

Exhibit No.:
Issues: Adjustment to RESRAM Rate –
First Accumulation Period
Witness: J. Neil Graser
Type of Exhibit: Direct Testimony
Sponsoring Party: Union Electric Co.
Case No.: ER-2020-_____
Date Testimony Prepared: September 27, 2019

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

J. NEIL GRASER

**St. Louis, Missouri
September, 2019**

DIRECT TESTIMONY

OF

J. NEIL GRASER

Case No. ER-2020-_____

1 **Q: Please state your name and business address.**

2 A: My name is J. Neil Graser. My business address is One Ameren Plaza, 1901 Chouteau
3 Ave., St. Louis, Missouri.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Ameren Services Company (“Ameren Services”) as Manager, Power &
6 Fuels Accounting. Ameren Services provides various corporate support services to Union
7 Electric Company d/b/a Ameren Missouri (“Company” or “Ameren Missouri”), including
8 settlement and accounting related to fuel, purchased power, off-system sales, and
9 Renewable Energy Standard (“RES”) compliance costs and benefits, including accounting
10 relating to renewable energy credits (“RECs”).

11 **Q: What is the purpose of your testimony?**

12 A: My testimony supports the 1st Revised Sheet No. 93.4 of Ameren Missouri’s Schedule No.
13 6 – Schedule of Rates for Electric Service that is being filed by Ameren Missouri to
14 establish a rate that reflects RES compliance costs experienced by the Company during the
15 seven-month period January 2019 through July 2019.¹

16 **Q: Please explain why Ameren Missouri is making this filing at this time.**

¹ This seven-month period is the first overall Accumulation Period under Ameren Missouri’s Rider RESRAM, which was first approved by the Commission in Case No. EA-2018-0202.

1 A: The Commission’s rule governing RES cost recovery mechanisms for electric utilities –
2 specifically 20 CSR 4240-20.100(6) – and Ameren Missouri’s Rider RESRAM, require
3 Ameren Missouri to make periodic filings to adjust customer rates for changes in Ameren
4 Missouri’s Actual RES Costs (Factor “ARC”) experienced during each Accumulation
5 Period² as compared to the base level of RES Costs Recovered (Factor “RCR”) included
6 in base rates (Factors “MBA” and "RBA" as listed in the Rider RESRAM tariff sheets)
7 applicable to that same Accumulation Period. That change is to then be reflected in an
8 adjustment to the RESRAM Rate. This adjustment can be positive (a RESRAM Rate of
9 greater than zero, i.e., a charge) or negative (a RESRAM Rate of less than zero, i.e., a
10 credit). The Commission’s rule requires at least one such review and adjustment each year.
11 Ameren Missouri’s approved Rider RESRAM calls for one filing annually. The Recovery
12 Period applicable to this filing will consist of the calendar months of February 2020
13 through January 2021.

14 **Q: What adjustment is being made in this filing?**

15 A: During the January 1, 2019 to July 31, 2019 Accumulation Period, Ameren Missouri’s
16 ARC was \$6,774,828. Along with the Interest (I) of \$124,949 and a RESRAM Revenue
17 Requirement (Factor “RRR”) of \$7,234,842, this results in Total RESRAM Recoveries
18 (Factor “TRR”) of \$14,134,619 which, as described further below, will produce the
19 RESRAM Rate that will appear as a separate line item to be applied to customers' bills
20 during the 1st Recovery Period that starts on the first day of February 2020.

21 **Q: Are there any adjustments related to the one percent retail rate impact limitation**
22 **included in the Commission's RES rules?**

² Capitalized terms not otherwise defined herein have the meaning given them in Rider RESRAM.

1 A: No, the Company's RES compliance plan (see File No. EO-2019-0320) demonstrates that
2 the Company's RES compliance activities in total, of which the RES costs subject to Rider
3 RESRAM are a subset, do not exceed the 1% retail rate limitation as provided for in 20
4 CSR 4240-20.100(5).

