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Fuel Adjustment Clause*
Witness: *Lisa Wildhaber*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case Nos.: *ER-2019-0335*
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

REBUTTAL TESTIMONY

OF

LISA WILDHABER

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

CASE NO. ER-2019-0335

*Jefferson City, Missouri
January 2020*

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**TABLE OF CONTENTS OF
REBUTTAL TESTIMONY OF
LISA WILDHABER
UNION ELECTRIC COMPANY,
d/b/a Ameren Missouri
CASE NO. ER-2019-0335**

EXECUTIVE SUMMARY.....2
FUEL ADJUSTMENT CLAUSE.....2

1 **REBUTTAL TESTIMONY OF**

2 **LISA WILDHABER**

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

5 **CASE NO. ER-2019-0335**
6

7 Q. Please state your name, employment position, and business address.

8 A. Lisa Wildhaber, Utility Regulatory Auditor with the Missouri Public Service
9 Commission (“Commission”), 200 Madison Street, Jefferson City, Missouri 65101.

10 Q. Are you the same Lisa Wildhaber who has previously provided testimony in
11 this case?

12 A. Yes. I contributed to the *Staff Report Cost of Service Union Electric Company,*
13 *d/b/a Ameren Missouri Case No. ER-2019-0335* (“COS Report”) and *Missouri Public Service*
14 *Commission Staff Report Class Cost of Service* (“CCOS Report”). On December 4, 2019, Staff
15 filed its COS Report and on December 18, 2019, Staff filed its CCOS Report.

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

17 A. The purpose of my rebuttal testimony is to address Ameren Missouri witness
18 Marci Althoff’s Fuel Adjustment Clause (“FAC”) direct testimony in which she requests the
19 continuation of the Company’s FAC with modifications. I will propose various revisions to the
20 Company’s proposed modifications to the FAC tariff. I will briefly address Office of Public
21 Counsel witness Lena Mantle’s direct testimony proposing a change in the sharing mechanism.
22 I will also briefly address Sierra Club witness Avi Allison’s direct testimony proposing a change
23 in the timing of the FAC filings.

24 **EXECUTIVE SUMMARY**

25 Q. Please summarize your rebuttal testimony.

1 A. Staff opposes in their entirety the following proposals by Company witness
2 Marci Althoff: Inclusion of Southwest Power Pool (“SPP”) charge types, for those times that
3 the Company transacts within the SPP area, and inclusion of replacement power insurance costs
4 in the determination of Net Base Energy Costs. The reasons for this are explained further below.
5 Staff witness Dana Eaves, in separately filed rebuttal testimony, will address the Company’s
6 proposal to include 100% of costs to transmit excess electric power sold to third parties to
7 locations outside of MISO or to transmit electric power on a non-MISO system.

8 Staff proposes revisions to the Company’s proposals regarding Plant in Service
9 Accounting (“PISA”) verbiage, changing billing months to calendar months, and modifying
10 tariff sheet page numbers, all explained further below.

11 Staff proposes specific additions of a reference to FERC Account 518 to tariff
12 page 71.1, paragraph 2 and the word *subscribed* in all applicable areas of the tariff relating to
13 the exclusions of the Renewable Choice Program. These proposed additions are further
14 explained below.

15 **FUEL ADJUSTMENT CLAUSE**

16 Q. Please explain why Staff is opposed to the Company’s proposal to include
17 SPP charge types in the FAC tariff.

18 A. Company witness Marci Althoff stated in her direct testimony that “from time-
19 to-time we have transacted (and may in the future transact) in SPP when it is prudent to do so.”¹
20 Company witness Jeff B. Holmes stated that Ameren Missouri did not transact in the
21 SPP market in 2018. Mr. Holmes further stated that, “Ameren Missouri does not have an

¹ Marci Althoff Direct Testimony, pg 13, lines 3-4.

1 estimate of potential transactions in the SPP market prior to assuming ownership of the
2 Outlaw Wind Project.”² Based on those responses, since potential future SPP transactions
3 appear to be affiliated with ownership and/or operation of the Outlaw Wind Project, it is Staff’s
4 position that the inclusion of the SPP charge types as part of this rate case is premature and a
5 determination should be made at a future date when the Outlaw Wind Project becomes
6 operational.

