

M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File
File No. ER-2023-0338, Tariff Tracking No. YE-2023-0184
Union Electric Company, d/b/a Ameren Missouri

FROM: Amanda C. Conner, Utility Regulatory Auditor

DATE: /s/ Amanda C. Conner 4/28/2023 /s/ Ron Irving 4/28/2023
Energy Resources Department/Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates Related
to Ameren Missouri's Fuel Adjustment Clause for the 42nd Accumulation Period

DATE: April 28, 2023

On March 31, 2023, Union Electric Company, d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, MO.P.S.C. Schedule No. 6, 3rd Revised Sheet No. 71.31, bearing a proposed effective date of June 1, 2023 and cancelling the MO.P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.31. The 3rd Revised Sheet No. 71.31, revises Ameren Missouri's Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 42 ("AP42"), which ended on January 31, 2023. Staff recommends that the Missouri Public Service Commission ("Commission") approve MO.P.S.C. Schedule No. 6, 3rd Revised Sheet No. 71.31.

Ameren Missouri's March 31, 2023, filing includes the testimony of Raysene Logan, Manager, Power and Fuels Accounting, at Ameren Services Company, and associated work papers. The testimony and work papers include information and data that supports Ameren Missouri's calculation of its Fuel and Purchased Power Adjustment ("FPA"). That dollar amount ("FPA Amount") is \$46,027,862 and is reflected on line 5 of 3rd Revised Sheet No. 71.31. This FPA Amount results in a FAR₄₂¹ of \$0.00208 per kWh, which, when added to the FAR₄₁²

¹ FAR_{RP} is defined in Original Sheet No. 71.23 as "FAR Recovery Period rate component calculated to recover under- or over-collection during the Accumulation Period that ended immediately prior to the applicable filing." Since this filing followed Accumulation Period 42, FAR_{RP} in this recommendation is referred to as FAR₄₂.

² FAR_(RP-1) is defined in Original Sheet No. 71.23 as "FAR Recovery Period rate component for the under- or over-collection during the Accumulation Period immediately preceding the Accumulation Period that ended immediately prior to the application filing for FAR_(RP)." Since this filing followed Accumulation Period 42, FAR_(RP-1) in this recommendation is referred to as FAR₄₁.

of \$0.00291 per kWh, results in a proposed FAR³ of \$0.00499 per kWh. The proposed AP42 FAR of \$0.00499 per kWh on line 11⁴ of 3rd Revised Sheet No. 71.31, is \$0.00096 per kWh less than the AP41 FAR of \$0.00595 per kWh on line 11 of the 2nd Revised Sheet No. 71.31.

Calculation of Total Company Fuel and Purchased Power Difference

Ameren Missouri’s work papers for AP42 show the following:

Actual Net Energy Costs (“ANEC”) ⁵	\$177,359,618
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The Net Base Energy Costs calculation is shown below as Sales multiplied by the Base Factor:

Sales in kWh	10,655,149,249
Base Factor (“BF”) per kWh	\$0.01192
Net Base Energy Costs (“B”) ⁶	\$127,009,380

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

ANEC	\$177,359,618
B	\$127,009,380
Fuel and Purchased Power Difference	\$50,350,238

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

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

⁵ ANEC = fuel costs (FC), plus purchased power costs (PP), plus net emission allowances (E), plus or minus net insurance recoveries (R), minus off-system sales revenues (OSSR), as reflected on line 1 of 3rd Revised Sheet No. 71.31.

⁶ B = Base Factor multiplied by the accumulation period sales as reflected on lines 2, 2.1 and 2.2 of 3rd Revised Sheet No. 71.31.

Calculation of FPA Amount

Ameren Missouri's work papers and 3rd Revised Sheet No. 71.31, show the FPA Amount⁷ of \$46,027,862 to be the sum of:

1. Fuel and purchased power amount to be recovered from customers for AP42 of 47,832,726⁸ (line 4 on proposed 3rd Revised Sheet No. 71.31); plus,
2. Interest of \$688,236, which is \$427,790 for AP42 plus \$260,446 for Recovery Period 39 ("RP39") (line 4.1 of proposed 3rd Revised Sheet No. 71.31); plus,
3. The true-up amount, without interest, of \$(2,493,100) (line 4.2 of proposed 3rd Revised Sheet No. 71.31). This amount is pending Commission approval in File No. EO-2023-0340.

