

## Workshop Notes for November 29, 2018

Ameren – There is some concern if draft rule applies to overearnings cases.

MIEC and MECG– If the utility elects, Commission cannot reject?

Several utilities could file cases simultaneously and presents issues:

- Shortened time frame presents more timing issues
- Commission ability to say no - Previous concern of Chairman Gunn when KCPL and Ameren filed simultaneously stressing Staff resources. Companies that have multiple cases simultaneously.
  - Already issues with stretching staff Resources when companies file essentially two cases simultaneously
    - KCPL/GMO
    - Spire E&W
- Can Staff and parties process issues in that short time frame?
- Commission needs the ability to reject.
- Case-by-case factors for Commission discretion (if utility says no)

Ameren – Mandatory change to statutory process

Can Commission decide to suspend tariffs at 240 days in, then suspend for 11 months?

A problem with delay in the past has been data collection.

### **Benefits and detriments of condensed schedule**

MAWC – benefits of getting utility in and out in 8 months?

Ameren/KCPL – Unusual testimony process

- (4,5,6 rounds) is reason for long time frame
- Still leave 100s of DRs – not solve problems of questions
- This does not address the rate case process only compressing the time line.  
Fundamental problem is multilayer testimony process

MAWC – filed comments yesterday. Staff and non-company parties do not directly address the Company's initial filing. Do not begin addressing until rebuttal which is then 6 ½ - 7 months out. Propose addressing company direct in their initial filing. Missouri is unique in the current approach. Bifurcated– COS & CCOS – adds more time (Address company filing)

OPC- Is grid modernization the reason this is necessary? What is the public interest?

- Staff – save rate case expense
- MECG – utilities may have to hire more lawyers/consultants in order to process expedited leading to increased rate case expense

OPC – What statute is Staff invoking?

Staff- Commission's rule making authority

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MECG – Could there be an interim rate decrease

Ameren – Not sure interim rates decrease are allowed by statute

MECG – What does Staff envision the case proceeding after hearing? Approval of tariffs after the 240 day timeline. Commission takes more time on their end, RLJ need to move faster for granting intervention, Agenda needs to occur more frequently.

- Intervention for parties at day 1 or during a 60 day notice
- Pay more upfront (ratepayers)
  - Ways to improve process, not necessarily shorten process
  - Assuming improvements could allow for shorter time

Staff – Disconnect between tariff effective and commission order in 240 days

MECG – if a Utility retains 60 day notice, why not allow intervention during that time period?

KCPL – Have already started getting DRs prior to case filing

Ameren – Have objected to these in the past

OPC – Rates going into effect earlier could offset savings from rate case expense

MECG – reducing regulatory lag can reduce the incentive to reduce costs

Staff – Public interest involves rate payers and companies

OPC – Companies are doing well with current process

Staff – Proposal is to get feedback from other stakeholders

MIEC – Should try to improve the process and then maybe shorten the process. A better process with same time frame, then the public interest is served

OPC – Complexity of the cases has increased exponentially. Likely to continue. Not getting the full revenue case until true-up currently. Comparison to other states is apples to oranges

MECG – parties that are intervening have increased and the interests that they represent have increased. Settlement is more difficult with more parties

MAWC- Would like staff to address the company's case in chief within first filing.

MIEC- Rebuttal and direct filed simultaneously?

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MAWC- yes

Staff – Potentially file direct case and rebuttal simultaneously?

OPC- The idea of changing it is disturbing. Utility introduces lots of topics and then topics get dropped to sandbag the other parties. Problems with the 8 month timeframe based on complexity. Rate Design suffers in every rate case because of True Up. Rate Design is increasingly an interest of Commission. Focus should be on how to make the process better, not quicker. Companies' case is sometimes unknown until True Up. File out of period adjustments with direct case and avoid True Up. Eliminate depositions to shorten process.

Ameren- depositions make the hearing more efficient

Staff- depositions allowed by statute

Commissioner Hall- would the process be aided by an enhanced surveillance requirements?