7 Q. Please explain why Staff is opposed to the Company’s proposed inclusion of
8 Replacement Power Insurance Costs within the Net Base Energy Costs.

9 A. Company witness Laura Moore included replacement power insurance costs,
10 from Account 925, in the amount of \$673,024 in her calculation of net base energy costs.³ Staff
11 removed this amount from Staff’s calculation of the base factor amounts.

12 The Unanimous Stipulation and Agreement in the previous general rate case,
13 ER-2016-0179, added a Factor R to the ANEC formula, with “R” being defined as
14 “Net insurance recoveries for costs/revenues included in this Rider FAC (and the insurance
15 premiums paid to maintain such insurance), and subrogation recoveries and settlement proceeds
16 related to costs/revenues included in this Rider FAC”. The Net Base Energy Costs (“NBEC”)
17 in the Stipulation and Agreement from Case No. ER-2016-0179 did not include any costs for
18 the line item identified as “Replacement Power Insurance (Acct 925)”.

19 In response to Data Request 0540, Company witness Marci Althoff stated that these
20 costs are annualized premiums paid on replacement power insurance, and that these costs are
21 consistent with Factor R in the Rider FAC.

² Data Request 303.1.

³ Laura Moore Direct Testimony, pg 34, lines 9-14.

1 It is Staff’s understanding that these types of insurance costs could be a part of the
2 Company’s risk management policy and possibly used to mitigate some of their risk. However,
3 Staff is still uncertain as to the true nature of these costs and cannot support inclusion at this
4 time. In addition, since these replacement power insurance costs may not be variable costs, it is
5 Staff’s recommendation to exclude these costs from the NBEC and the calculation of the
6 Base Factor.

7 Q. Please explain Staff’s proposed revisions to the PISA-related language
8 mentioned on page 12, lines 18-20 in Company witness Marci Althoff’s direct testimony.

9 A. Staff’s proposed revisions are intended to further clarify the tariff language
10 related to PISA. Staff proposes the following:

11 1) On Sheet 71.9, move the definition of PFAR (“Preliminary FAR”) from the
12 Company’s proposed location to directly below the FAR_(RP-1) definition, because the
13 PFAR definition includes the term FAR_(RP-1);

14 2) Revise the Company’s proposed definition of RAC (“Rate Adjustment Cap”) on
15 Sheet 71.10 to remove the word “baseline”, which is not defined by the PISA statute
16 Section 393.1655. Staff further recommends the following italicized clarifications in the
17 RAC definition: “...RAC...shall be calculated by multiplying the / / rate as determined under
18 Section 393.1655.4(b) by the 2.85% Compound Annual Growth rate compounded for the
19 amount of time in days that has passed...”;

20 3) Revise the definition of RAC_{LPS} on Sheet 71.10 to remove the word “baseline”, which
21 is not defined by the PISA statute Section 393.1655. Staff further recommends the following
22 italicized clarifications in the RAC_{LPS} definition: “...RAC_{LPS}...shall be calculated by
23 multiplying the / / class average overall rate as determined under Section 393.1655.6(b) by the

1 2.00% Compound Annual Growth Rate compounded for the amount of time *in days* that
2 has passed...”;

3 4) On Sheets 71.10-71.11 add the Company’s definition of its new term
4 FAR-Large Power Service (“FAR-LPS”), because that term is now included in the PISA
5 calculations but is not yet defined in the Company’s proposed tariff;

6 5) Because the Fuel Adjustment Rate (“FAR”) calculation is specified as being rounded
7 to five decimal points, Staff proposes that the calculation lines leading up to the FAR be stated
8 at the same level of precision. Staff proposes the following italicized language on Sheet 71.11:
9 “The FAR applicable to the individual Service Classifications, *including the calculations on*
10 *Lines 16 through 21 of the Rider FAC*, shall be rounded to the nearest \$0.00001...”; and

11 6) Add references in the Company’s PISA Excel rate caps worksheet, tabs 8.2(A)Sup.1
12 and 8.2(A)Sup.2, to note the specific lines on the Rider FAC tariff sheet to which the
13 rate caps flow.

