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 Increase Its Annual Revenues for Electric Service	))))	**File No. ER-2022-0337**

STAFF'S STATEMENT OF POSITIONS ON THE ISSUES

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and tenders this *Statement of Positions on the Issues,* in satisfaction of the Commission's *Order Setting Procedural Schedule and Adopting Test Year* issued herein on December 31, 2022:

1. Overview.

Not applicable.

2. Incentive Compensation.

A. Should the Company's expenditures (capital and expense) for restricted stock units be included in the Company's revenue requirement?

No, the cost of restricted stock units should not be included in the revenue requirement. Restricted stock awards effectively align the interests of employees with the interests of shareholders and as such, the cost of the awards are more appropriately assigned to the shareholders. *Young Surrebuttal.*

B. What amount of exceptional performance bonus costs should be included in the Company's revenue requirement?

The revenue requirement should include a normalized cost based on a three-year average of awards approved during 2019, 2020, and 2021. This reflects the ongoing cash awards to employees and is not based on budgeted costs. *Young Surrebuttal.*

3. **Severance.**

A. Should the Company's expenditures (capital and expense) for severance payments be included in the Company's revenue requirement?

No. *Giacone Direct*; *Giacone Surrebuttal*.

4. **Class Cost of Service**, **Revenue Allocation, Rate Design and Rate-Switching Tracker**.

A. How should production costs be allocated among customer classes within a Class Cost of Service Study?

For purposes of estimating the relative net cost of service for each studied class in this case, based on the data available, Ameren Missouri's fleet characteristics, and Ameren Missouri's participation in the MISO integrated energy market,[1] it is most reasonable to use different allocation methods for fundamentally different generation resources.[2] Staff recommends allocating production costs and revenues through the following process:

1. Identify those resources with no or low variable cost and allocate the costs and expenses of owning and operating those resources to each class on the basis of that class's energy requirements. This is reasonable as an effective conversion of the annual revenue requirement to an average cost of energy, but also because many of these resources have been acquired to satisfy Ameren Missouri's requirements under the Missouri Renewable Energy Standard, which is based entirely on energy usage.[3] Note, while these assets do not include nuclear or fossil generating units to which the Commission's allocation discretion is limited by Section 393.1620, Staff's allocation of these units on the basis of energy is consistent with an approach identified in the National Association of Regulatory Utility Commissioners 1992 manual.[4]

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[1] *Sarah Lange Direct,* p. 21, *Sarah Lange Rebutta*l, p. 21.

[2] *Sarah Lange Direct,* p. 20.

[3] *Sarah Lange Surrebuttal,* p. 14, *see also Sarah Lange Direct*, pp. 20-23.

[4] *Sarah Lange Direct,* pp. 21-22.

2. Prorate the generation in each hour from no/low variable cost resources to each class, and subtracted that amount from each class's hourly load in each hour. This produces a value for each hour for each class of that class's demand that is not met by no/low variable cost resources, which fully recognizes the capacity value of these assets, even though they were allocated based on energy requirements.[5]

3. Identify those resources with significant variable costs of operation which are avoidable if the unit is offline, fully dispatchable with limited exceptions, which includes the nuclear and fossil generating units to which the Commission's allocation discretion is limited by Section 393.1620,[6] and allocate the costs and expenses of owning and operating those resources to each class on the using the NARUC "All Peak Hours Approach," described at page 47 of the 1992 NARUC Manual,[7] on the basis of each class's contributions to the identified MISO Resource Adequacy hours that is not met by no/low variable cost resources.[8] As an alternative, Staff has prepared an alternative CCoS using the 1 Coincident Peak (CP) approach, which is presented in the Surrebuttal of Sarah Lange at ____.

4. Allocate the net value of the production sales and purchases to the classes by first calculating the value of energy consumed by each class based on each class's load in each hour and the cost of energy in each hour, then by calculating the value of energy generated by the assets allocated to each class. The value of each, scaled to the expenses and revenues reflected in the cost of service calculation, are then allocated to each customer class.[9] This approach ensures that each class is responsible for the cost of the energy that class uses in a year, as offset by the value of the energy generated by the assets and

[5] *Sarah Lange Surrebuttal,* p. 15, *see also Sarah Lange Direct,* pp. 21-22, *Sarah Lange Rebuttal,* pp. 23-24.

[6] *Sarah Lange Direct,* p. 20.

[7] *Sarah Lange Direct,* p. 21.

[8] *Sarah Lange Direct,* pp. 17-18.

[9] *Sarah Lange Direct,* p. 22.

variable costs allocated to each class as described above.[10]

It is imperative to be cognizant of the allocation of the costs and expenses of no/low cost generating resources when allocating the revenues of those resources. Ameren Missouri's decision to allocate the revenue responsibility for no/low variable cost resources to classes on the basis of a demand allocator, while allocating the revenues produced from those facilities on the basis of energy renders the results of that study unreasonable and unreliable.[11] It is not reasonable to recover the majority of the revenue requirement for wind, solar, and hydro generation from one set of customers and to refund the majority of the revenue from the energy sales of those units to a different set of customers.[12] This allocation approach, which was used by Ameren Missouri and relied upon by MECG and MIEC ignores the requirements of the Missouri Renewable Energy Standard, which are based on energy consumption.[13]

Ameren Missouri's study is also unreasonable in that it fails to recognize Ameren Missouri's participation in the MISO IM, which causes its fuel costs vary with the demand for energy in a given hour of the regional load, not vary with the Ameren Missouri load.[14] While costs like fuel and operation costs and expenses are variable, it is incredibly important to be cognizant that those costs and expenses vary with market dispatch of the asset, and that these costs and expenses DO NOT vary with Ameren Missouri's actual retail load.[15] For this reason, the Staff study relies on hourly class loads and MISO DA LMPs to find the variable cost of energy for each class, however the Ameren Missouri and derivative studies assume every kWh of energy consumed throughout the year and regardless of season or time of day has the same cost.[16]
While there are cases where sufficient hourly load data is not available to conduct a more reliable study, and while there are

[10] *Sarah Lange Direct,* p. *22.*

[11] *Sarah Lange Surrebuttal,* p. 13.

[12] *Sarah Lange Rebuttal,* p. 23.

[13] *Sarah Lange Rebuttal,* p. 23.

[14] *Sarah Lange Rebuttal,* p. 26.

[15] *Sarah Lange Surrebuttal,* p. 17.

[16] *Sarah Lange Rebuttal,* p. 26.

utilities where capacity additions are driven by summer peak demands of retail load,[17] neither are applicable in this case.

B. How should distribution costs be allocated among customer classes within a Class Cost of Service Study?

For purposes of estimating the relative net cost of service for each studied class in this case, based on the data available, it is most reasonable to allocate the functionalized distribution revenue requirement using the following process:

1. Sub-functionalize approximately $750,000 of plant as generation-related where that plant is associated with interconnection of distribution-voltage generation facilities. This plant is allocated consistent with the production allocation process. [18]

2. Sub-functionalize customer specific infrastructure recorded in accounts 346, 365, 366, and 367. This plant is allocated to the relevant classes. [19]

3. Allocate the remaining amounts in Accounts 346, 365, 366, and 367 proportionate to each class's contribution to the system requirements in each hour, and proportionate to each hour's utilization of the distribution system. [20]

The Ameren Missouri study is wholly unreasonable in the manner in which distribution costs and expenses are directly allocated. The resulting unreasonable revenue requirement allocation is exacerbated by the indirect allocation of much of the remaining revenue requirement on the basis of the direct allocations in this function.[21]

Given the data available, Staff's study most closely applies the guidance provided at page 87 of the NARUC Manual, "Assignment or 'exclusive use' costs are assigned directly to the customer class or group which exclusively uses such facilities. The remaining costs are then classified to the

[17] *Sarah Lange Surrebuttal,* p. 16, *Sarah Lange Rebuttal,* p. 21, and pp. 23 – 26.

[18] *Sarah Lange Direct,* pp. 12, 13-14, and Schedule SLKL-d2.

[19] *Sarah Lange Direct,* pp. 12, 14, and Schedule SLKL-d3.

[20] *Sarah Lange Direct*, p 14.

