

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

In the Matter of Union Electric Company	)	
d/b/a Ameren Missouri’s Verified Application	)	
for Approval of Amendment to Rider PGA to	)	<b><u>File No. GT-2022-0031</u></b>
Allow Recovery Period Flexibility, for	)	Tracking No. YG-2022-0043
Expedited Treatment, and for Waiver of 60-	)	
Day Notice Requirement	)	

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission and for its *Staff Recommendation* respectfully states as follows:

1. On August 9, 2021, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) filed its *Verified Application for Approval of Amendment to Rider PGA to Allow Recovery Period Flexibility, Motion for Expedited Treatment, and Motion for Waiver of 60-Day Notice Requirement* (“Application”). To support its Application, Ameren Missouri submitted tariff sheet no. 26, Tariff No. YG-2022-0043, on August 26, 2021, with an effective date of September 25, 2021, that reflects Ameren Missouri’s request stated in its Application for approval to amend its Purchased Gas Adjustment Clause (“PGA”) to increase the Actual Cost Adjustment (“ACA”) recovery period from the current twelve months to up to thirty-six months.

2. On August 9, 2021, the Commission issued an Order directing Staff to file a recommendation or alternative pleading with regard to the Application no later than September 1, 2021.

3. Staff has reviewed Ameren Missouri’s Application, submitted data requests to Ameren Missouri regarding its Application, and reviewed Ameren Missouri’s tariff filing,

Tariff No. YG-2022-0043, and submits its Staff Recommendation and accompanying and incorporated Memorandum.

4. Staff generally recommends that tariff changes be made in the context of a general rate case, where all relevant factors are examined by the Commission. Further, the law requires that tariff changes that affect how much a utility may charge for its service may not be approved outside the context of a general rate case.<sup>1</sup> However, Staff recognizes that the February 2021 Cold Weather Event resulted in an unprecedented spike in daily natural gas costs,<sup>2</sup> and Staff acknowledges that the tariff change Ameren Missouri requests in its Application and Tariff No. YG-2022-0043 does not change the rate amount Ameren Missouri is permitted to charge its customers. As such, Staff is not opposed to the Commission approving, or allowing to go into effect by operation of law, Ameren Missouri's requested tariff, Tariff No. YG-2022-0043.

5. Regarding Ameren Missouri's request that the Commission waive the 60-day filing notice required by 20 CSR 4240-4.017(1), Staff has reviewed Ameren Missouri's verified affidavit, Schedule 3 of its Application, and is not opposed to the Commission granting Ameren Missouri's request.

**WHEREFORE** Staff submits its *Staff Recommendation*, consistent with the Order issued on August 9, 2021, for the Commission's information and consideration.

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<sup>1</sup> See *State ex. rel. Mo Gas Energy v. Pub. Serv. Com'n*, 210 S.W.3d 330, 334 (Mo. App. W.D. 2006).

<sup>2</sup> See **Staff Report** in Case Nos. AO-2021-0264 and GO-2021-0362.

Respectfully submitted,

**/s/ Jamie S. Myers**

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Attorney for Staff of the  
Missouri Public Service Commission

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record on this 1<sup>st</sup> day of September, 2021.

**/s/ Jamie S. Myers**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
Case No. GT-2022-0031, Tariff No. YG-2022-0043  
Union Electric Company, d/b/a Ameren Missouri

**FROM:** Anne M. Crowe, Procurement Analysis

/s/ David M. Sommerer 9/01/2021  
Financial and Business Analysis/Date

/s/ Jamie S. Myers 9/01/2021  
Staff Counsel's Office/Date

**SUBJECT:** Staff Recommendation in Union Electric Company, d/b/a Ameren Missouri's  
Application to Amend its Purchased Gas Adjustment ("PGA") Clause

**DATE:** September 1, 2021

On August 9, 2021, Union Electric Company, d/b/a Ameren Missouri ("Ameren Missouri" or "Company"), filed its *Verified Application for Approval of Amendment to Rider PGA to Allow Recovery Period Flexibility, Motion for Expedited Treatment, and Motion for Waiver of 60-Day Notice Requirement* ("Application") for approval to amend its Purchased Gas Adjustment Clause to increase the Actual Cost Adjustment ("ACA") recovery period from twelve months to up to thirty-six months. To support its Application Ameren Missouri submitted Tariff Sheet No. 26 in Tariff No. YG-2022-0043 on August 26, 2021 with an effective date of September 25, 2021.

