MISSOURI PUBLIC SERVICE COMMISSION
STAFF REPORT

EIGHTH PRUDENCE REVIEW OF COSTS RELATED TO THE FUEL ADJUSTMENT CLAUSE FOR THE ELECTRIC OPERATIONS OF UNION ELECTRIC COMPANY, d/b/a AMEREN MISSOURI

FILE NO. EO-2021-0060

October 1, 2018 through May 31, 2020

Jefferson City, Missouri
February 26, 2021

** Denotes Confidential Information **

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I. Executive Summary

The Missouri Public Service Commission ("Commission") first authorized a Fuel Adjustment Clause ("FAC") for Union Electric Company, d/b/a Ameren Missouri in Case No. ER-2008-0318. Since then, the Commission has approved continuation of Ameren Missouri's FAC with modifications in its orders in Ameren Missouri's subsequent general rate cases, Case Nos. ER-2010-0036, ER-2011-0028, ER-2012-0166, ER-2014-0258, ER-2016-0179, and ER-2019-0335.

Commission Rule 20 CSR 4240-20.090(11)[1] and Missouri Revised Statute Section 386.266.5(4) require that the Commission's Staff ("Staff") conduct prudence reviews of an electric utility's FAC no less frequently than every 18 months. In this eighth prudence review of Ameren Missouri's FAC for the period October 1, 2018 through May 31, 2020, Staff analyzed items affecting Ameren Missouri's total fuel costs, purchased power costs, net emission costs, transmission costs, off-system sales revenues, and interest for the thirtieth, thirty-first, thirty-second, thirty-third, and thirty-fourth, four-month accumulation periods[2] of Ameren Missouri's FAC. Staff's previous Ameren Missouri FAC prudence reviews are listed in Table 1:

continued on next page

[1] Effective January 30, 2019.
[2] Rate adjustments based on the five (5) four-month accumulation periods during this eighth prudence audit period were the subject of File Nos. ER-2019-0287, ER-2020-0019, ER-2020-0143, ER-2020-0302, and ER-2021-0022.

Table 1

Prudence Review	File Number	Review Period
First	EO-2010-0255	March 1, 2008 through September 30, 2009
Second	EO-2012-0074	October 1, 2009 through May 31, 2011
Third	EO-2013-0407	June 1, 2011 through September 30, 2012
Fourth	EO-2015-0060	October 1, 2012 through May 31, 2014
Fifth	EO-2016-0228	June 1, 2014 through September 30, 2015
Sixth	EO-2018-0067	October 1, 2015 through May 31, 2017
Seventh	EO-2019-0257	June 1, 2017 through September 30, 2018

In evaluating prudence, Staff reviews whether a reasonable person making the same decision would find both the information the decision-maker relied on and the process the decision-maker employed to be reasonable based on the circumstances at the time the decision was made, *i.e.*, without the benefit of hindsight. Instead, the review evaluates the decision in light of the reasonableness of the information the decision-maker relied on and the decision-making process the decision-maker employed. If either the information relied upon or the decision-making process employed was imprudent, then Staff examines whether the imprudent decision caused any harm to customers. Only if an imprudent decision resulted in harm to Ameren Missouri's customers, will Staff recommend a refund. However, if an imprudent decision did not result in harm to Ameren Missouri's customers, then Staff may further evaluate the decision-making process, and may recommend changes to the company's business practice going forward.

Staff analyzed a variety of items in examining whether Ameren Missouri prudently incurred the fuel and purchased power costs associated with its FAC tariff sheets. Based on its review, Staff identified no evidence of imprudence by Ameren Missouri in the items it examined for the period of October 1, 2018 through May 31, 2020.

Table 2 identifies Ameren Missouri's Commission-approved FAC tariff sheets which were applicable for service provided by Ameren Missouri to its customers during the period of October 1, 2018 through May 31, 2020 including the tariff sheets applicable to calculation of the Fuel Adjustment Rates for the five (5) accumulation periods covered by this same period:

Table 2

Ameren Missouri's Commission-approved FAC tariff sheets

October 1, 2018 through May 31, 2020

October 1, 2018 through March 31, 2020	April 1, 2020 through May 31, 2020
1st Revised Sheet No. 74	1st Revised Sheet No. 71
Original Sheet No. 74.1	1st Revised Sheet No. 71.1
Original Sheet No. 74.2	1st Revised Sheet No. 71.2
Original Sheet No. 74.3	1st Revised Sheet No. 71.3
Original Sheet No. 74.4	1st Revised Sheet No. 71.4
Original Sheet No. 74.5	1st Revised Sheet No. 71.5
Original Sheet No. 74.6	1st Revised Sheet No. 71.6
Original Sheet No. 74.7	Original Sheet No. 71.7
Original Sheet No. 74.8	Original Sheet No. 71.8
Original Sheet No. 74.9	Original Sheet No. 71.9
Original Sheet No. 74.10	Original Sheet No. 71.10
Original Sheet No. 74.11	Original Sheet No. 71.11
Original Sheet No. 74.12	Original Sheet No. 71.12
6th Revised Sheet No. 74.13	Original Sheet No. 71.13
7th Revised Sheet No. 74.13	Original Sheet No. 71.14
8th Revised Sheet No. 74.13	Original Sheet. No. 71.15
9th Revised Sheet No. 74.13	1st Revision Sheet No. 71.15

II. Introduction

A. Prudence Standard

In *State ex rel. Associated Natural Gas Co. v. Public Service Com'n of State of Mo*., the Western District Court of Appeals stated the Commission defined its prudence standard as follows:

> [A] utility's costs are presumed to be prudently incurred.... However, the presumption does not survive "a showing of inefficiency or improvidence... [W]here some other participant in the proceeding creates a serious doubt as to the prudence of expenditure, then the applicant has the burden of dispelling these doubts and proving the questioned expenditure to have been prudent.
>
> In the same case, the PSC noted that this test of prudence should not be based upon hindsight, but upon a reasonableness standard: [T]he company's conduct should be judged by asking whether the conduct was reasonable at the time, under all the circumstances, considering that the company had to solve its problem prospectively rather than in reliance

> on hindsight. In effect, our responsibility is to determine how reasonable people would have performed the tasks that confronted the company.[3]

In reversing the Commission decision in that case, the Court did not criticize the Commission's definition of prudence, but held, in part, that to disallow a utility's recovery of costs from its customers based on imprudence, the Commission must determine the detrimental impact of that imprudence on the utility's customers, *Id*. at 529-30. This is the prudence standard Staff has followed in this review. Staff reviewed for prudence the areas identified and discussed below for Ameren Missouri's thirtieth, thirty-first, thirty-second, thirty-third, and thirty-fourth accumulation periods.

Staff Expert/Witness: Brooke Mastrogiannis

B. General Description of Ameren Missouri's FAC

Ameren Missouri's FAC requires that it accumulate its Actual Net Energy Cost ("ANEC")[4]; defined generally as variable fuel, purchased power, transmission and net emissions and insurance recoveries costs less off-system sales revenue during the four-month accumulation periods ("AP").[5] Each four-month accumulation period is followed by an eight month recovery period ("RP")[6] during which ninety-five percent (95%) of the over- or under-recovery of Actual Net Energy Cost during the previous four-month accumulation period relative to the Base Energy Cost ("B") amount[7] is returned to or collected from customers as part of a decrease or an increase of the FAC Fuel and Purchased Power Adjustment ("FPA") per kWh rate, which is the Fuel Adjustment Rate ("FAR") for each accumulation period. Because the total amount charged through the FAR rarely, if ever, will exactly match the required offset, Ameren Missouri's FAC is designed to true-up[8] the difference between the revenues billed and the revenues authorized for collection during recovery periods including interest at Ameren Missouri's short-term interest rate. Any disallowance the

[3] 954 S.W.2d 520, 528-29 (Mo. App. W.D., 1997) (citations omitted).
[4] "Actual Net Energy Cost" (ANEC) are equal to fuel costs (FC) plus costs of purchased power (PP) plus net emissions allowances (E) plus or minus net (R) insurance recoveries minus off-system sales revenue (OSSR) as defined on Ameren Missouri's Original Sheet No. 71.1 through Original Sheet No. 71.5.
[5] Accumulation periods are: February through May, June through September and October through January.
[6] Recovery periods are: October through May for each immediately preceding February through May accumulation period; February through September for each immediately preceding June through September accumulation period; and June through January for each immediately preceding October through January accumulation period.
[7] "Net Base Energy Cost" (B) as defined on Ameren Missouri's Sheet No. 71.6.
[8] True-up of FAC is defined on Ameren Missouri's Original Sheet No. 71.9.