[21] *Sarah Lange Rebuttal*, p 22.

respective cost components."[22] These customer-specific (exclusive use) assets are directly analogous to the service lines which are allocated entirely to secondary customer classes.[23]

In addition to failing to properly address generation-related assets recorded to distribution accounts and customer-specific assets recorded to distribution accounts other than the 369 service line accounts, the Ameren Missouri chose to perform what it describes as a minimum distribution system study, however the Ameren Missouri study is not consistent with NARUC's instructions for completing this type of study.[24] The minimum-size classification method inherently assumes that each account contains infrastructure that is sized to serve the smallest customers at the lowest loads possible.[25]

However Mr. Hickman's selected "minimum" components operate at primary voltages[26] while most Ameren Missouri customers take service at secondary voltage, at 120 or 240 volts, with a demand of 20 kW or less.[27] Since the minimum size used by Ameren Missouri for component infrastructure operates at primary voltage, if those components are to be used for determining the "customer" portion for all classes, the customer counts by class should be weighted by the relationship of the class average maximum hour to the Small Primary Service (SPS) class average maximum hour.[28] This step is necessary to attempt to overcome the Ameren Missouri decision to use primary plant components as the foundation of its minimum size study, despite the fact that primary voltage infrastructure is significantly oversized for service to the majority of Ameren Missouri's customers, and is discussed in the NARUC Manual.[29] Review of relevant load data indicates that the average SGS customer has a demand not quite twice that of the average residential customer, and

[22] *Sarah Lange Rebuttal,* p. 42.

[23] *Sarah Lange Surrebuttal,* pp. 22-28.

[24] *Sarah Lange Rebuttal,* pp. 34-42.

[25] *Sarah Lange Rebuttal,* pp. 35-37, *see also* NARUC manual at pp. 95, 138.

[26] *Sarah Lange Rebuttal,* p, 37.

[27] *Sarah Lange Rebuttal,* pp. 35-36.

[28] *Sarah Lange Rebuttal,* p. 48.

[29] *Sarah Lange Rebuttal,* p. 47.

that the average LPS customer served at transmission voltage is not quite 1,500 times the size of a residential customer.[30] These basic facts are ignored by Ameren Missouri.

Regarding Ameren Missouri's improper classification of essentially all distribution devices as customer related, Ameren Missouri's own witness, Craig Brown, admits in his surrebuttal at page 12 that "I can see Staff's point that devices such as lightning arrestors and switches should be considered demand related and are part of "balance of plant." The value of these items comprise approximately $813.5 million dollars of Accounts 364 – 368.[31]

Ameren Missouri also failed to account for the demand-serving capability of the selected "minimum"-size infrastructure.[32] The NARUC Manual at page 95 clarifies that wen using the minimum-size method "the analyst must be aware that the minimum size distribution equipment has a certain load-carrying capability, which can be viewed as a demand-related cost."[33]

Finally, while there is little to no testimony on the issue, it appears that the voltage classification relied upon by Mr. Hickman is the work product of "Vandas" from 2009, prior to Ameren Missouri's multi-billion dollar distribution system expansion campaign.[34]

C. Which party's Class Cost of Service Study should be used in this case and used as a starting point for the non-residential rate design working case agreed to by the parties to the Company's last electric general rate case, File No. ER-2021-0240?

This issue was not raised until surrebuttal, when Mr. Wills presented his opinion at page 25 that "I would strongly suggest that, if the Commission is interested in a constructive future rate design process to address these non-residential rate issues, that it specifically evaluate the competing CCOS approaches in its order in this case and provide clear direction

[30] *Sarah Lange Rebuttal,* p. 48.

[31] *Sarah Lange Surrebuttal,* p. 28.

[32] *Sarah Lange Rebuttal,* p. 40.

[33] *Sarah Lange Rebuttal*, pp. 40-41.

[34] *Sarah Lange Rebuttal,* p. 37.

for the future by determining in its Report and Order which CCOS study is reasonable." While the issue statement refers to an agreement among the parties, the Report and Order in ER-2021-0240 states "The Commission agrees that the Large General Service and Small Primary Service rates should be redesigned to make them more comprehensible for customers. That redesign process can begin now with Ameren Missouri gathering information and insight from customers who are already being served by AMI meters. The Commission will establish, by separate order, a working case to facilitate the collaboration between Ameren Missouri, Staff, Public Counsel, and the affected customers in redesigning these rates."

None of the direct-filed class cost of service studies are reasonable starting points for a productive exploration of modern rate structures. Staff's recommended modern rate structure is described, among other places, at pages 51-53 of its direct testimony. The recommended components are:

1. Customer and facilities charges related to customer annual NCP to recover customer-related costs and the cost of customer-specific infrastructure, with related determinants.

2. CP demand charges to collect remaining distribution and transmission costs, with related determinants.

3. ToU-based energy charges and determinants, where the differential of such charges is approximated to the difference in the average DA LMP across the time periods, but also recovers the costs of variable and stable revenue requirement production. In particular, Staff recommends the study and potential introduction of shoulder seasons to replace a portion of the existing "winter" season of 8 months.

4. Any revisions to the design and structure of the Reactive Demand charge that may be appropriate, with relevant determinants.

Mr. Wills states at page 9 of his surrebuttal testimony that he views the goal of design of a time-based rate to "avoid incremental investments that may be needed to meet future peak loads, not to retire existing equipment that is used and useful in serving customers." Mr. Chriss testified in his rebuttal testimony at page 12 that "MECG appreciates Staff's efforts to begin the discussion on transitioning away from hours-use rate structures and looks forward to the opportunity to engage in the development of appropriate time-of-use rates for the rate schedules," and that he recommended the Commission "commence the rate design review process for the Company ordered in Docket No. ER-2021-0240 and discussed in my Direct Testimony. This will give all interested parties a collaborative opportunity to fully examine the universe of relevant factors, inputs, and outputs to ensure that the resulting rates are cost-based, equitable, and just and reasonable."

The studies filed in this case do not include only limited information on incremental cost (Staff's study did allocate the net value of the production sales and purchases to the classes by first calculating the value of energy consumed by each class based on each class's load in each hour and the cost of energy in each hour, then by calculating the value of energy generated by the assets allocated to each class. The value of each, scaled to the expenses and revenues reflected in the cost of service calculation, are then allocated to each customer class.[35] This approach ensures that each class is responsible for the cost of the energy that class uses in a year, as offset by the value of the energy generated by the assets and variable costs allocated to each class as described above.[36]) The Ameren Missouri study fails to recognize Ameren Missouri's participation in the MISO IM, which causes its fuel costs vary with the demand for energy in a given hour of the regional load, not vary with the Ameren Missouri load.[37] The Ameren Missouri and derivative studies assume every kWh of energy consumed throughout the year and regardless of season or time of day has the same cost.[38] It is an utter abuse of resources to discuss rate modernization in the context of a study premised on the idea that the cost of energy is the same in every hour of the year.

Further, no filed study provides sufficient information to redesign customer and facilities charges to incorporate the

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[35] *Sarah Lange Direct,* p. 22

[36] *Sarah Lange Direct,* p. 22.

[37] *Sarah Lange Rebuttal,* p. 26.

[38] *Sarah Lange Rebuttal,* p. 26.

effect of Riders B & C and to reasonably refine customer charges to vary by customer requirements, as opposed to obsolete class definitions.[39] As will be detailed below, under issues 4.H., any useful discussion must begin with the provision of relevant information from Ameren Missouri.

D. How should any rate increase be allocated to the several customer classes?

Based on its Direct CCoS results, Staff recommends that the revenue responsibility of the Lighting class should be held at the current level; the LGS class should receive an initial increase in its revenue responsibility of approximately 3.75%, and the SPS and LPS classes should receive an increase in revenue requirement responsibility of approximately 7.50%; then, the remaining increase should be applied as an equal percent increase to the Residential, SGS, LGS, and LPS classes.[40] However, Staff is not opposed to including the customer-owned segment of the lighting class for "Equal", while holding the company owned-segment of the lighting class constant.[41]

The Ameren Missouri Class cost of Service study is wholly unreasonable in the manner in which distribution costs and expenses are directly allocated, and relies on an approach for allocation of the production revenue requirement that is inconsistent with Ameren Missouri's participation in the MISO energy and capacity markets. The unreasonable revenue requirement allocations resulting from these functions are exacerbated by the indirect allocation of much of the remaining revenue requirement on the basis of the direct allocations in these functions. The recommendations of Ameren witnesses as well as Mr. Chriss and Mr. Brubaker are based on this study.[42]

If Staff's direct-filed CCOS Study were modified to (1) eliminate use of the RA Allocator, and to rely on a 1 CP allocator instead, and (2) to remove your customer-specific allocation of distribution accounts 364-367, and (3) to rely on

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[39] *See Class Cost of Service (CCoS) Direct Testimony of Sarah Lange,* at pp. 51-53.

[40] *Sarah Lange CCoS Direct,* p. 28.

[41] *Sarah Lange Rebuttal*, pp. 3-4.

[42] *Sarah Lange Rebuttal*, pp. 22-54.

