BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Tariff Filings of Union Electric Company d/b/a Ameren Missouri, to Increase Its Revenues for Retail Electric Service.	)))	File No. ER-2022-0337

AMEREN MISSOURI'S RESPONSE TO AMENDED ORDER DIRECTING AMEREN MISSOURI TO FILE EXEMPLAR TARIFF SHEETS TODAY AND SETTING TIME FOR RESPONSES

COMES NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company"), and pursuant to the Commission's *Amended Order Directing Ameren Missouri to File Exemplar Tariff Sheets Today, June 26, 2023, and Setting Time for Response* (the "*Order*") issued June 26, 2023 in the above-captioned case, hereby files this *Response* with the requested exemplar tariff sheets, updated information, and updated attachments C, D, and E. In support of its *Response*, Ameren Missouri states as follows:

1. On April 7, 2023, the parties filed a *Stipulation and Agreement* resolving all issues in the case related to Ameren Missouri's revenue requirement and certain other issues.

2. On April 12 through April 14, 2023, the Commission held an evidentiary hearing for three issues not resolved by the *Stipulation and Agreement*, and on April 14, 2023, the Commission held an on-the-record presentation of the *Stipulation and Agreement*.

3. On June 14, 2023, the Commission issued its *Report and Order* ("*R&O*") in this proceeding, to be effective on June 24, 2023. Among other things, the *R&O* approves the April 7 *Stipulation and Agreement* and authorizes Ameren Missouri to file tariffs complying with the *R&O*. Ordering ¶¶ 1 & 4.

4. On June 19, and 22, 2023, the Company filed tariff sheets to comply with the Commission's June 14, 2023, *R&O*, and requested those sheets take effect on July 1, 2023.

5. On June 23, 2023, Commission Staff filed a recommendation to approve Ameren Missouri's compliance tariff sheets to be effective July 1, 2023.

6. On June 26, 2023, the Commission issued the *Order*, and directed Ameren Missouri as follows: "Ameren Missouri shall file exemplar compliance tariff sheets, calculated to comply with a July 9, 2023, effective date, no later than today, June 26, 2023. Ameren Missouri must include updated information as discussed in the body of this order." *Order*, at Ordering Paragraph 1.

7. In the body of the Order, the Commission discussed the following:

> While the Commission is reviewing the filings and objections regarding the compliance tariffs, the Commission will direct Ameren Missouri to file today, June 26, 2023, exemplar tariff sheets calculated to take effect on July 9, 2023. Ameren should also include updated information as contained in its June 22, 2023, supplemental response to the Commission's June 22, 2023, order requesting additional information. Ameren Missouri will be directed to update attachments C, D, and E, in that supplemental response in consideration of its tariff sheets taking effect on July 9, 2023.

8. Via this *Response*, Ameren Missouri provides the requested exemplar tariff sheets, updated information, and updated Attachments C, D, and E. Please note that while the Company is providing Attachment C with this *Response*, the date change does not result in a change to Attachment C because Attachment C simply reflects the calculation of the uncapped rate. The date change does affect both the amount to be reallocated and the reallocation to the other classes, so Attachments D and E did change.

Exemplar Compliance Tariff Sheets

9. Exemplar compliance tariff sheets, with rates calculated to reflect a July 9, 2023, effective date, are attached hereto as **Attachment 1**.[1]

[1] Footers in Attachment 1 exemplar compliance tariff sheets were not changed to reflect a July 9, 2023, effective date for efficiency but are distinguishable from actively filed tariff sheets before the Commission through the addition of the watermark "Exemplar Tariff – Rates Calculated Based on Commission's 6/26/23 Order assuming 7/9/23 Effective Date."

10. The effect of delaying new rate implementation by eight days is minimal when looking at the rates themselves. As shown by the rates reflected in the exemplar compliance tariff sheets in Attachment 1 when compared with the compliance tariffs currently pending in front of the Commission, and by a comparison of the original versus updated versions of Attachment E, the impact of delaying the effective date for new rates until July 9, 2023 on the exceedance of the large power service cap and the reallocation of it has a nominal impact on the amount of dollars reallocated, and in fact, on the rates themselves. For example, the dollars reallocated to the residential class as a result of the LPS cap decreases by approximately $55 thousand dollars due to the alternate effective date of July 9, 2023, *a mere four thousandths of one percent of residential class revenues.*[2] The various individual residential rate elements themselves were either entirely unchanged by the reallocation or moved by 1 digit in the fourth and final published decimal place of the rate (the hundredths of a cent place).