Calculation of FAR₄₂

FAR₄₂ of \$0.00208 per kWh is equal to the FPA Amount of \$46,027,862, divided by the Estimated Recovery Period Sales of 22,112,386,277 kWh, according to Ameren Missouri's commercial pricing node.⁹ FAR₄₂ will apply during Recovery Period 42 ("RP42"), which is Ameren Missouri's billing months of June 2023 through January 2024.

Calculation of FAR Without Voltage Level Adjustments

Line 9 of Ameren Missouri's proposed 3rd Revised Sheet No. 71.31, reflects a FAR of \$0.00499 per kWh which is the sum of: (1) FAR₄₂ of \$0.00208 per kWh and (2) FAR₄₁ of \$0.00291 per kWh.

⁷ 3rd Revised Sheet No. 71.31, lines 1 through 5 include the complete calculation of the FPA Amount of \$46,027,862.

⁸ Fuel and purchased power amount to be recovered from customers for AP42 is equal to ninety-five percent (95%) of \$47,832,726 (the difference between ANEC and B during AP42).

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

	Proposed AP42 FAR 3rd Revised Sheet No. 71.31	Current AP41 FAR 2nd Revised Sheet No. 71.31
Line 7. Current Period Fuel Adjustment Rate (FAR _{RP})	\$0.00208/kWh	\$0.00291/kWh
Line 8. Prior Period Fuel Adjustment Rate (FAR _{RP-1})	\$ 0.00291/kWh	\$ 0.00303/kWh
Line 9. Fuel Adjustment Rate (FAR)	\$ 0.00499/kWh	\$ 0.00595/kWh

Voltage Level FARs

Because of a difference in line losses,¹⁰ there are different FARs for service taken at the Secondary, Primary, High Voltage, and Transmission voltage levels, reflected on lines 13, 15, 18, and 21 of proposed 3rd Revised Sheet No. 71.31. Rate adjustment caps shall only apply provided for by Section 393.1655, RSMo, if the class average overall rate of 2.00% compound annual growth rate is in effect. Once the rate adjustment cap has exceeded the 2.00% compound annual growth rate, then the weighting factors are applied, to calculate a rate for all Non-LPS and LPS customers by voltage level.

The AP42 FARs are in the table below:

Service	Proposed AP42 FAR	Line on 3rd Revised Sheet No. 71.31
Secondary	\$0.00526/kWh	30
Primary	\$0.00511/kWh	31
High Voltage	\$0.00502/kWh	32
Transmission	\$0.00496/kWh	33

Listed below are the proposed AP42 FARs, the current AP41 FARs, and the difference between them for each service level:

¹⁰ Secondary, Primary, High Voltage, and Transmission Voltage Adjustment Factors are shown on lines 12, 14, 17, and 20 respectively, on Ameren Missouri's proposed 3rd Revised Sheet No. 71.31.

Service	Proposed AP42 FAR	Proposed AP41 FAR	Difference
Secondary	\$0.00526	\$0.00627	\$0.00101 Decrease
Primary	\$0.00511	\$0.00608	\$0.00097 Decrease
High Voltage	\$0.00502	\$0.00598	\$0.00096 Decrease
Transmission	\$0.00496	\$0.00590	\$0.00094 Decrease

Based on a monthly usage of 1,000 kWh, the proposed change to the Secondary FAR would decrease the FAC of an Ameren Missouri residential customer’s monthly bill by \$1.01, from \$6.27 to \$5.26 per month.

