

Exhibit No. 851

Missouri School Board Association – Exhibit 851
Louie R. Ervin II
Surrebuttal Testimony (Gas)
File Nos. ER-2021-0240 & GR-2021-0241

Exhibit No.: _____
Issue: In the Matter of Union Electric Company d/b/a Ameren Missouri's
Tariffs to Adjust Its Revenues for Natural Gas Service
Witness: Louie R. Ervin II
Exhibit Type: Surrebuttal
Sponsoring Party: Missouri School Boards' Association
Case No.: GR-2021-0241
Date: November 5, 2021

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0241

SURREBUTTAL TESTIMONY

OF

LOUIE R. ERVIN II

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri

November 5, 2021

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

2 A. My name is Louie R. Ervin II. My business address is 150 First Avenue NE, Suite 300
3 Cedar Rapids, IA 52401.

4 **Q. Are you the Louie R. Ervin II that previously filed testimony in this case?**

5 A. Yes, I am.

6 **Q. Whose testimony are you rebutting?**

7 A. I am rebutting Staff witness Mr. Patterson's Rebuttal Testimony.

8 **Q. What is order of your surrebuttal testimony?**

9 A. Following clarification as to why MSBA has intervened in this case, I explain why the
10 Commission should extend the Pilot. Then I address cash-out followed by comments on
11 specific statements of Staff witness Mr. Patterson's Rebuttal Testimony and finally make
12 my concluding statement.

13 **Q. What is the principal reason MSBA intervened in this Ameren rate case docket?**

14 A. MSBA supports Ameren's request to extend the Pilot but its principal reason for
15 intervening is to request a Commission order on the single issue of "cash-out" for schools
16 that complies with Section 393.310 RSMo.

17 **Q. If the Commission extends the Pilot as requested, does that eliminate the need for the
18 Commission to address "cash-out" until after the Pilot extension?**

19 A. No. MSBA seeks an Ameren school tariff provision on cash-out that complies with Section
20 393.310 RSMo. The Commission approved the Pilot with the stated purpose of: "After
21 each winter season (November through March) during the pilot program, the Signatories
22 shall meet and work to develop forecasting improvements to the nomination process." The

1 Pilot focuses on winter forecasting accuracy and the cash-out issue is about fairness and
2 compliance with Section 393.310 RSMo.

3 **PILOT**

4 **Q. Why should the Pilot be extended?**

5 A. The Pilot recognized the possibility that there may be need for an extension of the Pilot.
6 Because of school dismissals, remote learning due to COVID-19 and the Polar Vortex last
7 February, schools' normal usage was distorted. Ameren has requested an extension of the
8 Pilot through the coming winter of 2021-2022. MSBA supports that requested extension
9 and Staff has not objected.

10 **Q. At a high level, what does MSBA request the Commission decide with regard to the** 11 **Pilot?**

12 A. First, MSBA seeks to have the Commission issue an Order extending the Pilot as
13 recommended by Ameren's witness Mr. Eggers. Staff did not object to this extension.
14 Second, MSBA requests the Commission to direct MSBA, Ameren and Staff to work
15 together to reach a permanent tariff solution for MSBA's cash-out issue after the Pilot
16 concludes and not wait for when Ameren files a future rate case. MSBA responds with an
17 alternative proposed solution to the cash-out issue that may be more amenable to Staff and
18 complies with Section 393.310 RSMo.

19 **Q. Specifically, when and what does MSBA propose that the Commission order with** 20 **regard to extending the Pilot?**

21 A. MSBA proposes that the Commission extend the Pilot data collection on forecasting
22 accuracy for another winter, November 2021 through March 2022. MSBA proposes the
23 Pilot data be submitted by May 1, 2022 and MSBA, Ameren and Staff submit a consensus

1 proposed solution or each submits its own proposal by August 1, 2022. Then MSBA
2 proposes a Commission decision by October 1, 2022 so the decision can be implemented
3 beginning November 2022 for the ensuing winter.

4 **CASH-OUT**

5 **Q. Did MSBA intervene in Ameren’s previous case, GR-2019-0077 on this same cash-out**
6 **issue?**

7 A. Yes, but a decision on the cash-out issue was deferred to Ameren’s next rate case following
8 collection of Pilot data on forecasting accuracy, which is this present case, GR-2021-0241.

