM, within 30 days of that revision, provide a copy of the revised policy with the
12 revisions identified for Staff to retain;

13 11. The monthly as-burned fuel report supplied by Ameren Missouri required by 20
14 CSR 4240-3.190(1)(B) shall explicitly designate fixed and variable components of
15 the average cost per unit burned including commodity, transportation, emission, tax,
16 fuel blend, and any additional fixed or variable costs associated with the average
17 cost per unit reported (Staff is willing to work with Ameren Missouri on the
18 electronic format of this report);

19 12. Notification to Staff within 30 days of entering a new long-term contract for
20 purchased power or changes to a purchased power contract.¹⁰

¹⁰ Direct Testimony of Amanda Conner, File No. ER-2022-0337, page 3, filed January 10, 2023.

1 **Q. Do you agree?**

2 A. I agree with these recommendations with minor modifications. In addition to Staff receiving
3 notifications and copies of correspondence from Ameren Missouri for each of the above
4 recommended implementations, OPC should be added to the list of parties receiving such
5 correspondence and notifications. Additionally, implementation recommendation number
6 eleven should include hourly day ahead and real-time locational market prices for Ameren
7 Missouri's load, and each generating resource should also be included in the 3.190 report.

8 **Q. Do you view Staff's recommendations sufficient?**

9 A. In addition to Staff's recommendations related to ongoing FAC monthly reporting, I
10 recommend that monthly filings of 5D p3 and 5D p4 should be updated to include information
11 relating to all generation resources added between rate cases. OPC should also be included as
12 a party receiving Ameren Missouri's correspondence related to Staff's recommended
13 implementation measures. The monthly as-burned fuel report required by 20 CSR 4240-
14 3.190(1)(B) should also include hourly day ahead and real-time locational market prices for
15 Ameren Missouri's load, and each generating resource should also be included in this report.

16 **Q. What do you recommend?**

17 A. I recommend the Commission order that the monthly filings of 5D p3 and 5D p4 should include
18 information encompassing all generation resources added between rate cases. OPC should be
19 included as a party eligible to receive Company information resulting from Staff's
20 recommended implementation measures. I recommend the monthly as-burned fuel report
21 required by 20 CSR 4240-3.190(1)(B) should also include hourly day ahead and real-time
22 locational market prices for Ameren Missouri's load, and each generating resource should also
23 be included in this report002E

1 **Response to Staff's Tariff Sheet Changes Relating to Ameren Missouri's Continuing FAC**

2 **Q. Does Staff provide a history of Ameren Missouri's FAC and FAC modifications?**

3 A. Yes.

4 **Q. Does that history raise any concerns?**

5 A. Yes, it does with regard to Ameren Missouri's current FAC tariff. There are two sets of tariff
6 sheets that are applicable to "the effective date of this tariff sheet and thereafter". Staff noted
7 tariff sheets 71.16 through 71.30. However, tariff sheets 74 through 74.12 will also require
8 updating. The heading in Ameren Missouri's tariff sheets 74 through 74.12 should also be
9 updated.

10 **Q. How should tariff sheets 74 through 74.12 be updated?**

11 A. The header in tariff sheets 74 through 74.12 should be changed so they no longer read as being
12 currently effective. The end date should be February 28, 2022.

13 **Q. What do you recommend?**

14 A. In addition to tariff sheets 71.16 through 71.30, I recommend the Commission order that tariff
15 sheets 74 through 74.12 also be updated to reflect accurate effective dates.

16 **Q. Does this conclude your testimony?**

17 A. Yes.

