

Exhibit No.:
Issue(s): Fuel Adjustment Clause
Witness: Andrew M. Meyer
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Union Electric Company
File No.: ER-2022-0337
Date Testimony Prepared: March 13, 2023

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2022-0337

SURREBUTTAL TESTIMONY

OF

ANDREW M. MEYER

ON

BEHALF OF

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

**St. Louis, Missouri
March, 2023**

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

2 A. Andrew M. Meyer, Union Electric Company d/b/a Ameren Missouri ("Ameren
3 Missouri" or "Company"), One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

4 **Q. Are you the same Andrew M. Meyer that filed direct and rebuttal testimony**
5 **in this proceeding?**

6 A. Yes, I am.

7 **I. PURPOSE OF TESTIMONY**

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

9 A. My surrebuttal testimony responds to rebuttal testimonies filed by Staff witness
10 Amanda Conner and Office of the Public Counsel ("OPC") witness Angela Schaben, all relating
11 to the Company's fuel adjustment clause ("FAC").

12 **II. RESPONSE TO STAFF WITNESS CONNER**

13 **Q. Staff witness Conner indicates that Staff opposes language on tariff sheet**

14 **71.17.¹ What is the Rider FAC language at issue?**

15 A. In the Company's last rate review, the following provision was included in Rider
16 FAC:

17 [after outlining fuel costs and revenues recorded to Account 501 that are included
18 in the FAC] provided, that costs otherwise included in the foregoing associated with

¹ It is my understanding that Staff witness Conner's references to specific tariff sheets are to the numbering reflected in my direct testimony Schedule AMM-D3, which is a redline of the Company's existing Rider FAC that shows changes the Company proposes in this case.

1 coal remaining at a coal plant after the coal plant ceases coal-fired generation shall
2 be excluded from Factor FC.

3 The language in effect means that the cost of unusable coal prudently purchased and
4 delivered to the plant to serve customers will not be recovered via the FAC. The Company agrees
5 that these costs can be handled outside the FAC, as has been done for both Empire and Evergy.
6 In this case, and to ensure that such costs are preserved so that they can be considered for cost
7 recovery, the Company is proposing language that would allow it to defer the cost of the unusable
8 coal for later cost recovery consideration in a future rate review or other appropriate proceeding.

9 The proposed language reads:

10 [shall be excluded from Factor FC] and instead deferred on the Company's books
11 to a regulatory asset for consideration of recovery in a general rate proceeding over
12 a reasonable amortization period as determined by the Commission.

13 In substance, the language the Company proposes is to simply provide a means by which
14 the remaining coal costs would be handled for Ameren Missouri in the same way that they have
15 been handled for Evergy and Empire.²

16 **Q. Why is that language necessary?**

17 A. Absent authority to defer the cost of the remaining coal, inventory adjustments may
18 have to be made outside of a rate review test year that would force the Company to write-off the
19 cost of the coal. This could create barriers related to seeking recovery of those costs, even though
20 there is no question that the coal was prudently purchased to serve its customers. One alternative
21 to avoid such potential issues would be to file an entirely new case seeking authority to defer it
22 (i.e., an accounting authority order ("AAO") case). The Company submits that it would be

² In File No. EO-2020-0263, the parties agreed that such costs would not flow through Evergy's FAC but would be deferred so that they could be considered for recovery. In File No. ER-2020-0311, the parties also agreed that these basemat coal costs would not be recovered via Empire's FAC but would be deferred to a regulatory asset so that they could be considered for recovery in a later proceeding.

1 administratively inefficient for it, for the Commission, and for the parties, to require the Company
2 to file a separate AAO case when the Commission has the means available to it here, via the FAC
3 tariff, to simply authorize the deferral. The deferral does not act to include the deferred costs in
4 the revenue requirement used to set rates, an issue which the Commission would decide in a rate
5 review or other appropriate proceeding, but it preserves the costs so that such a later decision can
6 be made.

7 **Q. Staff witness Conner next expresses Staff's opposition to including the**
8 **Company's proposed language on tariff sheets 71.18 and 71.19, dealing with capacity**
9 **purchases from a jointly owned entity, in the FAC. How do you respond?**

10 A. For the reasons given in my direct testimony, it makes sense to include the
11 language. However, the Company will withdraw its request to add it in this particular rate review,
12 given changes in circumstances occasioned by the federal Inflation Reduction Act. To be clear,
13 the Company does not agree the language is not needed but the need for it as this time is not great,
14 and the Company believes it can be addressed in its next rate review.