9 **Q. Do you agree with Staff witness Patterson that MSBA can propose changes to the**
10 **cash-out issue in Ameren’s next rate case following this case?**

11 A. Yes, but MSBA is opposed to waiting for a decision at an unknown date on a yet another
12 Ameren rate case. MSBA deserves a timely resolution of this issue. MSBA would like to
13 avoid some of the large expense, ultimately to the schools, necessary to intervene in
14 expensive rate cases. MSBA requests the Commission direct a resolution after this case
15 and not wait for yet another rate case at some unidentified future date.

16 **Q. Please describe the MSBA recommendation for a permanent tariff solution.**

17 A. MSBA proposes a tariff cash-out method that complies with the “cost” provision of Section
18 393.310 RSMo by removing the PGA component and penalties in the current cash-out
19 tariff for schools. Ameren’s school tariff cash-out provisions mirror its cash-out provisions
20 for large industrials and is not cost-based but is designed with penalties to elicit certain
21 behaviors. Table 1 below depicts the cash-out provisions under the Ameren tariff, the Pilot,
22 and as proposed by MSBA to comply with Section 393.310 RSMo. In the table below,

1 GDDA stands for Gas Daily Daily Average, the average daily spot price as published by
 2 Platts in Gas Daily.

Imbalance		Ameren Standard Tariff	Ameren Pilot Tariff	MSBA Position
Negative	0-5%	>PGA or GDDA +.15	>PGA or GDDA +.15	100% GDDA
Negative	>5%	>110% PGA or GDDA +.15	110% GDDA	100% GDDA
Positive	0-5%	100% GDDA	100% GDDA	100% GDDA
Positive	>5%	90% GDDA	90% GDDA	100% GDDA

Table 1. Cash-out provisions under various tariff versions

3 **Q. Please explain cash-out, balancing and the methods to minimize imbalances.**

4 A. All transportation customers, or their supplier agent, from large industrials to smaller
 5 schools, are required to “nominate” or declare the amount of gas they will deliver each day
 6 to the utility system prior to the day of delivery. MSBA’s supplier typically forecasts
 7 schools’ monthly use by utility and pipeline delivery point prior to the delivery month
 8 based on historic data and a weather-based forecasting model. On an intra-month basis as
 9 weather forecasts become more accurate, suppliers will make nomination changes weekly
 10 or daily during winter months to match deliveries more closely with forecasted daily use.
 11 To the extent there are under or over deliveries relative to after-the-fact metered use, those
 12 differences are “imbalances.” Imbalances are an industry norm as weather and usage
 13 forecasts are never perfect but keeping imbalances at a minimum is the goal. Imbalances
 14 are either carried over and netted in-kind against the following month’s deliveries or
 15 cashed-out. Cash-out is used by Ameren while carry-over is used by Spire.

16 **Q. Is the MSBA opposed to the cash-out method versus the carry-over method?**

1 A. MSBA is not opposed in principle to the cash-out method. In my direct testimony, I
2 recommended the recently Commission-approved Spire carry-over method of reconciling
3 imbalances the month following delivery as a possible solution to this issue but MSBA is
4 not opposed to a cost-based cash-out method.

5 **Q. What “penalties” is MSBA objecting to in the Ameren school cash-out tariff?**

6 A. MSBA objects to the 10% percent penalties on top of school-only Aggregation and
7 Balancing charges that larger industrial transportation customers do not pay and are not
8 cost-based as required by Section 393.310 RSMo. A multiplier of 110% to Ameren’s cost
9 of market purchases when calculating cash-out, and a 10% reduction (90% of market price)
10 when the Company owes the schools, does not constitute “cost” as mandated by Section
11 393.310 RSMo. These penalty multipliers applied to schools for Ameren’s market gas costs
12 are clearly in conflict with the provision in Section 393.310 RSMo that services be
13 provided at cost.

14 **Q. Please describe the current standard tariff cash-out pricing applicable to large**
15 **industrials.**

16 A. Negative imbalance refers to the customer buying incremental gas from the Company
17 while positive imbalance results in the Company pays the customer for its excess gas. For
18 standard transportation industrial customers, if the daily imbalance is 0-5% negative, the
19 cash-out price is the greater of the PGA or the daily midpoint index plus \$0.15. If the
20 imbalance is more than 5% negative, the pricing is the greater of 110% of the PGA or the
21 daily midpoint index plus \$0.15. If the imbalance is 0-5% positive, the price is the daily
22 midpoint index (as noted by Mr. Patterson). If the imbalance is greater than 5% positive,
23 the price is 90% of the daily midpoint index.