Commission orders as a result of a FAC prudence review shall include interest at Ameren Missouri's short-term interest rate and will be accounted for as an adjustment[9] item when calculating the FPA for a future recovery period.

Staff Expert/Witness: Brooke Mastrogiannis

C. Staff Review and Reconciliation of FERC Accounts

Staff has reviewed all FERC accounts related to Ameren Missouri's FAC for this review period. FERC accounts subject for this FAC review are: 411.8 Gains from Disposition of Allowances, 411.9 Losses from Disposition of Allowances, 447 Sales for Resale, 456 Other Electric Revenues[10], 501 Fuel, 502 Consumables- Air Quality Control System ("AQCS"), 509 Allowances, 518 Nuclear Fuel Expense, 547 Fuel, 555 Purchased Power, 565 Transmission by Others.

Staff created independent work papers to reconcile the General Ledger, the Monthly Reports and the FAR Reports which are based on three separate sources provided by Ameren Missouri. These work papers were created for the purpose to review and reconcile the FERC Accounts in Table 3 and included in the calculation of the components of the ANEC presented in Table 4.

Ameren Missouri provides its monthly General Ledger to the Commission as ongoing surveillance data which is a summary of all accounting transactions for the expenses and revenues encompassed in the ANEC in Table 4. Staff sorted the General Ledger by each account reflected in the FERC Accounts listed in Table 3:

continued on next page

[9] See line item 4.3 on Ameren Missouri's Sheet No. 71.15.

[10] Effective April 1, 2017, per Case No.ER-2016-0179, 1.71% of allowable transmission revenues residing in FERC Account 456.1 are includable in the FAC. Effective April 1, 2020, per Case No. ER-2019-0335, 1.44% of allowable transmission revenues residing in FERC Account 456.1 are includable in the FAC.

Table 3

Account Name	FERC Account Number
Fuel[11]	501
Consumables-AQCS	502
Nuclear Fuel	518
Fuel/Natural Gas	547
Short-Term Energy Purchased Power Costs	555
Long-Term Purchased Power Contracts	555
Transmission Expense	565
Net Emission Allowances	411 and 509
Transmission Revenue	456
Off System Sales Revenue	447

The transactions and totals for each FERC account by month and year from the General Ledger were reviewed for the Review Period. In addition to verifying the total dollar amounts from these two accounting sources are equal, Staff reviewed expense and revenue transactions to identify any unusual dollar amounts, improperly categorized amounts, or categories of cost or revenue which are not allowed in the FAC's definition of ANEC.

Staff Expert/Witness: Brooke Mastrogiannis

D. Staff Regulatory Accounting Summary

Staff analyzed the ANEC based on the transactions in the FERC accounts related to the calculation of the ANEC from three different sources: the General Ledger, the Monthly Reports, and the FAR work papers provided by Ameren Missouri. Staff analyzed, reviewed and was able to reconcile these three individual sources to each other based on the individual line items categorized by Activity Code for the FERC accounts that captured Fuel Costs, Costs of Purchased Power (including Transmission Costs and Revenues), Net Emissions Allowance Costs, and Off-System Sales Revenues for the ANEC.

Staff Expert/Witness: Brooke Mastrogiannis

[11] Uniform System of Accounts, Account 501.000; this account shall include the cost of fuel used in the production of steam for the generation of electricity.

E. Participation with Regional Transmission Organizations

As part of this review Staff reviewed Ameren Missouri's participation in Regional Transmission Organizations ("RTOs"). Ameren Missouri participates directly with 2 RTOs, Midcontinent Independent System Operator[12] ("MISO") and PJM Interconnection[13]. Staff reviewed a wide variety of Ameren Missouri's practices and procedures related to the RTOs, specifically MISO. Ameren Missouri directly participates in MISO's Day-Ahead Market and Real-Time Energy Market. At a high level these markets allow Ameren Missouri to offer-in and - if cleared in the market - to sell the energy it generates to MISO. In turn Ameren Missouri must purchase back from MISO the energy needed to serve its native load. The practices and procedures related to these transactions are highly technical and complex. Ameren Missouri was required to develop specialized front and back office[14] practices and procedures to manage the large amounts of data associated with its market participation. Ameren Missouri utilizes specialized software[15] to manage key components of the bid-to-settlement trading cycle and analysis modes for the Day-Ahead Market and Real-Time Energy Market bidding. These processes and software include robust capabilities for settling and disputing a wide range of market transactions. Ameren Missouri uses this software to verify and shadow complex RTO charge codes and invoices, and customize contract settlements.

For this review the Staff sent multiple Data Requests to Ameren Missouri and requested in detail, fuel procurement processes, MISO settlements/accounting practices and a variety of issues related to Ameren Missouri's FAC. As a result of Staff's understanding and experience with these practices and processes, Staff is reasonably assured that Ameren Missouri is managing its participation in these markets effectively and maintains appropriate procedures and processes to account for the results of such participation.

Staff Expert/Witness: Cynthia M. Tandy

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[12] MISO is a regional transmission organization that provides electric power across all or parts of 15 U.S. states and the Canadian province of Manitoba. MISO assures consumers have an unbiased regional grid management and open access to the transmission facilities under MISO's functional supervision.

[13] PJM Interconnection (PJM) is a regional transmission organization that coordinates the movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

[14] Front Office**:** A blanket term that refers to the portion of a company that deals with outside entities in its daily functions of buying, selling and trading of energy. Back Office: A blanket term that refers to the portion of a company made up of administration, accounting and settlement functions in support of the selling, buying and trading of energy.

[15] Power Cost, Inc. (PCI), PCI GenManager®.

III. ACTUAL NET ENERGY COSTS

The Ameren Missouri FAC definition of Actual Net Energy Costs includes three components of costs – fuel costs ("FC"), costs of purchased power ("PP") and net emissions allowance costs ("E"), and two components of revenue – net insurance recoveries ("R")[16] and off-system sales revenues ("OSSR"). Table 4 is a breakdown of Ameren Missouri's fuel costs, costs of purchased power, net emissions allowance costs and off-system sales revenues for the period of October 1, 2018 through May 31, 2020:

<u>Table 4 – Confidential</u>

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[16] According to the tariff, component R for net insurance recoveries could be an addition (cost) or subtraction (revenue) to the ANEC computation. Factor R includes net insurance recoveries and settlement proceeds related to costs/revenues included in the FAC, as well as the insurance premiums paid to maintain that insurance.

A. Risk Management

1. Description

Ameren Missouri's risk management strategies encompass a wide range of activities. The *Ameren Missouri Commodity Risk Management Policy* ("CRMP")[17] identifies the following strategies Ameren Missouri will pursue to manage commodities' risks[18]:

Strategy Overview
Energy and Transmission Hedging
Asset Optimization
Capacity Transactions
Congestion Hedging
Energy Arbitrage
Natural Gas LDC Supply and & Transportation Hedging
Natural Gas Generation Supply & Transportation Strategies
Coal Buy for Burn Procurement
Rail Fuel Surcharge Hedging
Fuel Oil Purchases
Nuclear Fuel Cycle Hedging
Renewable Energy Credits (RECs)
Emissions Hedging
Carbon Compliance Hedging
Portfolio Structure

Ameren Missouri's risk management strategies are directly controlled by the guidelines contained in its CRMP. A policy overview is given in the CRMP as follows:

> **1.1 Background, Purpose, and Scope of Policy**
>
> Ameren Corporation ("Ameren") has charged functional units within Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") with the responsibility of managing all of Ameren's generation, load, and other obligations in a manner consistent with the policy set forth herein. Ameren Missouri's Energy Management & Trading functional unit ("EM&T") manages generation assets, load and other obligations, and natural gas supply by engaging in wholesale energy, capacity, electricity, FTR/ARR, transmission, and natural gas transactions. EM&T also manages select power plant fuel supplies (e.g. coal, fuel oil), emissions requirements, and Ameren Missouri's Nuclear Fuel Cycle requirements

[17] Ameren Missouri Commodity Risk Management Policy, Versions: 2018.3, August 1, 2018; 2018.4, November 1, 2018; 2019.1, January 1, 2019; 2019.2, June 6, 2019; 2019.3, November 1, 2019; 2019.4, December 1, 2019; and 2020.1, January 1, 2020.
[18] Sections 2.1 through 2.16 in its CRMP.

through the purchase and sale of uranium, conversion services, enrichment services, and fabrication services.

