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Issues: AAO Cost Recovery  
Witness: Jason D. Carter  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Rebuttal Testimony  
Case No.: EU-2012-0027  
Date Testimony Prepared: March 14, 2012

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION**

**REBUTTAL TESTIMONY**

**OF**

**JASON D. CARTER**

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

**CASE NO. EU-2012-0027**

*Jefferson City, Missouri*  
*March 2012*

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

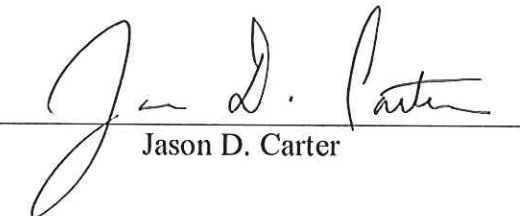
In the Matter of the Application of Union )  
Electric Company d/b/a Ameren Missouri )  
for the Issuance of an Accounting )  
Authority Order Relating to its Electrical )  
Operations. )

Case No. EU-2012-0027

**AFFIDAVIT OF JASON D. CARTER**


**STATE OF MISSOURI**     )  
                                      ) ss  
**COUNTY OF COLE**        )

Jason D. Carter, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 4 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

  
\_\_\_\_\_  
Jason D. Carter

Subscribed and sworn to before me this 14<sup>th</sup> day of March, 2012.



  
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Notary Public

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**REBUTTAL TESTIMONY**

**OF**

**JASON D. CARTER**

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

**CASE NO. EU-2012-0027**

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## I. Introduction

A. Jason D. Carter. My business address is Missouri Public Service Commission,  
200 Madison Street, Jefferson City, Missouri 65102.

A. I am a Regulatory Economist in the Economic Analysis section of the Energy Unit in the Regulatory Review Division.

A. I graduated with a Master of Science Degree in Applied Economics with an emphasis in regulatory economics from Illinois State University in May 2011. I obtained my Bachelor of Science in Economics from the same institution in May 2009.

I have been employed by the Missouri Public Service Commission (“Commission”) since August 2011. Prior experience in the electricity industry includes an internship during the summer of 2010 at Constellation Energy in Market and Product Development. Other experience includes internships as a Budget Analyst for McLean County (IL) Government and an Office Intern for Illinois State Representative Dan Brady.

Q. What is the purpose of your testimony in this proceeding?

1           A.     Ameren Missouri should not be allowed cost recovery based on Commission  
2 Staff ("Staff") Witnesses Mark Oligschlaeger's and Lena Mantle's testimonies. However,  
3 should the Commission decide to allow recovery, my testimony shows Union Electric  
4 Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") should not be awarded  
5 the full \$36,194,690 requested in page 5, line 14 and Schedule SMW-2 of Company Witness  
6 Steven M. Wills' direct testimony. The numbers used to calculate the lost revenues do not  
7 properly adjust for fuel costs in the line loss charge and leap year. After the adjustments,  
8 Ameren Missouri's lost revenues amount is \$35,347,378, which is \$847,312 less than the  
9 Ameren Missouri calculation of \$36,194,690.

10   **III. Adjustments to Ameren's Fixed Costs Calculation**

11           Q.     Have you reviewed the direct testimony of Ameren Missouri Witness  
12 Steven M. Wills?

13           A.     Yes.

14           Q.     What adjustments need to be made to Mr. Wills' fixed costs calculation?

15           A.     Ameren Missouri incorrectly includes two extra days of costs in the recovery  
16 period due to the base of the forecast being a leap year. I refer to this correction as the leap  
17 year adjustment. The Company also did not remove fuel costs recovered in the line loss  
18 charge. I refer to this adjustment as the line loss charge adjustment.

19           Q.     Why is the leap year adjustment necessary and how was it calculated?

20           A.     Because Noranda has a consistent load, Ameren Missouri used the period  
21 leading up to the January 2009 storm as a forecast for Noranda's load from January 2009 to  
22 April 2010. Consequently, the load data from February 2008 was used as the forecast for  
23 Noranda's February 2009 and 2010 loads.

1           Using February 2008 load is problematic because the month had 29 days instead of the  
2           typical 28 days. My adjustment to the forecasts for February 2009 and 2010 simply removes  
3           1/29 of the forecasted load to reflect those Februaries' 28 days. Removing the extra day from  
4           both Februaries results in a more accurate prediction of Noranda's load had it been at full  
5           operation.

