

Exhibit No.:
Issue(s): Fuel Adjustment Clause (FAC)/
Customer Bills
Witness/Type of Exhibit: Mantle/Direct
Sponsoring Party: Public Counsel
Case No.: ER-2021-0240

DIRECT TESTIMONY

OF

LENA M. MANTLE

Submitted on Behalf of the Office of the Public Counsel

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

FILE NO. ER-2021-0240

September 3, 2021

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

In the Matter of the Union Electric
Company d/b/a Ameren Missouri's
Tariffs to Increase its Revenues for
Electric Service

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Case No. ER-2021-0240

AFFIDAVIT OF LENA M. MANTLE

STATE OF MISSOURI)

) ss

COUNTY OF COLE)

Lena M. Mantle, of lawful age and being first duly sworn, deposes and states:

1. My name is Lena M. Mantle. I am a Senior Analyst for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct 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.

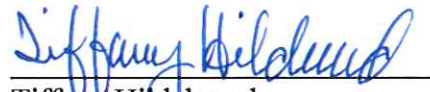


Lena M. Mantle
Senior Analyst

Subscribed and sworn to me this 3rd day of September 2021.



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



Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.

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DIRECT TESTIMONY

OF

LENA M. MANTLE

UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

FILE NO. ER-2021-0240

1 **INTRODUCTION**

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

3 A. My name is Lena M. Mantle and my business address is P.O. Box 2230, Jefferson
4 City, Missouri 65102.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Senior
7 Analyst.

8 **Q. On whose behalf are you testifying?**

9 A. I am testifying on behalf of the OPC.

10 **Q. Please describe your experience and your qualifications.**

11 A. I was employed by the OPC in my current position as Senior Analyst in August 2014.
12 In this position, I have provided expert testimony in electric, gas, and water cases
13 before the Commission on behalf of the OPC. I am a Registered Professional
14 Engineer in the State of Missouri.

15 Prior to my employment by the OPC, I worked for the Staff of the Missouri
16 Public Service Commission (“Staff”) from August 1983 until I retired as Manager of
17 the Energy Unit in December 2012. During the time of my employment at the
18 Missouri Public Service Commission (“Commission”), I worked as an Economist,
19 Engineer, Engineering Supervisor, and Manager of the Energy Unit. I was
20 instrumental in the development and application of the Commission’s FAC rules and
21 the FAC’s of the electric utilities in Missouri after the Missouri Legislature passed

1 Section 366.266 RSMo in 2005, enabling the electric utilities to request a fuel
2 adjustment clause (“FAC”).

3 Attached as Schedule LM-D-3 is a brief summary of my experience with
4 OPC and Staff and a list of the Commission cases in which I filed testimony,
5 Commission rulemakings in which I participated, and Commission reports in rate
6 cases to which I contributed as Staff.

7 **Q. What is the purpose of your direct testimony?**

8 A. In this testimony I recommend changes to the bills of customers that receive both
9 natural gas and electric service from Union Electric Company d/b/a Ameren Missouri
10 (“Ameren Missouri”) so the customers will be able to easily identify the cost of the
11 electric service separate from the cost of natural gas.

12 I also provide recommended modifications to Ameren Missouri’s FAC that
13 are intended to clarify some issues based on circumstances and FAC filings¹ that
14 have been made since Ameren Missouri’s last general rate case.

15 **Q. Would you provide a summary of the modification to Ameren Missouri’s FAC
16 that you are recommending in this case?**

17 A. I am recommending Ameren Missouri’s FAC be modified as follows:

- 18 1. Include steps to be taken to mitigate the impact of extraordinary changes in
19 net fuel and purchase power costs;
- 20 2. Not include the final adjustment to coal fuel inventory of a plant that has
21 ceased generation to flow through the FAC; and
- 22 3. Require removal of fuel and purchased power costs for Ameren Missouri
23 research and development projects.

¹ These issues have arisen not just in Ameren Missouri’s FAC filings but also in FAC filings of other Missouri electric utilities.

1 **Q. If the Commission orders these modifications, would they only apply to Ameren**
2 **Missouri?**

3 A. Yes. Because the enabling statute only allows modification to FACs in general rate
4 increase cases, Commission ordered modifications would apply only to Ameren
5 Missouri until similar modifications can be made to the FACs of the other electric
6 utilities in Missouri.

7 **Customer Bills**

8 **Q. What are you recommending the Commission order with regard to customer**
9 **bills?**

10 A. I recommend the Commission order, for the monthly bills of Ameren Missouri electric
11 customers that are also Ameren Missouri gas customers, Ameren Missouri clearly and
12 distinctly state which charges are associated with electric service and which charges
13 are associated with gas service along with a total cost of electric service and total cost
14 of gas service. I have attached recent bills of residential and a small general service
15 electric and natural gas customer to this testimony as Schedules LMM-D-1 and
16 LMM-D-2 to show the myriad of charges on customers' bills and the illogical
17 presentation of the charges. The "Current Charge Detail" of the small general service
18 bill is shown below.

