

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

In the Matter of Union Electric Company d/b/a)
Ameren Missouri's Changes to Company's) File No. GR-2021-0291
Purchased Gas Adjustment (PGA) Clause.)

RESPONSE TO STAFF RECOMMENDATION

Pursuant to the *Order Directing Response* issued by the Missouri Public Service Commission (“Commission”) on December 14, 2022, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri” or “Company”) responds to the *Staff Recommendation Regarding Ameren Missouri’s 2020-2021 Actual Cost Adjustment Filing* and its attached Memorandum, (collectively, “Staff Recommendation”).¹

I. Introduction

1. The Staff Recommendation included a request for the Commission to order the Company to establish specific ACA account balances as of August 31, 2021. Staff recommended a \$2,282.00 reduction in the ACA account balance and requested, and the Commission's Order required, the Company to respond to the following sections of the Staff Recommendation:

Section II. Reliability Analysis and Gas Supply Planning

- A. MoGas Pipeline Reserve Margin – Rolla Region;
- B. Panhandle Eastern Pipeline Company Reserve Margins – Columbia System;

Section III. Billed Revenue and Actual Gas Costs;

Section V. Hedging;

Section VI. Recommendations;

Ameren Missouri believes the information contained herein will be valuable to Staff and the Commission.

¹The Staff Recommendation was submitted to the Commission on December 15, 2021.

Section II. Reliability Analysis and Gas Supply Planning

A. Reserve Margin – MoGas Pipeline – Rolla Region.

2. Staff notes a concern about capacity in the Rolla region, but acknowledges that the Company obtained additional capacity on MoGas Pipeline starting in November 2021.

3. Ameren Missouri will continue to evaluate its capacity needs for the region on an annual basis, but believes that the additional capacity on MoGas Pipeline should improve the reserve margin adequately.

B. Panhandle Eastern Pipeline Company Reserve Margins – Columbia System.

4. Staff encourages Ameren Missouri to evaluate its capacity needs for the Columbia region on an annual basis.

5. Ameren Missouri will continue to evaluate capacity needs and capacity options for service to the Columbia region both in terms of overall capacity levels and supply diversity.

Section III. Billed Revenue and Actual Gas Costs

6. Ameren Missouri and Staff engaged in several beneficial meetings to discuss Staff's testing of cashout provision resolving any disagreement in the application of the tariff. Ameren Missouri and Staff also discussed accounting practices that are involved in Staff's recommended ACA balance adjustment. As a result of those discussions, Ameren Missouri does not oppose Staff's balance adjustment and will maintain its current accounting processes.

7. Ameren Missouri is in the process of reviewing all school accounts to ensure the appropriate tariff cashout mechanism is being applied to the MSBA Pilot Program schools.

Section V. Hedging

8. Staff had no dollar adjustments related to hedging. However, Staff recommended that the Company:

- Evaluate its hedging strategy in response to changing market dynamics as to how much the existing strategy actually benefits its customers while balancing market price risk.
- Evaluate current strategy of financially hedging summer storage injections regarding appropriate percentage coverage and using more cost-effective financial instruments.
- Carefully plan for the price protected volumes based on reasonably forecasted normal requirements consistent with its hedging goal.

9. Ameren Missouri will continue to review its hedging strategies, including financially hedging summer storage injections, and plan consistent with its hedging goals. Hedging summer storage injections is mandated by Ameren Missouri's hedge policy and is typically done by executing over the counter, fixed for float swaps and physical purchases at fixed prices. Price hedging summer gas is necessary due to short- and long-term supply and demand levers that have the potential to drive summer pricing to high levels. Bullish levers include low national storage inventory exiting winter, LNG export growth, production limitations due to supply chains, and the impact of inflation on producer costs.

WHEREFORE, Ameren Missouri requests that the Commission accept its response to Staff's recommendations and give them due consideration in rendering any applicable decision.

Respectfully submitted,

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**ATTORNEY FOR UNION ELECTRIC
COMPANY d/b/a AMEREN MISSOURI**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing document was served on all parties of record via electronic mail (e-mail) on this 19th day of January 2023.

/s/ Jermaine Grubbs
Jermaine Grubbs