In her filed testimony, Company witness Raysene Logan explains the FAR’s decrease:

The primary factors driving this change in the FAR were lower fuel and purchased power costs for load and higher net capacity sales revenue partially offset by lower off-system sales margins in Accumulation Period 42 as compared to Accumulation Period 40 and the net base energy costs applicable to each period. Decreases in the fuel and purchased power costs for load during Accumulation Period 42 as compared to Accumulation Period 40 and the net base energy costs applicable to each period is primarily due to the Callaway refuel during Accumulation Period 40, while the higher net capacity sales revenue is primarily due to increased MISO auction clearing prices during Accumulation Period 42. The lower off-system sales margins are primarily due to the elevated market prices and the transition of Rush Island Energy Center to operation as a SSR in Accumulation Period 42 discussed above.¹¹

Staff reviewed the proposed 3rd Revised Sheet No. 71.31, Ms. Logan’s direct testimony, and the work papers in this filing, as well as Ameren Missouri’s monthly information submitted in compliance with 20 CSR 4240-20.090(5) for AP42. Staff verified that the actual fuel and purchased power costs and emissions costs, net of off-system sales revenues, match the fuel and purchased power costs and emission costs, net of off-system sales revenues, on line 1 of Ameren

¹¹ Ameren Missouri, *Direct Testimony of Raysene Logan*, ER-2023-0338, page 4, line 14 through page 5, line 6.

Missouri's proposed 3rd Revised Sheet No. 71.31, and Ms. Logan's supporting schedules (along with revised work papers).¹² Staff reviewed Ameren Missouri's monthly reports and verified that the kWh billed, as shown on the monthly reports, matches the accumulation period sales used to calculate the Net Base Energy Cost. Staff reviewed Ameren Missouri's monthly interest rates that are applied to 95% of the over/under Net Base Energy Cost amount and verified that the monthly interest rates and calculations of monthly interest amounts are correct for AP42.

The change in the FAC rate resulting from this application will not cause Ameren Missouri to exceed its allowable cumulative annual growth rate cap percentage of 2.85%, or \$0.01313 per kWh, that it must comply with under state law due to its adoption of plant-in-service accounting.

Attachment A

Attachment A includes three charts, which provide a summary of Ameren Missouri's 42 FAC rate adjustment filings. Chart 1 illustrates Ameren Missouri's FAR for each of the 42 accumulation periods. Chart 2 illustrates Ameren Missouri's FAC cost summary for Actual Net Base Energy costs and Net Base Energy costs. Chart 3 illustrates Ameren Missouri's FAC cumulative under-recovered amount at the end of each of the 42 accumulation periods.

Staff Recommendation

Ameren Missouri timely filed its proposed MO.P.S.C. Schedule No. 6, 3rd Revised Sheet No. 71.31, on March 31, 2023, and based on Staff's review, Staff determined that Ameren Missouri is in compliance with Commission Rule 20 CSR 4240-20.090 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements) and Ameren Missouri's FAC in its tariff.

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

- (H) Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either—
1. Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs;

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

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

Ameren Missouri requested that MO.P.S.C. Schedule No. 6, 3rd Revised Sheet No. 71.31, filed March 31, 2023, become effective on June 1, 2023. Thus, the proposed tariff sheet was filed with 60 days' notice. Therefore, Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed on March 31, 2023, to become effective on June 1, 2023, subject to true-up and prudence reviews:

MO.P.S.C. Schedule No. 6
3rd Revised Sheet No. 71.31, Cancelling 2nd Revised Sheet No. 71.31.

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2022 Annual Report¹³. Ameren Missouri is current on its submission of its Surveillance Monitoring reports, required in 20 CSR 4240-20.090(6), and its monthly reports, required by 20 CSR 4240-20.090(5). Staff is not aware of any other matter before the Commission that affects or is affected by this filing, except File No. EO-2023-0340, as noted herein.

¹³ Pending Staff's initial review of the filed report.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Adjustment of Union)	<u>File No. ER-2023-0338</u>
Electric Company d/b/a Ameren Missouri's)	Tariff No. YE-2023-0184
Fuel Adjustment Clause for the 42 nd)	
Accumulation Period)	

AFFIDAVIT OF AMANDA C. CONNER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

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

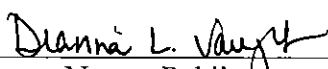
Further the Affiant sayeth not.


