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Witness: *Amanda. C. Conner*
Sponsoring Party: *MoPSC Staff*
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Case No.: *ER-2022-0337*
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

REBUTTAL TESTIMONY

OF

AMANDA C. CONNER

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

CASE NO. ER-2022-0337

Jefferson City, Missouri
February 15, 2023

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1 **REBUTTAL TESTIMONY OF**

2 **AMANDA C. CONNER**

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

5 **CASE NO. ER-2022-0337**

6 Q. Please state your name and business address.

7 A. My name is Amanda C. Conner, and my business address is Missouri Public
8 Service Commission, P.O. Box 360, Jefferson City, Missouri 65102.

9 Q. Are you the same Amanda C. Conner who previously provided testimony in this
10 case?

11 A. Yes. I filed direct testimony in the Union Electric Company, d/b/a Ameren
12 Missouri (“Ameren Missouri” or “Company”) current general rate case designated as Case No.
13 ER-2022-0337, on January 10, 2023. I also filed Class Cost of Service (CCOS) direct testimony
14 in the same case on January 24, 2023.

15 Q. What is the purpose of your rebuttal testimony?

16 A. The purpose of my rebuttal testimony is to address Ameren Missouri’s witness
17 Andrew M. Meyer’s Fuel Adjustment Clause (“FAC”) direct testimony,¹ in which he requests
18 the continuation of the Company’s FAC with modifications, and Ameren Missouri witness
19 Mitchell J. Lansford’s supplemental direct testimony² regarding Ameren Missouri’s utilization
20 of a tax equity partner. I will also address the Office of the Public Counsel (“OPC”) witness
21 Angela Schaben’s direct testimony³ relating to the FAC. Lastly, I will address Staff’s updated
22 FAC Voltage Adjustment Factors (“VAFs”).

¹ *Direct Testimony of Andrew M. Meyer* filed on August 1, 2022.

² *Ameren Missouri’s Motion for Leave to File Supplemental Direct Testimony* filed on October 12, 2022.

³ *Direct Testimony of Angela Schaben* filed on January 10, 2023.

1 **EXECUTIVE SUMMARY**

2 Q. Please summarize your rebuttal testimony.

3 A. Staff opposes the following proposals made by Ameren Missouri:

- 4 1. Adding proposed language on tariff sheet 71.17 under the Fuel Costs
5 component;
- 6 2. Adding language on tariff sheet 71.18 under the Purchased Power (“PP”)
7 component;
- 8 3. Adding language on tariff sheet 71.19 under non-MISO costs;
- 9 4. Changing the transmission costs and revenues percentage on tariff sheet
10 71.19 from 1.84% to 4.97%; and,
- 11 5. Ameren Missouri’s refusal to update the proposed FAC tariff sheets to
12 address the supplemental testimony of Mr. Lansford that Ameren Missouri
13 no longer utilizing a tax equity partner, by removing the language on tariff
14 sheets 71.18 and 71.19, as stated above.

15 Q. What proposals made by Ameren Missouri does Staff agree with?

16 A. Staff agrees with the following proposals made by Ameren Missouri witness

17 Andrew M. Meyer:

- 18 1. Adding proposed language on tariff sheet 71.18 in the paragraph of
19 Midcontinent Independent System Operator (“MISO”) costs and
20 revenues;
- 21 2. Adding proposed language on tariff sheet 70.21, under the Off System
22 Sales Revenue (“OSSR”) component;
- 23 3. Removing “MISO Schedule 11 or its successor” from tariff sheet 71.20,
24 under MISO costs and revenues;
- 25 4. Adding MISO schedules 26E and 26F on tariff sheet 71.20, under MISO
26 costs and revenues;

- 1 5. Consolidating the language throughout the Rider FAC into one section on
2 tariff sheet 71.21; and,
3 6. Additional proposed language to subpart (f), on tariff sheet 71.21.

4 Staff will address the changes to Ameren Missouri’s hedging bilateral sales and
5 financial swaps going forward, and how it is reflected in the proposed FAC base factors.

6 Staff agrees with OPC’s witness Angela Schaben’s direct testimony in regards to adding
7 language in the Rider FAC to remove all Research and Development (“R&D”) project costs
8 from account 555⁴, and delineating the unique major/minor accounts, activity codes, resource
9 types, etc. so they can be excluded from the FAC Actual Net Energy Costs (“ANEC”).

10 Lastly, Staff has updated the VAFs that were originally proposed in Staff witness
11 Alan J. Bax’s direct testimony⁵ and referenced in my CCOS direct testimony.⁶

12 **FUEL ADJUSTMENT CLAUSE**

13 Q. On tariff sheet 71.17, under the Fuel Costs component, Ameren witness
14 Mr. Meyer has proposed adding the language, “and instead deferred on the Company’s books
15 to a regulatory asset for consideration of recovery in a general rate proceeding over a
16 reasonable amortization period as determined by the Commission.” Why does Staff oppose
17 adding this language?

18 A. Staff opposes adding this additional tariff language because it is not necessary.
19 These costs are associated with coal remaining at a coal plant after the coal plant ceases
20 coal-fired generation, which is not an FAC cost. Because this is not an FAC cost, any

⁴ Direct Testimony of Angela Schaben, filed on January 10, 2023, on page 3 lines 1-13.