It is the intent of management that this Risk Management Policy ("this Policy") governs all financial risk taking and risk management/mitigation activities associated with the above activities. In order to fulfill the responsibilities described above in a financially disciplined manner, EM&T and NFCM may enter into transactions that are defined in this Policy as approved by the Risk Management Steering Committee ("RMSC"). The framework and responsibilities of the RMSC are discussed in Section 9.1 of the Ameren Corporation Commodity & Financial Markets Risk Management Policy.

2. Summary of Cost Implications

Ameren Missouri employs commodity risk management strategies in an attempt to mitigate the market volatility risk of fuel, energy, capacity, emissions, and transmission congestion prices. A discussion related to hedging strategy employed for various components is contained in the sections of this report: Natural Gas Costs, Coal and Rail Transportation Costs, Fuel Oil Costs, Nuclear Fuel Costs and Transmission Costs. If Ameren Missouri did not manage its risk management strategies prudently it could result in an increase in fuel costs that are collected from customers through the Ameren Missouri FAC charge.

3. Conclusion

Staff reviews Ameren Missouri's CRMP for reasonableness and its adherence to the CRMP. As part of this review, Staff reviews a wide array of market conditions which include: historic and future fuel commodity pricing, energy market forecasts,[19] US and global economic trends, and proposed environmental regulations. Staff did not find any evidence that Ameren Missouri acted imprudently in the administration of its risk management strategies during the prudence review period.

4. Documents Reviewed

a. Ameren Missouri's responses to Staff Data Request Nos. 0015 and 0061; and

b. Market research: https://www.eia.gov/ and https://www.epa.gov/.

Staff Expert/Witness: Lisa Wildhaber

[19] https://www.eia.gov/outlooks/steo/.

B. Disaggregation of Commodity Fuel Cost

Table 5 represents all of the individual fuel components from each FERC Account as accounted for by Ameren Missouri for its FAC[20].

Table 5 – Confidential

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[20] Information provided in Ameren Missouri's monthly FAC reports, tab 5Mp1 through November 2018 and tab 5D after November 2018, as filed with the Commission.

C. FERC Acct 501 - Fuel

1. Description

Ameren Missouri is required to account for fuel costs used in the production of steam for the generation of electricity in FERC Account 501. For the review period, $746,176,251 or 82.11% of Ameren Missouri's total fuel costs are booked to FERC Account 501; *see* Table 5 for disaggregation of this account. Ameren Missouri generates the majority of its electricity with its coal-fired generation facilities, and, therefore, the majority of its fuel costs are related to cost of coal and the cost of transportation of coal to these facilities. The amount for physical coal commodity was $323,371,187, the transportation/freight of the coal commodity was $390,597,896 and $24,067,910 railcar expenses, for a total of $738,036,993 directly related to coal commodity costs. During the review period Ameren Missouri burned ** _____ ** tons of coal which translates to an average ** ____ ** per ton including transportation/freight and other rail charges. Staff reviews public sources in an effort to determine the reasonableness of prices paid by Ameren Missouri for its coal supply. Staff monitors U.S. Energy Information Administration ("EIA") and future market prices, supply forecasts and other market trends.

Also, contained within FERC Account 501 and reviewed during this review are fly ash[21] revenues of $127,093, fuel oil costs of $5,886,385 and natural gas costs of $2,379,966. These costs are included in FERC Account 501 as they are used as support fuels (startup and/or burn stabilization) in the production of steam with the coal fired generation facilities.

Ameren maintains ** ___ ** short and long-term coal purchase contracts, ** ___ ** rail transportation contracts, ** ___ ** rail lease contracts, and ** ___ ** rail storage contracts. The counterparties for the contracts are shown below in Table 6:

continued on next page

[21] In Case No. ER-2019-0335 ash disposal costs and revenues were approved to be included in the FAC, effective as of April 1, 2020.

Table 6 - Confidential

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Staff reviewed the 7 revised versions of Ameren Missouri 2018 Commodity Risk Management Policy that were in effect during the review period. Ameren Missouri's coal procurement strategy was not changed during the review period, other than replacing the word "books" with "portfolios", and the strategy is provided in the January 1, 2020, Commodity Risk Management Policy, page 13 and 14, as part of Ameren Missouri's response to Staff Data Request No. 0015:

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Staff has reviewed the various components of Ameren Missouri's coal supply strategy, and concludes that Ameren Missouri has complied with its stated parameters.

Ameren Missouri utilizes a rail fuel surcharge hedge program in an effort to minimize price volatility associated with rail transportation of its coal supply. Rail carriers require shipping customers to agree to price escalators (surcharge) as part of the coal transportation contracts whenever the price of fuel exceeds an agreed to price level. Ameren Missouri's rail fuel surcharge hedge program is summarized in the Ameren Missouri Commodity Risk Management Policy, page 14:

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Staff has reviewed Ameren Missouri's rail fuel surcharge strategy and determined that Ameren Missouri has complied with these stated parameters.

2. Summary of Cost Implications

If Ameren Missouri was imprudent in its purchasing decisions relating to the purchase of coal, transportation and the handling of the rail fuel surcharge hedging policy, customer harm could result from such imprudence through an increase in Ameren Missouri customer FAC charges.

3. Conclusion

Staff identified no imprudence by Ameren Missouri in its purchase of coal, transportation or other components contained in FERC Account 501 for the prudence review period.

4. Documents Reviewed

a. Ameren Missouri's response to Staff Data Request Nos. 0002, 0005, 0012, 0015, 0016, 0017, 0021, 0022, 0027, 0033. 0034, 0044, 0064, and 0067;

b. Market research: https://www.eia.gov/ and http://www.cmegroup.com/;

c. Ameren Missouri's FAC Monthly Reports during the review period;

d. Ameren Missouri's General Ledger during the review period; and

e. Ameren Missouri's work papers in File Nos. ER-2019-0287, ER-2020-0019, ER-2020-0143, ER-2020-0302, and ER-2021-0022.

Staff Expert/Witness: Lisa Wildhaber

D. FERC Account 502 – AQCS

1. Description

In Case No. ER-2016-0179 the Signatories agreed that the base factor would not include costs associated with FERC Account 502. Therefore, beginning April 1, 2017 there were no FERC Account 502 costs included for recovery in the FAC.

In Case No. ER-2019-0335 the Commission approved the Stipulation and Agreement on March 28, 2020, which contained Exhibit C, that included the updated base factor calculation. Within the updated base factor the Company included costs associated with FERC Account 502 for fuel carbon and limestone. Therefore, beginning April 1, 2020 FERC Account 502 costs were included for recovery in the FAC.

Ameren Missouri's MO P.S.C. Schedule No. 6 1st Revised Sheet No. 71.1 (Applicable to Service Provided April 1, 2020 through May 31, 2020) defines FERC Account 502 as:

> The following costs and revenues reflected in FERC Account 502 for: consumable costs related to Air Quality Control System ("AQCS") operation, such as urea, limestone, and powder activated carbon.

Ameren Missouri uses FERC Account 502 costs described above as part of air quality control operations at the coal fired plants. The cost for limestone is $88,704, and activated carbon is $527,025. The Company uses Fuelworx accounting system, which computes the weighted average purchase and consumption amounts. Staff reviewed a sample of invoices for the April and May 2020 costs, which are then used as part of the weighted average computations.

2. Summary of Cost Implications

If Ameren Missouri was imprudent in purchasing carbon and limestone used as part of air quality control operations, customer harm could result from that imprudence through an increase in customer FAC charges.

3. Conclusion

Staff observed no indication of imprudence related to the purchase of carbon and limestone used as part of air quality control operations for the prudence review period.

