

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

In the Matter of the Adjustment of Union)	
Electric Company d/b/a Ameren Missouri's)	<u>File No. ER-2023-0181</u>
Fuel Adjustment Clause for the 41 st)	Tracking No. YE-2023-0096
Accumulation Period)	

STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its recommendation states as follows:

1. On December 2, 2022, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) filed one tariff sheet, MO.P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.31, bearing a proposed effective date of February 1, 2023 and cancelling the MO. P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.31, which revised its Fuel Adjustment Rates (“FARs”) of its Fuel Adjustment Clause for Accumulation Period 41 ending on September 30, 2022.

2. Commission Rule 20 CSR 4240-20.090(8)(F) states “Within thirty (30) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the staff shall submit a recommendation regarding its examination and analysis to the commission.”

3. Ameren Missouri timely filed its proposed MO.P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.31, on December 2, 2022, and based on Staff’s review, Staff determined that Ameren Missouri is in compliance with Commission Rule 20 CSR 4240-20.090 and Ameren Missouri’s FAC in its tariff.

4. Ameren Missouri requested that MO.P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.31, filed on December 2, 2022, become effective on February 1, 2023.

Thus, the proposed tariff sheet was filed with 60 days' notice. Therefore, Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed on December 2, 2022, to become effective on February 1, 2023, subject to true-up and prudence reviews.

MO.P.S.C. Schedule No. 6

2nd Revised Sheet No. 71.31, Cancelling 1st Revised Sheet No. 71.31.

WHEREFORE, Staff recommends the Commission approve the following tariff sheet, to become effective February 1, 2023, as requested by Ameren Missouri, subject to both true-up and prudence reviews:

MO.P.S.C. Schedule No. 6

2nd Revised Sheet No. 71.31, Cancelling 1st Revised Sheet No. 71.31.

Respectfully submitted,

/s/ Carolyn H. Kerr

Missouri Bar Number 45718

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Missouri Public Service Commission

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Attorney for Staff of the

Missouri Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 27th day of December, 2022, to all counsel of record.

/s/ Carolyn H. Kerr

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2023-0181, Tariff Tracking No. YE-2023-0096
Union Electric Company, d/b/a Ameren Missouri

FROM: Brooke Mastrogiannis, Utility Regulatory Audit Supervisor

DATE: /s/ Brooke Mastrogiannis 12/27/2022 /s/ Carolyn Kerr 12/27/2022
Energy Resources Department/Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates Related to Ameren Missouri's Fuel Adjustment Clause for the 41st Accumulation Period

DATE: December 27, 2022

On December 2, 2022, Union Electric Company, d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, MO.P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.31, bearing a proposed effective date of February 1, 2023 and cancelling the MO. P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.31. The 2nd Revised Sheet No. 71.31, revises Ameren Missouri's Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 41 ("AP41"), which ended on September 30, 2022. Staff recommends that the Missouri Public Service Commission ("Commission") approve MO.P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.31.

Ameren Missouri's December 2, 2022, filing includes the testimony of J. Neil Graser, Manager, Energy Analytics, at Ameren Missouri, and associated work papers. The testimony and work papers include information and data that supports Ameren Missouri's calculation of its Fuel and Purchased Power Adjustment ("FPA"). That dollar amount ("FPA Amount") is \$61,931,452 and is reflected on line 5 of 2nd Revised Sheet No. 71.31. This FPA Amount results in a FAR₄₁¹ of \$0.00291 per kWh, which, when added to the FAR₄₀² of \$0.00303 per kWh, results in a proposed FAR³ of \$0.00595 per kWh. The proposed AP41 FAR of \$0.00595 per kWh on

¹ FAR_{RP} is defined in Original Sheet No. 71.23 as "FAR Recovery Period rate component calculated to recover under- or over-collection during the Accumulation Period that ended immediately prior to the applicable filing." Since this filing followed Accumulation Period 41, FAR_{RP} in this recommendation is referred to as FAR₄₁.