Mr. Hickman's unsupported voltage classification of accounts 364-367, the results would support an equal percent adjustment to all classes.[43]

E. What should the customer charges associated with the Residential Class rate plans be?

The customer charge for all residential rate schedules should be retained at the current level, $9.00/month.[44] However, Mr. Wills testifies that the value of a dispute on depreciation rates between the Staff and the company would result in an increase to Staff's calculated customer charge amount if the dispute is resolved as requested by Ameren Missouri.. Staff does not object to a $0.50 increase in all residential customer charges if Ameren Missouri's depreciation rates are ordered by the Commission.[45]

Staff relies on the basic customer method of cost causation, which holds that the customer charge should include (1) the costs and expenses of metering and billing customers, (2) the cost of the infrastructure that varies with the number of customers served, including related income taxes, and (3) the proportionate labor, non-labor, and distribution expense associated with the infrastructure. In this case for its calculation, Staff also included additional customer service expenses, and also included approximately $11.9 million of the functionalized "Other/General" revenue requirement out of an abundance of caution. However, Ameren Missouri exceeds this allocation in two main ways. First, Ameren Missouri includes as "customer-related" its entire minimum-size distribution costs and expense calculation, and second, the Ameren Missouri minimum-size distribution calculation is poorly calculated. In other words, Ameren Missouri errs in making the decision to include this category of revenue requirement, but even if it were reasonable to include it, Ameren Missouri's calculation is wrong.[46]

Finally, Ameren Missouri includes Account 903 in its customer charge calculation. This account may include some items which could vary with the addition of a new customer, or the

[43] *Sarah Lange Surrebuttal,* p. 2.

[44] *Sarah Lange CCoS Direct,* p 32.

[45] *Sarah Lange Surrebuttal,* p. 8.

[46] *Sarah Lange Rebuttal,* p. 56.

discontinuance of service of an existing customer; however, the only information Ameren Missouri provided concerning this account related to "Charge Offs" and "LPCs" per class. These costs are not driven by customer counts, and do not vary directly with the addition of a new customer, or the discontinuance of service of an existing customer. The information Ameren Missouri has made available in this case indicates that items which could vary with the addition of a new customer, or the discontinuance of service of an existing customer do not constitute any appreciable portion of the Account 903 balance.[47]

The customer charges for the Ultimate Saver and Smart Saver plans should not be discounted relative to other Residential Rate Plans. The evidence in this case does not support increases to the customer charges of other residential rate plans,[48] and therefore Ameren Missouri's proposal to maintain the current customer charge for the Ultimate Saver rate plan while increasing it for other rate plans is moot. However, it is contrary to good public policy to reduce the customer charge for Ultimate Savers rate plan, relative to other residential rate plans, under the circumstances of this case, because unfortunately, Ameren Missouri markets its most sophisticated rate plan under which participants bear the risk of the highest bill as "Ultimate Savers," and its least risky plan from a customer perspective as "Anytime Users." There is a very real risk that customers will perceive the plans as exactly the opposite of their relative risks, especially if "Ultimate Savers" is presented as having the lowest fixed monthly bill in Ameren Missouri's marketing efforts. Staff recommends the Ultimate Saver and Smart Saver customer charges not be discounted.[49]

Staff reviewed the demand charges that would be incurred for the 99 residential sample customers if they took service on the Ultimate Savers plan. The customer with the lowest annual demand charge calculation would be billed $99.01 in demand charges, for an average of $4.52 per month. The average demand charge calculated was $33.00 per month, averaging $21.98 for non-summer months and $55.06 for summer months. This plan is incredibly risky for ratepayers

[47] *Sarah Lange Surrebuttal,* pp. 7-8.

[48] *Sarah Lange Rebuttal,* p. 56.

[49] *Sarah Lange Rebuttal,* p. 57.

under the rate design proposed by Ameren Missouri in this case, and is possibly the worst suggestion for rate payers looking to limit their electric bill.[50]

For overall bill impact, of the 99 sample customers billing on the Ultimate Saver plan relative to the Anytime Savers plan, sixteen customers experienced a decrease, with an average value of 6%, while 83 customers experienced an increase, with an average size of 11%. The largest increase experienced was 41%, and the biggest decrease experienced was 23%. For overall bill impact, of the 99 sample customers billing on the Smart Saver plan relative to the Anytime Savers plan, forty-five customers would experience a decrease, with an average value of 5%, and 54 customer would experience an increase with an average size of 5%. The largest increase experienced was 14%, and the biggest decrease was 14%. Please note, these values are based on annual bill impacts, and month to month variations can be much more significant. Customers would need to review at a minimum a year of their usage data to determine the sort of impact a highly differentiated rate plan will have on their energy budget.[51]

a. If the customer charges for the Ultimate Saver and Smart Saver Plans are discounted relative to other residential rate plans, should a minimum demand charge be imposed with customers to be fully educated on the minimum demand charge?

Yes. If against Staff's primary recommendation the customer charge for the Ultimate Saver plan is discounted relative to other rate plans, Staff recommends that a minimum demand charge equal to the difference in the customer charges be incorporated into the rate structure. This should be plainly disclosed in all relevant marketing and education materials.[52]

Unfortunately, Ameren Missouri markets its most sophisticated rate plan under which participants bear the risk of the highest bill as "Ultimate Savers," and its least risky plan from a customer perspective as "Anytime Users." There is a very real risk that customers will perceive the plans as exactly the opposite of their relative risks, especially if "Ultimate

[50] *Sarah Lange Surrebuttal,* p. 5.

[51] *Sarah Lange Surrebuttal,* p. 5-7.

[52] *Sarah Lange Rebuttal,* p. 57-58.

Savers" is presented as having the lowest fixed monthly bill in Ameren Missouri's marketing efforts.[53]

In his rebuttal testimony at page 19 Mr. Wills states "As far as Ms. Hutchinson's suggestion that fixed charges should be kept low in order to provide customers with an enhanced ability to control their bills, the Company's proposal in this case already accommodates this recommendation. Recall that the advanced TOU rates, which are designed with customers who want to control their bill in mind, are proposed to have no or little increase in the customer charge." However, this is the exact risk Staff is concerned about in recommending that a year should be used to provide customer comparisons on highly differentiated rates. Staff reviewed the demand charges that would be incurred for the 99 residential sample customers if they took service on the Ultimate Savers plan. The customer with the lowest annual demand charge calculation would be billed $99.01 in demand charges, for an average of $4.52 per month. The average demand charge calculated was $33.00 per month, averaging $21.98 for non-summer months and $55.06 for summer months. This plan is incredibly risky for ratepayers under the rate design proposed by Ameren Missouri in this case, and is possibly the worst suggestion for rate payers looking to limit their electric bill.[54]

F. What changes should be made, if any, to the Residential rate plans offered by the Company?

Staff recommends revision in the applicability of the Anytime rate schedule to default customers to the Evening/Morning Savers tariff and/or to encourage customers exercising the optionality of service on a higher-differential time-based rate schedule, consistent with recent Commission action. The Anytime rate schedule should be modified to state that it is not available to customers equipped with an AMI meter, except to conclude the customer's then-current billing month at time of meter installation.[55]

[53] *Sarah Lange Rebuttal,* p. 56.

[54] *Sarah Lange Surrebuttal,* pp. 5-7.

[55] *Sarah Lange CCos Direct,* p. 34.

Staff recommends that the Evening/Morning Savers be the default rate schedule for all residential customers equipped with an AMI meter. Customers should be able to opt into a different time-based rate schedule if they choose after adequate education, but the "Anytime" rate schedule should no longer be available for customers equipped with an AMI meter. [56] Staff recommends that the Evening/Morning Savers rate schedule be modified so that the lead-in time of six months should be eliminated and customers should begin receiving service on the schedule starting the first billing month after they are equipped with an AMI meter. This change is (1) consistent with the modernization of rate structures in Missouri (2) serves to educate customers who may not currently be cognizant of the times in which they consume energy, and (3) improves the relationship of cost causation and revenue responsibility for Ameren Missouri's residential customers Staff also recommends that the name of the rate schedule as referenced in the "Availability" section of the Evening/Morning Savers schedule be consistent with the name of the rate schedule.[57]

Staff is open to a provision of temporary grandfather status to those who already opted out of the Evening/Morning Saver rate plan, or who opt out prior to ToU rates for 6 months after the rate case, to be phased out the next rate case after AMI deployment is complete. [58]

Staff recommends that bill comparisons for the Smart and Ultimate plans be presented only after a year, or upon specific request of a customer. This concern is compounded if the Commission allows the customer charges on these plans to be discounted relative to other residential plans.[59]

a. Should Staff's proposal to eliminate the Anytime (flat) rate option for any Residential customers who have an AMI meter be approved?

Yes. See position on Issue 4.F.

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[56] *Sarah Lange CCos Direct,* p. 32.

[57] *Sarah Lange CCos Direct*, p. 34.

[58] *Sarah Lange Surrebttal*, p. 3.

[59] *Sarah Lange Surrebttal,* p. 4.

b. What changes, if any, should be made to the deployment of residential ToU rate plans?

Yes. See position on 4.F.