⁵ Direct Testimony of Alan J. Bax filed on January 10, 2023.

⁶ Direct Testimony of Amanda C. Conner filed on January 24, 2023.

1 future determination, and how the Commission chooses to allow its recovery, is not relevant in
2 the FAC.

3 Q. On tariff sheet 71.18, under the PP component, Ameren Missouri proposes
4 adding the language, “provided that the cost of capacity acquired from a jointly-owned entity
5 whose Factors PP, OSSR, or T⁷ costs and revenues assigned by the entity to the Company are
6 included in the Rider FAC will be included in Factor PP regardless of Term.” Similar language
7 was proposed on tariff sheet 71.19 as well. Why does Staff oppose this additional language?

8 A. Staff sent Ameren Missouri DR No. 0346 requesting more information about
9 the proposed language. Ameren Missouri’s partial response was, “The reference to a jointly
10 owned entity in the FAC redline changes refer to an ownership structure for potential new
11 renewable projects financed, at least in part, by tax equity financing. Ameren Missouri, via a
12 special purpose subsidiary, would co-own an asset along with a tax equity investor. The
13 Company does not currently have a joint venture of this type in place.” Staff opposes this
14 language because Ameren Missouri wants to include language for future projects not currently
15 in place. These purchases, as well as details of these projects, are unknown at this time, and
16 therefore inappropriate to include in the FAC tariff.

17 In addition, on October 12, 2022, Ameren Missouri witness Mr. Lansford filed
18 supplemental testimony regarding Ameren Missouri no longer utilizing a tax equity partner for
19 any projects. However, Ameren witness Mr. Meyer made no changes to Schedule AMM-d3 to
20 remove the language in the Rider FAC in regards to a “jointly-owned entity.” Staff sent Ameren
21 Missouri DR No. 0353 asking if Ameren Missouri intended to make changes to Mr. Meyer’s

⁷ Factors PP represents Purchase Power, OSSR represents Off System Sales Revenue, and T represents Transmission.

1 Schedule AMM-d3 to remove the language regarding joint tax equity partners, and the answer
2 received was that it was unnecessary to do so. Ameren Missouri stated that there were
3 transactions resulting from a renewables project financed, at least in part, by tax equity
4 financing and, although the Inflation Reduction Act reduces the instances in which a utility may
5 seek tax equity financing for a project, there may be instances where it is prudent to seek this
6 sort of financing for future projects. The concern with Ameren Missouri's answer to Staff is
7 that if they are no longer utilizing a tax equity partner, there is no reason for the language to be
8 included in the Rider FAC; therefore, this language should be removed. There is also the issue
9 that the details of these future projects are unknown at this time, and therefore, inappropriate to
10 include in the tariff.

11 Q. On tariff sheet 71.19, Ameren Missouri is proposing to change the transmission
12 costs and revenues percentage from 1.84% to 4.97%. Does Staff agree? Why or why not?

13 A. No. As stated in my CCOS direct testimony⁸, Staff calculated the pass-through
14 percentage of MISO transmission costs and revenues in the FAC as 8.18%. This calculation is
15 based on the output from Staff's fuel models that were used to develop the revenue requirements
16 found in Staff's COS report for this case. The Staff's calculations are appropriate because they
17 are consistent with the method used to calculate the pass-through percentage of MISO
18 transmission costs and revenues for Ameren Missouri's current FAC.

19 Q. Ameren Missouri proposes adding the language, "and short-term reserve
20 service," on tariff sheet 71.18 in the paragraph relating to MISO costs and revenues, and
21 "ramp capability service and short-term reserve service," on tariff sheet 71.21 under the
22 OSSR component. Is Staff in agreement with these proposed additions?

⁸ *Direct Testimony of Amanda C. Conner* filed on January 24, 2023, page 3 lines 16-18.

1 A. Yes. As explained in response to Staff Data Request No. (DR) 0345, Ameren
2 Missouri already provided notice to the Commission for these new charge types in Case Nos.
3 ER-2014-0258 and ER-2019-0335, as they possess the same characteristics of already existing
4 charge types recovered through the FAC. It is Staff's understanding that no party, including
5 Staff, disputed these new charge types in either case. Therefore, Staff agrees with this proposed
6 addition.

7 Q. On tariff sheet 71.20, under MISO costs and revenues, Ameren Missouri
8 proposes to remove "MISO schedule 11 or its successor." It appears OPC witness Ms. Schaben
9 has the same position. What is Staff's position on this?

10 A. Staff is not opposed to the change Ameren Missouri is proposing. As explained
11 in Ameren witness Mr. Meyer's direct testimony on page 12, lines 7-16, MISO Schedule 11 is
12 related to wholesale distribution service provided to municipalities and not to transmit
13 electricity bought from the MISO market to serve Ameren Missouri's retail load.

14 Q. On tariff sheet 71.20, under MISO costs and revenues, Ameren Missouri
15 proposes to add to MISO Schedules 26E and 26F. Does Staff agree to this addition?