² FAR_(RP-1) is defined in Original Sheet No. 71.23 as "FAR Recovery Period rate component for the under- or over-collection during the Accumulation Period immediately preceding the Accumulation Period that ended immediately prior to the application filing for FAR_(RP)." Since this filing followed Accumulation Period 41, FAR_(RP-1) in this recommendation is referred to as FAR₄₀.

³ FAR is defined in Original Sheet No. 71.23 as "Fuel Adjustment Rate applied to retail customer usage on a per kWh basis starting with the applicable Recovery Period following the FAR filing." Therefore, FAR = FAR_(RP) + FAR_(RP-1).

line 11⁴ of 2nd Revised Sheet No. 71.31, is \$0.00339 per kWh more than the AP40 FAR of \$0.00256 per kWh on line 11 of the 1st Revised Sheet No. 71.31.

Calculation of Total Company Fuel and Purchased Power Difference

Ameren Missouri’s work papers for AP41 show the following:

Actual Net Energy Costs (“ANEC”) ⁵	\$230,644,275
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The Net Base Energy Costs calculation is shown below as Sales multiplied by the Base Factor:

Sales in kWh	12,148,311,732
Base Factor (“BF”) per kWh	\$0.01323
Net Base Energy Costs (“B”) ⁶	\$160,722,164

The total Company Fuel and Purchased Power Difference calculation is shown below as Net Base Energy Costs subtracted from Actual Net Energy Costs:

ANEC	\$230,644,275
B	\$160,722,164
Fuel and Purchased Power Difference	\$69,922,111

Calculation of FPA Amount

Ameren Missouri’s work papers and 2nd Revised Sheet No. 71.31, show the FPA Amount⁷ of \$61,931,452 to be the sum of:

1. Fuel and purchased power amount to be recovered from customers for AP41 of 66,426,006⁸ (line 4 on proposed 2nd Revised Sheet No. 71.31; plus,

⁴ Since the Preliminary Fuel Adjustment Rate (“PFAR”) on line 9 did not change after the PISA calculations Rate Adjustment Cap (“RAC”) on Line 10, line 9 is carried to line 11.

⁵ ANEC = fuel costs (FC), plus purchased power costs (PP), plus net emission allowances (E), plus or minus net insurance recoveries (R), minus off-system sales revenues (OSSR), as reflected on line 1 of 2nd Revised Sheet No. 71.31.

⁶ B = Base Factor multiplied by the accumulation period sales as reflected on lines 2, 2.1 and 2.2 of 2nd Revised Sheet No. 71.31.

⁷ 2nd Revised Sheet No. 71.31, lines 1 through 5 include the complete calculation of the FPA Amount of \$61,931,452.

⁸ Fuel and purchased power amount to be recovered from customers for AP41 is equal to ninety-five percent (95%) of \$69,922,111 (the difference between ANEC and B during AP41).

2. Interest of \$(338,607), which is \$434,233 for AP41 plus \$(772,840) for Recovery Period 38 (“RP38”) (line 4.1 of proposed 2nd Revised Sheet No. 71.31); plus,
3. The true-up amount, without interest, of \$(4,155,947) (line 4.2 of proposed 2nd Revised Sheet No. 71.31). This amount is pending Commission approval in File No. EO-2023-0182.

Calculation of FAR₄₁

FAR₄₁ of \$0.00291 per kWh is equal to the FPA Amount of \$61,931,452, divided by the Estimated Recovery Period Sales of 21,259,088,508 kWh, according to Ameren Missouri’s commercial pricing node.⁹ FAR₄₁ will apply during Recovery Period 41 (“RP41”), which is Ameren Missouri’s billing months of February 2023 through September 2023.

Calculation of FAR Without Voltage Level Adjustments

Line 9 of Ameren Missouri’s proposed 2nd Revised Sheet No. 71.31, reflects a FAR of \$0.00595 per kWh which is the sum of: (1) FAR₄₁ of \$0.00291 per kWh and (2) FAR₄₀ of \$0.00303 per kWh.