Current Charge Detail for Statement 04/21/2021	
Base Energy Chg-Small General 3 Phase	\$271.09
Seasonal Energy Chg-Small General 3 Phase	\$0.00
Gas Energy Charge - General Service	\$43.89
Electric Customer Charge - Small General 3 Phase	\$19.99
Gas Customer Charge - General Service	\$28.44
Renewable Energy Adjustment	\$0.59
Fuel Adjustment Charge	\$0.90
Purchase Gas Adjustment (PGA)	\$62.10
Delivery Charge Adjustment	\$0.52
Infrastructure Replacement Surcharge	\$0.00
Energy Efficiency Investment Charge	\$20.22
Jeff City-Cole Co Municipal Charge	\$28.58
Amount Due	\$476.32

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- Q. Which of these charges are for electric service and which are for gas service?**
- A. The table below shows which charges are electric service charges and which are natural gas service charges.

	<u>Electric</u>	<u>Gas</u>
Base Energy Chg – Small General 3 Phase	X	
Seasonal Energy Chg – Small General 3 Phase	X	
Gas Energy Charge – General Service		X
Electric Customer Charge – Small General 3 Phase	X	
Gas Customer Charge – General Service		X
Renewable Energy Adjustment	X	
Fuel Adjustment Charge	X	
Purchase Gas Adjustment (PGA)		X
Delivery Charge Adjustment		X
Infrastructure Replacement Surcharge		X
Energy Efficiency Investment Charge	X	

- Q. Is the total charge associated with electric service shown on the customer’s bill?**
- A. I could not find it on the residential or small general service bill.

1 **Q. Is the total charge associated with natural gas service shown on the customer's**
2 **bill?**

3 A. I could not find it on the residential or small general service bill.

4 **Q. Why is it important for customers to easily be able to find how much of their**
5 **Ameren Missouri monthly bill is for electric and how much is for natural gas?**

6 A. Bills provide price signals to customers. When charges for different services are
7 disaggregated and intermingled, price signals and responses to actions and
8 inactions are indistinguishable to customers. Without a separate total for electric
9 and gas separately disclosed on customers' bills, customers cannot tell how much
10 they are saving on their electric service from getting rid of their second refrigerator
11 or from their natural gas service from replacing their old natural gas storage water
12 heater with a demand water heater.

13 Therefore, I recommend the Commission require Ameren Missouri to
14 distinguish on the bills of its electric and natural gas customers, which charges are
15 for electric service, which charges are for natural gas service, and the total bill for
16 electric service separate from natural gas service.

17 **Q. You have attached to this testimony a residential bill and a small general**
18 **service bill. Is your recommendation that the electric and gas service costs be**
19 **shown only on residential and small general service customer bills?**

20 A. No. While larger customers have the ability to calculate their electric service cost
21 separately from their natural gas cost, it does not mean that they should have to do
22 so to know the cost of the service provided. The cost of every customer's electric
23 service should be easily identifiable separately from their gas service on their bill
24 and not require customers to do additional calculations.

1 **Modification to the FAC for Treatment of Extreme Costs**

2 **Q. The first modification that you are recommending is that Ameren Missouri's**
3 **FAC be modified to include how extraordinary cost increases in net fuel and**
4 **purchase power costs be treated. Why are you recommending the FAC be**
5 **modified to accommodate extreme cost changes?**

6 A. The extended freeze in mid-February 2021 resulted in increases in fuel, purchased
7 power and market revenues that, if passed through the FACs of two Missouri
8 electric utilities, would have had a tremendous impact on their customers' ability
9 to pay their electric bills. The restriction by statute that FACs can only be changed
10 in rate cases limited the remedies available in this situation. Even so, the utilities
11 are looking at different ways to recover their winter storm costs. The utilities' FACs
12 should be modified to provide clarity to the companies, their customers, and the
13 Commission for how this type of sudden, sharp change in costs will be handled in
14 a manner that is affordable to customers while still allowing the utilities cost
15 recovery with an opportunity for the Commission to review the prudence of those
16 extraordinary costs.

17 **Q. How should the FAC be modified?**

18 A. While it is obvious that modifications should be made to the FACs for such
19 occurrences, the exact modifications are not quite so obvious. It is logical that what
20 constitutes an extreme impact on net FAC costs should be clarified. However,
21 determining how to do that is not as obvious. Should an extreme cost impact be
22 based on the impact to customers' bills? Should it be based on change in fuel and
23 purchased power costs? If so, should it be based on a change in cost for a month,
24 an accumulation period, or some other period of time? There are other potential
25 ways to determine whether or not a change in fuel costs is extreme enough for
26 special treatment and none is an obvious choice.

