

Exhibit No.:  
Issues: Adjustment to RESRAM Rate –  
Third Accumulation Period  
Witness: J. Neil Graser  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Union Electric Co.  
Case No.: ER-2022-  
Date Testimony Prepared: September 29, 2021

**MISSOURI PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**J. NEIL GRASER**

**St. Louis, Missouri**  
**September, 2021**

**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 Fuels Accounting. Ameren Services provides various corporate support services to Union  
7 Electric Company d/b/a Ameren Missouri (“Company” or “Ameren Missouri”), including  
8 settlement and accounting related to fuel, purchased power, off-system sales, and  
9 Renewable Energy Standard (“RES”) compliance costs and benefits, including accounting  
10 relating to renewable energy credits (“RECs”).

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

12 A: My testimony supports the 4th Revised Sheet No. 93.4 of Ameren Missouri’s Schedule  
13 No. 6 – Schedule of Rates for Electric Service that is being filed by Ameren Missouri to  
14 establish a rate that reflects RES compliance costs incurred by the Company during the  
15 twelve-month period August 2020 through July 2021.

16 **Q: Please explain why Ameren Missouri is making this filing at this time.**

17 A: The Commission’s rule governing RES cost recovery mechanisms for electric utilities –  
18 specifically 20 CSR 4240-20.100(6) – and Ameren Missouri’s Rider RESRAM, require

1 Ameren Missouri to make periodic filings to adjust customer rates for changes in Ameren  
2 Missouri's Actual RES Costs (Factor "ARC") experienced during each Accumulation  
3 Period<sup>1</sup> as compared to the base level of RES Costs Recovered (Factor "RCR") included  
4 in base rates (Factors "MBA" and "RBA" as listed in the Rider RESRAM tariff sheets)  
5 applicable to that same Accumulation Period. Additionally, there is a True-Up included  
6 (Factor "T"), which reflects the difference between the actual revenues collected and  
7 revenues authorized for collection. These changes are then reflected in an adjustment to  
8 the RESRAM Rate. This adjustment can be positive (a RESRAM Rate of greater than  
9 zero, i.e., a charge) or negative (a RESRAM Rate of less than zero, i.e., a credit). The  
10 Commission's rule requires at least one such review and adjustment each year. Ameren  
11 Missouri's approved Rider RESRAM calls for one filing annually. The Recovery Period  
12 applicable to this filing will consist of the calendar months of February 2022 through  
13 January 2023.

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

15 A: During the August 1, 2020 to July 31, 2021, Accumulation Period, Ameren Missouri's  
16 ARC was \$(9,560,337), and less the RCR of \$5,655,625 (derived from the RBA from the  
17 Accumulation Period 2 filing) and adding the Interest (I) of \$(1,087), the RES (over)/under  
18 recovery (Factor "ROUR") totaled \$(15,217,049). Along with the RESRAM Revenue  
19 Requirement (Factor "RRR") of \$(16,660,719) and the True-up of \$9,630, this results in  
20 Total RESRAM Recoveries (Factor "TRR") of \$(31,868,138) which, as described further  
21 below, will produce the RESRAM Rate (in this case a credit) that will appear as a separate

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meaning given them in Rider RESRAM.

1 line item to be applied to customers' bills during the 3<sup>rd</sup> Recovery Period that starts on the  
2 first day of February 2022.

3 **Q: Are there any adjustments related to the one percent retail rate impact limitation**  
4 **included in the Commission's RES rules?**

5 A: No, the Company's RES compliance plan (see File No. EO-2021-0352) demonstrates that  
6 the Company's RES compliance activities in total, of which the RES costs subject to Rider  
7 RESRAM are a subset, do not exceed the 1% retail rate limitation as provided for in 20  
8 CSR 4240-20.100(5).

9 **Q. Are there any adjustments related to the rate caps associated with Section 393.1655,**  
10 **RSMo?**

11 A. No, while the Company did elect to subject itself to Section 393.1400, RSMo. (generally  
12 referred to a “plant-in-service accounting” or “PISA”), the RESRAM Rate included in this  
13 filing does not reach any of these rate caps since the TRR divided by the Estimated  
14 Recovery Period Sales (S<sub>RP</sub>) results in a quotient that is less than the Rate Adjustment Cap  
15 (Factor “RAC”). Please refer to Schedule JNG-1 for the calculation details.