4. Documents Reviewed

a. Ameren Missouri's response to Staff Data Request Nos. 0005.1, 0065, 0067, and 0067.1;

b. Ameren Missouri's FAC Monthly Reports during the review period;

c. Ameren Missouri's General Ledger during the review period; and

d. Ameren Missouri's work papers in File Nos. ER-2019-0287, ER-2020-0019, ER-2020-0143, ER-2020-0302, and ER-2021-0022.

Staff Expert/Witness: Brooke Mastrogiannis

E. FERC Account 518 - Nuclear Fuel

1. Description

For the prudency review period, $140,311,145 or 15.44% of Ameren Missouri's cost of fuel is associated with nuclear fuel used in the generation of electricity at Ameren Missouri's Callaway facility. The nuclear fuel cycle requires several steps before the fuel is used in the generation of electricity. For the review period, Ameren Missouri generated from its Callaway

facility ** _____ ** MWhs with an average cost of ** ____ ** per MWh for nuclear fuel.

Ameren Missouri had ** ≡ ** nuclear fuel contracts, ** ≡ ** conversion contracts, ** ≡ ** enrichment contracts and ** ≡ ** fabrication contract that were in place during the review period. However, not all contracts that were in place during the review period had deliveries and, therefore, no costs were incurred for those contracts in the review period. Each contract provides terms and conditions for primary delivery locations and price. The nuclear fuel contracts in effect are either: fixed price, based on spot and/or long term market indices, base price with escalation factor or a combination of these pricing scenarios. The counterparties and contract pricing terms are shown in Table 7 below:

Table 7 - Confidential

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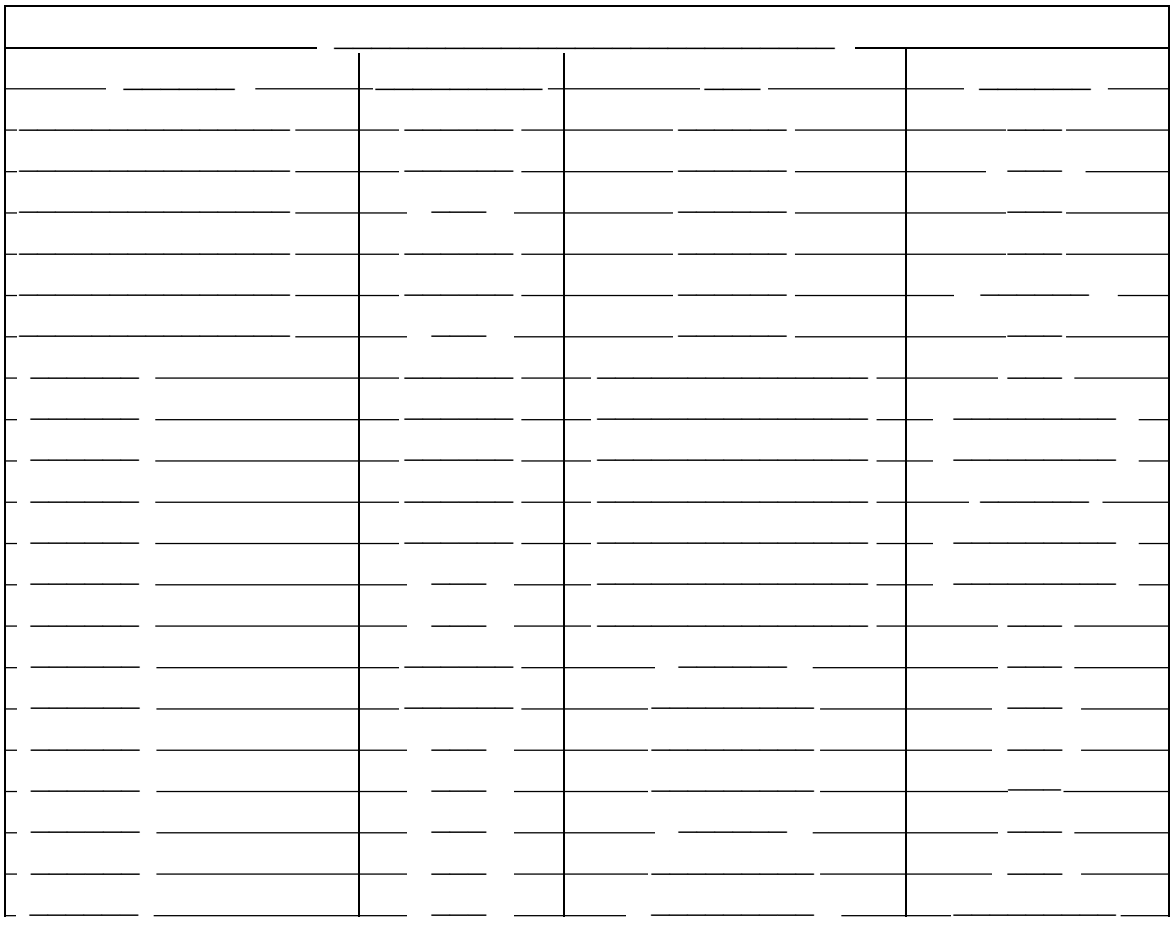

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Ameren Missouri's response to Staff Data Request No. 0015 describes in detail Ameren Missouri's policies for the procurement of nuclear fuel. Staff reviewed the January 1, 2020, Commodity Risk Management Policy, which states on page 14 and 15:

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[redacted] **

Ameren Missouri's Commodity Risk Management Policy is the controlling document for the acquisition and control of nuclear fuel for the Callaway facility. Staff has reviewed the various components of Ameren Missouri's nuclear fuel permitted pricing structures and determined that Ameren Missouri has complied with these stated parameters.

2. Summary of Cost Implications

If Ameren Missouri was imprudent in purchasing nuclear fuel, conversions, fabrication and storage, customer harm could result from that imprudence through an increase in customer FAC charges.

3. Conclusion

Staff observed no indication of imprudence related to the purchase of nuclear fuel, conversions, fabrication and storage for the prudence review period.

4. Documents Reviewed

a. Ameren Missouri's response to Staff Data Request Nos. 0002, 0013, 0015, 0019, 0021,0022, 0027, 0034, and 0067;

b. Ameren Missouri's FAC Monthly Reports during the review period;

c. Ameren Missouri's General Ledger during the review period; and

d. Ameren Missouri's work papers in File Nos. ER-2019-0287, ER-2020-0019, ER-2020-0143, ER-2020-0302, and ER-2021-0022.

Staff Expert/Witness: Lisa Wildhaber

F. FERC Account 547 - Fuel

1. Description

For the review period, $21,616,784 or 2.38% of Ameren Missouri's total fuel costs is associated with FERC Account 547. Ameren Missouri accounts for the majority of its natural gas and natural gas transportation capacity costs used in its generation facilities in FERC Account 547 because its natural gas generation fleet is made up of non-steam generation facilities. The total natural gas cost recorded in FERC Account 547 is comprised of several components. The natural gas commodity is $7,589,424, $10,851,760 for the capacity reservation fees, and $121,673 for the transportation of the natural gas commodity. Other expenses related to Ameren Missouri's natural gas generation facilities are natural gas storage of $1,353,106, natural gas hedging expense (losses) of $502,947, and natural gas losses of $186,851.

Ameren Missouri's natural gas generation facilities are combustion turbine generators ("CTGs"). Ameren Missouri's CTGs are used as peaking units which means they are used generally when demand for electricity increases to a point that baseload units cannot meet that demand. CTGs by nature are less efficient than baseload units in Ameren Missouri's generation leet, and, therefore, are more expensive to operate. During the review period, Ameren Missouri's CTGs generated ** ____ ** MWhs which translates to an average of ** ____ ** per MWh for natural gas to fuel its CTG units.

MISO dispatches these units when needed in the market. However, Ameren Missouri must still ensure these CTGs have adequate fuel to operate and are maintained properly and reliably for when they are called upon by MISO.