27 What is the "special treatment" of extreme costs? The FAC could be
28 modified to allow the recovery of prudent costs be collected over more than one

1 recovery period. But then how many cost recovery periods should a cost be
2 recoverable over before costs are shifted to be securitized or placed in a regulatory
3 asset account for treatment in the next rate case? What is the interest rate that
4 should be used? Should the utility be allowed to recover more than 95% of the
5 costs permitted under the FAC?

6 Another question is how do other Missouri statutes and requirements play
7 into this? How is cost recovery affected by PISA? Is the recovery amount limited
8 by PISA?

9 Again, the need is obvious; the solution is not. Stakeholders should work
10 together to establish modifications to Ameren Missouri's, Evergy's and Liberty's
11 FACs that would clarify for all stakeholders the process if another sharp, sudden
12 cost increase hits the costs and revenues that flow through it. FACs shield the
13 utilities from the impact of sudden, unexpected changes in fuel and purchased
14 power costs, and revenues. They also should be designed in a manner that shields
15 the customers from those same sudden, unexpected changes in fuel and purchased
16 power costs, and revenues.

17 **Modification to the FAC Regarding Coal Inventory Adjustments**

18 **Q. The next modification to the FAC that you are recommending is that the final**
19 **adjustment to coal fuel inventory of a plant that has ceased generation not be**
20 **included as a FAC cost. Why is this modification necessary?**

21 **A.** When a plant is no longer operating, a final accounting adjustment is made to
22 expense the fuel that has become part of the basemat of the coal pile.² This is the
23 cost of coal that, over time, has become unburnable. The FAC includes fuel costs
24 associated with Ameren Missouri's generating plant arising from steam plant

² According to the FERC USoA when coal is purchased, the cost is recorded in an asset account 151 Fuel Stock which is the book cost of fuel on hand. The cost is cleared to account 501 when it is used to generate electricity. In the case of a newly retired coal plant, the cost remaining in account 151 is cleared to another account, such as account 182.3, for consideration in the next general rate case.

1 operations³ and the Federal Energy Regulatory Commission (“FERC”) uniform
2 system accounts provides that account 501 is to account for “fuel used in the
3 production of steam for the generation of electricity”, i.e. fuel burned to produce
4 energy. Because this final inventory adjustment is for fuel that cannot be burned,
5 it cannot be used to produce steam to generate electricity and the cost of the basemat
6 fuel should not flow through the FAC.

7 **Q. Why is this a concern?**

8 A. Two other investor-owned utilities have included in their FACs final “coal
9 inventory adjustments” for basemat coal of generation plants at retirement only to
10 have these costs removed from the FAC. Modifying the FAC to specifically state
11 the cost of basemat coal is not an FAC cost will prevent this from happening when
12 Ameren Missouri retires coal plants.

13 **Q. Does this mean that Ameren Missouri cannot recover the cost of basemat coal?**

14 A. No. Ameren Missouri can still request recovery of basemat coal as a retirement
15 cost, but not as a FAC cost.

16 **Modification to FAC for Research and Development Projects**

17 **Q. The third modification you are recommending is that the cost of energy
18 consumed by research and development projects not be included in the FAC.**

19 **Why are you making this recommendation?**

20 A. At the time that this testimony is being written, there is a FAC rate change case,
21 ER-2022-0026, where this is an issue. It is Ameren Missouri’s position that the
22 FAC prohibits it from removing the energy costs of its bitcoin mining research
23 project from the FAC.⁴ It is yet to be determined how this will be resolved, but this

³ Current tariff sheet 71.1, 1st Revised, Mo.P.S.C. Schedule 6 and proposed tariff sheet 71.17, Original, Mo.P.S.C. Schedule 6 attached to the direct testimony of Ameren Missouri witness Andrew M. Meyer as Schedule AMM-D3.

⁴ EU-2022-0030, *Verified Application of Union Electric Company d/b/a Ameren Missouri for Deferral Authority*, paragraph 6.

1 rate case provides an opportunity to modify Ameren Missouri's FAC to expressly
2 prohibit the cost of such a project from the FAC.

3 **Q. What is your opinion regarding research and development projects such as**
4 **bitcoin mining?**

5 A. It is my opinion that no cost related to Ameren Missouri's cryptocurrency endeavor,
6 or any endeavor beyond the scope of electric utility regulation, be included in rate
7 base and/or funded with ratepayer backing, including the electricity consumed. If
8 Ameren Missouri wants to enter into speculative commodities, like virtual
9 currencies, then it should do so as a non-regulated service where ratepayers are
10 unexposed to the risks associated with them. OPC witness Dr. Geoff Marke
11 provides additional testimony regarding OPC's position in his direct testimony in
12 this case.

13 Therefore, I recommend that the FAC explicitly require the removal of the
14 energy costs for research and development projects from the Actual Net Energy
15 Costs of the FAC.

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

17 A. Yes.