14 Q. Please explain Staff’s proposed revisions to the Fuel Adjustment Clause
15 (“FAC”) Sheet 71.17, computations related to PISA.

16 A. Staff proposes changing the bracketed verbiage on the Company’s proposed
17 Line 17 of the Rider FAC to “(FARLPS, FINAL, lesser of 15 and 16)”, to clarify that this line
18 is the final rate to be used for the Large Power Service (LPS) class. Staff also proposes on the
19 Company’s new Line 18 of the Rider FAC, adding the words “if applicable” after
20 “Difference (Line 15 – Line 17)”.

21 Q. Does Staff oppose the Company’s proposed tariff change from “billing” months
22 to “calendar” months?

1 A. Staff does not oppose the change to “calendar” months. However, for possible
2 clarification purposes, Staff proposes a slight wording change in the heading of the Rider FAC
3 Sheet 71.17, as related to calendar months: “Applicable To *services provided on XXXXXX*
4 through XXXXXX”.

5 Q. Does Staff note any possible discrepancies in the proposed Rider FAC
6 page numbering?

7 A. Yes, Staff notes the following possible discrepancies with the page numbers:

- 8 1) There is no Sheet 71.4 and two Sheets 71.5;
9 2) There is no Sheet 71.12 and two Sheets 71.13;
10 3) There is no Sheet 71.15 and two Sheets 71.16; and
11 4) There are two Sheets 71.17 for the FAR calculations.

12 Staff requests the Company review these page numbers and consider whether revisions
13 to the page numbers are necessary.

14 Q. What other revisions does Staff propose?

15 A. For clarification purposes, Staff is proposing the italicized addition to tariff
16 Sheet 71.1 paragraph 2: “The following costs and revenues (including applicable taxes) arising
17 from nuclear plant operations, *recorded in FERC Account 518*: nuclear fuel commodity
18 expense...”

19 Q. What revisions are being proposed by Staff, specific to the Renewable
20 Choice Program?

21 A. Staff is proposing language to clarify in all applicable sections that the
22 exclusions from the FAC are for the *subscribed* portions of the Renewable Choice Program,
23 since the subscribed portions will flow through the Renewable Choice Rider. This wording

1 should then, by default, clarify that only the unsubscribed portions will flow through the FAC,
2 in compliance with the Non-Unanimous Stipulation and Agreement in Case No. ET-2018-0063.

3 Staff proposes verbiage revisions as follows:

4 1) Adding the following italicized language to the Company's proposed definition of
5 PP on Sheet 71.2: "...reflected in FERC Account 555, excluding (a) amounts associated with
6 the subscribed portions of Power Purchase Agreements...";

7 2) Adding the following italicized language to the Company's proposed paragraph 2 on
8 Sheet 71.3 related to FERC Account 565: "...in FERC Account 565 directly attributable to
9 Ameren Missouri's network transmission service (excluding (a) amounts associated with the
10 subscribed portions of Power Purchase Agreements...";

11 3) Adding the following italicized language to the Company's proposed paragraph 3 on
12 the first Sheet 71.5: "...transmission revenues reflected in FERC Account 456.1 (excluding (a)
13 amounts associated with the subscribed portions of Power Purchase Agreements dedicated to
14 specific customers under the Renewable Choice Program tariff and (b) costs or revenues under
15 MISO Schedule 10..."; and

16 4) Adding the following italicized language to the Company's proposed definition of
17 OSSR on the second Sheet 71.5: "...Costs and revenues in FERC Account 447 (excluding (a)
18 amounts associated with the subscribed portions of Power Purchase Agreements..."

19 Q. Do you want to comment on any modifications to Ameren Missouri's FAC that
20 Office of Public Counsel witness Lena Mantle is recommending?

21 A. Yes, briefly. Ms. Mantle is recommending to change the sharing mechanism of
22 the difference between the actual FAC costs incurred and the base FAC costs to an 85%/15%
23 sharing mechanism. This means that at the end of an FAC accumulation period, if the actual

1 costs exceed the estimated costs, customers would be billed 85% of the difference and Ameren
2 Missouri would absorb 15%. In contrast, if the actual costs are lower than estimated costs,
3 Ameren Missouri would only return 85% of the difference to customers and Ameren Missouri
4 would keep the 15%.