The following table identifies Ameren Missouri's peaking generating units that burn natural gas and oil:

Table 8

Generating Unit	Primary Fuel
Audrain 1, 2, 3, 4, 5, 6, 7, and 8;	Natural Gas
Fairground	Oil
Goose Creek 1, 2, 3, 4, 5, and 6;	Natural Gas
Kinmundy 1 and 2	Natural Gas
Meramec 1	Oil
Meramec 2	Natural Gas
Mexico	Oil
Moberly	Oil
Moreau	Oil
Peno Creek 1, 2, 3, and 4;	Natural Gas
Pinckneyville 1, 2, 3, 4, 5, 6, 7, and 8;	Natural Gas
Raccoon Creek 1, 2, 3, and 4;	Natural Gas
Venice 2, 3, 4, and 5;	Natural Gas
Meramec CT 1	#2 Oil
Meramec CT 2	Natural Gas

Staff reviewed the Ameren Missouri Commodity Risk Management Policy(s) that was in effect during the review period. Ameren Missouri's natural gas procurement strategy is summarized in the January 1, 2020, Commodity Risk Management Policy, page 13, as part of Data Request No. 0015:

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[redacted]

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Ameren Missouri employs hedging activities in an attempt to mitigate the impacts of market volatility in natural gas prices and aid in providing a reliable fuel commodity.

Financial hedges can be described as:

> An investment that is made with the intention of reducing the risk of adverse price movements in an asset. Normally, a hedge consists of taking an offsetting position in a related security. Hedging is the process of offsetting the risk of price movements in the physical market by locking in a price for the same commodity in the futures market. A perfect hedge is one that eliminates all risk in a position or portfolio.[22]

For the prudency review period, $1,011,023 or 0.11% of Ameren Missouri's total fuel costs, cost of purchased power, transmission costs, and net emission costs is associated with the fuel oil used in generating electricity. The cost of fuel oil includes various other miscellaneous charges such as rail and/or ground transportation service charges and other various fuel handling expenses.

Ameren Missouri's response to Staff Data Request No. 0015 describes in detail Ameren Missouri's policies for the procurement of fuel oil. Staff reviewed the January 1, 2020, Commodity Risk Management Policy, which states on page 14:

** _____ - _____ _____ **

Staff has reviewed the various components of Ameren Missouri's fuel oil procurement strategy, and determined that Ameren Missouri has complied with these stated parameters. Ameren Missouri includes fuel oil costs in FERC Accounts 501 and 547 as fuel oil is used as a support fuel[23] in Ameren Missouri's coal or natural gas generation facilities.

2. Summary of Cost Implications

If Staff determined that Ameren Missouri was imprudent in its purchasing decisions relating to natural gas commodity, reservation, transportation, storage, hedging, sales and oil costs customer harm could result from that imprudence by an increase in FAC charges.

3. Conclusion

Staff observed no indication of imprudence associated with Ameren Missouri's natural gas commodity purchases for the prudence review period.

[22] www.investopedia.com.
[23] Fuel oil that is used as a start-up and/or burn stabilization fuel.

4. Documents Reviewed

a. Ameren Missouri's response to Staff Data Request Nos. 0002, 0005, 0011, 0015, 0021. 0022, 0027, 0034, 0061, 0064, and 0067;

b. Market research: https://www.eia.gov/ and http://www.cmegroup.com/;

c. Ameren Missouri's FAC Monthly Reports during the review period;

d. Ameren Missouri's General Ledger during the review period; and

e. Ameren Missouri's work papers in File Nos. ER-2019-0287, ER-2020-0019, ER-2020-0143, ER-2020-0302, and ER-2021-0022.

Staff Expert/Witness: Lisa Wildhaber

G. FERC Account 555 - Purchased Power – Long Term Contracts and Short Term Energy

1. Description

During the Review Period of October 1, 2018, through May 31, 2020, $124,836,322 was attributed to MISO and Non-MISO[24] purchased power costs[25]. The total purchased power costs related to long-term contracts and other Non-RTO costs for this review period are ** _____ ** which is comprised of the Pioneer Prairie Wind contract for ** _____ ** and the remaining balance of ** _____ ** to other boundary line agreements. Ameren Missouri also purchases short-term energy in the MISO and PJM day-ahead markets (hourly) and through bilateral agreements[26]. For this review period the total amount attributable to short term purchased power expense in the MISO and PJM markets is ** _____ **. Typically, Ameren Missouri relies on these short-term energy sources to help meet its load during forced, planned or derating[27] generation plant outages and when the market price for that short-term energy is both below the marginal cost of providing that

[24] Non-MISO costs are broken down between RTO and Non-RTO in the Company's monthly reports, tab 5(D), tab 5(D) pg2, and Data Request 0072 Response. RTO costs are SPP and PJM day-ahead markets, and non-RTO costs are for the Pioneer Prairie Wind PPA contract and other boundary line agreements.
[25] These purchased power costs are broken down as MISO and Non-MISO in the Company's monthly reports, tab 5(D).
[26] Boundary line and bilateral agreements are in place to serve customers in rural areas when disruptions to certain areas of the distribution system occurs and Ameren requires the load for emergency and other operational needs.
[27] *See* Section IX. Plant Outages section of this Prudency Review Report for definitions of forced, planned and derating outages.

energy from Ameren Missouri's generating units and below the cost of longer-term capacity purchases.

In addition to review of purchased power agreements, Staff requested the supporting documentation for the transactions found in the General Ledger for FERC Account 555 during this review period of October 1, 2018 through May 31, 2020. Invoices were requested and analyzed for transactions in this account with the following descriptions; ** _____ _____ _____ ____ ** Staff was able to reconcile these invoices to the transactions located in FERC Account 555 Purchased Power.

Staff reviewed the Renewable Resource Power Purchase Agreement by and between Pioneer Prairie Wind Farm I, LLC, and Ameren Missouri ("Pioneer Prairie PPA"). The Pioneer Prairie PPA is a ** _____ ** that expires ** _____ ** and provides a capacity of ** ____ ** MW and estimated annual energy purchases of ** ____ ** MWhs at a price of ** ____ ** per MWh of which ** ____ ** per MWh is for the purchase of energy which flows through the FAC and ** ____ ** per MWh is for the purchase of renewable energy attributes which may be used for compliance with 20 CSR 4240-20.100 Electric Utility Renewable Energy Standard Requirements and do not flow through the FAC. Total costs of electricity under the Pioneer Prairie PPA were ** _____ ** with revenue associated with sales of ** _____ ** which resulted in a net loss of ** _____** for the Review Period.

In Data Request No. 0008, Staff requested Ameren Missouri to provide a copy of all purchased power requests for proposals ("RFPs") sent by Ameren Missouri and executed purchased power contracts that were in effect during any part of the review period of October1, 2018 through May 31, 2020. In Ameren Missouri's response to this Data Request, it stated, "Ameren Missouri did not issue any purchased power RFP's which had a proposed delivery period within the specified time period." However, Ameren Missouri's response to this same Data Request also stated that Ameren Missouri is still under contract with Pioneer Prairie Wind Company for a purchased power agreement ("PPA") that was initially referenced in response to Staff Data Request No. 0017 in File No. EO-2012-0074.

When Ameren Missouri was asked[28] to provide a copy of all purchased power contracts that were in effect during the period October 1, 2018, through May 31, 2020, Mark J. Peters, Ameren Missouri's Manager, Market Analysis, responded as follows:

> Ameren Missouri is a party to large number of master enabling agreements, including various interconnection agreements and EEI Master Power Purchase and Sale Agreements. These agreements provide for the general terms and conditions under which Ameren Missouri and the counterparty may transact at points in the future. These agreements do not, in and of themselves, obligate the counterparty to sell power and energy to Ameren Missouri, nor do they specify the pricing, term and any special conditions of specific transactions. Transactions other than hourly transactions are normally confirmed with either a written confirmation or electronically. These confirmations contain the specifics regarding volume, price, delivery location and any special conditions. Ameren Missouri has contracts in conjunction with the operation of its Commission approved tariff providing for Electric Power Purchases from Qualifying Facilities.

2. Summary of Cost Implication

If Ameren Missouri was imprudent by purchasing energy to meet its demand at a cost that exceeded Ameren Missouri's cost to generate that energy itself, customer harm could result from that imprudence through an increase in FAC charges.

3. Conclusion

Staff identified no evidence of imprudence related to Ameren Missouri's long-term and purchased power agreements during the prudence review period.

Staff identified no evidence that Ameren Missouri acted imprudently with regard to purchases of short-term energy in the MISO and PJM day-ahead markets or bilateral agreements during the prudence review period.