1 **Q. Does Ameren provide day to day balancing for these small schools and does that have**
2 **a cost?**

3 A. Yes, and Section 393.310 RSMo paragraph 4(2) provides for utilities to be compensated
4 for daily balancing via an “Aggregation and Balancing” service charge applied to all school
5 gas usage, not just the imbalance as applies to non-schools.

6 **Q. Does Section 393.310 RSMo provide that Aggregation and Balancing charge only be**
7 **applicable to the schools’ imbalance like the larger standard transportation**
8 **customers pay?**

9 A. No. As previously stated, schools pay the “Aggregation and Balancing” service charge on
10 all usage. For a school nomination of 1,000 Dekatherm for the month and an actual monthly
11 usage of 1,100 Dekatherms, schools would pay Aggregation and Balancing charges on the
12 full 1,100 Dekatherm, not just the 100 Dekatherm imbalance like larger transportation
13 customers pay. Thus, the standard transportation cash-out provisions as currently applied
14 to schools are not consistent with Section 393.310 RSMo. So, to penalize schools at 110%
15 of gas market price for cash-out is not only inconsistent with Section 393.310 RSMo with
16 regard to services being at cost but is also inconsistent with first charging the statutory
17 Aggregation and Balancing charge for balancing service and then charging a percentage
18 multiplier penalty above actual current month’s gas cost.

19 **Q. Will you give an example of daily cash-out for large industrial and commercial**
20 **standard transportation customers and how it differs for schools?**

21 A. Yes, standard transportation customers pay the tariff-specified daily cash-out rate only on
22 the daily imbalance. That is, if a standard transportation customer nominates 1,000
23 Dekatherms to be delivered on a given day but uses 1,100 Dekatherms, only the 100

1 Dekatherm daily imbalance is subject to standard transportation tariff cash-out charges.
2 Reiterating the difference between the schools and industrial customers, if schools
3 nominate 1,000 Dekatherms for an entire month but use 1,100 Dekatherms, schools pay an
4 Aggregation and Balancing charge on the entire 1,100 Dekatherms.

5 **Q. If the Commission ordered cash-out for schools to exclude the PGA, the 110% and**
6 **90% Gas Daily daily Average (GDDA) market price multipliers, would that comply**
7 **with Section 393.310 RSMo and address MSBA's position?**

8 A. Yes.

9 **Q. Will you please explain why MSBA objects to being charged PGA for cash-out?**

10 A. Yes. Specifically, the PGA is not consistent with Missouri Revised Statute Section 393.310
11 and generally the PGA is designed for and is applicable to retail system sales customers.
12 My colleague, Mr. David Vognsen will testify for MSBA more specifically on why the
13 charges in the PGA should not be applicable to schools' cash-out. As an example of our
14 concern, cash-out is applicable to gas costs in the current month being billed, but the PGA
15 is applicable to multiple future months and includes utility under recoveries of gas costs in
16 the prior year.

17 **Q. Is there a specific component of cost that is an example clearly explaining why MSBA**
18 **believes schools should not pay the PGA as part of the cash-out?**

19 A. Yes. PGAs include out-of-period costs, such as utilities' enormous under recovery of last
20 February's Polar Vortex, which may be spread over multiple years. However, MSBA
21 schools already paid for their Polar Vortex gas costs. The PGA would result in a subsidy
22 from schools to retail customers for multiple years. Mr. Vognsen will detail other PGA
23 cost components that are not applicable to school transportation customers.

1 **Q. Historically, has PGA dollar impact on schools been relatively small?**

2 A. Yes. I have not calculated the precise dollar impact due to the PGA component of the cash-
3 out. In the Pilot, there was about a \$3,000 impact but there was only one imbalance scenario
4 that eliminated the PGA impact. More importantly, the PGA did not historically include
5 Ameren’s enormous February 2021 Polar Vortex costs that will be spread over multiple
6 future years. Of course, every dollar counts to fund school projects but mostly MSBA
7 simply objects to school transportation customers’ undue subsidization to retail customers
8 when the subsidization can simply be eliminated by having a school cash-out tariff without
9 the PGA component. **MSBA schools paid huge bills for the February 2021 Polar Vortex**
10 **and should not have to also pay for retail customers’ Polar Vortex costs again through**
11 **the PGA for years to come.**

