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

REBUTTAL 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

October 15, 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	)))))	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 rebuttal 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
Lena M. Mantle
Senior Analyst

Subscribed and sworn to me this 15th day of October 2021.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

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

Tiffany Hildebrand
Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.

TABLE OF CONTENTS

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OF

LENA M. MANTLE

UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

CASE NO. ER-2021-0240

Q. Would you please state your name and business address?

A. My name is Lena M. Mantle. My business address is P.O. Box 2230, Jefferson City, Missouri 65102. I am a Senior Analyst for the Office of the Public Counsel ("OPC").

Q. Are you the same Lena M. Mantle that filed direct testimony in this case?

A. Yes, I am.

Q. What is the purpose of your rebuttal testimony?

A. In my direct testimony in this case, I recommended that the FAC tariff sheets be modified to allow for special treatment of extreme FAC costs. In this rebuttal testimony, I provide language for consideration.

I also respond to the modifications of the FAC tariff sheets recommended by Staff witness Brooke Mastrogiannis regarding Meramec Power Plant retirement and decommissioning costs and revenues from the High Prairie and Atchison wind farms. These recommendations are made in both Staff's Cost of Service and Class Cost-of-Service reports.

Q. What recommendations are included in this testimony?

A. I recommend the Commission order:

1. Ameren Missouri include in its FAC tariff sheets the following language for recovery of extraordinary costs:

> When extraordinary net costs have been incurred in an accumulation period, for good cause the Commission may allow (after opportunity for any party to be heard) the recovery period to extend beyond eight months. The amount not recovered will be added to subsequent recovery periods with a true-up for the extraordinary cost at the end of

the Commission approved recovery time period for the extraordinary cost.

2. Ameren Missouri include language that no retirement and/or decommissioning costs related to the retirement of a generation plant be included for recovery in the FAC; and
3. All of the revenues from the wind farms be returned to the customers with a base amount included in the revenue requirement with a reconciliation being done through Ameren Missouri's renewable energy standard rate adjustment mechanism ("RESRAM").

Proposed Tariff Language for Extraordinary Costs

Q. What are the benefits of adding your proposed language for extraordinary net costs to the FAC tariff sheets?

A. While in all likelihood the party asking for an extended recovery period for extraordinary cost would be Ameren Missouri, this provision would allow for the Commission or any party to ask for an extension of the time over which extraordinary costs would be recovered. While any party can ask for an extended recovery period, the extension must be Commission approved.

Under this tariff sheet provision, the recovery period could be extended up to 36 months. The language does not preclude Ameren Missouri from requesting in a case before the Commission, different treatment for deferring extraordinary costs in a liability account for potential future recovery.

Customers would be responsible for interest at the short-term interest rate prescribed for the FAC by statute and would only pay 95% of the costs above the amount included in the base rates.

Q. What is your proposed provision based on?

A. After the filing of my direct testimony in this case, I became aware that Ameren Missouri Gas had filed case GT-2022-0031 requesting a change to its purchased gas adjustment tariff sheets that would allow flexibility to extend its Actual Cost Adjustment ("ACA") recovery period beyond 12 months and up to 36 months for good cause shown. I have adapted this language proposed by Ameren Missouri Gas that the Commission allowed to go into effect on September 25, 2021.

<u>Response to Staff's Recommended FAC Modification Regarding Retirement and Decommissioning Costs of Generation Plant</u>

Q. What is Staff's recommendation regarding Ameren Missouri's FAC and the retirement of the Meramec plant?

A. In both the Staff Cost of Service Report filed on September 3, 2021 and its Class Cost of Service Report filed on September 17, 2021, Staff recommends the Commission:

> Order Ameren Missouri to include language in its FAC tariff that any retirement and/or decommissioning costs related to the retirement of the Meramec Plant be removed from the FAC after the official retirement date, and no other costs will be included for recovery in the FAC after that date;[1]

Q. What is your response to this recommendation?

A. While I agree with this recommendation, it should not be limited to after the retirement date. No Meramec retirement or decommissioning costs should flow through the FAC at any time – before or after the retirement of the Meramec Plant.

In addition, any language included in the FAC tariff sheets that disallows retirement and decommissioning costs should not be specific to a certain plant. No retirement or decommissioning costs of any plant should be included for cost recovery in the FAC.

[1] Staff Cost of Service Report, page 198; and Staff Class Cost of Service Report, page 70.

Q. Did you make a similar recommendation in your direct testimony?

A. Yes. I recommended the Commission order Ameren Missouri's FAC be modified to not include the final adjustment to coal fuel inventory of a plant that has ceased generation to flow through the FAC.

Q. Are you changing this recommendation?

A. Yes. While my recommendation was not specific to the Meramec plant, it narrowly disallowed only the final adjustment to coal fuel inventory. Therefore, I am broadening my recommendation to all retirement and decommissioning costs as suggested by Staff in its reports.

Q. What is your recommendation to the Commission?

A. I recommend the Commission order Ameren Missouri to include language in its FAC tariff that no retirement and/or decommissioning costs related to the retirement of a generation plant be included for recovery in the FAC.

<u>Response to Staff's Recommended FAC Modification Regarding the Revenues Associated with the High Prairie and Atchison Wind Farms</u>

Q. What was Staff's recommendation to the Commission regarding the revenues associated with the High Prairie and Atchison wind farms included in the FAC?