16 **Q: What types of expenses are included in the Accumulation Period covered by this**  
17 **filing?**

18 A: The ARC includes actual solar rebates paid under Rider SR (recorded in Account 908,  
19 subaccount SR2) and amortization expense and associated fees for RECs purchased in  
20 contracts associated with wind (recorded in Accounts 557 and 509, subaccount BLH), solar  
21 (recorded in Accounts 557 and 509, subaccounts CSR and PSR), and electricity produced  
22 using biomass as a fuel (recorded in Accounts 557 and 509, subaccount 0BM). These  
23 purchases were made as the remaining vintage RECs "banked" in inventory plus expected

1 2020 and 2021 additions would not allow the Company to retire sufficient RECs to meet  
2 its 10% and 15% RES portfolio requirement applicable to 2020 and 2021, respectively, and  
3 are expected to continue through the remainder of 2021. A request for proposal (RFP)  
4 process was not utilized in making these REC purchases as it was more cost effective and  
5 efficient to evaluate purchasing RECs for compliance through brokers and direct  
6 counterparty negotiations. These transactions were negotiated directly with the  
7 counterparties at market pricing with beneficial commercial terms and delivery dates.

8 There were also RES compliance capital costs and benefits in the Accumulation Period  
9 covered by this filing related to the new High Prairie and Atchison Renewable Energy  
10 Centers. Capital investments and associated O&M expense are identified by using the  
11 business divisions for the generation facilities: HP for the High Prairie Energy Center and  
12 OL & AW for the Outlaw/Atchison Renewable Energy Center. The capital investments are  
13 recorded in 300-level FERC accounts, and O&M is in FERC accounts 546, 548 through  
14 554, and 924 (excluding labor-related Resource Types beginning with L, such as LE, LR,  
15 LU, etc.). Depreciation and amortization expense is recorded in FERC accounts 403 & 404  
16 using the same rates as set in general electric rate reviews. Interconnection facility expense  
17 is recorded in FERC account 565, Activity Code IFAC. Property tax accruals are recorded  
18 in FERC account 236. The PTCs are recorded in FERC accounts 409 through 411, and  
19 ADIT is recorded in FERC account 190.

20 Pursuant to a variance granted in docket EA-2018-0202, energy amounts booked to  
21 Accounts 447 and Accounts 555 associated with the High Prairie and Atchison Renewable  
22 Energy Centers are captured in the Fuel Adjustment Clause (FAC) Rider rather than being  
23 considered RES benefits included in the RESRAM. However, until these energy values are

1 captured within a net base energy calculation and included in base rates through a general  
2 electric rate review (which will occur in the pending rate review, File No. ER-2021-0240),  
3 5% of those energy amounts are captured as a RES benefit within the RESRAM.

4 Also included in this filing is the Interest incurred on the remaining Accumulation Period  
5 1 and 2 balances and the Accumulation Period 3 balance, as well as the RRR, which  
6 contains the actual annual amount of REC amortization expense, Rider SR rebates, and  
7 RES compliance capital costs incurred during Accumulation Period 3. Please refer to  
8 Schedule JNG-1 for details on the Interest and RRR calculations. The inclusion of an  
9 ongoing RESRAM revenue requirement in Factor RRR will be reflected on Sheet 93.4 as  
10 the RESRAM Base Amount (RBA), and this RBA will be included in the calculation of  
11 Factor RCR under Rider RESRAM during the months when the RESRAM Rate set by this  
12 filing is in effect. The RBA would be reset as appropriate upon the conclusion of an electric  
13 rate case to the extent that costs that were included in Factor RRR are included in the  
14 revenue requirement used to set base rates in that case.

15 **Q: Please describe the capital structure being applied to the capital investments.**

16 A: The regulatory capital structure applied to fixed assets placed in-service during AP3 is  
17 based on the stipulation in case EA-2018-0202, which indicates the capital structure ratios  
18 and return on equity are based on the Commission's most recently approved in general rate  
19 proceedings. The Commission last approved a capital structure for the Company in file  
20 ER-2014-0258. Also from the same stipulation in EA-2018-0202, the long-term debt return  
21 is based on the embedded cost of long-term debt as of the most recent fiscal quarter before  
22 each RESRAM filing. The most recent RESRAM filing prior to this one was made in  
23 September 2020, so the rate in effect for AP3 is based on the Ameren Missouri June 2020

1 surveillance report. Please refer to Schedule JNG-1 for details on the capital structure  
2 applied.