5 **Q. Are there any adjustments related to the rate caps associated with Section 393.1655,**
6 **RSMo.?**

7 A. No, while the Company did elect to subject itself to Section 393.1400, RSMo. (generally
8 referred to a “plant-in-service accounting” or “PISA”), the RESRAM Rate included in this
9 filing does not reach any of these rate caps since The TRR divided by the Estimated
10 Recovery Period Sales ("SRP") results in a quotient that is less than the Rate Adjustment
11 Cap (Factor “RAC”). Please refer to Schedule JNG-1 for the calculation details.

12 **Q: What types of expenses are included in the Accumulation Period covered by this**
13 **filing?**

14 A: The ARC include actual solar rebates paid under Rider SR (recorded in Account 908,
15 subaccount SR2) and amortization expense and associated fees for RECs purchased in
16 contracts associated with electricity produced using biomass as a fuel (wood waste and
17 black liquor) which were executed during 2019 which are expected to be retired for 2019
18 RES compliance (recorded in Account 557, subaccount 0BM). The total cost of these
19 biomass REC purchases is \$1,062,088. Approximately 7/12 of this total purchase has been
20 amortized through July 31, 2019, in conjunction with total forecasted load served for the
21 full calendar year 2019, and included in the first Accumulation Period ARC total. These
22 purchases were made as the remaining 2017 and 2018 vintage RECs "banked" in inventory
23 plus expected 2019 additions would not allow the Company to retire sufficient RECs to

1 meet its 10% RES portfolio requirement applicable to 2019 and are expected to continue
2 through 2019 and 2020 until the new Ameren Missouri wind generation is placed into
3 service and begins producing RECs which will be used for compliance. A request for
4 proposal ("RFP") process was not utilized in making these biomass REC purchases as it
5 was more cost effective and efficient to evaluate purchasing RECs for compliance through
6 brokers and direct counterparty negotiations. This specific transaction was negotiated
7 directly with the counterparty at below market pricing with beneficial commercial terms
8 and delivery dates.

9 There were no RES compliance capital costs in the Accumulation Period covered by this
10 filing. Also included in this filing is the expected interest to be incurred on the under-
11 recovery until the month the RESRAM Rate takes effect and the RRR, which contains an
12 annualized amount of REC amortization expense and Rider SR rebates. Please refer to
13 Schedule JNG-1 for details on the incurred expense and RRR calculation. The inclusion of
14 a \$7,234,842 ongoing RESRAM revenue requirement in Factor RRR will be reflected on
15 Sheet 93.4 as the RESRAM Base Amount ("RBA"), and this RBA will be included in the
16 calculation of Factor RCR under Rider RESRAM during the months when the RESRAM
17 Rate set by this filing is in effect. The RBA will be reset as appropriate upon the conclusion
18 of the Company's current electric rate case (File No. ER-2019-0335) to the extent that costs
19 that were included in Factor RRR are included in the revenue requirement used to set base
20 rates in that case.

21 **Q: Please further describe the impact of the RESRAM Rate being established by this**
22 **filing on the Company's customers.**

1 A: The \$14,134,619 in TRR during the 1st Accumulation Period was calculated in the manner
2 specified in the Rider RESRAM tariff sheets and is to be spread over all kilowatt-hour
3 ("kWh") sales of energy supplied to all customers served under all of the Company's
4 Service Classifications. That total, when using the projected kWh sales for the February
5 2020 to January 2021 Recovery Period, results in a RESRAM Rate for the Company's
6 customers of \$0.00044 per kWh, beginning with the calendar month of February 2020.
7 Filed concurrently with my direct testimony is 1st Revised Sheet No. 93.4 of Ameren
8 Missouri's Schedule No. 6 – Schedule of Rates for Electric Service which contains the
9 formula that Ameren Missouri used to calculate the RESRAM Rate, as specified by its
10 Rider RESRAM. Also included in that tariff sheet are the values for each element of the
11 formula that were used to derive the RESRAM Rate. Assuming 1,041 kWh of usage per
12 month for the average residential customer, this will result in a charge under the RESRAM
13 of approximately \$0.46 per month.