4. Documents Reviewed

a. Ameren Missouri's responses to Staff Data Request Nos. 0008, 0034, 0059, 0059.1, 0060, 0063, 0065, and 0067;

b. Ameren Missouri FAC Monthly Reports;

c. Ameren Missouri General Ledger;

[28] Staff's Data Request No. 0008 in File No. EO-2021-0060.

d. Ameren Missouri 2019 Renewable Energy Standard Compliance Plan, Case No. EO-2020-0328;

e. Ameren Missouri 2019-2021 Renewable Energy Standard Compliance Plan, Case No. EO-2019-0320; and

f. Ameren Missouri's work papers in File Nos. ER-2019-0287, ER-2020-0019, ER-2020-0143, ER-2020-0302, and ER-2021-0022.

Staff Expert/Witness: Brooke Mastrogiannis

H. FERC Account 565 and 456.1 - Transmission Costs and Revenues

1. Description

For the period October 1, 2018 through May 31, 2020, $1,973,637 of Ameren Missouri's FAC costs were for MISO transmission costs associated with purchased power costs. As a result of Ameren Missouri's general rate case, Case No. ER-2012-0166, Ameren Missouri began flowing MISO transmission revenues through the FAC.

For the review period, $1,019,555 represents transmission revenues that off-set transmission costs. As a result of Ameren Missouri's 2017 general rate case, Case No. ER-2016-0179,[29] Ameren Missouri was ordered by the Commission to include 1.71 percent of MISO transmission revenues and 1.71 percent MISO transmission costs in the FAC. The effective date of this modification to the FAC was April 1, 2017, which impacts eighteen of the twenty months of the review period. As a result of Ameren Missouri's 2019 general rate case, Case No. ER-2019-0335,[30] Ameren Missouri was ordered by the Commission to include 1.44 percent of MISO transmission revenues and 1.44 percent MISO transmission costs in the FAC. The effective date of this modification to the FAC was April 1, 2020, which impacts the last two of the twenty months of the review period.

Ameren Missouri's response to Staff Data Request No. 0015 describes in detail Ameren Missouri's policies for hedging transmission costs. Staff reviewed Ameren Missouri's *Commodity Risk Management Policy*, section 2.5 on page 10; this document describes Ameren Missouri's hedging strategy to mitigate transmission costs:

[29] Effective April 1, 2017, Ameren Missouri's MO.P.S.C. Schedule No. 6, Original Sheet No. 74.3.
[30] Effective April 1, 2020, Ameren Missouri's MO.P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.3.

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2. Summary of Cost Implications

If Ameren Missouri was imprudent in hedging transmission expense or in accounting for its transmission costs, customer harm could result from that imprudence through an increase in customer FAC charges.

3. Conclusion

Staff identified no indication of imprudence related to transmission costs, transmission revenues, and hedging transmission costs for the prudence review period.

4. Documents Reviewed

a. Ameren Missouri's response to Staff Data Request Nos. 0007, 0015, 0028, 0065, and 0067;

b. Ameren Missouri's work papers in File Nos. ER-2019-0287, ER-2020-0019, ER-2020-0143, ER-2020-0302, and ER-2021-0022;

c. Ameren Missouri's Monthly Reports during the review period; and

d. Ameren Missouri's General Ledger during the review period.

Staff Expert/Witness: Brooke Mastrogiannis

I. Emission Allowances

1. Description

The Cross-State Air Pollution Rule ("CSAPR") is a ruling by the United States Environmental Protection Agency ("EPA") that requires a number of states, including Missouri, to reduce power plant emissions that contribute to ozone and/or fine particle pollution in other states. The CSAPR replaced EPA's 2005 Clean Air Interstate Rule ("CAIR"), following the direction of a 2008 court decision that required EPA to issue a replacement regulation. CSAPR implementation began on January 1, 2015.

The CSAPR requires Missouri to reduce its annual emissions of sulfur dioxide ("SO_2") and nitrous oxides ("NO_x") to help downwind states attain the 24-hour National Ambient Air Quality Standards ("NAAQS"). The CSAPR also requires Missouri to reduce ozone season emissions of NO_x to help downwind states attain the 8-hour NAAQS.

On September 7, 2016, the EPA revised the CSAPR ozone season NO_X program by finalizing an update to CSAPR for the 2008 ozone NAAQS, known as the CSAPR Update. The CSAPR Update ozone season NO_X program largely replaced the original CSAPR ozone season NO_X program on May 1, 2017. The CSAPR Update will further reduce summertime NO_X emissions from power plants in the eastern U.S.

The primary mechanism of CSAPR is a cap-and-trade program that allows a major source of NO_X and/or SO_2 to trade excess allowances when its emissions of a specific pollutant fall below its cap for that pollutant. Originally, the EPA issued a model cap-and-trade program for power plants, which could have been used by states as the primary control mechanism under CAIR. This model, with modifications, had continued under CSAPR.

Ameren Missouri established a plan to comply with the new CSAPR that was finalized by USEPA in July 2011. Ameren Missouri's strategy for SO_2 compliance was to continue operation of the wet flue gas desulfurization (FGD), or "scrubber" systems at the Sioux Energy Center coupled with a purchase of ultra-low sulfur coal for the balance of its coal fired units at Labadie, Meramec and Rush Island.

The requirements of CSAPR and CSAPR Update were in effect for the entire Review Period from October 1, 2018 through May 31, 2020. Missouri was part of the

twenty-two (22) states that the Update affected and per Staff's review, Ameren Missouri units were in compliance with the CSAPR and CSAPR update limits for both SO_2 and NO_x.

Ameren Missouri's inventory of SO_2 allowances consists of allowances that were granted by the EPA and therefore are valued at zero cost leaving no value of the SO_2 inventory in Account 158.001. There was an inventory amount for NO_x emissions under FERC Account 158.002, Clean Air Allowances. The value of the NO_x Ozone Allowances inventory on May 31, 2020 was ** ____ **. There were three different times during this Review Period that NO_x Ozone Allowances were purchased in order to cover generation: ** _____ _____ ** Over the Review Period of October 1, 2018 through May 31, 2020, Ameren Missouri's SO_2 and NO_x allowances consumed were slightly above Ameren Missouri's budgeted allowances for the period, but below the EPA allowances.

Ameren Missouri, during this review period, did not sell emission allowances due to need for its own generation. Staff verified the cost of emissions during the Review Period of October 1, 2018 through May 31, 2020 of $119,147 by reviewing the FAC monthly reports, tab 5D page 1[31].

The management of emission allowances is described in Ameren Missouri's response to Staff's Data Request Nos. 0010, 0029, 0030, 0031, 0032, 0067.1, 0070, and 0070.1. Staff reviewed Ameren Missouri's Hedge plan and Ameren Missouri Risk Management Steering Committee Report concerning emission allowances. Staff found that Ameren Missouri has appropriate practices and processes in place to effectively manage its emission allowances for this review period.

2. Summary of Cost Implications

If Ameren Missouri imprudently used, purchased, sold or banked its SO_2 and NO_x allowances, customer harm could result from an increase in Ameren Missouri's FAC charges.

[31] Staff reviewed the FAC monthly reports, tab 5C page 1 for months October and November 2018.

3. Conclusion

Staff observed no indication of imprudence associated with Ameren Missouri's management of its emission allowances during the prudence review period.

4. Documents Reviewed

a. Ameren Missouri response to Staff Data Request Nos. 0010, 0029, 0030, 0031, 0032, 0067.1, 0070 and 0070.1;

b. Ameren Missouri Monthly Reports during the Review Period; and

c. Ameren Missouri General Ledger during the Review Period.

Staff Expert/Witness: Cynthia M. Tandy

J. FERC 447 - Off-System Sales Revenue ("OSSR")

1. Description

Staff reviewed the off-system sales quantities and off-system sales revenues and costs (reduction due to power broker fees) in FERC Account 447 for the prudence review period. There were two tariff sheets that were in effect during this Review Period.