3 **Q: Please further describe the impact of the RESRAM Rate being established by this**  
4 **filing on the Company's customers.**

5 A: The \$(31,868,138) in TRR for the 3<sup>rd</sup> Accumulation Period was calculated in the manner  
6 specified in the Rider RESRAM tariff sheets and is to be spread over all kilowatt-hour  
7 ("kWh") sales of energy supplied to all customers served under all of the Company's  
8 Service Classifications. That total, when using the projected kWh sales for the February  
9 2022 to January 2023 Recovery Period, results in a RESRAM Rate for the Company's  
10 customers of \$(0.00104) per kWh, beginning with the calendar month of February 2022.  
11 Filed concurrently with my direct testimony is the 3<sup>rd</sup> Revised Sheet No. 93.4 of Ameren  
12 Missouri's Schedule No. 6 – Schedule of Rates for Electric Service which contains the  
13 formula that Ameren Missouri used to calculate the RESRAM Rate, as specified by its  
14 Rider RESRAM. Also included in that tariff sheet are the values for each element of the  
15 formula that were used to derive the RESRAM Rate. Assuming 1,022 kWh of usage per  
16 month for the average residential customer, this will result in a credit under the RESRAM  
17 of approximately \$1.06 per month.

18 **Q: What other information will customers have regarding this mechanism?**

19 A: Please refer to Schedules JNG-2 and JNG-3 for information that is posted on Ameren  
20 Missouri's website and instructions for the Company's call center, respectively.

21 **Q: How did you develop the various values used to derive the proposed RESRAM Rate**  
22 **shown on the filed tariff sheet?**

1 A: The data upon which Ameren Missouri based the values for each of the variables in the  
2 approved RESRAM Rate formula is shown in Schedule JNG-1. This schedule contains all  
3 the information that is required by 20 CSR 4240-20.100(6) and includes the workpapers  
4 that support the data contained in Schedule JNG-1.

5 **Q: If the tariff sheet filed by Ameren Missouri is approved or allowed to go into effect,**  
6 **what safeguards exist to ensure that the revenues the Company collects do not exceed**  
7 **the RES compliance costs that Ameren Missouri actually incurred during the**  
8 **Accumulation Period?**

9 A: Ameren Missouri's Rider RESRAM and the Commission's rules provide two mechanisms  
10 to ensure that amounts collected from customers do not exceed Ameren Missouri's actual,  
11 prudently-incurred RES compliance costs. First, Rider RESRAM and the Commission's  
12 rules require a true-up of the amounts collected from customers through Rider RESRAM,  
13 with any excess/unrecovered amounts to be refunded/billed to customers through  
14 prospective adjustments to the RESRAM Rate calculation, with interest at Ameren  
15 Missouri's short-term borrowing rate. Second, Ameren Missouri's RES compliance costs  
16 are subject to periodic prudence reviews to ensure that only prudently-incurred costs are  
17 collected from customers through Ameren Missouri's Rider RESRAM. These two  
18 mechanisms serve as checks that ensure that the Company's customers pay only the  
19 prudently-incurred RES compliance costs and no more.

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

22 A: As provided by 20 CSR 4240-20.100(6), the Commission Staff (the "Staff") has sixty (60)  
23 days from the date the revised RESRAM rate schedule is filed to conduct a review and to



1 make a recommendation to the Commission as to whether the rate schedule complies with  
2 the Commission's rules (subject to the variances granted to the Company in File No. EA-  
3 2012-0202), the requirements of the RES, and Ameren Missouri's approved Rider  
4 RESRAM. If the Commission finds the tariff sheet does comply, the RESRAM Rate will  
5 take effect either pursuant to a Commission order approving the RESRAM Rate or by  
6 operation of law, in either case within 120 days after the RESRAM Rate is filed, as  
7 provided for in one of the variances granted to the Company in the above-referenced  
8 docket. Because Ameren Missouri believes its filing satisfies all of the requirements of  
9 applicable statutes, the Commission's rules and the applicable variances and Ameren  
10 Missouri's approved Rider RESRAM, Ameren Missouri requests that after the Staff's  
11 review, the Commission approve the RESRAM Rate or otherwise allow it to take effect by  
12 operation of law to be effective on the first day of February 2022.

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

14 **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 RESRAM rate for the   )                     File No. ER-2022-  
Third Accumulation Period.   )

**AFFIDAVIT OF J. NEIL GRASER**

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

J. Neil Graser, being first duly sworn on her 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 Company as Manager, Power and 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 8 pages and Schedule JNG-1, Schedule JNG-2 and Schedule JNG-3, all of which have been prepared in written form for filing in the above-referenced docket.

3. Further, under the penalty of perjury I hereby swear and affirm that the information contained in the attached testimony to the questions therein propounded is true and correct.

**James Neil  
Graser**

Digitally signed by James Neil  
Graser  
Date: 2021.09.29 09:03:08  
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\_\_\_\_\_  
J. Neil Graser

Sworn to me this 29 day of September, 2021.