12 **Q. How is the PGA’s application to cash-out for schools inconsistent with Section 393.310**
13 **RSMo?**

14 A. Direct Testimony Appendix 1 is Section 393.310 RSMo. The statute Paragraph 4(2) states
15 that the utility tariff shall provide for the resale of natural gas “...to the eligible school
16 entities at the gas corporation's cost of purchasing of such gas supplies and transportation,
17 plus all applicable distribution costs, plus an aggregation and balancing fee to be
18 determined by the commission.” Paragraph 5 of the statute states that there will be no
19 negative financial impact on the gas corporation, its other customers or local taxing
20 authorities. Together, these two paragraphs protect both the schools and others. When
21 schools pay the utilities the full cost of service and not more, there is no subsidization either
22 way. Certainly, the retail system-supplied sales customers’ PGA, which is designed for and
23 includes out of period costs, is not the cost of service to school transportation customers in

1 the current month and should be deleted from Ameren’s current cash-out tariff provision
2 for schools.

3 **Q. Does Ameren-Illinois or any other Missouri, Illinois, Iowa or Nebraska utility include**
4 **PGA in their cash-out?**

5 A. No. Working with clients in those states, we have not seen the PGA included in any other
6 utility cash-out.

7 **Q. Why is it important to point out the current tariff cash-out pricing?**

8 A. MSBA has been trying to work with the utilities and Staff across Missouri to achieve tariffs
9 that are consistent with Missouri Revised Statute Section 393.310 which mandates charges
10 based on actual costs such that there is no negative impact on the company, customers, or
11 others. The very presence of the cost adders and percentage penalties are contrary to the
12 Statute. In the recent Spire case, the Commission approved an imbalance reconciliation
13 method that complies with the “cost” mandate in Section 393.310 RSMo by offsetting over
14 or under deliveries to the next month deliveries. Spire represents about 80% of the MSBA
15 statewide school volumes. MSBA would prefer having similar methods of balancing
16 among all Missouri utilities, but it is always open to discussions with the utility and Staff
17 to reach a solution that is consistent with the statute.

18 **REBUTTAL TO STAFF WITNESS PATTERSON**

19 **Q. As Staff witness Patterson states, aren’t the penalty multipliers necessary to prevent**
20 **gaming?**

21 A. No. These penalty multipliers were in Ameren’s and many other utility tariffs long before
22 the school program existed. They were designed for large industrial and commercial type
23 transportation customers with daily read meters and have been applicable for daily cash-

1 outs. Missouri Revised Statute Section 393.310 establishes an Aggregation and Balancing
2 charge that schools pay to the utilities on **all** gas through the meter and is credited to sales
3 customers' PGA. It has been a longstanding practice, prior to the school statute, to charge
4 a cash-out to standard transportation customers. But that charge is only on the imbalance
5 and not total throughput like is only statutorily specified only for schools with annual use
6 of 100,000 therms or less.

7 **Q. Do you agree with Mr. Patterson's statement "The Spire Missouri West provisions left a**
8 **large opening for "gaming." Openings remain under the new tariff, as they have long existed**
9 **in Spire Missouri East." (P. 16, Lines 12-13)?**

10 A. No. And to my knowledge, there have been no complaints from any Missouri utility nor
11 the MoPSC Staff indicating any gaming since the statutorily mandated school program
12 began in 2002. MSBA has been open and forthright with its information and wants to work
13 with the utilities and Staff on tariff language that adheres to the statute and gives utilities
14 the authority to override any school supplier nomination in the event a supplier would
15 submit a delivery nomination that would attempt to game the system.

16 **Q. Would Commission certification of suppliers for schools be a deterrent to suppliers**
17 **attempting to game nominations?**

18 A. Yes, however, there are other possible deterrents. This Commission recently approved
19 Spire's school tariff which allows the utility to specify the amount of school nominations.
20 That is, the utility and not the supplier determines the amount of daily nominations. MSBA
21 suggested the same or similar approach be applied for Ameren but Staff witness Patterson
22 objected, at least in part because he felt nominations are the responsibility of the supplier
23 rather than the utility. MSBA certainly agrees to have its supplier continue making
24 weather-based changes in its nominations to minimize daily imbalances and is further

1 agreeable to giving utilities the tariff authority to reject a school supplier's nomination if it
2 has the appearance of gaming.

