

**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-2020-0108
Purchased Gas Adjustment (PGA) Clause.)

RESPONSE TO STAFF RECOMMENDATION

Pursuant to the *Order Directing Response* issued by the Missouri Public Service Commission (“Commission”) on October 13, 2020, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri” or “Company”) responds to the *Staff Recommendation Regarding Ameren Missouri’s 2018-2019 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, 2019. Additionally, while Staff did not recommend any dollar adjustments, it specifically 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. Reserve Margin on Panhandle for the Columbia/Rolla Region;
- B. Panhandle Eastern Pipeline Reserve Margins – Rolla System;
- C. Texas Eastern Transmission Corporation Reserve Margins – Cape Girardeau System
- D. Design Flow Modeling

Section III. Gas Cost

Section IV. Hedging

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

¹The Staff Recommendation was submitted to the Commission on October 9, 2020.

Section II. Reliability Analysis and Gas Supply Planning

A. Reserve Margins

1. Reserve Margin – Panhandle – Columbia/Rolla Region

2. Staff encourages the Company to evaluate its capacity needs for the Columbia region on an annual basis.

3. Ameren Missouri will continue to evaluate its capacity needs for the region on an annual basis. The evaluation prior to the winter of 2019/2020 resulted in the Company taking action to procure additional delivered supply, thus raising the reserve margin on the PEPL-served system, including Rolla, to **** ____****. In addition, the Company increased its capacity on Southern Star adding 750 Dth/d for a new total MDQ of 4,400 Dth/d.

2. Panhandle Eastern Pipeline Reserve Margins – Rolla System

4. Staff recommends Ameren Missouri continue to evaluate its reserve margins for the Rolla System.

5. As Staff's Memo mentions, under the settlement of the MoGas rate case, FERC Case No. RP18-877, the Company entered into a contract with MoGas pipeline for services extending until 12/31/2023. The contract has a Maximum Daily Receipt Quantity increase of 1,000 from the prior contract, and the contract contains a provision stating that "(t)his quantity can be used at any of the Ameren Points when and if capacity is available." Ameren "all points" is defined as Hwy N, Winfield, Owensville, Rolla #1, and Rolla #2 (including Salem). This contractual flexibility allows the Company to deliver up to the contractual total to the Rolla System, assuming MoGas pipeline capacity is available and addresses concern regarding the Company's reserve margins for the Rolla System. Additionally, the Company entered into a contract for MDCQ of 6,000 Dth/d beginning July 1, 2020 until October 31, 2030.

6. Ameren Missouri will also continue to evaluate its reserve margins for the Rolla System.

3. Texas Eastern Transmission Corporation Reserve Margins – Cape Girardeau System

7. Staff encourages Ameren Missouri to evaluate its capacity needs for the Cape Girardeau region on an annual basis.

8. Ameren Missouri will continue to evaluate its capacity needs for the region on an annual basis.

4. Design Flow Modeling

9. Staff recommends Ameren Missouri continue to develop the modeling system for the TETCO, NGPL, and PEPL systems, and that it closely monitor the capacity of city gates and its distribution system in the Wentzville area.

10. Ameren Missouri continues to develop modeling for the various delivery systems, and will continue to closely monitor and evaluate alternatives to improve system reliability and capacity to adequately serve existing customers as well as support future load growth for the Wentzville area.

5. Gas Cost

11. Staff recommends the Company review its procedures to ensure it uses the correct interstate pipeline rates when calculating its gas in inventory.

12. The Company fixed the authorized storage injection rate error, which was immaterial, and will continue to review procedures for monthly storage reporting in an effort to ensure the completeness and accuracy of the data.

6. Hedging

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

- Evaluate its hedging strategy in a manner that balances actual benefits to

customers while balancing market price risk. For example, the Company should continue to evaluate its current strategy of financially hedging summer storage injections regarding potentially less percentage coverage and using more cost-effective financial instruments under the current market where the market prices have become relatively less volatile.

- Carefully plan for the price protected volumes based on reasonably-forecasted normal requirements consistent with its hedging goal.

14. Ameren Missouri will continue to review its hedging strategies, including for financially hedging summer storage injections, and plan consistent with its hedging goal.

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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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 ___th day of November, 2020.

/s/Jermaine Grubbs
Jermaine Grubbs