Ameren Missouri's MO P.S.C. Schedule No. 6 Original Sheet No. 74.4 (Applicable to Service Provided October 1, 2018 through March 31, 2020) defines off-system sales revenues or "OSSR" as:

OSSR = Costs and revenues in FERC Account 447 for:

A. Capacity;

B. Energy;

C. Ancillary services, including:
   a. Regulating reserve service (MISO Schedule 3, or its successor);
   b. Energy Imbalance Service (MISO Schedule 4, or its successor);
   c. Spinning reserve service (MISO Schedule 5, or its successor); and
   d. Supplemental reserve service (MISO Schedule 6, or its successor);

D. Make-whole payments, including:
   a. Price volatility; and
   b. Revenue sufficiency guarantee; and

E. Hedging.

Ameren Missouri's MO P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.5 (Applicable to Service Provided April 1, 2020 through May 31, 2020), defines off-system sales revenue or "OSSR" as:

OSSR = Costs and revenues in FERC Account 447 (excluding (a) amounts associated with portions of Power Purchase Agreements dedicated to specific customers under the Renewable Choice Program tariff, (b) amounts associated with generation assets dedicated, as of the date BF was determined, to specific customers under the Renewable Choice Program tariff and (c) amounts associated with generation assets that began commercial operation after the date BF was determined and that were dedicated to specific customers under the Renewable Choice Program tariff when it began commercial operation) for:

A. Capacity;

B. Energy;

C. Ancillary services, including:
a. Regulating reserve service (MISO Schedule 3, or its successor);
b. Energy Imbalance Service (MISO Schedule 4, or its successor);
c. Spinning reserve service (MISO Schedule 5, or its successor); and
d. Supplemental reserve service (MISO Schedule 6, or its successor);

D. Make-whole payments, including:
a. Price volatility; and
b. Revenue sufficiency guarantee; and

E. Hedging.

For the review period Ameren Missouri's OSSR amount is ** _____ **.

With respect to **A. Capacity** and in reference to electricity, capacity transactions (sales) as defined by FERC are: "The acquisition of a specified quantity of generating capacity from another utility for a specified period of time. The utility selling the power is obligated to make available to the buyer a specified quantity of power." For the review period the total amount of revenue from capacity sales was ** _____ **. Per *Ameren Missouri's Commodity Risk Management Policy*, section 2.4 page 10; ** _____ _____ **

With respect to **B. Energy** and as defined by FERC, Energy Sales are "The transfer of title to an energy commodity from a seller to a buyer for a price or the quantity transferred during a specified period". For the review period the total amount of revenue from energy sales was ** _____ **. In accordance with the MISO tariff and provided in Ameren

Missouri's response to Staff Data Request No. 0057: "The dispatch of Ameren Missouri's generation is governed by the MISO Tariff, in particular Module C Energy and Operating Reserve Markets and Module F Coordination Services" and "Ameren Missouri's role in the dispatch decisions is to provide MISO with the necessary economic and operating parameters for each generation asset for inclusion in MISO's Security Constrained Economic Dispatch ("SCED") algorithm."

With respect to **C. Ancillary services** as defined by FERC: "Services that ensure reliability and support the transmission of electricity from generation sites to customer loads. Such services may include load regulation, spinning reserve, non-spinning reserve, replacement reserve, and voltage support." The amount recorded as "Ancillary Services" for the Review Period was ** ____ **. Ancillary services also includes subsections a through d listed as follows:

a. Regulating reserve service is defined in FERC's Electric Tariff, Schedule 3:

> Regulating Reserve is necessary to i) continuously balance the total output of all Resources within the MISO Balancing Authority Area with the total demand of all loads (including losses) within the MISO Balancing Authority Area plus the Net Scheduled Interchange of the MISO Balancing Authority Area and ii) assist in maintaining the difference between scheduled Interconnection frequency and actual Interconnection frequency within acceptable limits based on Applicable Reliability Standards.

For the review period Ameren Missouri received ** _____ ** for regulating reserve services provided to MISO.

b. Energy Imbalance Service is described in FERC Electric Tariff, Schedule 4:

> Energy Imbalance Service is provided when a difference occurs between the Energy scheduled in the Day-Ahead Energy Market and the actual delivery of Energy to a Load located within the MISO Balancing Authority Area over a single hour in the Real-Time Energy Market.

For the review period Ameren Missouri received ** ____ ** for Energy Imbalance Services provided to MISO.

c. Spinning Reserve Service is described in FERC Electric Tariff, Schedule 5:

> Spinning Reserve is required to immediately offset deficiencies in Energy supply that result from a Resource contingency or other

abnormal event. Spinning Reserve may be provided by Resources that are Spin Qualified Resources available to provide Spinning Reserve. The obligation to maintain this immediate response capability to contingency events lies with the MISO Balancing Authority.

For the review period Ameren Missouri received ** _____ ** for Spinning Reserve Services provided to MISO.

d. Supplemental Reserve Service is described in FERC Electric Tariff, Schedule 6:

Supplemental Reserve is required to offset deficiencies in Energy supply that result from a Resource contingency or other abnormal event. Supplemental Reserve may be provided by Resources that are Supplemental Qualified Resources that are available to supply Supplemental Reserve. The obligation to maintain this response capability to contingency events lies with the MISO Balancing Authority.

For the review period Ameren Missouri received ** _____ ** for Supplemental Reserve Services provided to MISO.

With respect to **D. Make-Whole Payments** and as explained by MISO, make-whole payments are provided to generation or demand resources during certain market conditions, to ensure that these resources do not operate at a loss when required to dispatch. MISO further explains: "Make-whole payments are needed to allow resources to recover their offer costs: to compensate resources committed by MISO when LMP payments do not cover resource start-up and no-load costs, and to compensate resources when intra-hour dispatch movement coupled with intra-hour price volatility causes under-recovery of offer costs." It provides a process to guarantee electric utilities the recovery of production offers for energy and ancillary services for resources committed by MISO. These revenue payments are a result of MISO's dispatch instructions given to Ameren Missouri and guarantees the generators do not incur additional costs related to MISO's operational decisions. Since Ameren Missouri has little or no control over this process, Staff only reviewed these transactions for accounting accuracy. For the review period Ameren Missouri received ** _____ ** in make-whole payments.

E. Hedging (Financial Energy Swaps) are financial energy transactions related to the trading of power future contracts in organized markets. Per Ameren Missouri's Commodity Risk Management Policy, section 2.2, page 8, ** _____

_____

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_____ ** These results of the transactions are accounted for as off-system sales revenue.

Based upon Ameren Missouri's power trading activities Ameren Missouri had forward purchases in the amount of ** _____ ** and settlement swaps in the amount of ** _____ ** for a settlement gain of ** _____ ** related to its financial energy swaps. However, there were additional brokers fees in the amount of ** _____ ** and other accounting adjustments in the amount of ** _____ **, which reduced costs, for a net trading gain of ** _____ **.

2. Summary of Cost Implications

Ameren Missouri's revenues from off-system sales and ancillary services are offset against total fuel, purchased power and net emissions allowance costs. If Ameren Missouri was imprudent, either because it did not maximize or did not make off-system sales and ancillary services, customers could be harmed by that imprudence through an increase in FAC charges.

3. Conclusion

Staff identified no incidents of imprudence related to off-system sales and ancillary services for the prudence review period.

4. Documents Reviewed

a. Ameren Missouri's response to Staff Data Request Nos. 0009, 0014, 0015, 0057 and 0061;

b. Ameren Missouri's work papers in File Nos. ER-2019-0287, ER-2020-0019, ER-2020-0143, ER-2020-0302, and ER-2021-0022;

c. Ameren Missouri's General Ledger during the review period;

d. Ameren Missouri's Monthly FAC Reports for the Review Period;

e. MISO Schedules and MISO Tariff Module C and F from https://www.misoenergy.org/; and

f. FERC Definitions from https://www.eia.gov/.

Staff Experts/Witnesses: Cynthia M. Tandy (Capacity, Energy, Ancillary Services and Make-Whole Payments) and Lisa Wildhaber (Hedging)

IV. Interest

1. Description

For each month of the FAC accumulation periods and recovery periods, Ameren Missouri is required to calculate the interest associated with the over- or under-recovered balances due to: 1) difference between ANEC and B, 2) refunds as a result of prudence reviews ("P"), and 3) amounts approved in true-up cases. Ameren Missouri applies its short-term interest rate to the over- or under-recovered balance and the interest is compounded on a monthly basis. This interest amount is component "I" of the FPA calculation described on 6th, 7th, 8th and 9th Revised Sheet No. 74.13 and 1st Revised Sheet No. 71.15. Interest is calculated monthly at a rate equal to the daily weighted average interest rate paid on the Company's short-term debt, then applied to the month-end balance over- or under-recovery amount.