G. What changes should be made, if any, to the Non-Residential, Non-Lighting rate options offered by the Company?

For the current non-ToU SGS, LGS, SPS, and LPS rate schedules, Staff recommends minimization of intraclass revenue responsibility changes for the non-residential non-lighting classes in order to mitigate unexpected bill volatility as the Staff's recommended ToU overlay is introduced. Specifically, Staff recommends that all rate elements for the SGS, LGS, SPS, and LPS rate schedules be adjusted uniformly within each rate class, except for the Reactive kVar charges which should be adjusted consistent with the overall increase applicable to non-residential non-lighting classes, but held consistent across rate schedules. Finally any changes related to the Low Income charges should be implemented.[60]

a. Should Staff's proposal to introduce a time-based overlay for all Non-Residential, Non-Lighting classes for all customers who have an AMI meter and are not served on a time-based schedule be adopted?

Yes. Staff recommends the Commission order in this case that customers with AMI metering be billed time based rates through the introduction of a revenue neutral ToU Overlay to be introduced into a parallel rate structure for each non-residential non-lighting rate class.[61] Specifically, Staff recommends creation of a parallel rate schedule for each non-residential non-lighting rate class which includes a time-based overlay applicable to all customers equipped with an AMI meter. When calculating compliance rates for each of these time-based rate schedules, each distinct rate element will require adjustment to ensure that application of the ToU overlay retains revenue neutrality within the rate schedule. The amounts applicable to each class are identified in the section "Customer Bill Changes Related to Recommended ToU Overlay." Because all customers are not currently equipped with AMI metering,

[60] *Sarah Lange CCos Direct,* p. 39.

[61] *Sarah Lange CCoS Direct,* p. 40.

it is necessary to have two sets of rates for each non-residential rate element in the tariffs promulgated in compliance with the Commission's order in this case. One set will reflect the adjustment to preserve revenue neutrality and will include the ToU Overlay in its structure. The other set will not include the ToU Overlay and will not be adjusted for the ToU Overlay.[62]

b. Should MECG's proposed shift to increase the demand component for Large General Service and Small Primary Service and decrease energy charges be adopted?

No. See Staff position 4.G.

c. Should the Commission approve MECG's proposed optional EV charging 3M/4M rate design?

No. If implemented, this proposal would substantially reduce the accretive earnings assumed in justifying the Charge Ahead portfolio. This proposal is not cost based. In its development, Mr. Chriss moves dollars and determinants around to the benefit of an assumed load shape, without any regard for cost-causation. This proposed end use rate is preferential to EV charging customers over any customer with a high demand and low load factor, such as welding shops, smelters, grain dryers, millers and other customers currently served on the LGS, SPS, and LPS rate schedules would prefer to avoid the demand charges that Mr. Chriss references. Any customer with a low load factor or a high demand contributes more revenue per kWh than customers with a high load factor or a low demand under the current Ameren Missouri rate designs for these schedules. These customers may or may not cause more costs than one another. The solution is not the creation of a multitude of specialty end-use rates, rather the solution is rate schedule modernization as described in my direct testimony, which would align cost causation with revenue responsibility based on the actual time of energy consumption and the level of infrastructure required for customers.[63]

[62] *Sarah Lange CCoS Direct,* p. 43.

[63] *Sarah Lange Rebuttal,* pp. 63-64.

If promulgated, it is imperative that any alternative optional LGS ("LGS-EV") and SP ("SP-EV") rates for EV charging customers be reserved exclusively to EV charging use (with attendant lighting) and that it be time-based rather than designed as proposed by Mr. Chriss.[64]

If alternative optional LGS ("LGS-EV") and SP ("SP-EV") rates for EV charging customers with load sizes that would qualify to take service on LGS or SP rates are authorized, Mr. Wills' request to bill future customers to recoup bill savings is not reasonable. Not only should other rate payers not bear the bills avoided by EV charging customers, but the premise of calculating the tracker balance for these customers is even more problematic than the incredibly problematic residential tracker request. When Ameren Missouri's rates are set in this proceeding they will be based on the current billing determinants for each class. When a customer adds EV charging Ameren will sell more units (particularly of demand) than were reflected in setting those rates, and all else being equal, Ameren Missouri will collect more revenue. Mr. Wills' proposal would be to allow certain customers to avoid paying a higher bill, but to charge all customers in the future for that higher bill not paid.[65]

d. Should the Rider C factor be adjusted?

Yes. In light of Ameren Missouri's response to Staff DR 460, Staff recommends that the Rider C factor be modified from 0.68% to 0.72%, assuming that there are not transformers on the Ameren Missouri system that are dramatically oversized, which may warrant creation of adjustment factors particular to the customers served by such transformers.[66]

e. Should the values for the monthly customer charge, Rider B credits, and Reactive Charge remain consistent for SPS and LPS customers because these costs are effectively the same regardless of the customer class?

No. While parties have often grouped these classes together in CCoS Studies because customers can switch

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[64] *Sarah Lange Surrebuttal,* pp. 43-44.

[65] *Sarah Lange Surrebuttal,* p. 44.

[66] *Sarah Lange Rebuttal,* p. 16.

between them, these are in fact different rate schedules with different requirements. Given the growth in the utility cost of service related to distribution rate base, the time has come to undertake more granular study of the costs caused by and properly allocated to customers on these rate schedules separately.[67]

H. Rate structures:

a. Should the cost-causation and rates of Riders B & C be fully evaluated?

Yes.[68] Staff recommends continuation of the ordered studies and reviews discussed in Sarah Lange CCoS testimony, and the retention of data that is sufficient and appropriate for the rate modernization discussed there-in.[69]

b. Ordered Rider B Study - Did Ameren Missouri comply with the Report and Order in ER-2021-0240 at pages 31 – 34, where the Commission addressed whether it should require "Performance of a study of the reasonableness of the calculations and assumptions underlying Rider B to be filed as part of the Company's direct filing in its next general rate case?" The decision paragraph at pages 33-34 states "The Commission will not suspend the Rider B credits, but it believes the question of the proper calculation of those credits should be further addressed in Ameren Missouri's next rate case. Therefore, the Commission will direct Ameren Missouri to study the reasonableness of the calculations and assumption underlying Rider B and to file the results of that study as part of its direct filing in its next general rate case."

No.[70] Rider B is available to customers served under rate schedules 4(M) or 11 (M) who take delivery of power and energy at a delivery voltage of 34kV or higher, specifically at 34.5kV, 69kV, 115kV, or higher, when those customers own their own customer-specific infrastructure. So, the relevant customers to study would be those served under rate schedules 4(M) or 11 (M) taking delivery of power and

[67] *Sarah Lange Rebuttal*, p. 3.

[68] *Sarah Lange CCoS Direct,* p. 52.

[69] *Sarah Lange CCoS Direct,* p. 56.

[70] *Sarah Lange Rebuttal,* p. 17.

energy at a delivery voltage of 34kV or higher, specifically at 34.5kV, 69kV, 115kV, or higher, when those customers rely on customer specific infrastructure which is included in Ameren Missouri’s rate base and reflected in Ameren Missouri’s regulated cost of service. Because Rider B is intended to provide a credit to customers who do not cause Ameren Missouri to own and operate their customer-specific infrastructure, it is appropriate to determine the cost of service to own and operate comparable customer-specific infrastructure.

The necessary information to perform the ordered study is a survey of the actual equipment installed in and on the ground that is included in the Ameren Missouri rate base, and is used to serve these specific customers but not otherwise interconnected with the Ameren Missouri grid. Obtaining this information would likely follow one of two paths:

1. A site visit to facilities associated with these customers,

2. Identification of the type, size, and quantity of assets located at representative customer locations that are Ameren Missouri assets,

3. Identification of the accounts to which the assets identified are booked.

The alternative path to obtaining this information is:

1. Review of Ameren Missouri records of assets known to be customer specific, such as substations and lines named for those customers for which they serve as customer-specific assets.
2. Identification of the type, size, and quantity of assets.

3. Identification of the accounts to which the assets identified are booked.

This information is the same information that would ideally inform the allocation of customer-specific infrastructure in a well-conducted CCoS Study, as discussed below. Therefore, Staff recommends that the Commission order Ameren Missouri to complete a study of the cost of customer-specific assets associated with customers taking service at each major voltage level, including but not limited to: secondary low voltage single phase, secondary low voltage three phase, secondary high voltage, primary, sub-transmission, and transmission.[71]

b. Should Ameren Missouri be ordered to record transmission assets related to maintenance of voltage support due to the retirement of large synchronous generators be recorded to new subaccounts?

Yes. [72]

d. Should Ameren Missouri be ordered to retain customer and rate schedule characteristics related to draws of reactive demand?