	Proposed AP41 FAR 2nd Revised Sheet No. 71.31	Current AP40 FAR 1st Revised Sheet No. 71.31
Line 7. Current Period Fuel Adjustment Rate (FAR _{RP})	\$0.00291/kWh	\$ 0.00303/kWh
Line 8. Prior Period Fuel Adjustment Rate (FAR _{RP-1})	\$ 0.00303/kWh	\$ (0.00047)/kWh
Line 9. Fuel Adjustment Rate (FAR)	\$ 0.00595/kWh	\$ 0.00256/kWh

Voltage Level FARs

Because of a difference in line losses,¹⁰ there are different FARs for service taken at the Secondary, Primary, High Voltage, and Transmission voltage levels, reflected on lines 13, 15, 18, and 21 of proposed 2nd Revised Sheet No. 71.31. The proposed FARs include weighting factors, which were approved in the most recent rate case, ER-2021-0240. The FAC tariff page 71.24 describes the LPS weighting factors as follows: “The Weighting Factors are the ratios between

⁹ MISO’s Market Settlements Business Settlements Practice Manual, BPM-005 Effective Date: June 6, 2022. The CPNode represents the next hierarchical level in the Commercial Model and consists of one or more EPNodes. All energy transactions, both physical and financial, are financially settled at the CPNode level. Operating Reserve supply is financially settled at the Resource CPNode level based on the appropriate CPNode MCPs. All Market Settlement activity is performed at a CPNode and is the level where LMPs and MCPs are publicly available.

¹⁰ Secondary, Primary, High Voltage, and Transmission Voltage Adjustment Factors are shown on lines 12, 14, 17, and 20 respectively, on Ameren Missouri’s proposed 2nd Revised Sheet No. 71.31.

each voltage’s annual kWh and total annual LPS kWh. The above Combined Initial Rate Component is developed for the purposes of determining if the statutory RAC_{LPS} has been exceeded, and if it has, calculating the FAR Shortfall Adder to be applied across all non-LPS service classifications in the immediately concluded AP.” To clarify, rate adjustment caps shall apply provided for by Section 393.1655, RSMo, if the class average overall rate of 2.00% compound annual growth rate is in effect. Once the rate adjustment cap has exceeded the 2.00% compound annual growth rate, then the weighting factors are applied, to calculate a rate for all Non-LPS and LPS customers by voltage level.

The AP41 FARs are in the table below:

Service	Proposed AP41 FAR	Line on 2nd Revised Sheet No. 71.31
Secondary	\$0.00627/kWh	30
Primary	\$0.00608/kWh	31
High Voltage	\$0.00598/kWh	32
Transmission	\$0.00590/kWh	33

Listed below are the proposed AP41 FARs, the current AP40 FARs, and the difference between them for each service level:

Service	Proposed AP41 FAR	Current AP40 FAR	Difference
Secondary	\$0.00627	\$0.00270	\$0.00357 Increase
Primary	\$0.00608	\$0.00262	\$0.00346 Increase
High Voltage	\$0.00598	\$0.00258	\$0.00340 Increase
Transmission	\$0.00590	\$0.00254	\$0.00336 Increase

Based on a monthly usage of 1,000 kWh, the proposed change to the Secondary FAR would increase the FAC of an Ameren Missouri residential customer’s monthly bill by \$3.57, from \$2.70 to \$6.27 per month.

In his filed testimony, Company witness J. Neil Graser explains the FAR’s increase:

The primary factors driving this change in the FAR were higher fuel costs and purchased power costs for load partially offset by higher net capacity sales revenue and higher off-system sales margins in Accumulation Period 41 as compared to Accumulation Period 39 and the net base energy costs

applicable to each period. Increases in the fuel and purchased power costs for load during Accumulation Period 41 as compared to Accumulation Period 39 and the net base energy costs applicable to each period is primarily due to the elevated natural gas prices and reduced coal-fired generation during Accumulation Period 41 discussed above.¹¹