On August 9, 2021, the Commission issued an Order requiring Staff to file a Recommendation or alternative pleading with regard to the Application no later than September 1, 2021.

In February 2021 the United States experienced a major winter storm with the cold weather reaching southern states resulting in wellhead freeze-offs and extraordinary gas costs for utility companies. As explained in Staff's report in Case No. AO-2021-0264<sup>1</sup>, during the February 2021 Cold Weather Event<sup>2</sup> daily natural gas prices spiked to unprecedented levels for interstate pipelines serving Missouri. Ameren Missouri estimates its incremental gas costs from this Cold Weather Event to be \$60.6 million dollars<sup>3</sup> - almost twice its 2020 annual purchased gas costs.

Ameren Missouri is required to update its ACA factor in its upcoming November 2021 PGA/ACA filing. The ACA factor will be updated to reflect the reconciliation of actual gas costs with revenue recoveries for the period of September 1, 2020 through August 31, 2021, which includes the extraordinary gas costs resulting from the February 2021 Cold Weather Event. Rather than recovering its gas costs over twelve months as its current tariff requires<sup>4</sup>, Ameren Missouri is

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<sup>1</sup> Case No. AO-2021-0264, Staff Report pages 59-61.

<sup>2</sup> Also known as Winter Storm Uri.

<sup>3</sup> Case No. AO-2021-0264, docket item no. 8, February 2021 Cold Weather Event Workshop Presentation: Ameren Missouri Gas Operations – March 23, 2021, slide 5.

<sup>4</sup> Tariff Sheet No. 27 paragraph 7. "For the ACA period ending with August of each year, the aggregate excess or deficiency in gas cost recovery as described above shall be accumulated to produce a cumulative balance of excess or

requesting the Commission approve changes to its PGA Clause that will allow it the flexibility to spread its recovery of the gas costs from the Cold Weather Event over a period of up to thirty-six months. Ameren Missouri estimates the impact from the Cold Weather Event to be a \$292 annual increase to residential customer bills using a twelve month recovery period and a \$97 annual increase in the first year using a thirty-six month recovery period.

Interest is accrued on the average ACA account balance at the prime bank lending rate minus 2%.<sup>5</sup> By spreading the gas cost recovery over three years, customers will pay more than the actual gas costs of the Cold Weather Event itself. However, spreading these gas costs over a longer period than its current tariff requires helps to mitigate the impact to customer bills.

Staff's ACA review of the prudence of the Company's actions leading up to and during the February 2021 Cold Weather Event will occur during 2022 with a Staff recommendation expected in December 2022.

Staff has verified that Ameren Missouri has filed its annual report, and is not delinquent on its PSC assessment.

Staff has reviewed this filing and generally recommends tariff changes be made in a general rate case. However, in this instance because of the extraordinary gas cost impact to customer bills and the mandatory November 2021 ACA factor update, Staff is not opposed to the Commission approving, or allowing to go into effect by operation of law, the following tariff sheet filed in Tariff No. YG-2022-0043 on August 26, 2021:

P.S.C. MO. No. 2

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10th Revised Sheet No. 26 Cancelling 9th Revised Sheet No. 26

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deficiency of gas cost recovery by sales and transportation rate classifications. ACA factors shall be computed by dividing these cumulative balances by the estimated sales and transportation volumes during the subsequent twelve-month billing period of November - October, for each of the sales and transportation rate classifications.”

<sup>5</sup> Tariff Sheet No 27 paragraph 8. “For each month during the ACA period and for each month thereafter interest, at a simple rate equal to the prime bank lending rate (as published in the Wall Street Journal on the first business day of the following month), minus two (2) percentage points (but not less than zero) shall be credited to customers for any over-recovery of gas costs or credited to the Company for any under-recovery of gas costs. Interest shall be computed based upon the average of the accumulated beginning and ending monthly ACA account balances. The Company shall maintain detailed work-papers that provide the interest calculation on a monthly basis.”

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Allow Recovery Period Flexibility, for )  
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**File No. GT-2022-0031**

**AFFIDAVIT OF ANNE M. CROWE**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

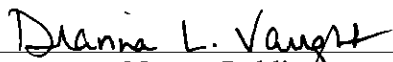
**COMES NOW**, Anne M. Crowe, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Recommendation* in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
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Anne M. Crowe

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 15<sup>th</sup> day of September, 2021.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2023  
Commission Number: 15207377

  
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Notary Public