

Exhibit No.:  
Issues: Adjustment to FAC Rate –  
Thirty-Ninth Accumulation  
Period  
Witness: J. Neil Graser  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Union Electric Co.  
Case No.: ER-2022-\_\_\_\_\_  
Date Testimony Prepared: March 30, 2022

**MISSOURI PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**J. NEIL GRASER**

**St. Louis, Missouri  
March, 2022**

**DIRECT TESTIMONY**

**OF**

**J. Neil Graser**

**Case No. ER-2022-\_\_\_\_\_**

1 **Q: Please state your name and business address.**

2 A: My name is J. Neil Graser. My business address is One Ameren Plaza, 1901 Chouteau  
3 Ave., St. Louis, Missouri.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Ameren Services Company (“Ameren Services”) as Manager, Power  
6 and Fuels Accounting. Ameren Services provides various corporate support services to  
7 Union Electric Company d/b/a Ameren Missouri (“Company” or “Ameren Missouri”),  
8 including settlement and accounting related to fuel, purchased power, and off-system sales.

9 **Q: What is the purpose of your testimony?**

10 A: My testimony supports the 6th Revised Sheet No. 71.15 of Ameren Missouri’s Schedule  
11 No. 6 – Schedule of Rates for Electric Service, that is being filed by Ameren Missouri to  
12 adjust customer rates for changes in Ameren Missouri’s fuel and purchased power costs,  
13 net off-system sales revenues, and associated transportation (i.e., Actual Net Energy Costs,  
14 or “ANEC”), which were experienced during the four-month period October 2021 through  
15 January 2022.<sup>1</sup>

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<sup>1</sup> This four-month period is the thirty-ninth overall Accumulation Period under Ameren Missouri’s Rider FAC, which was first approved by the Commission in Case No. ER-2008-0318, and which has subsequently been re-authorized, with certain modifications, in Case Nos. ER-2010-0036, ER-2011-0028, ER-2012-0166, ER-2014-0258, ER-2016-0179, ER-2019-0335, and ER-2021-0240.

1 **Q: Please explain why Ameren Missouri is filing a revision to its Rider FAC at this time.**

2 A: The Commission’s rule governing fuel and purchased power cost recovery mechanisms for  
3 electric utilities – specifically 20 CSR 4240-20.090(8) – and Ameren Missouri’s Rider FAC,  
4 require Ameren Missouri to make periodic filings to adjust customer rates for changes in  
5 Ameren Missouri’s ANEC experienced during each Accumulation Period<sup>2</sup> as compared to  
6 the base level of net energy costs (Factor “B” as listed in the Company’s Rider FAC tariff)  
7 applicable to that same Accumulation Period. That change is to then be reflected in an  
8 adjustment to the Rider FAC Fuel Adjustment Rate (i.e., Factor “FAR” in Rider FAC).  
9 This adjustment can be positive (a FAR of greater than zero) or negative (a FAR of less  
10 than zero). The Commission’s rule requires at least one such review and adjustment each  
11 year. Ameren Missouri’s approved FAC tariff calls for three filings annually – one filing  
12 covering each of the three four-month Accumulation Periods reflected in Rider FAC. The  
13 changes in the FAR implemented in these three filings are then collected from or refunded  
14 to customers over the applicable Recovery Period. The Recovery Period applicable to this  
15 filing will consist of the calendar months of June 2022 through January 2023.

16 **Q: What adjustment is being made in this filing?**

17 A: During the October 1, 2021 to January 31, 2022 Accumulation Period, Ameren Missouri’s  
18 ANEC was \$110,517,549 which was a decrease of \$13,683,170 as compared to Factor B,  
19 which is \$124,200,719 for that same period. The primary factors driving this decrease  
20 below net base energy costs (Factor B) were lower fuel costs for load, partially offset by  
21 lower off-system sales margins, and lower net capacity revenues as compared to Factor B.  
22 Fuel costs decreased primarily as a result of less expensive fuel than what was included in

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<sup>2</sup> Capitalized terms not otherwise defined herein have the meaning given them in Rider FAC.