3 **Q. Does MSBA agree with Mr. Patterson's interpretation that the Pilot data indicates**
4 **that the MSBA and non-MSBA pools have similar imbalances?**

5 A. No. First, the Data Request that apparently produced Mr. Patterson's graph included non-
6 winter months when the Pilot includes only winter months. As stated by Mr. Patterson: "In
7 response to a Staff data request, Ameren Missouri Provided information on daily school
8 aggregation pool usage and imbalances for the period of October 2019 through December
9 2020."

10 **Q. Why is mixing summer and winter percentages important?**

11 A. The purpose of the Pilot was to study forecasting accuracy during winter months using the
12 MSBA supplier's weather algorithm. Mr. Patterson lumped additional non-winter data
13 together with winter data and used percentages instead of actual values which creates an
14 appearance of de minimis difference between accuracy of MSBA supplier's forecasting
15 and non-MSBA suppliers' forecasting. For example, Mr. Patterson's method weights a
16 summer day imbalance of 10% on 200 dekatherms delivered, or 20 dekatherms imbalance,
17 to a winter day imbalance of 10% on 2000 dekatherms, or 200. Mr. Patterson then lumps
18 the same winter and summer percentages together and plots them against the number of
19 days which is a major distortion and does not comply with the Commission's Pilot order
20 to look at winter forecasting accuracy. The Pilot was specifically designed to focus on
21 winter months of November-March when imbalances are of greatest concern. Using
22 summer months in which a 50% imbalance is a very small number is misleading and causes
23 the scale of the graph to be such that the differences appear to be negligible.

1 **Q. Does Mr. Patterson’s plots of percentages of imbalances against percentages of pool**
2 **days capture accuracy of forecasting, particularly when one plot is for multiple non-**
3 **MSBA on two pipeline pools and the other plot is just for MSBA on four pipelines?**

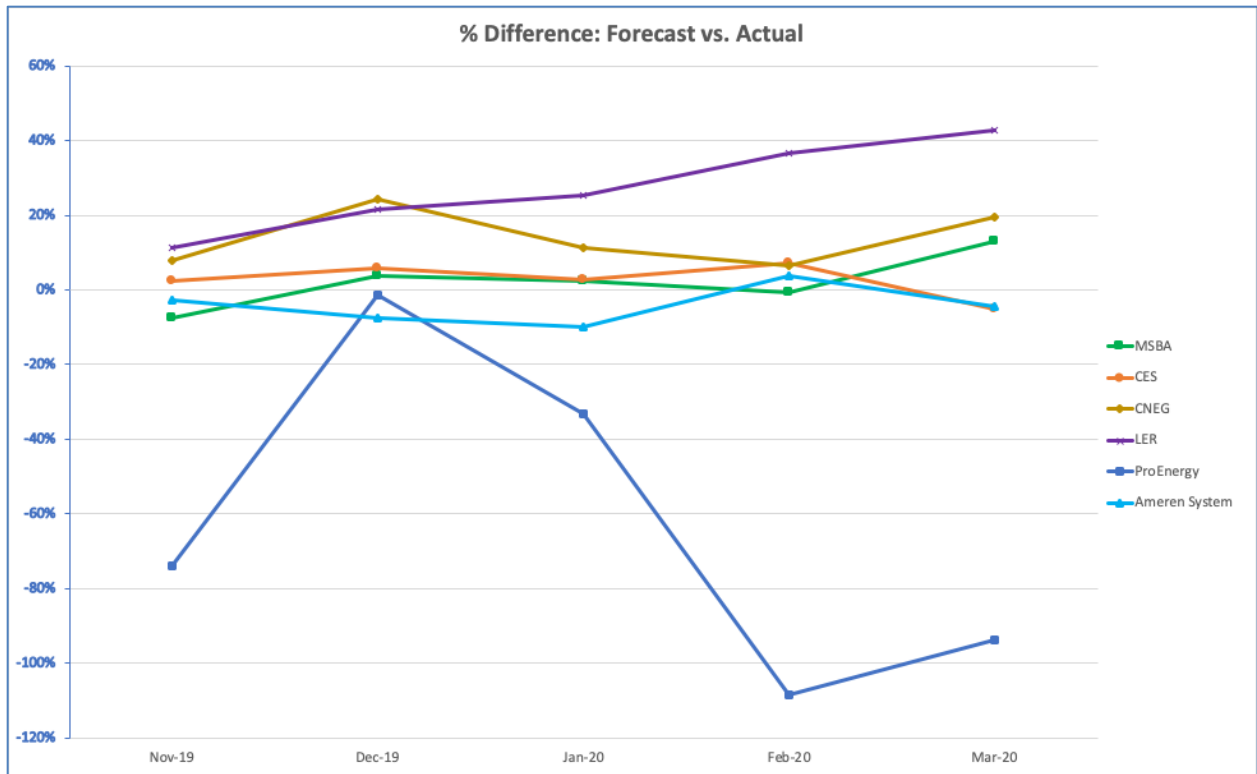
4 A. No. Mr. Patterson’s plots combine all non-MSBA pools together with the effect of
5 canceling positive and negative imbalance for non-MSBA pools to compare to the single
6 MSBA pool. Figure 1 below is a graph of imbalances separate for each non-MSBA pool
7 as well as MSBA’s pool and Ameren’s system. Rather than Mr. Patterson’s plot of
8 percentages against percentages, this Figure 1 clearly shows MSBA’s weather-based
9 forecasting is more accurate than any non-MSBA individual pool and is comparable to
10 Ameren’s system forecasting.

11 **Q. Is there another concern with the way Mr. Patterson presented the imbalance data?**

12 A. Yes. MSBA has by far the largest number of school accounts and volumes on Ameren’s
13 system, but Mr. Patterson’s method would equate a 10% imbalance for a MSBA balancing
14 pool as the same as a 10% imbalance of a non-MSBA school pool even if it only consists
15 of one school district.

16 **Q. Will you please show a graph of the same data using the Pilot months from the first**
17 **winter as presented to the Commission in the Pilot report?**

18 A. Yes. Figure 1 below summarizes the Pilot Year-1 data collected by Ameren in graphic form
19 to show differences in forecasting accuracy. Because of distortion in Year-2 Pilot data, I
20 have not graphed it and instead request that the Commission approve Ameren’s request for
21 a one winter extension of the Pilot.



1

Figure 1. Graphical summary of Ameren Pilot tariff data

2

3 **Q. What is the result of the Pilot data reported for Year-1?**

4 A. If anything, the Pilot results of the first winter, which had more typical winter weather,
 5 indicate that MSBA has had smaller imbalances using its weather-based algorithm than
 6 other non-MSBA school pools. Further, MSBA’s weather-based algorithm has shown
 7 comparable or lower imbalances than the Ameren system. In fact, MSBA is proactive with
 8 its supplier and tries to ensure there is not even an appearance of gaming.

9 **Q. Mr. Patterson states “All of these actions could cause the sales customers’ gas costs to
 10 be higher than they otherwise would have been if the costs are not recovered from the
 11 transportation customers.” Please further explain this statement.**

12 A. Because balancing charges to schools are credited to the sales customers’ PGA, the PGA
 13 could go up or down as intended to reflect cost-causation and to comply with Section
 14 393.310 RSMO. Still, because schools’ volumes are dwarfed by the system volumes, the

1 difference may not show up in the last decimal place of the PGA. I will expand on this
2 comment. First, charging schools PGA in the cash-out could cause the sales customers' gas
3 costs to be higher than otherwise would be, but it could also cause the gas costs to be lower
4 than otherwise would be. Second, the statement has an "if" that applies; "If costs are not
5 recovered from the transportation customers..." is important. MSBA has always contended
6 that it should pay for its "cost" as mandated by Section 393.310 RSMo such that there are
7 no material effects to sales customers. MSBA has no intention of benefitting from sales
8 customers but doesn't want to subsidize them either. Therefore, MSBA wants to continue
9 paying the Aggregation and Balancing fee and agrees it should pay the actual cost of gas
10 rather than the PGA.

11 **Q. Does MSBA agree with Mr. Patterson that "Balancing allows TSPs and shippers to**
12 **be 'made whole' by allowing parties to make up for shortfalls or recover excesses in**
13 **the difference between the gas delivered and received either with gas or by cash-outs**
14 **in lieu of gas"?**

15 A. Yes. Even Mr. Patterson states in his comment above that "made whole" can be
16 accomplished using gas which is exactly what MSBA's recommendation suggested – that
17 is to use the Commission-approved Spire method of offsetting next month's deliveries by
18 the current month over or under deliveries. MSBA does not believe "made whole" is the
19 same as being penalized with punitive cash-out charges materially above costs such as
20 PGA and penalty multipliers applied to actual current month market prices. MSBA believes
21 "made whole" is accomplished by putting the utility and thus its sales customers back into
22 the position it would have been had the imbalance not occurred which is the preferred
23 method as the Commission approved for Spire.