14 **Q: How did you develop the various values used to derive the proposed RESRAM Rate**
15 **shown on the filed tariff sheet?**

16 A: The data upon which Ameren Missouri based the values for each of the variables in the
17 approved RESRAM Rate formula is shown in Schedule JNG-1. This schedule contains all
18 the information that is required by 20 CSR 4240-20.100(6), and includes the workpapers
19 that support the data contained in Schedule JNG-1.

20 **Q: If the tariff sheet filed by Ameren Missouri is approved or allowed to go into effect,**
21 **what safeguards exist to ensure that the revenues the Company collects do not exceed**
22 **the RES compliance costs that Ameren Missouri actually incurred during the**
23 **Accumulation Period?**

1 A: Ameren Missouri's Rider RESRAM and the Commission's rules provide two mechanisms
2 to ensure that amounts collected from customers do not exceed Ameren Missouri's actual,
3 prudently-incurred RES compliance costs. First, Rider RESRAM and the Commission's
4 rules require a true-up of the amounts collected from customers through Rider RESRAM,
5 with any excess/unrecovered amounts to be refunded/billed to customers through
6 prospective adjustments to the RESRAM Rate calculation, with interest at Ameren
7 Missouri's short-term borrowing rate. Second, Ameren Missouri's RES compliance costs
8 are subject to periodic prudence reviews to ensure that only prudently-incurred costs are
9 collected from customers through Ameren Missouri's Rider RESRAM. These two
10 mechanisms serve as checks that ensure that the Company's customers pay only the
11 prudently-incurred RES compliance costs and no more.

12 **Q: What action is Ameren Missouri requesting from the Commission with respect to the**
13 **rate schedule that the Company has filed?**

14 A: As provided by 20 CSR 4240-20.100(6), the Commission Staff (the "Staff") has sixty (60)
15 days from the date the revised RESRAM rate schedule is filed to conduct a review and to
16 make a recommendation to the Commission as to whether the rate schedule complies with
17 the Commission's rules (subject to the variances granted to the Company in File No. EA-
18 2012-0202), the requirements of the RES, and Ameren Missouri's approved Rider
19 RESRAM. If the Commission finds the tariff sheet does comply, the RESRAM Rate will
20 take effect either pursuant to a Commission order approving the RESRAM Rate or by
21 operation of law, in either case within 120 days after the RESRAM Rate is filed, as
22 provided for in one of the variances granted to the Company in the above-referenced
23 docket. Because Ameren Missouri believes its filing satisfies all of the requirements of

1 applicable statutes, the Commission's rules and the applicable variances and Ameren
2 Missouri's approved Rider RESRAM, Ameren Missouri requests that after the Staff's
3 review, the Commission approve the RESRAM Rate or otherwise allow it to take effect by
4 operation of law to be effective on the first day of February 2020.

5 **Q: Does this conclude your direct testimony?**

6 **A:** Yes, it does.

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

In the Matter of the Adjustment of Union Electric Company)
d/b/a Ameren Missouri's RESRAM rate for the)
First Accumulation Period.) File No. ER-2020-

AFFIDAVIT OF J. NEIL GRASER


STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

J. Neil Graser, being first duly sworn on her oath, states:

1. My name is J. Neil Graser. I work in the City of St. Louis, Missouri, and I am employed by Ameren Services Company as Manager, Power and Fuels Accounting.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 7 pages and Schedule JNG-1 _____, all of which have been prepared in written form for filing in the above-referenced docket.

3. I hereby swear and affirm that the information contained in the attached testimony to the questions therein propounded is true and correct.



J. Neil Graser

Subscribed and sworn to before me this 26th day of September, 2019.



Notary Public

My commission expires:

