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Missouri Public  
Service Commission

# Exhibit No. 208

OPC – Exhibit 208  
Angela Schaben  
Surrebuttal Testimony  
File No. ER-2022-0337

**Exhibit No.:** \_\_\_\_\_  
**Issue(s):** Fuel Adjustment Clause (FAC)  
**Witness/Type of Exhibit:** Schaben/Surrebuttal  
**Sponsoring Party:** Public Counsel  
**Case No.:** ER-2022-0337

**SURREBUTTAL TESTIMONY**

**OF**

**ANGELA SCHABEN**

Submitted on Behalf of the Office of the Public Counsel

**UNION ELECTRIC COMPANY**  
**D/B/A AMEREN MISSOURI**

CASE NO. ER-2022-0337

March 13, 2023

**SURREBUTTAL TESTIMONY**

**OF**

**ANGELA SCHABEN**

**UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI, INC.**

**CASE NO. ER-2022-0337**

1 **INTRODUCTION**

2 **Q. Please state your name, title, and business address.**

3 A. Angela Schaben, Utility Regulatory Auditor, Office of the Public Counsel (“OPC” or “Public  
4 Counsel”), P.O. Box 2230, Jefferson City, Missouri 65102.

5 **Q. Are you the same Angela Schaben who filed direct and rebuttal testimony for the OPC  
6 in this case?**

7 A. Yes.

8 **Q. What is the purpose of your testimony?**

9 A. The following testimony shall address and agree with Staff witness Amanda Conner’s rebuttal  
10 testimony concerns relating to Ameren Missouri’s proposed fuel adjustment clause (“FAC”) language pertaining to generation capacity acquired from a “jointly owned entity.”

12 **Q. What is Ameren Missouri’s proposed FAC language in question?**

13 A. Ameren Missouri witness Mr. Andrew Meyer submitted the FAC language below for  
14 consideration during this current rate case. Ameren Missouri seeks to add this language under  
15 the purchased power costs and revenues section as it specifically relates to generation capacity  
16 charges for contracts, regardless of term:

17 [F]rom a jointly owned entity whose Factors PP, OSSR, or T costs and revenues  
18 assigned by the entity to the Company are included in this Rider FAC.<sup>1</sup>

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<sup>1</sup> Andrew Meyer Direct Testimony, File No. ER-2022-0337, Schedule AMM-d3: page 5 of 21, which is FAC Tariff Sheet No. 71.18 and page 7 of 21, which is FAC Tariff Sheet No. 71.19.

1 **Q. Did Staff request a detailed explanation from Ameren Missouri regarding the specific**  
2 **types of entities it intends to be included by the jointly owned entity phrase?**

3 A. Yes. Staff requested this additional information in Data Request 0346. Within this Data  
4 Request, Staff also sought additional clarification regarding whether either short-term  
5 contracts, long-term contracts, or both, could flow through the FAC based on the additional  
6 “regardless of term” language proposed on tariff sheet 71.18.<sup>2</sup>

7 **Q. How did Ameren Missouri respond?**

8 A. Mr. Meyer responded for Ameren Missouri on October 8, 2022. His response includes the  
9 following details<sup>3</sup>:

10 1) The reference to a jointly owned entity in the FAC redline changes refer to  
11 an ownership structure for potential new renewable projects financed, at least  
12 in part, by tax equity financing. Ameren Missouri, via a special purpose  
13 subsidiary, would co-own an asset along with a tax equity investor. The  
14 Company does not currently have a joint venture of this type in place.

15 2) The language on pages 71.18 and 71.19 are both intended to allow for the  
16 inclusion of the cost of capacity acquired from a jointly owned entity in the  
17 FAC, regardless of the length of the tax equity agreement, while continuing  
18 to exclude the cost of all other capacity transactions which are for a period  
19 greater than one year.

20 **Q. Why is Staff opposing Ameren Missouri’s proposed language?**

21 A. According to Ms. Conner’s rebuttal testimony, Staff “opposes this language because Ameren  
22 Missouri wants to include language for future projects not currently in place. These  
23 purchases, as well as details of these projects, are unknown at this time, and therefore  
24 inappropriate to include in the FAC tariff”.<sup>4</sup>

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<sup>2</sup> Staff DR 0346.

<sup>3</sup> Id.

<sup>4</sup> Rebuttal Testimony of Amanda C. Conner, File no. ER-2022-0337, page 4, lines 13-16.

1 **Q. Do you have additional concerns, regarding the proposed language, based on Staff's**  
2 **rebuttal testimony?**

3 A. Yes. Mr. Meyer asserts the proposed language intends “to allow for the inclusion of the cost  
4 of capacity acquired from a jointly owned entity in the FAC, regardless of the length of the  
5 tax equity agreement[.]” Given specific circumstances, this wording could allow Ameren  
6 Missouri to flow the cost of long term jointly owned entity capacity agreements through its  
7 FAC even though these contracts last in excess of one year and should be included in the  
8 revenue requirement. Such contracts included in the revenue requirement are incorporated  
9 in rates within the FAC base factor and therefore should not flow through the FAC yet again.