Staff reviewed the proposed 2nd Revised Sheet No. 71.31, Mr. Graser's direct testimony, and the work papers in this filing, as well as Ameren Missouri's monthly information submitted in compliance with 20 CSR 4240-20.090(5) for AP41. Staff verified that the actual fuel and purchased power costs and emissions costs, net of off-system sales revenues, match the fuel and purchased power costs and emission costs, net of off-system sales revenues, on line 1 of Ameren Missouri's proposed 2nd Revised Sheet No. 71.31, and Mr. Graser's supporting schedules (along with revised work papers).¹² Staff reviewed Ameren Missouri's monthly reports and verified that the kWh billed, as shown on the monthly reports, matches the accumulation period sales used to calculate the Net Base Energy Cost. Staff reviewed Ameren Missouri's monthly interest rates that are applied to 95% of the over/under Net Base Energy Cost amount and verified that the monthly interest rates and calculations of monthly interest amounts are correct for AP41.

The change in the FAC rate resulting from this application will not cause Ameren Missouri to exceed its allowable cumulative annual growth rate cap percentage of 2.85%, or \$0.01304 per kWh, that it must comply with under state law due to its adoption of plant-in-service accounting.

Attachment A

Attachment A includes three charts, which provide a summary of Ameren Missouri's 41 FAC rate adjustment filings. Chart 1 illustrates Ameren Missouri's FAR for each of the 41 accumulation periods. Chart 2 illustrates Ameren Missouri's FAC cost summary for Actual Net Base Energy costs and Net Base Energy costs. Chart 3 illustrates Ameren Missouri's FAC cumulative under-recovered amount at the end of each of the 41 accumulation periods.

Staff Recommendation

Ameren Missouri timely filed its proposed MO.P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.31, on December 2, 2022, and based on Staff's review, Staff determined that Ameren Missouri is in compliance with Commission Rule 20 CSR 4240-20.090 (Electric Utility Fuel and

¹¹ Ameren Missouri, *Direct Testimony of J. Neil Graser*, ER-2023-0181, page 4, line 16 through page 5, line 5.

¹² Staff has also verified that the actual net energy costs and accumulation period sales kWh excludes the costs and kWh associated with digital currency mining.

Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements) and Ameren Missouri's FAC in its tariff.

Commission Rule 20 CSR 4240-20.090(8)(H) provides, in part:

- (H) Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either—
1. Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs;
 2. Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order; or
 3. If it determines the adjustment to the FARs is not in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established in the electric utility's most recent general rate proceeding, reject the proposed rate sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule. The commission may order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question.

Ameren Missouri requested that MO.P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.31, filed December 2, 2022, become effective on February 1, 2023. Thus, the proposed tariff sheet was filed with 60 days' notice. Therefore, Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed on December 2, 2022, to become effective on February 1, 2023, subject to true-up and prudence reviews:

MO.P.S.C. Schedule No. 6
2nd Revised Sheet No. 71.31, Cancelling 1st Revised Sheet No. 71.31.

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2021 Annual Report. Ameren Missouri is current on its submission of its Surveillance Monitoring reports, required in 20 CSR 4240-20.090(6), and its monthly reports, required by 20 CSR 4240-20.090(5). Staff is not aware of any other matter before the Commission that affects or is affected by this filing, except File No. EO-2023-0182, as noted herein.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Adjustment of Union)	
Electric Company d/b/a Ameren Missouri's)	<u>Case No. ER-2023-0181</u>
Fuel Adjustment Clause for the 41 st)	Tracking No. YE-2023-0096
Accumulation Period)	
)	

AFFIDAVIT OF BROOKE MASTROGIANNIS

STATE OF MISSOURI)
)
 COUNTY OF COLE) ss.

COMES NOW BROOKE MASTROGIANNIS and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Brooke Mastrogiannis

 BROOKE MASTROGIANNIS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 27th day of December, 2022.