Yes. Staff recommends a reasonable level of information be retained for study for potential use in allocators, and for potential creation of determinants for customer billing.[73]

e. Should Ameren Missouri be ordered to create subaccounts within distribution accounts and transmission accounts (plant and reserve) for recording infrastructure related to utility-owned generation?

Yes.[74]

f. Should Ameren Missouri be ordered to provide a study of the customer-specific infrastructure, by account, by rate schedule, by voltage, in its next general rate case?

Yes. [75]

g. Should Ameren Missouri be ordered to provide data concerning the level of rate base and expense associated with radial transmission facilities including substation components, by customer?

Yes. Ameren Missouri should also be prepared to aggregate such customers into groups of customers set out by characteristics to be described in a tariff such as

[71] *Sarah Lange Rebuttal,* pp. 19-20.

[72] *Sarah Lange Rebuttal,* p. 34.

[73] *Sarah Lange Rebuttal,* p. 34.

[74] *Sarah Lange Rebuttal,* p. 14.

[75] *Sarah Lange Rebuttal,* p. 14.

voltage level, distance from substation, annual demand, or other characteristics. Ameren Missouri should also provide potential determinants associated with such groupings for development of new rate elements or refinement of existing elements such as customer charges and credits associated with Riders B & C.[76]

h. What information should Ameren Missouri provide for any rate modernization workshop, or for its next general rate case?

Based on existing data shortfalls, Staff suggests the following information be provided prior to any meetings or workshops associated with rate modernization:

1. Company to provide a study estimating costs of customer-specific infrastructure by class and by (1) HV, (2) Primary, (3) "average" LGS customer, (4) "average" SGS customer, (5) "average" residential customer. Residential may be broken down further by customers served at 3 phase, customers using in excess of 30kW in any hour, customers in apartments vs detached, etc.
    a. In distribution accounts 364-367 in total, and
    b. In substation accounts in total.
    c. Two sets of estimates of each to be developed
        i. One set of estimates based on historic costs, supported by workpapers,
        ii. One set of estimates based on current installation costs, informed by ongoing line extension requests or similar data, supported by workpapers.
2. Company to provide data concerning the level of rate base and expense associated with radial transmission facilities including substation components, by customer.
3. Company to provide a study to identify assets in distribution accounts that exist to support company-owned distributed generation

[76] *Sarah Lange Rebuttal,* p. 24.

4. Company to provide a study of the costs associated with service under "Rider RDC, Reserve Distribution Capacity Rider."

5. Company to provide a study estimating costs by mile of (1) HV, (2) Primary, (3) relatively high voltage secondary, (4) relatively low voltage secondary separately for overhead and underground,

   a. In distribution accounts 364-367 in total, and

   b. In substation accounts in total.

   c. Two sets of estimates of each to be developed

      i. One set of estimates based on historic costs, supported by workpapers,

      ii. One set of estimates based on current installation costs, informed by ongoing line extension requests or similar data, supported by workpapers.

   d. Miles by voltage and overhead/underground to be provided, with indication of whether or not customer-specific facilities are included.

6. Company to provide a study of the level of net metered generation supplied by each class, and to specifically identify the extent to which hourly load data provided for weather normalization, class allocations, etc reflects netting from net metered generation.

7. Company to provide a breakdown of the values recorded to Account 903 to review the extent to which those costs would be expected to vary with the addition of a new customer, or the discontinuance of service of an existing customer.[77]

See also staff position on Issue 4C and 6i.

i. Should Ameren Missouri be required to study potential rate structures and make available related determinants?

[77] *Sarah Lange Surrebuttal,* pp. 42-43.

Yes. As Ameren Missouri completes its installation of AMI metering, it is reasonable to require Ameren Missouri to prepare information to develop modern rate structures for potential implementation in its next rate case.[78]

The rate structures to be studied should include but not be limited to:

1. Customer and facilities charges related to customer annual NCP to recover customer-related costs and the cost of customer-specific infrastructure, with related determinants.

2. CP demand charges to collect remaining distribution and transmission costs, with related determinants. Staff suggests that CP periods of 12:01 pm – 8:00 pm are appropriate for the months May, June, July, August, September, and October, and that CP periods of 6:01 am – 10:00 am, and 4:00 pm – 8:00 pm are reasonable periods for the initial study of appropriate determinants and charges, subject to refinement.

3. ToU-based energy charges and determinants, where the differential of such charges is approximated to the difference in the average DA LMP across the time periods, but also recovers the costs of variable and stable revenue requirement production.

    a. Study and potential introduction of shoulder seasons to replace a portion of the existing “winter” season of 8 months.

    b. Identification of reasonable time periods for ToU charges.

4. Any revisions to the design and structure of the Reactive Demand charge that may be appropriate, with relevant determinants.[79]

I. Should the Commission authorize Ameren Missouri to track some valuation of estimated revenue changes that may arise from residential customer rate switching?

[78] *Sarah Lange CCoS Direct*, p. 51.

[79] *Sarah Lange CCoS Direct,* pp. 52-53.

Staff recommends that the general request for "the authority to track revenues lost through this migration," be denied as unreasonable.[80] The benefits Ameren asserts from the opt-in ToU rates are (1) lower bills for opt-in participants, which are not a benefit for all ratepayers which could reasonably justify a tracker;[81] (2) benefits arising from the shifting of usage away from periods of high demand, and therefore higher cost, on the system, [82]however Ameren Missouri admits that the customers who have opted into these rates are almost certainly free riders, and (3) while Ameren Missouri asserts that a tracker would encourage the Company to propose more advanced TOU rates and otherwise pursue modernization of rates in the future as well, and will allow the Company to consider additional promotional activities around TOU rates if they appear to provide benefits through the IRP analysis, the Commission can and should order rate modernization in this and future rate cases. *Sarah Lange Rebuttal,* p 8.

This tracker is essentially the same as the rate migration tracker request Ameren agreed to drop in its ER-2019-0335 rate case when it chose to move forward with these opt-in rates without the tracker. The test Mr. Wills suggests in this case is that a deferral mechanism should be authorized when authorizing a new program that is beneficial to customers, but where without the deferral mechanism it place, it could be financially detrimental to the utility to pursue. These opt in rates are not a new program, and the potential financial detriments to the utility were known to the utility when it agreed to pursue these rate plans in its 2019 rate case. In that ER-2019-0335 case, Ameren freely acknowledged that the customers most likely to take advantage of the rates are customers who would experience bill savings without any changes in usage that may result in system benefits that could be passed on to other ratepayers. The result is that the "cost" to Ameren shareholders of regulatory lag due to rate plan migration is a cost that Ameren shareholders chose to take on, and it is not offset at this time by any "benefit" of avoided system costs, or savings due to early retirements.

[80] *Sarah Lange Rebuttal,* p. 6.

[81] *Sarah Lange Rebuttal,* p. 7.

[83] *Sarah Lange Rebuttal*, p. 6.

a. Is the Ameren Missouri requested method for calculating the tracker balance reasonable?

No. The calculation Mr. Wills describes will calculate a value in excess of the bill savings experienced by Ameren Missouri customers. [83] In his surrebuttal at page 14 Mr. Wills for the first time makes the utility's case that in the Charge Ahead case, ET-2018-0132, Ameren Missouri chose to not to include the regulatory asset in rate base because Ameren Missouri expected that the incremental revenues it would receive from load growth would offset or exceed the financing costs. Now, Ameren Missouri is expecting non-participating ratepayers to make up the difference between what EV customers would have paid on the Anytime Saver rate and the highly-differentiated ToU rates. This approach takes the "customer benefit" of accretive revenues from Charge Ahead, and turns it into a customer cost as a tracker balance.[84] Ameren Missouri's proposed tracker calculation is not reasonable because it will overcompensate Ameren Missouri for the revenue differential associated with increased usage due to effective energy storage, [85] Ameren Missouri's proposed tracker calculation is not reasonable because it will overcompensate Ameren Missouri for the revenue differential associated with increased usage due to accretive energy usage,[86] and Ameren Missouri's proposed tracker calculation is not reasonable because it would doubly account for bill differences encompassed by the FAC, because to the extent that pricing disparities in the opt-in ToU rate plans are intended to reflect differences in the cost of wholesale energy over various time periods, any savings actually realized are passed in part to ratepayers and retained in part by shareholders through the FAC. It would not be appropriate to consider the energy portion of differences between rate plan charges in calculating an avoided revenue or bill savings.[87]

[83] *Sarah Lange Rebuttal*, p. 6.

[84] *Sarah Lange Rebuttal,* p. 12.

[85] *Sarah Lange Rebuttal,* pp. 11-12.

[86] *Sarah Lange Rebuttal,* pp. 11-12.

[87] *Sarah Lange Rebuttal*, p. 12.

c. Are alternative approaches available to address what Ameren Missouri characterizes as an inherent disincentive for the utility to pursue a rapid transition toward broad adoption?