- OPC- yes
- Ameren and KCPL- currently filing. Seek additional info? Would depend on the info required
- MEEG- currently don't get the surveillance info
- Ameren- surveillance data is not weather normalized. The utility would need to constantly be preparing for a rate case

MEEG- issue of surveillance reporting only goes to Revenue Requirement. Issues coming about by a number of parties and complexity goes well beyond Revenue Requirement. When KCPL files, its 2-3 cases. Spire is 2 cases.

Staff – If Surveillance Reports were received regularly, would that expedite?

MEEG- Rate Design is held hostage by the revenue requirement. Getting rid of true-up would allow more attention on rate design

Staff – If surveillance reports are added to and weather normalization is the only necessary update, would it help?

Ameren – it is a lot of information that would need to be added. Only way to make surveillance reports a jumpstart is to constantly be doing a revenue requirement. Would require more staff to constantly do so.

MEEG – in KS, rate cases are non-fuel. Can that work in MO? In KS - Everything in FAC is not part of a rate case and not in base rates

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OPC- In fuel in electric case, company wants something in base rates because of 95/5 split. Perceived that company will attempt to improve fuel costs

Ameren- could exclude fuel from rate case. Not uncommon in other states

OPC- there is lot more cost that is in FAC v. PGA

MECG- from customer standpoint, it would be more transparent

OPC- more acquisitions is increasing complexity. Would be easier with Commission approved CAMs. Updating some surveillance report sheets would provide necessary info and then more info could be supplemented in the rate case.

MECG –Surveillance Report a snapshot in time. Could it be more meaningful if there was some historical data?

OPC- A lot of data is available to be used. Weather impact on financial statements (10ks, 10qs, FERC filings)

MECG/Ameren – already 12 month rolling total and quarterly

Spire- finding ways for parties to engage about substantive issues prior to number finalization (later in the process).

Do have enhanced surveillance and an approved CAM to enhance transparency to Staff and OPC.

Ameren- question if additional info in SR would actually be used.

ADIT is not calculated on a monthly basis

MAWC- SR monthly but is higher level. How would parties use additional information?

MECG – ability to track would allow ability to know where to focus efforts.

- 8 month time frame could end up seeing more DRs because of compression.
- May send some that would not have asked.

Ameren – Ameren continues to use historic then pro-forma to true-up

OPC – Renters move & other ratepayers (made whole)

– Confusion of rates is an issue

OPC- Speeding rate case process will have a negative impact on OPC. Resources will be spread too thin. With the growing number of cases in EFIS

Also would result in impact on PSC Resources

Spire- reducing lag has not been discussed. Is just and reasonable only keeping rates low or allowing utility to recover based on rates it should have had?

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MIEC- Commission needs to be able to say that they need OPC input to determine just and reasonable rates

MECG- need OPC to have necessary resources

### **Rate Design Discussion for interim rates**

MAWC – what rate design does the interim rate assume? How to deal with charges to customers if RD changes. Interim rates implemented at beginning of TU before permanent rates filed. If permanent rates are missed by 25% or greater there is a 5% penalty. What happens if tax reform occurs?

Ameren- There should not be a penalty for over-collection through interim

Ameren- or market changes significantly. Penalty is not fair to utility.

MIEC- Don't see how you can get utilities not to game without the penalty

Spire- FERC has been doing this for many years without a penalty

Staff- Interim rates on a portion of total request as a way to ease some concern?

OPC- should be reluctant that some ratepayers are guaranteed to pay more than they should have

MECG- similar to a previous Ameren case, after Staff files their case, company could request that amount as interim subject to refund

Spire – FERC cases subject to refund & no penalty

Ameren – Penalty should take care of OPC concerns for increases and decreases

KCPL – Paragraph 12- Alternative to general rate case. If this was adopted would interim rate increase? Would it go into effect immediately?