6           Similar adjustments for leap days were used in Case Nos. ER-2010-0036 and  
7           ER-2011-0028 by Ameren Missouri and Staff.

8           Q.     What impact does the leap year adjustment have on the requested recovery  
9           amount?

10          A.     The leap year adjustment reduces the forecasted load 22,694 MWh, which  
11          lowers Ameren Missouri's recovery amount by \$419,061, from \$36,194,690 to \$35,775,628.

12          Q.     Why is the line loss charge adjustment necessary?

13          A.     Since Large Transmission Service line losses are not subject to the fuel-  
14          adjustment clause, the line loss charge (LLC) adjustment is necessary to remove fuel costs  
15          recovered in the charge.

16          Q.     How did you calculate the LLC adjustment?

17          A.     To isolate the fuel portion of the LLC requires a look at its derivation. The  
18          LLC is derived from the Large Transmission Service tariff rates, which include both energy  
19          and demand charges. Although fixed costs are recovered in both the energy and demand  
20          charges, the energy portion also contains net base fuel costs. The net base fuel portion of the  
21          energy charge serves as a proxy for the fuel recovered through the LLC. Subtracting the net  
22          base fuel costs from the energy charge before deriving the LLC removes the fuel costs from

Rebuttal Testimony of  
Jason D. Carter

1 the LLC. The adjustment is first applied in March 2009 and extends through the rest of the  
2 recovery period.

3 Q. Why is the LLC not adjusted until March 2009?

4 A. The LLC is not adjusted for January and February 2009 because the fuel-  
5 adjustment clause did not take effect until March 2009.

6 Q. What impact does the LLC adjustment have on the requested recovery  
7 amount?

8 A. The LLC adjustment decreases Ameren Missouri's request by an additional  
9 \$428,250. The LLC and the leap year adjustment together reduce Ameren's \$36,194,690  
10 request to \$35,347,378 (a total reduction of \$847,312). Reference Schedule JDC-1 for leap  
11 year and LLC adjustments' effect on Ameren Missouri's request.

12 Note the leap year adjustment affects the magnitude of the LLC adjustment. The  
13 interaction is due to the leap year adjustment reducing Noranda's load and consequently the  
14 amount of line losses. If the leap year adjustment is not made, then the LLC adjustment  
15 increases by \$3,178 to \$431,428.

16 Q. Does this conclude your rebuttal testimony?

17 A. Yes.

Load Reduction Period: Noranda Outage start: Jan 27, 2009 at 2200 hours  
Noranda Back to Full Load : April 9, 2010 at 2400 hours