11. However, despite the very minor impact on rates of the reallocation that would result from a July 9th effective date, the 2023 impact of the eight-day delay on the Company is significant. Specifically, the Company would be deprived of the benefit of the higher level of revenues that the Commission found to be just and reasonable when it approved the Stipulation and Agreement for eight days beyond the operation of law date in the case. At approximately a half a million dollars a day, the eight-day delay would cause an estimated four-million-dollar impact to the Company's 2023 revenues and consequently to its 2023 earnings.

<u>Updated Applicability and Calculation of the LPS Cap Exceedance</u>

12. The Company previously provided a summary of the LPS Cap Exceedance in its filing on June 22, 2023, in response to the Commission's original order requesting information

[2] The LPS class itself is obviously most impacted by this change. That class's total revenue responsibility increases by almost exactly one hundred thousand dollars, or five hundredths of a percent of the total class revenues.

about the LPS cap issued on June 20, 2023. The remainder of this section will be a reiteration of the prior summary, as updated for the difference between a July 1st effective date and a July 9th effective date[3]. As discussed in the Direct Testimony of Company witness Nicholas Bowden, Hearing Exhibit 28, at the time the Company filed its direct case, if the Commission had granted the full requested revenue requirement increase of $316 million, or approximately 11.6%, neither the overall cap, nor the sub-cap applicable to the Large Primary Service ("LPS") rate class, would have been exceeded. The average baseline killowatt-hour ("kWh") rate for the LPS class rate cap, calculated using Ameren Missouri specific revenues and kWh as defined by the statute, was $0.0571 per kWh as discussed by Dr. Bowden. The statute defines the rate cap in terms of a compound annual growth of that average baseline kWh rate. The compound annual growth rate which defines the cap for the LPS customer class is 2 percent. The rate cap is calculated using the number of years between the point in time when rates are expected to go into effect, July 9, 2023, and the established baseline date of April 1, 2017, 6.274 years. The resulting cap on the LPS rate is $0.0571*(1.02)^6.274 = $0.064635 per kWh.[4] This cap is applicable to the average base revenue kWh rate plus certain Rider rates specified in the statute. The statute excludes Rider EEIC (Energy Efficiency Investment Charge)[5] but includes Riders FAC (Fuel Adjustment Clause) and RESRAM (Renewable Energy Standard Rate Adjustment Mechanism).

13. As of the direct case filing on August 1, 2022, the average base revenue kWh rate for the LPS class proposed by the Company, as reflected in a portion of the workpaper prepared by Dr. Bowden and provided to the parties in the case at that time, was $0.0646 per kWh. As of the August 1st filing of this case, the FAC rate applicable for the LPS class was $0.0004 per kWh,

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[3] Note that not all numeric values reported in this section change relative to the previous summary as a result of the calculation based on the alternate effective date, but the values that are impacted have been edited as appropriate.

[4] The following values are rounded for presentation purposes 0.0571, 6.274, and 0.064635. The numbers used in the actual calculation of the cap and resulting adjustments are not rounded.

[5] Rider EEIC relates to recovery of the costs associated with the Company's energy efficiency and demand response programs.

and the RESRAM rate was a credit of $0.0005 per kWh. The FAC charge and RESRAM credit netted to a total credit of $0.0001 per kWh, making the average overall rate associated with the Company's proposal (including both the projected average base rate and the then-current FAC and RESRAM) $0.0645 per kWh, which was below the rate cap of $0.06461 per kWh associated with July 1, 2023. Thus, at the time of the direct case filing, the applicable LPS rate associated with the requested rate increase did not exceed the LPS rate cap associated with the expected effective date.

14. During the pendency of the case, both Riders FAC and RESRAM were subject to normal periodic updates. The most recent update to the FAC occurred on June 1, 2023, and the most recent update to the RESRAM occurred on February 1, 2023. The currently effective Rider rates are both higher than they were as of August 1, 2022, when the direct case was filed. Specifically, the FAC increased from the $0.0004 per kWh value that was included in the analysis filed in Dr. Bowden's Direct Testimony, to $0.00501 per kWh that is currently effective and will be effective on both July 1, 2023, and July 9, 2023. On February 1, 2023, Rider RESRAM increased from a credit of $0.0005 per kWh to the currently effective charge of $0.00035. However, as a result of this case, and the update to the RESRAM base amount called for in the *Stipulation and Agreement* approved by the Commission's *R&O* and which is reflected in the revenue requirement agreed to by the parties, Rider RESRAM will be rebased at the same time as tariffs take effect to a charge of $0.00032 per kWh on whatever date rates from the case ultimately become effective. The sum of the FAC and RESRAM rates increased from a credit of $0.00001 per kWh on August 1, 2022, to a charge of $0.00533 per kWh on July 9, 2023.