15 **Q. Staff witness Conner next opposes the change in the percentage of**
16 **transmission costs and revenues to be included in the FAC. How do you respond?**

17 A. The Company's position is that the correct percentage will be based on calculations
18 reflected in the Company's and Staff's true-up cases, since both parties calculate the percentage
19 using the same approach, that is using the ratio of purchased power volume to total load in the
20 production cost model results. It may be that there is some difference as to the exact percentage
21 since the Company's and Staff's true-up calculations relating to net base energy costs do not always
22 match, but I expect the difference to be fairly minor.

1 **Q. Staff also recommends removal of all Research and Development ("R&D")**
2 **project costs from account 555, and delineating the unique major/minor accounts, activity**
3 **codes, resource types, etc. so they can be excluded from the FAC Actual Net Energy Costs**
4 **("ANEC")." Is this appropriate?**

5 A. No. For purposes of the FAC, the term "R&D" is undefined and as such, each
6 applicable project may be subject to a debate as to whether it qualifies as "R&D" and should be
7 excluded from the FAC. While the Company has agreed to exclude from the FAC costs relating to
8 the digital currency project that gave rise to this tariff language, all parties should seek to
9 understand the nature of any future projects, rather than simply argue for a blanket exclusion. The
10 Company does not presently maintain a categorical listing of "R&D" projects that could identify
11 each internal activity that may be subject to such an exclusion from the FAC. While the unique
12 circumstances relating to digital currency (e.g., Bitcoin) mining led the Company to agree to an
13 exclusion for digital currency,³ there could be other initiatives that someone might argue are
14 "R&D" that are clearly prudent, beneficial initiatives to lower costs, or improve service for
15 customers. An undefined, blanket exclusion is unwise and unnecessary.

16 **Q. Why not define the term "R&D" for FAC purposes?**

17 A. Regardless of whether the term is defined or not, it would still be inappropriate for
18 the Commission to impose a blanket exclusion. Having said that, the Uniform System of Accounts
19 does define "Research, Development, and Demonstration (RD&D)". 18 CFR Chapter 1,
20 subchapter C, Part 101, Federal Power Act Definition 32.B. A workable approach to addressing
21 the R & D issue Staff raises is for the Commission to essentially use that definition of R & D and
22 to then require the Company to file a notice of any initiative that impact net energy costs and that

³ The argument against including digital mining costs was that the initiative involved speculative commodity trading.

1 fell within such definition. Such notice could be required to outline what the initiative was, and
2 how it impacted components of net energy costs. The notice could be due no later than 60 days
3 prior to the due date for the Company's next fuel adjustment rate ("FAR") filing when any impact
4 of such an initiative would be included in the rate. Then, parties would have notice and an
5 opportunity to ask questions or ultimately challenge inclusion of that impact, if they believed it
6 was warranted. A challenge would be due within 30 days of the utility's filing. Effectively, this
7 would mimic the process in place in the Commission's FAC rules for new market settlement types.
8 See20 CSR 4240-20.090(8)(D). Specifically, the following Rider FAC language could be added
9 to the catchall exclusion provision appearing on Sheet No. 71.21 in my Schedule AAM-D3 from
10 my direct testimony, as follows (in italics):

11 ... those amounts specified by Commission order approving any tariff, rider or
12 program, to be excluded from Rider FAC [begin new R & D language] *Moreover,*
13 *if a research and development project would impact the amounts for Factors FC,*
14 *PP, or OSSR in an upcoming FAR filing, the Company shall file, in the docket in*
15 *which this Rider FAC was approved, a notice outlining what the research and*
16 *development project consists of, and how it will impact such factors in the*
17 *upcoming FAR filing. Such notice shall be filed no fewer than 60 days prior to the*
18 *date of the subject FAR filing. Parties shall have thirty days after the filing of the*
19 *notice to challenge the inclusion of the impacts of such project on such Factors in*
20 *the determination of the FAR by stating the reasons for the challenge. The company*
21 *will bear the burden of proof to show that the impacts of the subject project should*
22 *be included in Factors FC, PP, or OSSR, as the case may be. A challenge will not*
23 *delay the FAR filing schedule but if a challenge is upheld by the Commission, the*
24 *costs will be refunded or the revenues returned along with interest in the next*
25 *periodic adjustment. For purposes of this Rider FAC, a "research and development*
26 *project" is defined the same as "Research, Development, and Demonstration*
27 *(RD&D)" as defined in 18 CFR Chapter 1, subchapter C, Part 101, Federal Power*
28 *Act Definition 32.B, provided that if the project at issue consumes electricity only*
29 *incidentally, it will not constitute a research and development project.*