10 **Q. What is your response to Staff?**

11 A. I support Staff’s position. If Ameren Missouri does not currently have a jointly owned venture  
12 in place, nor plans for one in the immediate future, this specific proposed language simply  
13 serves no purpose within its FAC. Furthermore, if the language pertaining to jointly owned  
14 entity contracts included in Factor PP regardless of term was included in Ameren Missouri’s  
15 FAC, then future contract language could be tailored to correspond with said language, and  
16 long term capacity contracts with tax equity partners could be flowed through its FAC even  
17 though long term capacity contracts should already be included in revenue requirement. If  
18 jointly owned entity capacity contracts were tailored to ensure automatic flow through the  
19 FAC, then Ameren Missouri would not have to justify these specific contracts in future rate  
20 cases even if they were not in customers’ best interests.

21 **Q. Did Staff raise any other concerns in its rebuttal to which you would like to respond?**

22 A. Yes, one that arises from Ameren Missouri witness Mitchell Lansford’s supplemental direct  
23 testimony.

24 **Q. What did Mr. Lansford say that triggered Staff’s concern?**

25 A. Company witness Mitchell Lansford submitted supplemental direct testimony on October 12,  
26 2022, indicating the Inflation Reduction Act (“IRA”) has significantly changed previous tax

1 credits relating to renewable generation. The IRA provides “for another means to monetize  
2 the credits, in addition to utilizing credits to offset current income taxes or partnering with  
3 tax equity investors.”<sup>5</sup> The Company no longer utilizes tax equity partners and the Inflation  
4 Reduction Act “reduces the instances in which a utility may seek tax equity financing for a  
5 project<sup>6</sup>”. Based on Mr. Lansford’s testimony, “Staff issued DR No. 0353 asking if Ameren  
6 Missouri intended to make changes to Mr. Meyer’s Schedule AMM-d3 to remove the language  
7 regarding joint tax equity partners.”<sup>7</sup> The Company responded that it was unnecessary to do  
8 so.<sup>8</sup>

9 **Q. What is Staff’s concern?**

10 A. According to Ms. Conner’s rebuttal testimony:

11 The concern with Ameren Missouri’s answer to Staff is that if they are no longer  
12 utilizing a tax equity partner, there is no reason for the language to be included in  
13 the Rider FAC; therefore, this language should be removed. There is also the issue  
14 that the details of these future projects are unknown at this time, and therefore,  
15 inappropriate to include in the tariff.<sup>9</sup>

16 **Q. What is your response to Staff’s concern?**

17 A. I concur with Staff. Ameren Missouri’s FAC language should not be modified based on  
18 Company-imagined “maybes” or “somedays”. Its FAC language should be modified only for  
19 measurable circumstances related to fuel and purchased power revenues and expenses.  
20 According to Mr. Lansford’s testimony, uncertainty exists in the market for transferring tax  
21 credits under the IRA and that “it stands to reason that some cost or reduction in value will  
22 exist upon the transfer of the credits to an unrelated party”<sup>10</sup>. If so much uncertainty

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<sup>5</sup> Supplemental Direct Testimony of Mitchell Lansford, File no. ER-2022-0337, page 6.

<sup>6</sup> Company’s partial response to Staff DR No. 0353.

<sup>7</sup> Rebuttal Testimony of Amanda C. Conner, File no. ER-2022-0337, page 4, line 20 through page 5 line 1.

<sup>8</sup> Staff DR No. 0353.

<sup>9</sup> Rebuttal Testimony of Amanda C. Conner, File no. ER-2022-0337, page 5, lines 6-10.

<sup>10</sup> Supplemental Direct Testimony of Mitchell Lansford, File No. ER-2022-0337, page 6, lines 13-15.

1           surrounds the use of jointly owned entities at this time, then this is not the rate case to add FAC  
2           language based on an uncertain prospect.

3   **Q.    What is your recommendation to the Commission on this issue?**

4   A.    Tariff sheets 71.18 and 71.19 should not be updated with Ameren Missouri's proposed  
5           language regarding jointly owned entities.

6   **Q.    Does this conclude your testimony?**

7   A.    Yes.

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

**AFFIDAVIT OF ANGELA SCHABEN**

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

Angela Schaben, of lawful age and being first duly sworn, deposes and states:

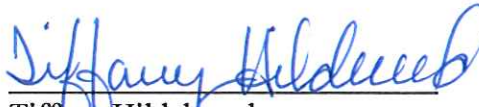
1. My name is Angela Schaben. I am a Utility Regulatory Auditor for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
Angela Schaben  
Utility Regulatory Auditor

Subscribed and sworn to me this 8<sup>th</sup> day of March 2023.



TIFFANY HILDEBRAND  
My Commission Expires  
August 8, 2023  
Cole County  
Commission #15637121

  
\_\_\_\_\_  
Tiffany Hildebrand  
Notary Public

My Commission expires August 8, 2023.