5 Q. What is Staff's position regarding Office of Public Counsel witness
6 Lena Mantle's proposal to change the sharing mechanism to an 85/15 percentage?

7 A. The current sharing mechanism is a 95%/5% ratio. Following an
8 FAC Accumulation Period, actual FAC costs are compared to estimated FAC costs, with 95%
9 of the difference in these two amounts returned to customers (when the estimated costs exceed
10 the actual costs) or recovered from customers (when the actual costs exceed the estimated
11 costs). It is Staff's position that no party has provided sufficient evidence warranting a change
12 in the current sharing percentage. As such, Staff's position is to continue the current 95%/5%
13 sharing mechanism.

14 Q. Do you want to comment on any modifications to Ameren Missouri's FAC that
15 Sierra Club witness Avi Allison is recommending?

16 A. Yes, briefly. On pages 42-44 of his direct testimony, Mr. Allison recommends
17 that the Commission amend its rules to allow Staff and other stakeholders at least three months
18 following Ameren Missouri's FAC filings to submit their recommendations to the proposed
19 FAC adjustments, which would allow for analysis of commitment and dispatch practices. If the
20 Commission does not accept this proposal, Mr. Allison proposes that the Commission set
21 minimum FAC filing requirements to enable Staff and stakeholders a review of specific unit

1 commitment and dispatch practices. Further recommendations include amending the structure
2 of the FAC process so that FAC filings occur once a year rather than three times a year.⁴

3 Q. What is Staff's position regarding Sierra Club witness Avi Allison's proposals
4 to change the time allowed to review FAC filings and the reduction in the number of
5 FAC filings per year?

6 A. Staff is opposed to Mr. Allison's proposals. Currently effective
7 Commission Rules require thirty (30) days to submit a recommendation: Commission
8 Rule 20 CSR 4240-20.090(8)(F) provides that "within thirty (30) days after the electric utility
9 files its testimony and tariff sheet(s) to adjust its FARs, the Staff shall submit a recommendation
10 regarding its examination and analysis to the commission." In addition, it is Staff's opinion that
11 limiting Fuel Adjustment Rate ("FAR") filings to one time a year could be detrimental to
12 customers, and large cost fluctuations would not be timely mitigated with only one FAR filing
13 per year. Potential repercussions include, as mentioned above, larger fluctuations in FAC rates
14 due to only one filing per year; potential increase in Commission's requirements for the
15 extended review time, including Commission's expectations for the nature of Staff's review of
16 the FAC filings; the effects of the additional FAC filing review time on the Staff's
17 FAC prudence review process; and all tariffs and rules would need to be revised. Staff proposes
18 all parties explore all ramifications of any changes to the FAC filing process prior to making
19 any modifications to the review period allowed and the number of FAC filings per year.

20 Further, as Staff witness Shawn E. Lange explains in his Rebuttal Testimony, Staff has
21 already committed to review each utility's commitment and dispatch practices as part of
22 FAC prudence reviews, and the Commission has directed Ameren Missouri to consider

⁴ Direct Testimony of Avi Allison pg 42, line 10 through pg 43, line 22.

Rebuttal Testimony of
Lisa Wildhaber

1 self-schedule/self-commit as part of its Integrated Resource Plan (IRP). Staff suggests the
2 FAC prudence review is the appropriate avenue to explore issues related to self-schedule/self-
3 commit and will make any recommendations regarding its review for applicable adjustments in
4 subsequent FAR filings.

5 Q. Does this conclude your rebuttal testimony?

6 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 Decrease)
Its Revenues for Electric Service) Case No. ER-2019-0335

AFFIDAVIT OF LISA WILDHABER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

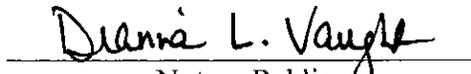
COMES NOW LISA WILDHABER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Lisa Wildhaber*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


LISA WILDHABER

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 17th day of January, 2020.


Notary Public