Yes. The first way to address this problem would be to redesign these rate plans so that the differentials in the rate plans correspond to the variations in the cost of providing service in selected time periods. The second way to address this problem would be to increase the Overnight Savers, Smart Savers, and Ultimate Savers rates so that customers who have opted into the plans provide the same average revenue per kWh as those who have not opted into the plans, based on the billing determinants associated with each rate plan.[88] If the requested authority is granted, the appropriate customer group from which to seek recovery are those customers taking service on the highly-differentiated Time of Use ("ToU") rate plans. [89]

5. Tariff Revisions and Miscellaneous.

A. Should the miscellaneous proposed tariff changes in Sheet Nos. 103 and 104 that were proposed by the Company be approved?

No. This change does not appear to be supported by testimony nor identified in testimony. Staff reserves recommendation on this change until Ameren Missouri explains the purpose and intent of the change. [90]

6. Electric Vehicle Incentive Costs

A. What amount of electric vehicle incentive costs should be included in the Company's revenue requirement?

The incentives offered to Ameren Missouri employees to purchase or lease an electric vehicle do not provide a benefit to its customers. Staff recommends that costs for the employee electric vehicle incentive program should not be included in retail rates. *Lyons Direct and Surrebuttal.*

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[88] *Sarah Lange Rebuttal,* p. 15.

[89] *Sarah Lange Rebuttal,* p. 6.

[90] *Sarah Lange Rebuttal,* p. 5.

7. Litigation Costs

A. What amount of litigation costs relating to FERC ROE should be included in the Company's revenue requirement?

No amount of these costs should be included in the revenue requirement. *Majors Direct.*

B. What amount of litigation costs relating to the Rush Island New Source Review case should be included in the Company's revenue requirement?

No amount of these costs should be included in the revenue requirement. *Majors Direct, Majors Surrebuttal.*

8. Fuel Adjustment Clause ("FAC")

A. Should the Company's FAC tariff sheets contain language that explicitly states that decommissioning and retirement costs are not included in the Company's FAC?

Staff filed no testimony in response to this issue and therefore takes no position on it.

B. Should the Company's tariff sheet contain language describing the treatment of coal costs when a coal plant is retired?

Staff opposes adding this additional tariff language because it is not necessary since the costs associated with coal remaining at a coal plant after it ceases coal-fired generation is not an FAC cost, and therefore any future determination and how the Commission chooses to allow its recovery is not relevant in the FAC. *Conner Rebuttal*.

C. Should language be included in the Company's FAC tariff sheets related to the treatment of costs related to Research and Development? If so, what language should be included in its FAC tariff sheets?

This is an issue brought up by OPC witness Angela Schaben's Direct at page 3 lines 1-13. Staff agrees that R&D costs are not allowed to be included in the FAC. Since Ameren Missouri had an R&D project involving crypto currency at the time, language was included in the Rider FAC in the last general rate case filing, Case No. ER-2021-0240, specifically relating to "digital currency." However, it would be more accurate to remove the digital currency references, since Ameren Missouri ended this R&D project, and instead add OPC's proposed language, which would exclude all R&D projects energy costs and revenues. *Conner Rebuttal.*

D. Should Ameren Missouri include the information that is currently provided in tabs 5Dp3 and 5Dp4 in the Company's monthly FAC reports for RES compliance generation resources for all generation resources added between this rate case and Ameren Missouri's next general rate case?

Staff did not oppose this modification OPC witness Angela Schaben brought up in Rebuttal, page 7 lines 20-23. Staff would also like to be aware and obtain information related to all generation resources added between rate cases*. Conner Surrebuttal.*

E. Should Ameren Missouri include hourly day ahead and real-time locational market prices for Ameren Missouri's load and each generating resource be included in the monthly as-burned fuel report required by 20 CSR 4240-3.190(1)(B)?

Staff is not opposed to this inclusion as long as it is not overly burdensome for Ameren Missouri to include this data on a monthly basis. Because information can be provided to Staff during Ameren Missouri's FAC Prudence Reviews, Staff does not deem it necessary to be included in the monthly filings. *Conner Surrebuttal/True-up.*

F. Should language be included in the Company's FAC tariff sheets to include MISO Schedule 43K?

Yes, Ameren Missouri should include MISO Schedule 43K under the heading of MISO Transmission Service Settlement Schedules in Tariff Sheet No. 71.27. *Conner True-up Rebuttal.*

9. Net Base Energy Costs.

A. What is the level of variable fuel and purchased power expense that should be included in the Ameren Missouri's revenue requirement and its FAC net base energy costs?

The Staff calculates the variable fuel and purchased power expense for Ameren Missouri for known and measureable changes through December 31, 2022, to be $408,350,617. *Shawn Lange True-up Rebuttal*.

B. What net base energy costs should be included in the Company's revenue requirement (including the calculation of the Company's cash working capital)?

See 9.C. for NBEC. *Conner True-up Rebuttal*
The values included in Staff's recommended True-up rebuttal NBEC are also reflected in Staff's True-up Revenue Requirement, including cash working capital. *Majors True-up Rebuttal*

C. What are the appropriate Fuel Adjustment Clause seasonal Base Factors and transmission percentages?

Staff's net base energy costs from Conner's True-up Rebuttal pp. 1-2:

- Summer Base Factor:

Net Base Energy Costs	$187,222,173
NSI[91]	12,378,566,296
Base Factor	$1.512 per kWh

- Winter Base Factor:

Net Base Energy Costs	$258,401,553
NSI	20,100,133,704
Base factor	$1.286 per kWh.

Plus Staff witness Shawn Lange's transmission percentage of 6.36%.

10. RESRAM Base.

A. What should be the base amount for the Company's Renewable Energy Standard Rate Adjustment Mechanism?

- For the High Prairie wind farm, Staff used the generation profile used in ER-2021-0240 as adjusted to achieve no generation between sun set and the next day's sunrise for the period of April through October. *Shawn Lange Direct.*

[91] NSI means Net System Input - load forecast at generation level.

- For the Atchison wind farm, historic hourly generation data for the facility was used to create representative average output profiles unique to the site. *Shawn Lange Direct.*

- Staff recommends a RESRAM base level of $34,219,094. The base level includes property taxes for renewable energy generation that is compliant with the Renewable Energy Standard. *Lyons True Up Rebuttal*.

11. Coal Inventory.

A. What should be the level of coal inventory costs included in rate base?

Rate base should include a 13-month average of the actual coal inventory held. The 13-month average should be based on the period ended December 31, 2022, the true-up date in this case. *Young Surrebuttal.*

12. Transmission Expense/Revenue.

A. What is the appropriate level of transmission expense related to MISO Schedules 26A and 9?

Staff recommends an annualized level of MISO schedules 26A and 9 based on actual costs incurred for the period, 12 months ending December 31, 2022. *Lyons True-Up Rebuttal Testimony.*

13. Equity Issuance Cost Amortization

A. What amount of amortization relating to previously deferred equity issuance costs should be included in the Company's revenue requirement?

Staff recommends an annual amortization of $255,447. The annual amortization was approved by the Commission in Case No. ER-2021-0240. *Lyons Direct and Surrebuttal/True-Up Direct Testimony.*

14. Low-Income and Other Customer Programs.

A. Should the changes to the Keeping Current/Keeping Cool Program proposed by CCM be approved?

- Staff does not oppose the program design and implementation model to continue under the existing collaborative model.

- Staff opposes Ms. Hutchinson's recommendation to increase the amount of monthly bill credits for Keeping Cool to $75 for those with "high energy burden", as defined by the collaborative, and $50 for all other customers Ms. Hutchinson's recommendation here not only substantially increases the bill credit to all participants but requires Ameren Missouri and its stakeholders to agree on what "high energy burden" means which could likely lead to disagreement outside of this current general rate case.

- Staff opposes increasing the Keeping Current Program monthly bill payment to reflect energy burden, with payment levels for those with the highest energy burden and the lowest income receiving up to $150, as determined by the collaborative. Ms. Hutchinson's recommendation here again relies on "high energy burden" being defined and is further complicated by somehow connecting that to those with the lowest income. Staff is unsure of how that would work, or if it is even possible.

- Staff believes it is unnecessary to increase the length of time customers can remain in either program for three years and opposes this recommendation. However, if Dr. Marke's recommendation for automatic renewal is approved (which Staff does not oppose), then customers could take part in this program longer than the current 24 month enrollment period.

- Staff does not oppose the enrollment of all eligible Critical Needs and Rehousing customers in the Keeping Current Program. This recommendation should increase participation in the Keeping Current Program.

- Staff opposes an increase of the funding for the Keeping Current Manager. However, Staff does not oppose continuation of this full-time contract employee in an effort to increase access to the programs.