1 **Q. Do you have any comments on Mr. Patterson’s citation of your direct testimony**
2 **regarding cash-out encouraging suppliers to manage imbalances?**

3 A. Yes. Mr. Patterson stated, “Mr. Ervin acknowledges that cash-out balancing ‘encourages
4 suppliers to manage the imbalances.’” Mr. Patterson conveniently left out the second half
5 of my sentence. My full answer was as follows:

6 “Ameren’s STP tariff currently uses cash-out with varying tiers of punitive
7 penalties depending on the percentage of imbalance. This mechanism encourages suppliers
8 to manage the imbalances but in reality charges the schools those cash-out costs which
9 are passed through from the suppliers.” (emphasis added)

10 Mr. Patterson’s citation was blatantly misleading by taking the comment out of context,
11 even from the same sentence.

12 **Q. Mr. Patterson notes that transportation customers are responsible for the purchase**
13 **and transportation of gas to the city gate. Does MSBA agree with this statement?**

14 A. Yes. MSBA believes that daily gas delivery requirements are the responsibility of the
15 transporter. MSBA only offered to allow Ameren to tell MSBA’s supplier how much gas
16 to deliver to eliminate the possibility of a supplier trying to manipulate deliveries for
17 financial gains (gaming). MSBA certainly will continue having its supplier determine the
18 gas deliveries and alternatively offers to have tariff language which allows Ameren to reject
19 a nominated daily delivery that it determines is out of line.

20 **Q. Mr. Patterson states, “As I previously mentioned, balancing assures that parties are**
21 **‘made whole.’ Cash-out balancing accomplishes this simply on a monthly basis. This**
22 **prevents imbalances from being carried indefinitely.” Is Mr. Patterson accurate in**

1 **his inference that carry-over balancing creates imbalances that are carried**
2 **indefinitely?**

3 A. No. Mr. Patterson even states himself that “Nominations are adjusted for the following
4 month with intent of correcting the imbalance.” Therefore, Spire the carry-over method is
5 simply carrying the imbalance into the following month, not indefinitely. The supplier
6 immediately adjusts the nominations at the beginning of the month to make up this
7 difference.

8 **Q. Do you agree with Mr. Patterson that the model recommended and used for Spire is**
9 **simply a “...’good faith’ model that practically eliminated balancing**
10 **accountability...”?**

11 A. No. MSBA is not aware of any cases since program inception in 2002 that have suggested,
12 much less shown, any school pools acting egregiously. One key point that even Mr.
13 Patterson recognized by stating “Though the tariff had provisions to remove school
14 aggregation pools that acted egregiously...” is that the tariff provides the ultimate penalty
15 if the school supplier was a bad actor. The Spire tariff has a provision that allows the utility
16 to completely shut down the program which is obviously the most severe punishment it
17 could have.

18 **Q. Is Mr. Patterson correct in his statement about the settlement price under the current**
19 **Ameren tariff (page 15 line 23 through page 16 line 2)?**

20 A. Mr. Patterson’s statement is incomplete. He glosses over the fact that the settlement price
21 he describes is only if the imbalance is within 5% positive. If it is negative at all or more
22 than 5% positive, varying penalty prices apply.

1 **Q. Did Staff witness Patterson express in his direct testimony that he was doubtful that**
2 **the parties could agree on a resolution after the Pilot for submittal to the Commission**
3 **as you suggested in your direct testimony?**

4 A. Yes. However, MSBA is committed to make a good faith attempt to work with Ameren
5 and Staff to develop a consensus resolution. If consensus is not achievable, MSBA requests
6 the Commission order each party to submit their proposed resolution to the Commission
7 for decision on the same time frame following the Pilot extension of next winter to allow
8 time for the Commission’s decision to be implemented prior to the winter of 2022- 2023.

9 **CONCLUSION**

10 **Q. What specific order is MSBA seeking from the Commission?**

11 A. MSBA requests:
12 (a) either order Ameren to utilize the Commission-approved Spire imbalance reconciliation
13 method of adjusting the following month’s deliveries or order Ameren to remove the PGA
14 and penalty charges in Ameren’s tariff for school cash-outs to comply with Section 393.310
15 RSMo and (b) extend the Pilot for another winter.

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

17 A. Yes, it does.