DIANNA L VAUGHT
 Notary Public - Notary Seal
 STATE OF MISSOURI
 Cole County
 My Commission Expires: July 18, 2023
 Commission #: 15207377

Dianna L. Vaught

 Notary Public

Chart 1: Ameren Missouri Fuel Adjustment Rate

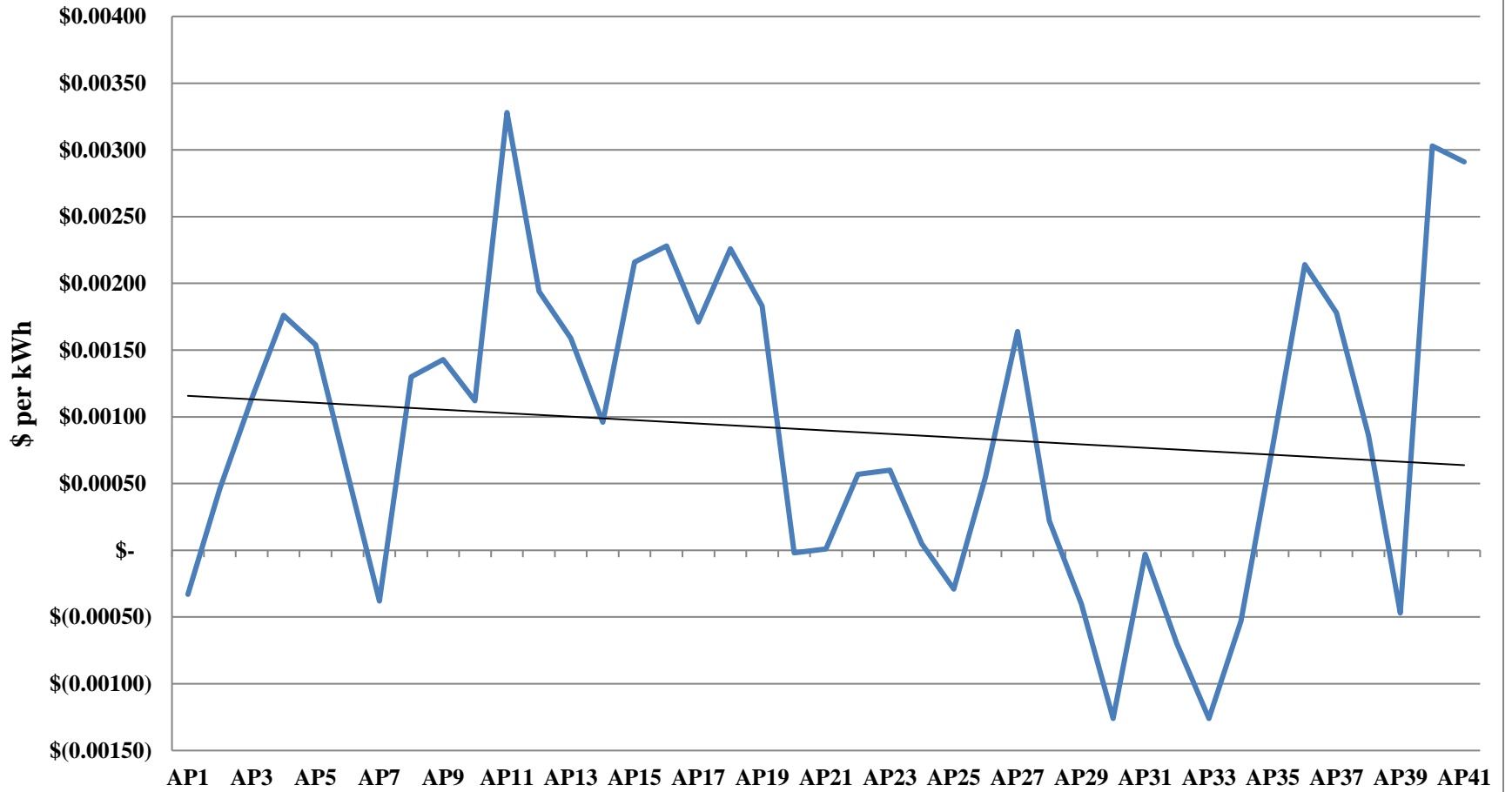


Chart 2: Ameren Missouri FAC Costs Summary