1 the net base average. Off-system sales margins decreased primarily as a result of less  
2 generation being available for sale due to increased load volumes. Net capacity revenues  
3 were lower primarily as a result of lower capacity sales volumes that cleared in the current  
4 MISO plan year auction than the level included in net base energy costs. Also included in  
5 this filing is the true-up amount reflected in the Company's thirty-sixth true-up filing,  
6 which is being filed concurrently with the initiation of this docket. The above results in a  
7 Fuel and Purchased Power Adjustment ("FPA") of -\$10,571,599 which, as described  
8 further below, will produce the FAR rates that will appear as a separate line item to be  
9 applied to customers' bills during the 39<sup>th</sup> Recovery Period that starts with the first calendar  
10 day of June 2022.

11 **Q: Please further describe the impact of the change in the FAR on the Company's**  
12 **customers.**

13 A: The \$13,683,170 decrease below ANEC during the 39<sup>th</sup> Accumulation Period as compared  
14 to Factor B for that Accumulation Period was calculated in the manner specified in the  
15 Company's Rider FAC, and adjusted for voltage level differences, as provided for in Rider  
16 FAC. Applying the 95% sharing ratio, the true-up amount of \$2,003,492 from the thirty-  
17 sixth true-up filing (made concurrently with the initiation of this docket) and the applicable  
18 recovery of interest totaling \$423,920 as provided for in Rider FAC (which includes the  
19 refund of \$12,250 in interest for Accumulation Period 39 and the recovery of \$436,170 in  
20 interest for the true-up of Accumulation Period 36), the total adjustment to be reflected in  
21 the FAR is -\$10,571,599. That total, when using the estimated kilowatt-hour ("kWh") sales  
22 for the June 2022 to January 2023 Recovery Period, results in an initial rate component to  
23 be applied to the Company's Individual Service Classifications. As provided for in Rider

1 FAC, the initial rate component is subject to the Rate Adjustment Cap. Further, to the  
2 extent the Large Primary Service (LPS) Classification rate exceeds the Rate Adjustment  
3 Cap applicable to LPS, the shortfall is applied to the remaining Individual Service  
4 Classifications to arrive at the FAR amounts that will be billed during the applicable  
5 Recovery Period. There was no shortfall for Accumulation Period 39. The following are  
6 the FAR amounts for the Company's customers during that Recovery Period, beginning  
7 with the first calendar day of June 2022:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	0.041 ¢/kWh
Primary	0.040 ¢/kWh

8 Filed concurrently with my direct testimony is the tariff sheet that contains the formula that  
9 Ameren Missouri used to calculate the FAR. Also included in the tariff sheet are the values  
10 for each element of the formula that were used to derive the FAR. Assuming 1,036 kWh  
11 of usage per month for the average residential customer, this will result in a charge under  
12 the FAR of approximately \$0.42 per month. This is a decrease from the FAR currently in  
13 effect, which resulted in a charge for the average residential customer of approximately  
14 \$2.85 per month. The primary factors driving this change in the FAR were lower fuel and  
15 purchased power costs for load and higher off-system sales margins in Accumulation  
16 Period 39 as compared to Accumulation Period 37 and the net base energy costs applicable  
17 to each period. Decreases in the fuel and purchased power costs for load during  
18 Accumulation Period 39 as compared to Accumulation Period 37 and the net base energy  
19 costs applicable to each period is primarily due to the increased energy costs during  
20 Accumulation Period 37 from the extreme cold snap in February 2021 amplified by the

1 extended Callaway outage that occurred during all of Accumulation Period 37. Increases  
2 in the off-system sales margins is primarily due to increased volumes being available for  
3 sale during Accumulation Period 39 as compared to Accumulation Period 37 due to the  
4 extended Callaway outage during all of Accumulation Period 37.

5 **Q. Has the Company excluded the costs of purchasing energy and associated kilowatt**  
6 **hours relating to the digital currency mining research and development project in**  
7 **this filing?**

8 A. Yes. As noted on tab 8.2(A).VIII in schedule JG-FAR, there were \$8,532 in purchased  
9 power costs and 177,923 kWh associated with the project in Accumulation Period 39.  
10 These amounts have been deducted from the Actual Net Energy Costs and Accumulation  
11 Period Sales, respectively, in accordance with the commission approved stipulation in File  
12 No. ER-2022-0026.