16 A. Yes. These are new charge types and schedules MISO established in
17 January 2022 when they became a part of MISO's Open Access Transmission, Energy and
18 Operating Reserve Markets tariff. The charges under these new schedules fit the criteria and are
19 in the type of existing transmission service charges that are permitted to be included in the FAC.

20 Q. Ameren proposes consolidating language from several sections of the Rider
21 FAC into one section on tariff sheet 71.21. Is this an issue for Staff?

1 A. No. This change simply consolidates the previous pages into one definition at
2 the end of the Rider FAC. Staff agrees that this consolidation makes sense and makes the tariff
3 sheets more reader friendly.

4 Q. Ameren Missouri proposes to add the following language on tariff sheet 71.21
5 for subpart (f): “those amounts specified by Commission Order approving tariff, rider or
6 program to be excluded from Rider FAC.” Does Staff agree with the additional language?

7 A. Yes. In DR No. 0348, Staff requested more information from Ameren Missouri
8 regarding this proposal. In its response, Ameren Missouri explains that this language is
9 intended to be an all-encompassing reference to future customer programs in which operations
10 warrant the exclusion of any costs or revenues from the FAC. Ameren Missouri currently has
11 no specific programs planned, but since the FAC tariff can only be modified in a general rate
12 case, this language should be put in effect in case there are such programs the Commission
13 approves outside of a general rate case.

14 Q. On pages 18 and 19 of Ameren witness Mr. Meyer’s direct testimony, the
15 Company explains its reasoning for eliminating the physical bilateral transactions and financial
16 swaps adjustment from setting the Net Base Energy Costs (“NBEC”) in this case. Does Staff
17 also agree with excluding this adjustment in the NBEC calculation?

18 A. Yes. As explained in Mr. Meyer’s direct testimony⁹, given the material
19 reduction in energy sales that the Company will experience due to the Meramec Energy Center
20 retirement at the end of 2022, and due to modified operations at the Rush Island Energy Center
21 associated with its transition to retirement, the use of historical margins consistent with past
22 practice would misstate these margins and the NBEC.

⁹ *Direct Testimony of Andrew M. Meyer*, filed on August 1, 2022, page 18, lines 16-22.

1 In addition, Ameren Missouri explains in response to DR No. 0351,

2 As discussed in direct testimony, the Company contemplates forward
3 hedge sales after reviewing the net position for each timeframe. This net
4 position consists of all forecasted generation less forecasted load, on a
5 normalized basis. The Company has historically been in a position of
6 having significant excess generation. However, with Rush Island and
7 Meramec retiring, that position of excess has transitioned closer to flat,
8 although it varies by month... These forward sales have been the bulk of
9 our hedge activity. This is the activity that will no longer occur to the
10 same extent... The Company will continue to use physical bilateral
11 transactions and swaps as hedging mechanisms, and recommends their
12 continued inclusion in the FAC. However, the use of these will be
13 significantly reduced and likely focus more on hedge purchases. For
14 example, with no Meramec or Rush Island generation forecasted for
15 October 2023, the Company is forecast to be short generation when
16 compared to load.

17 Therefore, by including an adjustment for physical bilateral transactions and financial
18 swaps in the NBEC, it would result in a base factor that is not very accurate and misstate the
19 margins for the type of hedge activity going forward. Instead, by eliminating this adjustment
20 for physical bilateral transactions and financial swaps in the NBEC, the NBEC would be a more
21 accurate representation for the type of hedge activity going forward.

22 Q. In OPC witness Ms. Schaben's direct testimony, page 3 lines 1-13, she
23 recommends changing the language in the Rider FAC to remove all R&D energy costs
24 and revenues instead of only digital currency R&D costs and revenues. Does Staff agree with
25 these changes?

26 A. Yes. As Ms. Schaben states, R&D costs are not allowed to be included in the
27 FAC. Since Ameren Missouri had an R&D project involving crypto currency at the time,
28 language was included in the Rider FAC in the last general rate case filing, Case No.
29 ER-2021-0240, specifically relating to "digital currency." However, it would be more
30 accurate to remove the digital currency references, since Ameren Missouri ended this R&D

1 project, and instead add OPC's proposed language, which would exclude all R&D projects
2 energy costs and revenues.

3 **UPDATED VOLTAGE FACTOR ADJUSTMENT**

4 Q. Has Staff updated the VAFs since your CCOS direct testimony was filed?

5 A. Yes.

6 Q. What are the new VAFs Staff is proposing?

7 A. Staff witness Alan J. Bax will further address the updated VAFs in his rebuttal
8 testimony. However, as of this filing, the VAFs are provided in the following table:

9

Voltage Level	Voltage Adjustment Factor
Secondary	1.0539
Primary	1.0222
High Voltage	1.0059
Transmission	0.9928

10
11 Q. Does this conclude your testimony?

12 A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust)
Its Revenues for Electric Service) Case No. ER-2022-0337

AFFIDAVIT OF AMANDA C. CONNER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW AMANDA C. CONNER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Amanda C. Conner*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


AMANDA C. CONNER

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 10th day of February 2023.


Notary Public

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070