- Staff opposes an increase to the agency reimbursement for completing Keeping Current Applications from $25 to $50. Staff does not oppose maintaining the $25 incentive payment to agencies for customers who successfully complete the program.

- Staff opposes an increase of the annual funding level by \$1,000,000. Dr. Marke recommends a modest \$250,000 increase which Staff does not oppose. Ms. Hutchinson's recommended increase is substantial and goes beyond what Staff views necessary at this point.

- Staff does not oppose to continue to have biannual third party evaluations of the Keeping Current and Keeping Cool Programs. Evaluations have benefited these programs in the past and could potentially further benefit these programs with continued evaluations.

- Staff opposes the continuation of income eligibility at 300% of the federal poverty level ("FPL"). As reflected in the current Keeping Current and Keeping Cool Program's tariff sheets, the 300% FPL was only through December 31, 2022. As of January 1, 2023 the 300% FPL should have reverted back to 150% FPL. Staff does not believe the 300% FPL needs to continue at this point.

Eichholz Rebuttal.

B. Should the changes to the Keeping Current/Keeping Cool Program proposed by OPC be approved?

- Staff does not oppose increasing the bill credit for seniors to \$50, as this could further help alleviate the energy burden of elderly participants.

- Staff does not oppose allowing return check fees to be covered by a pledge, rather than customers having to come up with it.

- Dr. Marke recommends increasing flexibility for enrollment criteria by allowing participants with up to two weeks of the past due balance. Staff does not oppose Dr. Marke's recommendation.

- Staff opposes Dr. Marke's recommendation for increasing flexibility of enrollment and continuous participation by allowing or maintaining eligibility if a customer is within \$25 of full payment (e.g. if bill is \$100 and customer pays Flexibility with enrollment criteria – case by case \$75). The

Keeping Current and Keeping Cool programs currently provide a bill credit to customers to remain current within two billing cycles to remain as participants. OPC's recommendation here may give participants a perverse incentive to pay up to $25 less on their monthly bill while continuing to receive the current monthly bill credit.

- Staff does not oppose increased focus on non-LIHEAP agencies and considering marketing opportunities. This recommendation should allow for additional participation.

- Staff does not oppose instituting automatic renewal rather than removing customers who complete 24 months following a needs assessment (phone call) by an Ameren or participating agency employ. OPC's recommendation here would allow participating customers to continue to participate if a needs assessment is confirmed rather than a customer being automatically removed.

- Staff does not oppose instituting automatic renewals every six months to motivate customers (i.e., make six months of on-time payments and earn another six month of credits). OPC's recommendation here could act as a motivating incentive to customers utilizing the program accordingly.

- Staff does not oppose a modest increase of $250,000 (shared equally between shareholders and ratepayers) to account for OPC recommendation.

Eichholz Rebuttal.

15. Membership Dues.

A. Should the Company's expenditures for membership dues be included in the Company's revenue requirement?

- The Commission should recognize all dues and donations that provide direct benefit to ratepayers or are necessary for the provision of safe and adequate service. *Nieto Direct.*

- However, the Commission should not recognize any of the Edison Electric Institute expenses. The historical Commission position on this issue is that "…until the Company can better quantify the benefit and the activities that were the causal factor of the benefit, the Commission must disallow EEI dues and expenses." (ER-82-66) This is also Staff's historical position. In this case, the Company provided a quantification of alleged benefits to the customers during the recovery after one storm by using help from mutual assistance group through EEI. However, Ameren Missouri did not quantify the benefits to its shareholders. The Commission position states: "It is entirely possible that the amount of monetary benefit to the shareholders could exceed the amount of alleged benefit to the ratepayers. In that event, the shareholders should bear a larger portion of the EEI dues than the ratepayers. Thus, the Company has not met its burden of proof of the proper assignment of EEI dues based on the respective benefit to the two involved groups." (ER-83-49) *Nieto Rebuttal*.

B. Should the Company's expenditures for membership dues related to the Utility Solid Waste Activities Group ("USWAG") be included in the Company's revenue requirement?

Staff takes no position.

16. Blues Power Play Goal For Kids

A. What orders, if any, should the Commission make regarding Ameren Missouri's Blues Power Play Goal for Kids sponsorship?

Staff takes no position.

17. Employee Benefit Costs

A. Should employee benefit costs be updated to account for headcount as of the true-up cutoff date?

Employee benefit costs should be updated to account for headcount as of the true-up cutoff date to the extent these costs have not been otherwise accounted for in Staff's adjustments. *Amenthor true-up rebuttal.*

18. Non-qualified Pension Costs

A. What amount of non-qualified pension costs should be included in the Company's revenue requirement?

A three-case average of known and measurable actual historical SERP payments made, which is $889,485. *Giacone Direct*; *Giacone Surrebuttal,*.

19. Return on Common Equity ("ROE")

A. In consideration of all relevant factors, what is the appropriate value for Return on Equity ("ROE") that the Commission should use in setting Ameren Missouri's Rate of Return?

Staff recommends an authorized ROE of 9.59% in a range of reasonableness of 9.34% to 9.84%. *Schedule SJW-TR-1 in Seoung Joun Won's True-up Rebuttal.*

20. Capital Structure.

A. What is the appropriate capital structure to use for ratemaking in this case?

The most appropriate capital structure to use is Ameren Missouri's actual stand-alone capital structure as of December 31, 2022, composed of 51.91% common equity, 0.67% preferred stock, and 47.42% long-term debt. *Schedule SJW-TR-1 in Seoung Joun Won's True-up Rebuttal.*

21. Allowance for Funds Used During Construction:

A. What short-term debt balances should be included in the Company's calculation for AFUDC?

Staff takes no position.

22. Rush Island.

A. Should any of the Company's investment in the Rush Island Energy Center be excluded from rate base in this case?

Staff's adjustment to exclude a portion of the Rush Island Energy Center from rate base should be ordered by the Commission. Ameren Missouri failed to obtain environmental permits for work that occurred during its 2007 and 2010 major outages. Ameren Missouri's failure to obtain permits led to litigation and ultimately an opinion from the United States District Court, Eastern District of Missouri that was upheld by the United States Court of Appeals for the Eighth Circuit. The Remedy ruling requires Ameren Missouri to install environmental controls at Rush Island. Rather than installing environmental controls, Ameren Missouri made the decision to retire the plant much earlier than its planned retirement date of 2039. In order to retire the units at Rush Island, Ameren Missouri initiated a process with MISO which led to MISO designating the units as System Support Resources because Ameren Missouri has not completed the necessary transmission upgrades to retire the Rush Island units. The repercussions of Ameren Missouri's decisions leaves its customers in limbo – unable to retire Rush Island now and unable to continue to rely on the Rush Island Units as they have in the past. The change in Rush Island operations, from a baseload resource to a reliability backstop is significant. The comparison of these scenarios results in a substantial reduction in its capacity factor. Rush Island is no longer being fully used for service as it was intended to be as a baseload unit. Therefore, Staff has recommended a rate base disallowance based on this capacity factor reduction. *Eubanks direct, rebuttal, surrebuttal, true-up direct, true-up rebuttal. Majors direct, rebuttal, surrebuttal.*

23. High Prairie.

A. Should a portion of the Company's investment in the High Prairie Energy Center be excluded from rate base in this case? If so, how much should be excluded?

B. Should MECG witness Meyer's proposal to impute energy revenues, production tax credits, renewable energy credits and disallow any monitoring expenses or mitigation projects based on his contention that the High Prairie is underperforming be adopted?

Staff recommends the inclusion of capital costs associated with bat mitigation projects in this case. In the event the bat mitigation systems are found to be ineffective, Staff will reevaluate the inclusion of the equipment in plant. Staff wants to ensure Ameren Missouri is taking all reasonable actions to regain lost production at High Prairie. *Eubanks direct, surrebuttal/true-up direct.*

C. Should Staff witness Eubanks' proposal to impute energy revenues, renewable energy credit costs, and production tax credits into the Company's revenue requirement be adopted?

Yes. Ameren Missouri has an Incidental Take Permit ("ITP") which allows it to take 72 Indiana bats, 18 northern long-eared bats, and 96 little brown bats over a non-renewable 6 -year

ITP. On June 21, 2021, Ameren Missouri voluntarily curtailed operations at High Prairie wind farm overnight from April through October to avoid taking bats. Staff is recommending to the Commission, to ensure just and reasonable rates, that Ameren Missouri shareholders bear some, not all, of the detriment from its decisions related to the issues at High Prairie. Staff has calculated the harm to ratepayers as lost off-system sales revenues ($14,526,194), lost production tax credits ($14,754,013), and lost renewable energy credits ($2,890.841). *Eubanks direct, rebuttal, surrebuttal/true-up direct.*

24. Depreciation/Continuing Property Record ("CPR").

A. What depreciation rates should be ordered?

Staff Recommends the Commission order the rates attached to the Rebuttal testimony of Cedric E. Cunigan in Schedule CEC-s1. *Cunigan Surrebuttal.*

B. Should the Company be ordered to change the manner that property retirements are recorded to its CPR?

The CPR should record a description of the property and quantity, quantity placed in service by vintage year, the average cost, and the plant control account to which the costs are charged. The Company should cease allowing the PowerPlan software to determine what assets to retire and record the vintage years of the assets as they retire. *Cunigan Direct, Rebuttal and Surrebuttal*.