AMANDA C. CONNER

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 27th day of April, 2023.

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

Chart 1: Ameren Missouri Fuel Adjustment Rate

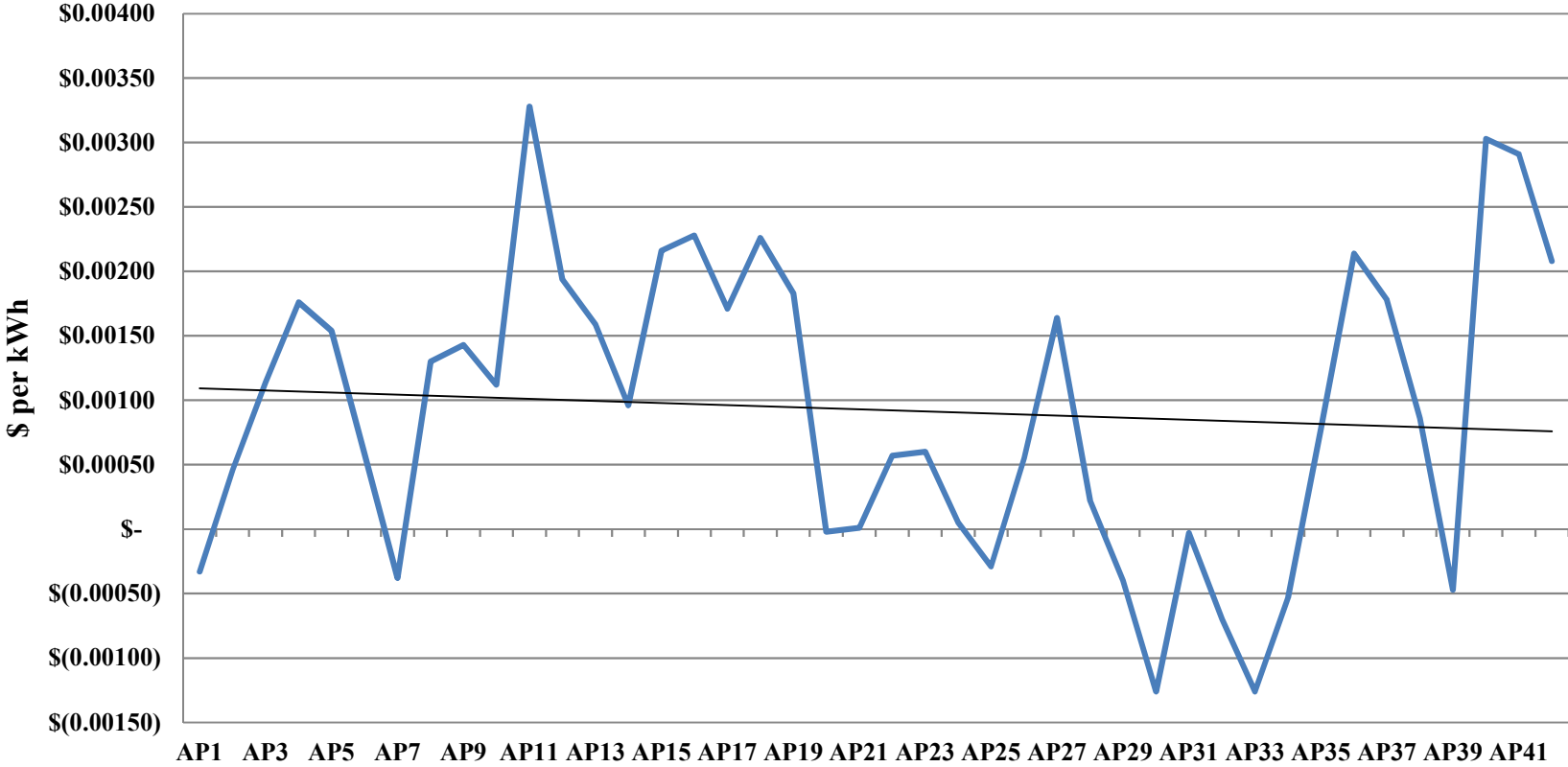


Chart 2: Ameren Missouri FAC Costs Summary

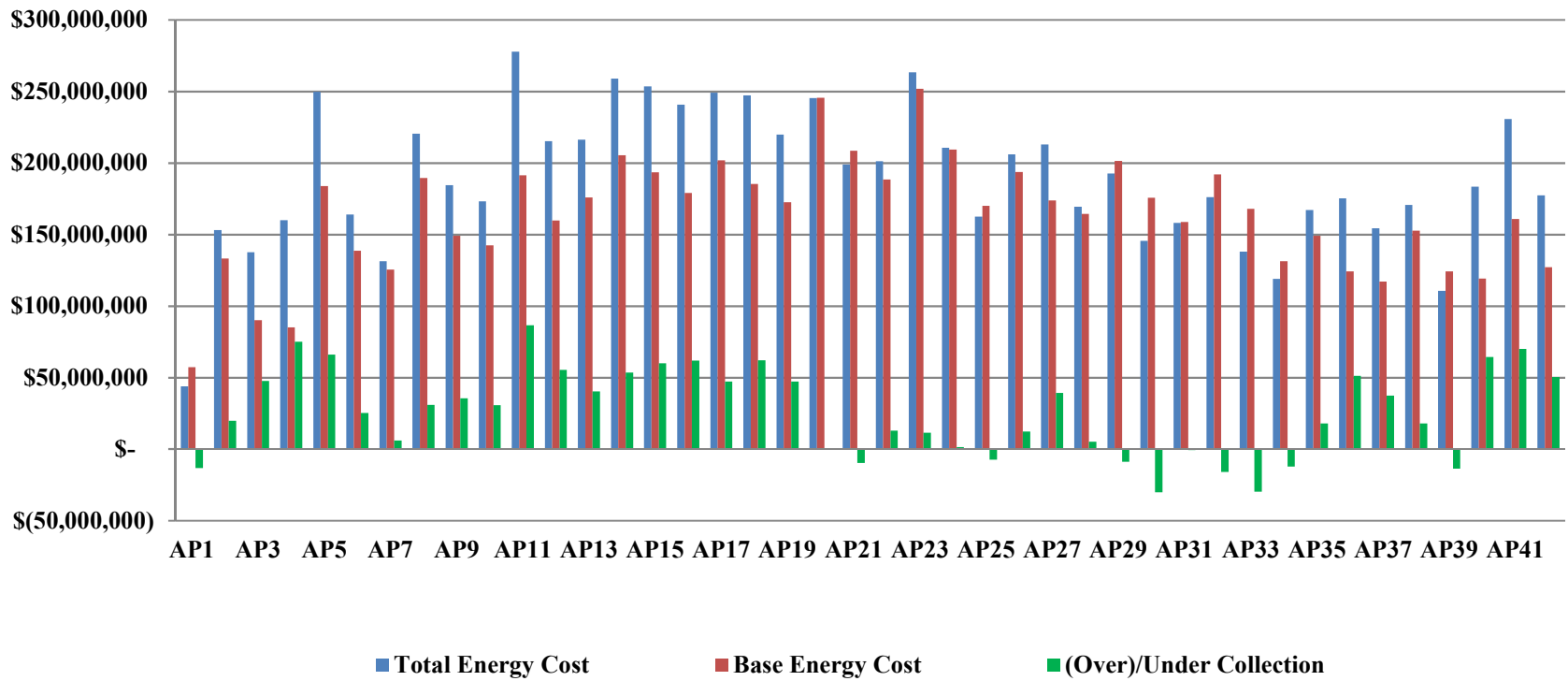


Chart 3: Ameren FAC Cumulative Under-Recovered Amount