30 **Q. Would any other changes need to be made to Rider FAC?**

31 A. Yes. In the definitions of factor S_{AP} and S_{RP} it is necessary to add "or other kWh
32 for research and development projects, the impact of which are ordered to be excluded by the

1 Commission,” so that if the Commission sustains a challenge to inclusion of research or
2 development project costs from the FAC appropriate adjustments to accumulation period and
3 recovery period sales are then made. To be clear, those factors would now read (additions in
4 italics):

5 S_{AP} = kWh during the AP that ended immediately prior to the FAR filing, as measured
6 by taking the most recent kWh data for the retail component of the Company’s
7 load settled at its MISO CP node (AMMO.UE or successor node), but excluding
8 kWh for digital currency mining operations by the Company *or other kWh for*
9 *research and development projects, the impact of which are ordered to be*
10 *excluded by the Commission*, plus the metered net energy output of any
11 generating station operating within its certificated service territory as
12 a behind the meter resource in MISO, the output of which served to reduce
13 the Company’s load settled at its MISO CP node (AMMO.UE or successor node).

14 S_{RP} = Applicable RP estimated kWh representing the expected retail component of
15 the Company’s load settled at its MISO CP node (AMMO.UE or successor node)
16 but excluding kWh for digital currency mining operations by the Company *or*
17 *other kWh for research and development projects, the impact of which are*
18 *ordered to be excluded by the Commission*, plus the metered net energy output
19 of any generating station operating within its certificated service
20 territory as a behind the meter resource in MISO, the output of which served
21 to reduce the Company’s load settled at its MISO CP node (AMMO.UE or
22 successor node).

23 **Q. Staff also asks that the Company be required to delineate “the unique**
24 **major/minor accounts, activity codes, resource types, etc. so [research and development**
25 **project costs] can be excluded from the FAC.” How do you respond?**

26 A. What Staff is asking for does not exist, and creating it is unnecessary and would be
27 extremely burdensome. The Company’s general ledger is not set up in this manner and it is not
28 necessary for it to be. If a challenge to inclusion of a research and development project’s costs
29 being included in the FAC is sustained by the Commission, the Company will simply take the kWh
30 used by the project and multiply them by all market settlement costs/revenues that are
31 assessed/paid on a per kWh basis and that, absent sustaining the challenge, would have been
32 included in the calculation of actual net energy costs. The resulting dollar amount will then be
33 excluded from the rates charged under the FAC. We do not need to create unique accounts, activity

1 codes, or resource types, and to then break out a myriad of market settlement components on each
2 month's market settlement and then record those breakouts so these new accounts/codes/resource
3 types, to do this.

4 **III. RESPONSE TO OPC WITNESS SCHABEN**

5 **Q. OPC witness Schaben opposes language that would allow the Company to**
6 **defer the cost of coal remaining after closure for consideration in a future rate review,**
7 **claiming that the Company's language would "essentially tell . . . the Commission how**
8 **basemat coal recovery should be treated in a future rate case . . ."**⁴ **Do you agree?**

9 Q. No, and that claim is not accurate. It is my understanding that items deferred for
10 future *consideration* in a future rate review are just that, deferred for future consideration, and that
11 the Commission of course is not bound to any particular treatment of such costs in a rate review.
12 Empire was allowed to defer basemat coal costs but ultimately included such costs for its Asbury
13 plant in sums that the Commission approved for securitization. The point is to preserve the costs
14 so that the Company is not forced to either write them off or, in an effort to avoid a write-off, will
15 not need to burden the Commission with an AAO request that would be completely unnecessary
16 if the language is simply included in the FAC tariff. So, I disagree with witness Schaben that there
17 is "no need to embed language" on this issue in the FAC tariff. There is a need, and it makes sense
18 to do so.

⁴ File No. ER-2022-0337, Angela Schaben Rebuttal Testimony, p. 5.