Staff – Emergency standard would not be applied

MECG – How to get past anti CWIP provision for electric cases?

MIEC – how to get past requirement for just and reasonable rates prior to review?

Staff – Interim subject to refund

OPC – renters could pay more than they should if they move after the interim rates are reset

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OPC – rates going up and down could result in customer confusion

Ameren – company could request part of its full request for the interim rate

MIEC – if a utility is not cooperative in discovery, there is no out for the Commission to push the 240 days

### **True-up discussion**

MECG – True-ups have exploded – every issue (\$\$)

- If true up not necessary – 8 months probably possible (#10)
- How to respond to true-up without revenue finalization
- Update vs true-up – based off of test year (define/clarify)
- Future test year (anti-CWIP)

OPC in Kansas – staff only does rebuttal

MAWC – 3 periods makes it difficult to true-up.

MECG – non-utility parties can't settle until true up numbers are final

MAWC – Have not had a true-up hearing in years

Ameren – conceptual disagreements can be known prior to data finalization

MECG – Problem with true-up is that it occurs every rate case and the issues involved in true-up have increased

MAWC – Should be able to agree on philosophy prior to finalization of numbers

MECG – extensive nature of true-up prevents earlier settlement. Often does not move RR much. Some cases the TU is not necessary

Ameren – If the contested issues were on the table sooner, could discuss subject conceptually to final numbers

Staff – #10 has an update but not necessarily a TU

MECG – distinction between TU and update

Staff – eliminate TU and rely on one update. No difference in scope

MECG – update could be complete movement of the case to new test year

Staff – could not raise new issue, just update numbers. May need to define update or tighten rule language.

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MECG – need to get cases on apples to apples basis sooner. Recently required TU in surrebuttal in KCPL and Ameren Cases

MAWC- could move to future test year to avoid the TU/update issue. It has worked in other jurisdictions. Utilities will be careful about what to include in the future test period. Move the final date to the effective date of tariff

OPC – don't see RR until True-up and the review time is too short. Get rid of true ups and updates. KS does direct and Staff provides rebuttal and then all issues are out

MECG – If the utility is selective for TU, more amenable to shorter rate case

Ameren – Company file based on test year and project for TU. Not being able to update would hurt the utility far more than benefit of shorter rate case. Need to ensure RR more reflective

MECG – occurs on both sides due to arguments that different aspects should be included

Ameren – Arguments are not because of true-up, but conceptual disagreement. Agree that it makes RR settlement difficult.

MECG – push true-up forward in the case by another month.

Ameren – Issues with Staff using a different test year than what company files

### **Commission Authority Discussion**

MECG – Can the Commission allow the utility to elect the shortened time frame?

MIEC- Statute allows Commission up to 11 months to find rates are just and reasonable, does there need to be a waiver. Implies that the commission can make it shorter, not allowing the company.

Staff- within rule. Legal argument whether or not the Commission can shorten and allow the company to do so by rule

### **Next Steps**

OPC- what to envision going forward?

Staff- will send notes, ask for written comments, provide further discussion regarding SR enhancement (or info that cannot be provided). Time frame for comments?

Ameren- later in Dec or well into January for comments

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DE- Interim rate provision assumes increase to RR but not reflective of RD. How is the rate placed into effect?

MECG- focus needs to shift dramatically from condensing to efficiency

DE-RD needs thoughtful consideration and should be built into this process

MECG- What is the direction contemplated of the update/TU process for Staff?

Staff- Generally, a substitute of current TU

MECG- that process needs to be better defined

OPC- what if utility guessed wrong and the utility needs more time than 240 days

- Staff- as written would need a waiver, provision 13
- MECG- does Commission have discretion to deny the utilities election of that rule? Why not say that the utility can request an expedited case.
- OPC- conclusion that waiver can resolve issues. Rule should be refined to not rely on the waiver process heavily

January 15<sup>th</sup> due date for additional written comments including solutions to issues that need to be fixed.