25. Property Taxes/Tracker.

A. What is the appropriate level of Missouri property tax to be included in rates?

Staff recommends an annualized level of property taxes of $170,509,624. Staff Accounting Schedules, *Majors True-Up Rebuttal.*

B. What base level of property taxes should the Commission approve for Ameren Missouri to track property tax?

Staff recommends a base level of $161,344,659. This base level excludes property taxes for renewable investment that is included in Ameren Missouri's RESRAM base level. This base level will be used to track deferred property taxes beginning with the effective date of rates in this case. *Lyons Surrebuttal Testimony.*

C. What amount of property tax deferrals should be included in the Company's revenue requirement used to set customer rates in this case?

Staff recommends that no property tax deferrals should be included in the Company's revenue requirement. If the Commission determines that a deferral should be included, Staff recommends a two year amortization of the deferred property taxes resulting in an annual amortization of $1,288,186. *Lyons Rebuttal Testimony, Lyons Surrebuttal/True-Up Direct Testimony.*

26. Income Taxes.

A. Should any amount of federal tax credit carryforwards be included in the Company's revenue requirement as an offset to ADIT in rate base?

Deferred tax assets caused by the carry-forward of unused federal tax credits should not be included in rate base. Unused tax credits do not constitute a source of capital (via a cost-free loan) so cannot be considered a shareholder investment in the utility. *Young Surrebuttal.*

27. Cash Working Capital

A. What cash working capital factors should be used for income taxes to determine the amount to adjust the Company's rate base in this case?

38 days, as presented on Schedule 8 of Staff's Direct Accounting Schedules. Staff's position has not changed since Direct. Staff's basis for this position is the response to Staff Data Request No. 397, which states Ameren paid income taxes in 2022 and their tax planning indicates they will pay income taxes in 2023. The response further clarifies that Ameren is required to remit quarterly Federal and Missouri State income tax payments. A quarterly remittance schedule equates to 38 days. *Giacone Direct.*

B. What cash working capital factors should be used for sales and use taxes to determine the amount to adjust the Company's rate base in this case?

7.37 days. *Giacone Surrebuttal*.

28. Inflation Reduction Act ("IRA") Tracker.

A. Should Ameren Missouri be allowed to implement an IRA Tracker, and if so, what costs and benefits should be included?

Yes. Ameren Missouri should be authorized to establish an IRA tracker. While the Commission should generally reserve ratemaking treatment for future cases, it should not approve the application of carrying costs at the full Weighted Average Cost of Capital ("WACC") to any items tracked. The Commission should include and exclude the following items in the tracker.

Item	Include	Exclude	Apply WACC?
Full IRA production tax credits earned	X		No
IRA production tax credits used		X	No
IRA production tax credits carried forward		X	No
IRA investment tax credits earned	X		No
Transferred (sold) tax benefits	X		No
Corporate Alternative Minimum Tax		X	No

Young Surrebuttal.

29. Retail Revenues.

A. What level of billing units and normalized revenues should be used in calculating rates?

Staff's normalized sales to establish the billing units used to set rates are as follows:

Rate Class	Total MO Normalized Revenue
Res 1M	$1,381,451,474
SGS 2M	$ 304,522,952
LGS 3M	$ 558,309,206
SPS 4M	$ 238,711,140
LPS 11M	$ 206,848,776
Lighting 5m	$ 38,296,461
Lighting 6m	$ 964,572
Lighting 6m metered	$ 1,958,100
MSD	$ 81,564
TOTAL:	$2,731,144,245

Cox, True-up; Harris, True-up.

1. What block adjustment should be used in calculating rates?

The Commission should adopt Staff's method of estimating Residential Winter Block 1 kWh and Small General Service ("SGS") Base kWh. Staff's has one regression with significant statistics that is applied across all winter months. *Stahlman, True-up Rebuttal.* In contrast, Ameren Missouri arbitrarily applies one of two or three methods (*Stahlman, True-up Rebuttal)* despite having performed a unique regression for each month, many of which had poor regression statistics. *Stahlman, Surrebuttal.* While Staff would primarily recommend the Commission order the estimated percentages that Staff used rather than a method, those percentages would change if the Commission orders a change that impacts the weather normalization adjustment factors determined by Staff witness Hari Poudel.

2. What weather normalization adjustment should be applied when determining rates?

Staff recommends using Staff's weather normalization adjustment factor in retail revenue calculations (*Staff's workpaper from Hari Poudel's Direct*). The Staff used an autoregressive model to normalize the weather. Staff determined that the ARMA prediction model is appropriate based on the characteristics of electricity consumption behaviors. An important premise of constructing an ARMA model is that an autoregressive term can capture the effect of yesterday's energy consumption on today or future energy consumption. In contrast, Ameren Missouri intentionally established misleading assumptions regarding Staff's model specifications in order to increase energy usage. *Poudel Direct, Rebuttal and Surrebuttal.*

3. What customer-owned solar adjustment should be used in calculating rates?”

An adjustment to add the kWh generated in the months of the test year and update period are not necessary because the actual billing determinants already reflect the actual kWh generated from those solar installations that occurred during the test year and the update period. Ameren Missouri’s witness, Dr. Bowden, relied upon estimates of the “lost sales” but the accuracy of the estimate is unknown.[92]

Staff recommends Ameren Missouri retain information by class and voltage as to the level of net metering in each interval over time for those net-metered customers with AMI metering equipment. Retention of this data going forward will provide additional insight for Ameren Missouri, Staff, ratepayers, and the Commission on the level of net generation from behind the meter solar installations throughout the service territory.[93]

4. What growth adjustment should be used in calculating rates?

Staff recommends using Staff’s true-up growth adjustment. Staff recommends December 2022 customer counts be applied to Staff’s normalized billing determinants for the 12 months ended June 2022 for the Residential (“RES”), Small General Service (“SGS”), Large General Service (“LGS”), and Small Primary Service (“SPS”) customer classes. *Cox, Surrebuttal, True-up Direct.* For the Residential subclasses, Anytime rate and the Evening Morning Savers rate, Staff recommends the combined use per customer be applied to the number of rate switchers for both subclasses each month to determine the kWh growth adjustment. *Cox, Direct.* For all other residential sub-classes, SGS, LGS and SPS, Staff recommends the Staff’s calculated growth factor be applied. *Cox, Direct, Surrebuttal and True-up Direct.*

[92] *Luebbert Rebuttal*, p. 3.

[93] *Luebbert Rebuttal,* p. 6.

5. What energy efficiency annualization adjustment should be used in calculating rates?

Staff recommends a MEEIA adjustment calculated by Staff excluding Demand Response Event (DRENE) kWh savings in MEEIA adjustment calculation (*Staff's workpaper in Hari Poudel's Surrebuttal*).

6. Should the Community Solar adjustment be annualized?

Yes, Staff recommends the Community Solar be adjusted for the revenues that were collected through the solar block charge, the revenues that account for the additional solar facility that was in service as of March 22, 2022, and a kWh adjustment as if the new solar facility had existed the entire 12 months ended June 2022. *Cox Direct, Rebuttal, and True-up Direct.*

30. Identification of Avoided Capital Investments for the Sioux and Labadie Coal Plants.

A. Should the Company be required to identify avoided capital investments should the Sioux or Labadie Energy Centers retire earlier than currently planned as recommended by Sierra Club witness Comings?

Staff takes no position.

31. Meramec Return.

A. What is the appropriate level of return for deferred costs of operating the Meramec plant up until its closure to be included in rates?

No level of return for the Meramec plant deferred cost should be included in rates. *Majors Direct, Majors Surrebuttal.*

32. Rate Case Expense.

A. What is the appropriate amount to include in Ameren Missouri's revenue requirement for Rate Case Expense?

50/50 sharing of a three-case average of discretionary rate case expense normalized over two years plus full recovery of the actual depreciation study costs that were incurred for the ER-2021-0240 case, normalized over five years. *Giacone Direct,*; *Giacone Surrebuttal*.

WHEREFORE, the Staff of the Missouri Public Service Commission tenders this *Statement of Positions on the Issues,* in satisfaction of the Commission's *Order Setting Procedural Schedule and Adopting Test Year* issued herein on September 28, 2022.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **27th day of March, 2023,** to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Kevin A. Thompson