13 **Q: Having addressed the primary factors driving ANEC for Accumulation Period 39,**  
14 **can you please explain how you developed the various values used to derive the**  
15 **proposed FAR shown on the tariff sheet?**

16 A: The data upon which Ameren Missouri based the values for each of the variables in the  
17 approved FAR formula is shown in Schedule JG-FAR. This schedule contains all the  
18 information that is required by 20 CSR 4240-20.090(8), and the work papers that support  
19 the data contained in Schedule JG-FAR. I have also included Schedule JG-TU, which is a  
20 reproduction of Schedule JG-TU filed in the separate true-up docket for the thirty-sixth  
21 Recovery Period, which as earlier noted is being filed concurrently with the initiation of  
22 this docket.

1 **Q: If the rate schedule filed by Ameren Missouri is approved or allowed to go into effect,**  
2 **what safeguards exist to ensure that the revenues the Company collects do not exceed**  
3 **the net energy costs that Ameren Missouri actually incurred during the Accumulation**  
4 **Period?**

5 A: Ameren Missouri’s Rider FAC and the Commission’s rules provide two mechanisms to  
6 ensure that amounts collected from customers do not exceed Ameren Missouri’s actual,  
7 prudently-incurred ANEC. First, Rider FAC and the Commission’s rules require a true-up  
8 of the amounts collected from customers through Rider FAC, with any excess/unrecovered  
9 amounts to be refunded/billed to customers through prospective adjustments to the FAR  
10 calculation, with interest at Ameren Missouri’s short-term borrowing rate. Second, Ameren  
11 Missouri’s ANEC are subject to periodic prudence reviews to ensure that only prudently-  
12 incurred net energy costs are collected from customers through Ameren Missouri’s Rider  
13 FAC. These two mechanisms serve as checks that ensure that the Company’s customers  
14 pay only the prudently-incurred ANEC and no more.

15 **Q: What action is Ameren Missouri requesting from the Commission with respect to the**  
16 **rate schedule that the Company has filed?**

17 A: As provided by 20 CSR 4240-20.090(8) the Commission Staff (the “Staff”) has thirty (30)  
18 days from the date the revised FAC rate schedule is filed to conduct a review and to make  
19 a recommendation to the Commission as to whether the rate schedule complies with the  
20 Commission’s rules, the requirements of Section 386.266, RSMo (Cum. Supp. 2020), and  
21 Ameren Missouri’s approved Rider FAC. If the Commission finds the revised Rider FAC  
22 rate schedule does comply, the FAR will take effect either pursuant to a Commission order  
23 approving the FAR or by operation of law, in either case within 60 days after the FAR is

1 filed. Because Ameren Missouri believes its filing satisfies all of the requirements of  
2 applicable statutes, the Commission's rules and Ameren Missouri's approved Rider FAC,  
3 Ameren Missouri requests that after the Staff's review, the Commission approve the FAR  
4 or otherwise allow it to take effect by operation of law to be effective on June 1, 2022.

5 **Q: Does this conclude your direct testimony?**

6 **A:** Yes, it does.



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

In the Matter of the Adjustment of Union Electric Company )  
d/b/a Ameren Missouri's Fuel Adjustment Clause for the ) File No. ER-2022-  
39th Adjustment Clause. )

**AFFIDAVIT OF J. NEIL GRASER**

**STATE OF MISSOURI** )  
 ) ss  
**CITY OF ST. LOUIS** )

J. Neil Graser, being first duly sworn on his oath, states:

1. My name is J. Neil Graser. I work in the City of St. Louis, Missouri, and I am employed by Ameren Services as Manager, Power & Fuels Accounting.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 7 pages and Schedule JG-FAR and Schedule JG-TU, all of which have been prepared in written form for filing in the above-referenced docket.

3. Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.

**James Neil** Digitally signed by  
**Graser** James Neil Graser  
Date: 2022.03.30  
11:21:29 -05'00'

ls  
J. Neil Graser

Sworn this 30 day of March, 2022.