1 **Q. Witness Schaben also proposes language be added to Factor FC in the**
2 **Company's Rider FAC so that the language is consistent with language in Empire's and**
3 **Evergy's FAC tariffs. Do you agree with this language?**

4 A. No. "Decommissioning and retirement costs" do not describe costs that would
5 constitute "fuel" in the first place. Including language that does not refer to fuel would be
6 inconsistent with Staff witness Conner's view, that such costs are not "FAC costs" anyway, so
7 including such language is at best confusing and unnecessary. The reason *coal* costs at plants that
8 have ceased burning coal is called out in Ameren Missouri's Rider FAC is that it is not clear that
9 such costs do not constitute "fuel" costs, but the parties have agreed to avoid that debate by simply
10 excluding them. As noted, doing so means that an alternative means of recovery is warranted,
11 which in turn has led the Company to seek language allowing them to be deferred, which preserves
12 the issue but leaves it up to the Commission to ultimately decide the means of recovery later.

13 **Q. OPC recommends "minor modifications" to certain measures recommended**
14 **by the Staff and agreed to by the Company (and which were already in place and ongoing**
15 **prior to the filing of this case). Do you agree with OPC's minor modifications?**

16 A. In part. OPC recommends that the language regarding monthly filings 5D p3 and
17 5D p4 be updated to include information relating to "all generation resources added between rate
18 cases."⁵ Those two pages were added to the Company's FAC monthly reports after its last rate
19 review when all costs and revenues associated with facilities use for Renewable Energy Standard
20 ("RES") compliance were "moved" from the FAC to the RESRAM.⁶ Those pages do not pertain
21 to all Company generation (e.g., its fossil units), nor can the Company provide such information
22 for certain facilities, such as behind-the-meter solar facilities, like its neighborhood solar facilities.

⁵ File No. ER-2022-0337, Angela Schaben Rebuttal Testimony, p. 7, ll. 20-23.

⁶ Renewable Energy Standard Rate Adjustment Mechanism.

1 The Company agrees that any new RES compliance generating facility should be added (e.g., Huck
2 Finn) so that the information covers all such facilities just like it does for High Prairie and Atchison
3 today.

4 **Q. OPC also references a Staff recommendation (No. 11), indicating that in**
5 **addition to providing notifications to Staff the Company should continue to provide them to**
6 **OPC, and suggests that recommendation No. 11 should include certain additional**
7 **information.⁷ Do you agree?**

8 A. The Company does not object to continuing to include OPC on these
9 communications. However, as the name implies, the 3.190(1)(B) monthly as-burned fuel report
10 deals with *fuel costs*. The flaw with the recommendation is that it seeks information on "each
11 generating unit." However, as noted this is a fuel report, renewables have no fuel costs. The
12 Company has been following Staff recommendation No. 11 for many years, and there is no reason
13 to expand the information provided in a fuel report to include non-fuel related information or
14 information on units that have no fuel costs. Regarding witness Schaben's recommendation to
15 include locational market prices for load in the fuel report, the Company believes this request is
16 satisfied, in part, by the data contained in 3.190 (1)(E) monthly MPSC data. This monthly report
17 includes reporting on day-ahead load purchases, as well as real-time deviations on respective tabs
18 in the workbook. Each tab includes volume purchased and charge amount for each hour. Division
19 of amount by volume produces a quotient equal to the hourly locational marginal pricing for load
20 that OPC seeks. The summary sheet of this monthly reporting already provides the monthly
21 average price of load purchase exposures.

⁷ File No. ER-2022-0337, Angela Schaben Rebuttal Testimony, p. 10, ll. 2-23.

1 **Q. OPC's last recommendation pertains to FAC tariff sheet numbering.⁸ How do**
2 **you respond?**

3 A. The Company agrees in principle with OPC's concern. I should note that at the time
4 the Company filed this case the recovery periods under the tariff sheets listed were not complete,
5 which is why they remained active. However, those recovery periods are now complete. To address
6 the issue, the Company recommends filing tariff sheets cancelling the tariff sheets in question, as
7 part of its filing of compliance tariffs after this case is resolved. That will resolve the issue.

8 **Q. Does this conclude your surrebuttal testimony?**

9 A, Yes it does.

⁸ File No. ER-2022-0337, Angela Schaben Rebuttal Testimony, p. 11.

**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 Adjust) Case No. ER-2022-0337
Its Revenues for Electric Service.)

AFFIDAVIT OF ANDREW M. MEYER

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

Andrew M. Meyer, being first duly sworn states:

My name is Andrew M. Meyer, and on my oath declare that I am of sound mind and lawful age; that I have prepared the foregoing *Surrebuttal Testimony*; and further, under the penalty of perjury, that the same is true and correct to the best of my knowledge and belief.

 s/ Andrew M. Meyer
Andrew M. Meyer

Sworn to me this 13th day of March, 2023.