A. In its reports, Staff recommended the Commission:

> Order Ameren Missouri to include language in its FAC tariff that all wind revenues associated with High Prairie and Atchison Wind Farms will be included for recovery in the FAC;[2]

Q. What is your response to this recommendation?

A. The customers should receive <u>all</u> the revenues associated with High Prairie and Atchison wind farms.

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[2] *Id.*

Q. If the revenues are included for recovery in the FAC, will the result be that customers receive all the revenues?

A. Not in the current form of the FAC.

Q. Would you please explain?

A. In Missouri, the permanent rates include estimated, normalized FAC costs and revenues. The interim FAC rates approved between rate cases collect 95% of net costs in excess of what is included in permanent rates or return 95% of revenues collected in permanent rates that were not incurred.[3]

Q. Does this mean that only 95% of the revenues will be returned to the customers if the revenues are included in the FAC?

A. No. Both Staff and Ameren Missouri have included an estimate of the revenues that will be generated from these wind farms in their estimates of the FAC base. If the wind farms generate more revenue than the estimate included in the FAC base, then customers will get the benefit of the revenues included in the base and 95% of the revenues above what is included in the FAC base. If the actual revenues are below what was included in the FAC base, the customers will reimburse Ameren Missouri 95% of the difference.

Q. How accurate are the estimates of Staff and Ameren Missouri of the revenues that will be generated by the wind farms?

A. I do not know. Revenues are determined by 1) how much energy will be generated and 2) the market prices when the energy is being generated. While there have been wind studies at these sites, there is little to no experience of how much energy these wind farms will generate. Prices are tied to a market. Both Staff and Ameren Missouri have estimates of what they project market prices at these generation sites

[3] A more detailed explanation of the Fuel Adjustment Clause Mechanism in the State of Missouri is provided in the white paper attached to this testimony as Schedule LMM-R-1.

will be. Like the wind generation itself, there is very little experience regarding the market prices at these wind farm sites. The accuracy of the estimates of the market and the amount of wind will determine the accuracy of Staff and Ameren Missouri's revenue estimates.

Q. What is your proposal for returning these revenues to customers?

A. There are two options. The first is that the revenues be included in the FAC and the differences between the revenues received and what is included in the FAC base be tracked and included in Ameren Missouri's renewable energy standard rate adjustment mechanism ("RESRAM").

The second would be to include an estimate of the revenues in the revenue requirement of the case with all of the difference between what is included in revenue requirement, positive or negative, flowing back to customers or being recovered from customers through Ameren Missouri's RESRAM.

Q. Are customers currently receiving all of the revenues from these wind farms?

A. Yes. According to the *Third Stipulation and Agreement* in EA-2018-0202, the revenues from the wind farms passes through the FAC.[4] Since none of the revenues from these wind farms were included in the FAC base set in the last case, including these revenues in the FAC resulted in only 95% of the revenues flow back to the customers through the FAC. To ensure that the customers received 100% of the revenues from these wind farms, the stipulation and agreement included a requirement that Ameren Missouri return the other 5% back to customers through its RESRAM.

[4] Page 7, variance from 4 CSR 240-20.100(6).

Q. Is this the same as your first proposal that the wind farm revenues be included in the FAC and the differences between the revenues received and what is included in the FAC base be tracked and included in Ameren Missouri's RESRAM?

A. It is similar. The difference is that we do not know the percentage that will flow back to the customers through the FAC since the FAC base would include an estimate of the revenues that will be generated by the wind farms.

Q. How is your second proposal different?

A. My second proposal is that an estimated amount be included in revenue requirement and a reconciliation to actual revenues received be done in Ameren Missouri's RESRAM. This would not require a separate tracking of the revenues that flow through the FAC to assure that the actual revenues, not more or less, are returned to the customers. The benefits or costs would not be spread between two mechanisms.

Since the RESRAM is only adjusted once a year, customers may not receive benefits as a quickly as they would if the revenue passed through the FAC. Due to the variability in the wind and market prices across seasons, there could be great variability in the revenues from the wind farms. There could be a lot of revenue generated in one four month accumulation period resulting in revenues be returned to customers only to have to charge customers more the next recovery period because there was not as much revenue generated in the next four month accumulation period. The annual accumulation and recovery periods would smooth out some of this volatility.

It would also tie the return of revenue or increase in cost in a mechanism that is tied to the reason for the cost - the Missouri renewable energy standard.

Q. Do these recommendations only include energy revenues?

A. No. Due to the Midcontinent Independent System Operators ("MISO") fluctuating capacity market and the potential for a Southwest Power Pool ("SPP") capacity market, these proposals should apply to both capacity and energy revenues.

Q. Which is your preferred proposal?

A. For simplicity sake, I prefer including estimated revenues in revenue requirement and the difference between the estimates and the actual be included in Ameren Missouri's RESRAM.

However, what is important is that whichever proposal is approved, that the customers receive <u>all</u> of the revenues from these wind farms.

Q. Why is this important?

A. Ameren Missouri elected to build these wind farms under plant in-service accounting ("PISA") that resulted in a deferment of 85% of the depreciation and return that occurred between the commercial operation date and when the plant is included in revenue requirement to be recovered from customers in rates (§ 393.1400 RSMo). Ameren Missouri passed the other 15% of the costs through the RESRAM assuring that Ameren Missouri recovered 100% of the costs from its customers. Therefore, the Commission should assure the customers that they will receive 100% of the benefits.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.