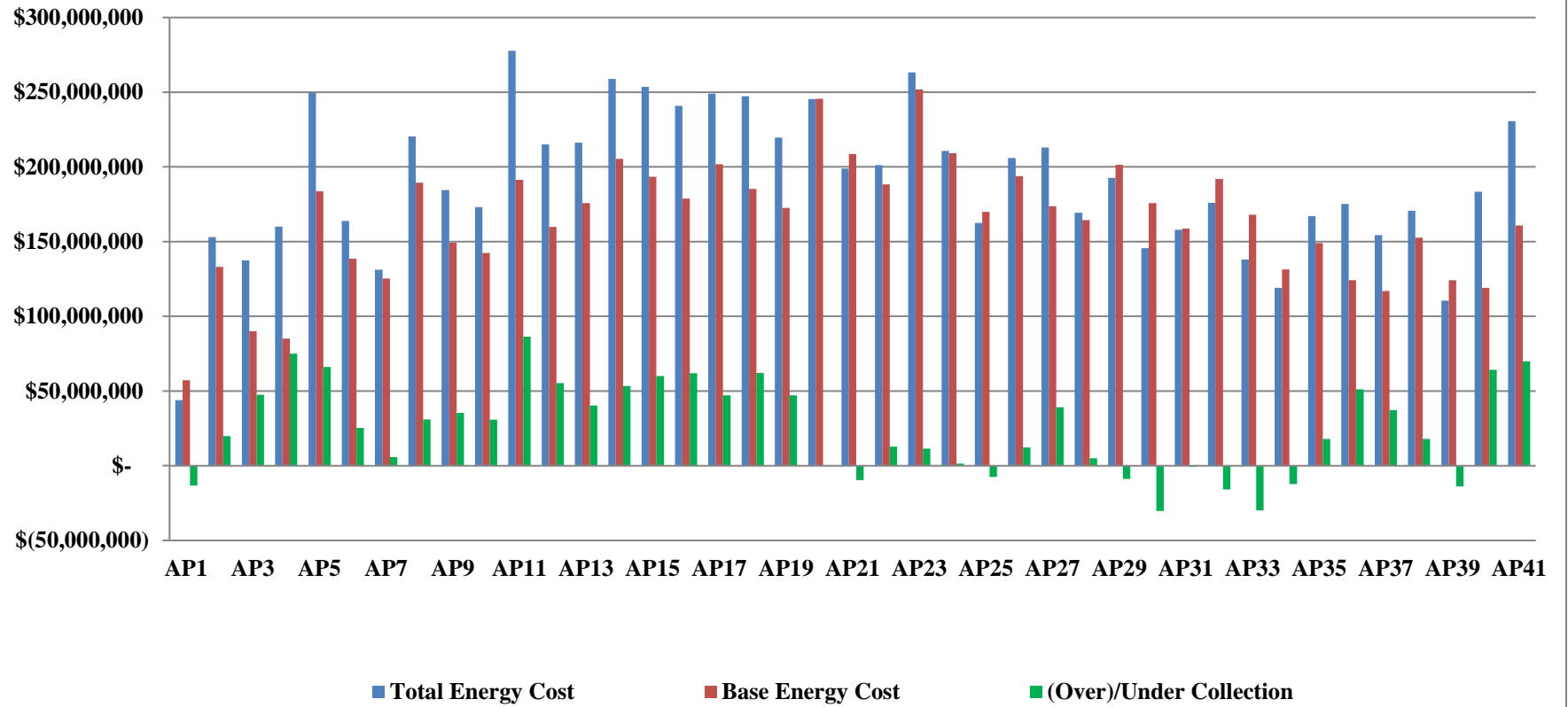
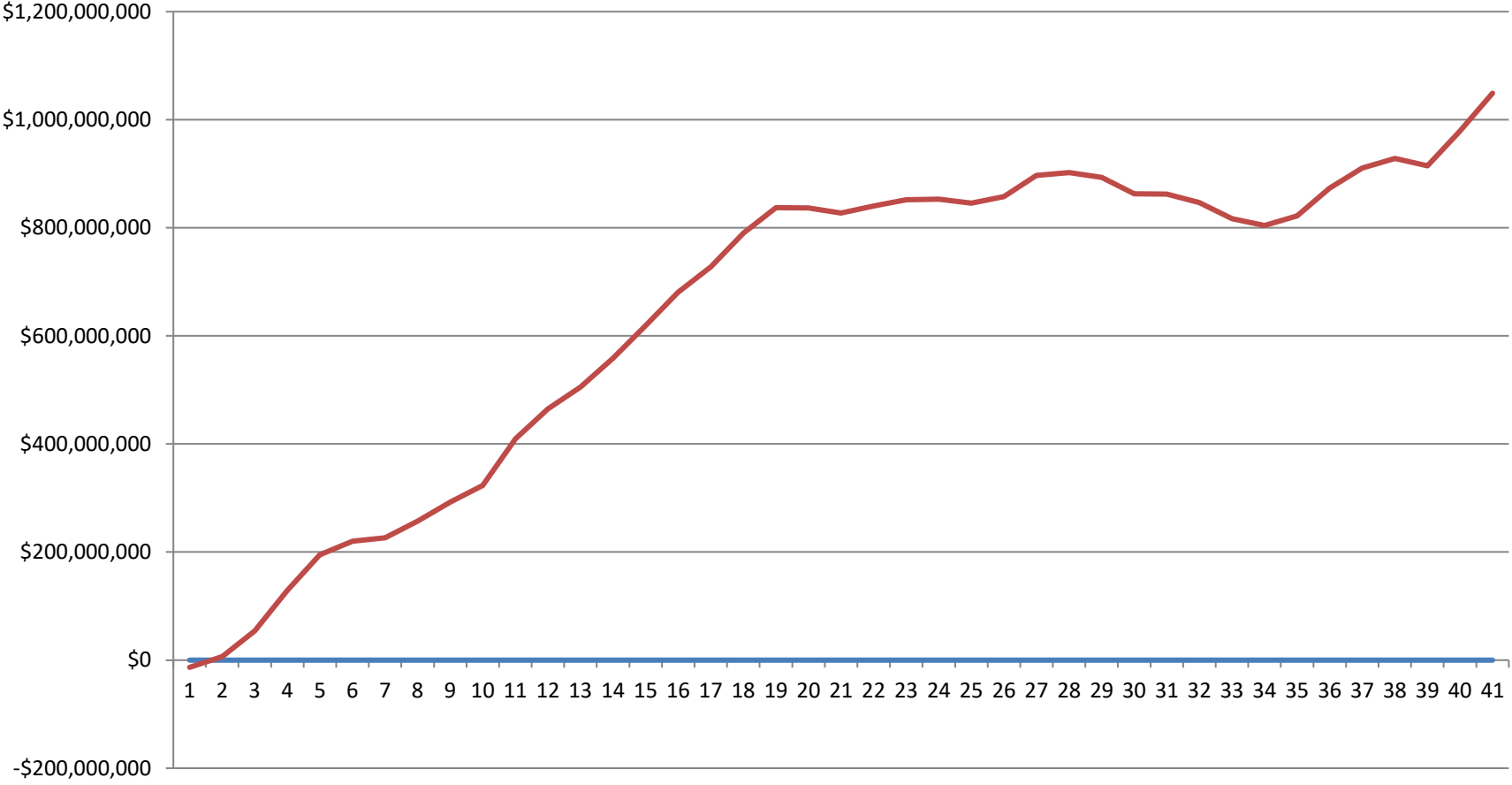


Chart 3: Ameren FAC Cumulative Under-Recovered Amount



Accumulation Period