Rate Season	Year	Month	Tariff Effective Date	Actual Energy at Meter (MWh)	Actual Demand at Meter (MW)	Actual Supplied Losses (AECI) (MWh)	Normalized Energy at Meter (MWh)	Normalized Demand at Meter (MW)	Normalized Supplied Losses (AECI) (MWh)	Load Reduction (MWh)	Demand Reduction (MW)	Losses not Supplied due to Load Reduction (MWh)	Load Reduction (MWh) @ Generation for NBFC	Energy charge per kWh	Demand charge per kW	Loss Charge	Aggregate (Fixed and Variable) Lost Cost Recovery due to Load Reduction	NBFC Rate	NBFC Sharing %	NBFC	Off- system sales sharing	Lost Fixed Cost Recovery due to Load Reduction
Winter	2009	1	23-Jul-07	12,212	475	427	46,308	475	1,621	34,096	-	1,193	34,598	\$ 0.0201	\$ 4.58	\$0.0308	\$ 721,070	\$ -	0%	\$ -	\$ 1,205,447	\$ (484,377)
Winter	2009	2	23-Jul-07	90,756	154	3,176	317,719	478	11,120	226,963	323	7,944	230,300	\$ 0.0201	\$ 4.58	\$0.0308	\$ 6,280,400	\$ -	0%	\$ -	\$ 7,564,168	\$ (1,283,768)
Winter	2009	3	1-Mar-09	125,973	201	4,409	350,351	477	12,262	224,378	277	7,853	227,677	\$ 0.0213	\$ 4.86	\$0.0247	\$ 6,314,816	\$0.0069	95%	\$ 1,492,422	\$ 287,356	\$ 4,535,038
Winter	2009	4	1-Mar-09	155,320	249	5,436	339,276	477	11,875	183,956	228	6,438	186,660	\$ 0.0213	\$ 4.86	\$0.0247	\$ 5,183,042	\$0.0069	95%	\$ 1,223,557	\$ 205,921	\$ 3,753,564
Winter	2009	5	1-Mar-09	186,888	260	6,541	349,957	477	12,248	163,069	217	5,707	165,466	\$ 0.0213	\$ 4.86	\$0.0247	\$ 4,667,838	\$0.0069	95%	\$ 1,084,628	\$ 190,088	\$ 3,393,122
Summer	2009	6	1-Mar-09	188,714	269	6,605	336,879	475	11,791	148,165	206	5,186	150,343	\$ 0.0242	\$ 12.74	\$0.0247	\$ 6,338,885	\$0.0100	95%	\$ 1,429,684	\$ 194,613	\$ 4,714,588
Summer	2009	7	1-Mar-09	201,301	283	7,046	348,935	476	12,213	147,634	193	5,167	149,804	\$ 0.0242	\$ 12.74	\$0.0247	\$ 6,156,742	\$0.0100	95%	\$ 1,424,561	\$ 170,674	\$ 4,561,507
Summer	2009	8	1-Mar-09	211,232	295	7,393	349,672	476	12,239	138,440	182	4,845	140,475	\$ 0.0242	\$ 12.74	\$0.0247	\$ 5,780,728	\$0.0100	95%	\$ 1,335,850	\$ 172,985	\$ 4,271,893
Summer	2009	9	1-Mar-09	211,428	305	7,400	337,795	475	11,823	126,367	171	4,423	128,225	\$ 0.0242	\$ 12.74	\$0.0247	\$ 5,337,456	\$0.0100	95%	\$ 1,219,353	\$ 137,952	\$ 3,980,151
Winter	2009	10	1-Mar-09	224,520	310	7,858	348,885	476	12,211	124,365	166	4,353	126,193	\$ 0.0213	\$ 4.86	\$0.0247	\$ 3,560,521	\$0.0069	95%	\$ 827,197	\$ 159,821	\$ 2,573,504
Winter	2009	11	1-Mar-09	237,856	343	8,325	337,833	475	11,824	99,977	133	3,499	101,447	\$ 0.0213	\$ 4.86	\$0.0247	\$ 2,860,623	\$0.0069	95%	\$ 664,983	\$ 119,756	\$ 2,075,885
Winter	2009	12	1-Mar-09	268,811	390	9,408	350,338	477	12,262	81,527	86	2,853	82,726	\$ 0.0213	\$ 4.86	\$0.0247	\$ 2,225,652	\$0.0069	95%	\$ 542,267	\$ 129,198	\$ 1,554,188
Winter	2010	1	1-Mar-09	296,523	410	10,378	351,378	477	12,298	54,855	67	1,920	55,661	\$ 0.0213	\$ 4.86	\$0.0247	\$ 1,540,949	\$0.0069	95%	\$ 364,859	\$ 112,917	\$ 1,063,174
Winter	2010	2	1-Mar-09	290,430	455	10,165	317,719	478	11,120	27,289	23	955	27,690	\$ 0.0213	\$ 4.86	\$0.0247	\$ 714,575	\$0.0069	95%	\$ 181,507	\$ 51,192	\$ 481,876
Winter	2010	3	1-Mar-09	341,953	472	11,968	350,351	477	12,262	8,398	5	294	8,522	\$ 0.0213	\$ 4.86	\$0.0247	\$ 210,990	\$0.0069	95%	\$ 55,860	\$ 13,003	\$ 142,127
Winter	2010	4	1-Mar-09	89,361	476	3,128	90,406	476	3,164	1,046	-	37	1,061	\$ 0.0213	\$ 4.86	\$0.0247	\$ 23,166	\$0.0069	95%	\$ 6,955	\$ 1,305	\$ 14,906
Grand Total				3,133,278			4,923,803										\$57,917,455			\$11,853,681	\$10,716,395	\$35,347,378

\*The leap year and LLC adjustments are highlighted.