

Exhibit No.:
Issues: Adjustment to RESRAM Rate –
Second Accumulation Period
Witness: J. Neil Graser
Type of Exhibit: Direct Testimony
Sponsoring Party: Union Electric Co.
Case No.: ER-2021-
Date Testimony Prepared: September 29, 2020

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

J. NEIL GRASER

**St. Louis, Missouri
September, 2020**

DIRECT TESTIMONY

OF

J. NEIL GRASER

Case No. ER-2021-

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 2nd 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 twelve-month period August 2019 through July 2020.

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

17 A: The Commission’s rule governing RES cost recovery mechanisms for electric utilities –
18 specifically 20 CSR 4240-20.100(6) – and Ameren Missouri’s Rider RESRAM, require

1 Ameren Missouri to make periodic filings to adjust customer rates for changes in Ameren
2 Missouri's Actual RES Costs (Factor "ARC") experienced during each Accumulation
3 Period¹ as compared to the base level of RES Costs Recovered (Factor "RCR") included
4 in base rates (Factors "MBA" and "RBA" as listed in the Rider RESRAM tariff sheets)
5 applicable to that same Accumulation Period. Additionally, there is a True-Up included
6 (Factor "T"), which reflects the difference between the actual revenues collected and
7 revenues authorized for collection. These changes are then reflected in an adjustment to
8 the RESRAM Rate. This adjustment can be positive (a RESRAM Rate of greater than zero,
9 i.e., a charge) or negative (a RESRAM Rate of less than zero, i.e., a credit). The
10 Commission's rule requires at least one such review and adjustment each year. Ameren
11 Missouri's approved Rider RESRAM calls for one filing annually. The Recovery Period
12 applicable to this filing will consist of the calendar months of February 2021 through
13 January 2022.

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

15 A: During the August 1, 2019 to July 31, 2020, Accumulation Period, Ameren Missouri's
16 ARC was \$4,076,407, and less the RCR of \$3,617,421 (derived from the RBA from the
17 Accumulation Period 1 filing) and adding the Interest (I) of \$122,664, the RES (over)/under
18 recovery (Factor "ROUR") totaled \$581,650. Along with the RESRAM Revenue
19 Requirement (Factor "RRR") of \$4,076,407 and the True-up of \$542,350, this results in
20 Total RESRAM Recoveries (Factor "TRR") of \$5,200,407 which, as described further
21 below, will produce the RESRAM Rate that will appear as a separate line item to be applied

¹ Capitalized terms not otherwise defined herein have the meaning given to them in Rider RESRAM.

1 to customers' bills during the 2nd Recovery Period that starts on the first day of February
2 2021.

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

5 A: No, the Company's RES compliance plan (see File No. EO-2020-0328) demonstrates that
6 the Company's RES compliance activities in total, of which the RES costs subject to Rider
7 RESRAM are a subset, do not exceed the 1% retail rate limitation as provided for in 20
8 CSR 4240-20.100(5).

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

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

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

18 A: The ARC includes actual solar rebates paid under Rider SR (recorded in Account 908,
19 subaccount SR2) and amortization expense and associated fees for RECs purchased in
20 contracts associated with wind (recorded in Accounts 557 and 509, subaccount BLH), solar
21 (recorded in Accounts 557 and 509, subaccount CSR), and electricity produced using
22 biomass as a fuel (recorded in Accounts 557 and 509, subaccount OBM). These purchases
23 were made as the remaining vintage RECs "banked" in inventory plus expected 2019 and

1 2020 additions would not allow the Company to retire sufficient RECs to meet its 10%
2 RES portfolio requirement applicable to 2019 and 2020, and are expected to continue
3 through the remainder of 2020 until the new Ameren Missouri wind generation facilities
4 are placed into service and begin producing RECs to be used for compliance. A request for
5 proposal ("RFP") process was not utilized in making these REC purchases as it was more
6 cost effective and efficient to evaluate purchasing RECs for compliance through brokers
7 and direct counterparty negotiations. These specific transactions were negotiated directly
8 with the counterparties at below market pricing with beneficial commercial terms and
9 delivery dates.

10 There were no RES compliance capital costs in the Accumulation Period covered by this
11 filing. Also included in this filing is the Interest incurred on the remaining Accumulation
12 Period 1 balance and the Accumulation Period 2 balance, as well as the RRR, which
13 contains the actual annual amount of REC amortization expense and Rider SR rebates
14 incurred during Accumulation Period 2. Please refer to Schedule JNG-1 for details on the
15 Interest and RRR calculations. The inclusion of a \$4,076,407 ongoing RESRAM revenue
16 requirement in Factor RRR will be reflected on Sheet 93.4 as the RESRAM Base Amount
17 (RBA), and this RBA will be included in the calculation of Factor RCR under Rider
18 RESRAM during the months when the RESRAM Rate set by this filing is in effect. The
19 RBA would be reset as appropriate upon the conclusion of an electric rate case to the extent
20 that costs that were included in Factor RRR are included in the revenue requirement used
21 to set base rates in that case.

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

1 A: The \$5,200,407 in TRR during the 2nd 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 2021 to January 2022 Recovery Period, results in a RESRAM Rate for the Company's
6 customers of \$0.00017 per kWh, beginning with the calendar month of February 2021.
7 Filed concurrently with my direct testimony is the 2nd 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 1,022 kWh of usage per
12 month for the average residential customer, this will result in a charge under the RESRAM
13 of approximately \$0.17 per month.

14 **Q: What other information will customers have regarding this mechanism?**

15 A: Please refer to Schedules JNG-2 and JNG-3 for information that is posted on Ameren
16 Missouri's website and instructions for the Company's call center, respectively.

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

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

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

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

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

18 A: As provided by 20 CSR 4240-20.100(6), the Commission Staff (the “Staff”) has sixty (60)
19 days from the date the revised RESRAM rate schedule is filed to conduct a review and to
20 make a recommendation to the Commission as to whether the rate schedule complies with
21 the Commission’s rules (subject to the variances granted to the Company in File No. EA-
22 2012-0202), the requirements of the RES, and Ameren Missouri’s approved Rider
23 RESRAM. If the Commission finds the tariff sheet does comply, the RESRAM Rate will

1 take effect either pursuant to a Commission order approving the RESRAM Rate or by
2 operation of law, in either case within 120 days after the RESRAM Rate is filed, as
3 provided for in one of the variances granted to the Company in the above-referenced
4 docket. Because Ameren Missouri believes its filing satisfies all of the requirements of
5 applicable statutes, the Commission's rules and the applicable variances and Ameren
6 Missouri's approved Rider RESRAM, Ameren Missouri requests that after the Staff's
7 review, the Commission approve the RESRAM Rate or otherwise allow it to take effect by
8 operation of law to be effective on the first day of February 2021.

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

10 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) File No. ER-2021-
Second Accumulation Period.)

AFFIDAVIT OF J. NEIL GRASER

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

J. Neil Graser, being first duly sworn on his 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, Schedule JNG-2 and Schedule JNG-3, all of which have been prepared in written form for filing in the above-referenced docket.

3. Further, under the penalty of perjury I hereby swear and affirm that the information contained in the attached testimony to the questions therein propounded is true and correct.

**James Neil
Graser**
 Digitally signed by James Neil Graser
Date: 2020.09.28 15:32:03 -05'00'

J. Neil Graser

Sworn to before me this 28 day of September, 2020.