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 Revenues for Natural Gas Service	)))	**Case No. GR-2019-0077**

STAFF STATEMENTS OF POSITION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its statements of position state the following:

1. The Staff, Ameren Missouri, the Missouri Department of Economic Development-Division of Energy, Renew Missouri, the National Housing Trust, and the Office of Public Counsel anticipate filing later today, July 22nd, a *First Amended Non-Unanimous Stipulation and Agreement* that resolves all issues in this case except for the issues identified by the Missouri School Board Association (MSBA) that were set out in the July 19th *Joint List of Issues, List and Order of Witnesses, and Order of Cross Examination*.

.2. Staff counsel has discussed this matter with counsel for MSBA and has no reason to believe the MSBA will oppose any of the settlement terms of the anticipated first amended stipulation and agreement because the MSBA's issues are unresolved as of this filing.

Issues of Missouri School Board Association (MSBA)

1. MSBA's primary issue is that the current tariff cash-out rate for inadvertent over or under delivery of monthly gas volumes of schools is not cost-based per Section 393.310 RSMo., charges the schools a penalty price of the greater of 110% of the PGA price or the monthly spot market index plus $0.15 per Ccf when the schools owe for inadvertent gas but the Company only pays 90% of monthly spot market index price if the

schools are owed, and was established for large volume industrial type prior to Section 393.310 RSMo. becoming law in 2002.

Staff Position:

Staff recommends that the Commission deny MSBA's proposal to change the balancing provisions in Ameren's tariff (Patterson Rebuttal, pg. 28). These are long-standing provisions of the Ameren transportation customer tariff relating to school transportation pools, and they are typical of the type of balancing provisions used by most other Missouri gas corporations (Patterson Rebuttal, pg. 8; pg. 9). In addition, they are similar to the balancing provisions applicable to shippers on interstate pipelines (Patterson Rebuttal, pg. 8; pg. 9; pg. 10; pg. 11). Such provisions provide economic signals and incentives to the marketing companies that operate school transportation pools (Patterson Rebuttal, pg. 10). It is important for pool operators to closely match the amount of gas they deliver to the amount of gas usage of their customers (Patterson Rebuttal, pg. 4). The provisions help shield Ameren's sales customers from the negative financial impacts of school transportation pool imbalances that Ameren would need to cover daily, either by purchasing additional gas or by using storage resources. Both would incur additional gas costs that would flow to other customers through the PGA clause (Patterson Rebuttal, pg. 4; pg. 20). In addition, the current tariff provision reduces the pool operator's opportunity for arbitrage created by monthly balancing and the price differences that can occur between daily-priced gas and monthly-priced gas, which can create a perverse economic incentive for a marketing company to be out of balance for their school transportation pools (Patterson Rebuttal, pg. 18).

2. MSBA's second issue is that rate provisions pertaining only to the school transportation should be in a separate rate schedule or separate section of the general transportation rate schedule for clarity of understanding and applicability.

Staff Position:

Staff does not object to a separate tariff section relating to school transportation.

3. MSBA's third issue is that all rate revenue reductions be equitably allocated within the transportation rate class to prevent discrimination to small volume transportation customers by allocating the class revenue reduction proportionately to all revenue-producing rate components based on test year pre-reduction non-rate revenue and not just on the second volumetric usage block which only large industrial-type users have sufficient usage to reach that rate block.

Staff Position:

The revenue requirement decrease will be allocated to customer classes by calculating an equal percentage change for all classes (Residential, General Service, Large Volume Transportation, Standard Transportation, and Interruptible) but shifting the dollar value of the decrease that was calculated for the Interruptible class to the Standard Transportation class. This results in the Interruptible class providing the level of revenue that is produced by existing permanent rates, and the Standard Transportation class receiving a decrease of a larger magnitude than the other classes.

Signatories agree to the following billing units, with the rate decrease to be applied as indicated below, and as in the "Residential Rate Design" paragraph above:

	Customer Charge Count	Block 1 Determinants	Block 2 Determinants	Class Revenue
Residential	1,429,374	30,171,420	44,385,230	$45,432,924
General Service	155,332	34,553,126	2,185,017	$15,593,711
Standard Transportation	8,021	14,245,429	17,771,190	$7,929,840
Large Volume Transportation	Equal Percentage Decrease to All Elements			$5,415,316
Interruptible	84	301,276	1,690,112	$391,092

The General Service Rates will be adjusted as equal percentage adjustments to the existing rate elements, the rates for the Block 1a, Block 1b, and Block 1c components being of equal value, and the Block 1b determinants as stated in the "Modified VIRN" paragraphs. The Standard Transportation class will receive an equal percentage decrease to all elements, except that the additional decrease allocated from the Interruptible class will be applied to Block 2 only. The Interruptible Block 1 rate will be set equal to the rates that are established for General Service Block 1, and the Interruptible Block 2 rate will be increased so that the current Interruptible class revenue level is maintained.[1]

The additional decrease allocated from the Interruptible class is approximately $5,000. By applying the additional decrease allocated from the Interruptible class to the Standard Transportation class's Block 2 only, it maintains the Block 1 rate continuity that currently exists between all of the non-residential rate classes. Staff understands that the schools who participate in transportation are served on the Standard Transportation rate schedule. The tale below shows the approximate rates that will result for the Standard Transportation rate schedule from the application of the Stipulation and Agreement.

[1] Pages 6-7 of the Stipulation and Agreement filed on July 18, 2019

Standard Transportation Class	Current Rates	Billing Determinants	Revenue	Equal % Decrease (1.34%)	Additional Decrease Allocated from Interruptible ($5,231)	Adjust for Rounding	Final Revenue
Customer Charge	$ 28.72	8,021	$ 230,363	$ 28.34	$ 28.34	$ 28.34	$ 227,315
Electronic Gas Meter (EGM)	$ 43.45	3,373	$ 146,557	$ 42.87	$ 42.87	$ 42.87	$ 144,601
Transportation Charges			$ -	$ -	$ -		$ -
First 7,000 Ccf	$ 0.3089	14,245,429	$ 4,400,413	$ 0.3048	$ 0.3048	$ 0.3048	$ 4,342,007
All Over 7,000 Ccf	$ 0.1728	17,771,190	$ 3,070,862	$ 0.1705	$ 0.1702	$ 0.1702	$ 3,024,657
Aggregation and Balancing Fee	$ 0.0044	18,555,786	$ 81,645	$ 0.0043	$ 0.0043	$ 0.0043	$ 79,790
Total			$ 7,929,840				$ 7,818,369

WHEREFORE, Staff prays that the Commission will accept its Statements of Position on the MSBA's issues in this case.

Respectfully submitted,

/s/ Robert S. Berlin
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record this 22nd day of July, 2019.

/s/ Robert S. Berlin