15. Using the agreed upon billing units in this case as reflected in the *Stipulation and Agreement* between the parties,[6] and allocating the $140 million revenue increase also reflected in

[6] Exhibit A to the *Stipulation and Agreement*.

the *Stipulation and Agreement*[7] on equal percentages (other than to the Company-owned lighting class) as contemplated in the Commission's *R&O* resolving revenue allocation issues in this case[8] results in an average base revenue rate of $0.0611 per kWh for the LPS class, which is less than the average base revenue rate of $0.0646 per kWh that would have resulted from granting the Company's original rate request in this case. However, in combination with the current FAC and RESRAM rates, the overall LPS rate that results from adding the $0.0611 per kWh arising from the *R&O* in this case to the current Rider rates previously discussed, $0.00533 per kWh, yields an average kWh rate of $0.0664 per kWh, which exceeds the cap of $0.064635 associated with July 9, 2023.

Updated Attachments C, D, & E

16. **Updated Attachment C** to this *Response*[9] is an update to the portion of Dr. Bowden's rate cap workpaper reflecting all updates to the rate cap analysis that have been discussed above as well as an effective date of July 9, 2023. While the Company is filing this as the Commission ordered, the content of Updated Attachment C is identical to the original Attachment C.

17. **Updated Attachment D** updates the calculation of the amount of revenue that must be re-allocated to the other rate classes in order to reduce the LPS rates to the level required by the statute to reflect an effective date of new rates of July 9, 2023.[10] The amount of revenue that must be allocated in order to respect the statutory cap on LPS rates is calculated as follows. The average per kWh cap defined by statute multiplied by the LPS kWh billing units stipulated in this case, 3,555,986,080 kWh, results in a revenue cap equal to $229,844,298. In order to calculate the cap

[7] Paragraph A3 in the *Stipulation and Agreement*.
[8] *R&O*, at p. 23.
[9] Updated Attachment C updates the Attachment C to the Company's Response to the Commission's Order Directing Additional Information filed on June 22, 2023, to reflect an effective date of July 9, 2023.
[10] Updated Attachment D updates the Attachment D to the Company's Response to the Commission's Order Directing Additional Information filed on June 22, 2023, to reflect an effective date of July 9, 2023.

applicable to base revenue allocations, we subtract out the FAC and RESRAM revenues. Using the same stipulated billing units, FAC and RESRAM revenues equal $17,815,490 and $1,137,916 respectively, or $18,953,406 in total. Therefore, the cap on LPS base revenue is $210,890,893 ($229,844,298- $18,953,406).[11] An equal percentage application of the stipulated $140 million revenue increase implies an increase for the LPS class that results in a total LPS base revenue requirement of $217,294,088. The difference between this post-allocation revenue and the cap is the amount that needs to be reallocated. The difference between $217,294,088 and $210,890,893 is $6,403,195, the amount of revenue reallocated.

18. The specific amounts of revenue reallocated to each class updated to reflect an effective of new rates of July 9, 2023, are shown in **Updated Attachment E**.[12] The reallocation is determined consistent with the total allocation ordered in this case, an equal percentage to each class. The only exception to this is the Company-Owned Lighting class. The Company-Owned Lighting class did not receive an allocation of the total increase, but did receive an equal percentage increase from the reallocation associated with the cap.

19. While it may seem counter-intuitive that the LPS class was not originally triggered by a requested rate increase of 11.6%, but it is triggered now by an authorized rate increase of 5.15%, the change in Rider rates during the pendency of the case actually increased the overall LPS rate by 8.3%. That increase more than offset the approximately 6% reduction in the amount of revenue increase originally sought by the Company as compared to the final outcome of the case. As such, the statutory provision for capping the LPS class rate is clearly triggered, and the value of $6,403,195 must be reallocated from the LPS class to the other rate classes.

[11] Difference of 1 due to rounding.

[12] Updated Attachment E updates the Attachment E to the Company's Response to the Commission's Order Directing Additional Information filed on June 22, 2023, to reflect an effective date of July 9, 2023.

WHEREFORE, for the foregoing reasons, Ameren Missouri respectfully requests that the Commission accept this *Response* as compliant with the *Order*, and for such other and further relief as the Commission deems appropriate under the circumstances.

Respectfully submitted,

/s/Wendy Tatro

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CERTIFICATE OF SERVICE

I hereby certify that on this 26th day of June, 2023, a copy of the foregoing filing was served, via e-mail, on counsel for the Missouri Public Service Commission Staff, the Office of the Public Counsel, all parties of record, as well as entities who have sought to intervene in File No. ER-2022-0337.

/s/Wendy Tatro
Wendy Tatro