For the review period, Ameren Missouri applied an interest amount of $1,817,734 to the over- or under-recovered balances for the FAC. Staff reviewed Ameren Missouri's monthly source data for short-term interest rates, calculation of its monthly weighted average interest rates, and calculations of the monthly interest amounts. Staff found all calculations to be correct.

2. Summary of Cost Implications

If Ameren Missouri was imprudent in its identification of monthly short-term interest rates and/or in its calculation of monthly interest amounts, customers could be harmed through increased FAC charges.

3. Conclusion

Staff observed no evidence of imprudence with regard to the Ameren Missouri's monthly short-term interest rates and the calculation of monthly interest amounts applied to the over- or under-recovered balances.

4. Documents Reviewed

a. Ameren Missouri Response to Staff Data Request No. 0043; and

b. Ameren Missouri's work papers in File Nos. ER-2019-0287, ER-2020-0019, ER-2020-0143, ER-2020-0302 and ER-2021-0022.

Staff Expert/Witness: Cynthia M. Tandy

V. FERC ROE Cases/Entergy Dispute

1. Description

The two FERC Return on Equity ("ROE") cases that referenced potential regulatory liability were FERC Docket No. EL14-12-002, FERC ROE Impact Case/Entergy Dispute (the "First FERC ROE Case") and FERC Docket EL15-45-0000, FERC ROE Impact Case/Entergy Dispute (the "Second FERC ROE Case"). These two cases challenged the allowed base return on common equity for MISO Transmission Owners and resulted in a time period for which transmission rate refunds may be required to be paid to such owners.

In Case No. ER-2016-0179, the Signatories agreed that the revenue requirement treatment of any refunds that Ameren Missouri receives as a result of the second FERC ROE would be addressed in the next general rate proceeding, but Ameren Missouri agreed to defer any refunds from the second FERC ROE case to FERC Account 253. The Signatories further agreed in Case No. ER-2016-0179 that "no party shall argue that the fact that Ameren Missouri agreed to defer any such refunds, or that the FERC Account to which such a deferral was made, suggests how any such deferral should be treated for ratemaking purposes in a subsequent general rate proceeding."

In Ameren Missouri's most recent general rate case, Case No. ER-2019-0335, the corrected Non-Unanimous Stipulation and Agreement stated: "The Signatories agree that Ameren Missouri shall continue its regulatory liability for the first FERC ROE case refunds, except that amortization of the first FERC ROE case refunds' regulatory liability will not begin until the conclusion of the Company's next electric rate case assuming all litigation that may impact the final first FERC ROE case refunds is completed. If said litigation is not completed, amortization will start after the conclusion of the first Company electric rate case concluding after those refunds are finalized. The Company will continue the treatment for refunds attributable to the second FERC ROE case that was agreed upon in File No. ER-2016-0179.

The final FERC order for the first FERC ROE case resulted in Ameren Missouri recording an accrual and then establishing a regulatory liability, with actual refunds being

returned to customers in two parts in 2017. On November 21, 2019 the FERC reached a decision on the second FERC ROE case, and Ameren Missouri is deferring all ROE refunds paid and received to FERC Account 253, until the next electric rate review. In response to Data Request 0055, the Company stated:

> Per the terms of the stipulation from ER-2016-0179, the net of these refunds paid and received has been deferred to FERC Account 253 (with corresponding offsets to FERC Accounts 456.1, 565, 419, and 431) until the next electric rate review. The refund/collection process began in February 2020 and will continue through December 2020, although a joint filing was made with FERC in September 2020 by MISO and the MISO transmission owners to extend the refund period into 2022. As refunds are paid and received, the reserve liabilities and assets are relieved, and as any actual refunds received or paid are offset with entries to the reserve, there are no impacts to the FAC.

Staff has reviewed the Stipulation and Agreement, as well as responses to data requests, and has determined that Ameren Missouri is in compliance with the terms of the Stipulation.

2. Summary of Cost Implications

If Ameren Missouri was imprudent in its handling of the revenue requirement treatment of any refunds resulting from the FERC ROE cases, customers could be harmed through increased FAC charges.

3. Conclusion

Staff will continue to address any regulatory liability arising from the FERC ROE cases in Ameren Missouri's next general rate case.

4. Documents Reviewed

a. Unanimous Stipulation and Agreement, Case No. ER-2016-0179;

b. Staff's Cost of Service Report and Non-Unanimous Stipulation and Agreement, Case No. ER-2019-0335;

c. Ameren Missouri's responses to Staff Data Request Nos. 335, 338, and 339 in Case No. ER-2019-0335; and

d. Ameren Missouri's responses to Staff Data Request Nos. 0055 and 0071.

Staff Expert/Witness: Lisa Wildhaber

VI. Failure to Follow Dispatch Instructions

1. Description

In its operating procedure MS-OP-031-r29, MISO defines the Failure to Follow Dispatch Flag ("FFDF") as an "hourly flag which is set for any Resource that has Dispatch Interval Excessive Energy ("EXE") or Dispatch Interval Deficient Energy ("DFE") in four or more consecutive Dispatch Intervals in a given Hour."

As a member of MISO, Ameren Missouri is provided and expected to follow electronic dispatching instructions as directed by MISO. These dispatch instructions are tailored to each generation resource based upon a specific set of operational characteristics predefined for each generation resource as well as the type of service being offered. Periodically, Ameren Missouri is unable to meet these specific instructions due to equipment operational issues, hold points for starting or stopping equipment (such as coal mills), units ramping downward faster than anticipated for nightly deslagging of boilers, real-time price volatility, and limited time in communicating changes to unit capability. When these deviations occur, MISO charges Ameren Missouri for each specific occurrence. These occurrences do not happen at a single location or at a single generation facility because MISO provides dispatch instructions for each of Ameren Missouri's generation units for each hour of every day. For this review period MISO charged Ameren Missouri an additional $92,315.17 in total Excessive/Deficient Energy Deployment charges. However, Ameren Missouri explained that the failure to follow dispatch flag occurred only 1.52% of the total hours in question during this review period. Staff notes that even though this review period is a 20-month review compared to the last review period for a 16-month review, there is still an increased amount of occurrences the failure to follow dispatch flag for Labadie 1-4 and Rush Island 1 and 2, and a decreased amount for Meramec 4. This amounts to an increased amount of 1.52% hours on average, compared to only 1.04% in the last review period. Staff questioned this in Data Request No. 0038.2 and Ameren Missouri further explained that, "MISO implemented Tariff revisions to the penalty and make-whole payment eligibility rules relating to uninstructed deviations, as approved by FERC in docket Nos. ER-19-199-000 and ER-19199-001, dated January 25, 2019 effective May 1, 2019. This revised methodology provides tighter limits – thus resulting in FFDF flags in hours, which previously may not have received a flag. Regarding Meramec 4, the reduction is primarily due to reduced operation of the unit between the two review periods." Staff finds

Ameren Missouri's response satisfactory at this time since Ameren Missouri and others are involved with changes/modifications to MISO processes related to this issue.

2. Summary of Cost Implications

If Ameren Missouri was imprudent in its management of MISO's dispatch instructions, customers could be harmed through increased FAC charges.

3. Conclusion

Staff is not recommending a disallowance for this review period related to Ameren Missouri's failure to follow dispatch instructions. Staff will monitor MISO's progress and final determination, if any, on this issue. Staff reserves the right to review the $92,315.17 for failure to follow dispatch instructions in future FAC prudence reviews and/or general rate cases.

4. Documents Reviewed

a. Ameren Missouri's responses to Staff Data Request Nos. 0038 and 0038.1; and

b. MISO Operating Procedure MS-OP-031-r29.

Staff Experts/Witnesses: Brooke Mastrogiannis and Cynthia M. Tandy

VII. Utilization of Generation Capacity

1. Description

Ameren Missouri's generation consists of a mixture of Nuclear, Coal, Natural Gas, Solar, Methane Gas, #2 Fuel Oil and Hydro generating stations as indicated in Table 9. Table 10 contains the net-generation and reported nameplate capacity rating for Ameren Missouri's fleet. Table 11 contains the net-generation broken down by unit type for Ameren Missouri's fleet. These tables illustrate how Ameren Missouri's generation fleet is being called upon by MISO in actual operation throughout the period from October 1, 2018 through May 31, 2020.

continued on next page

Table 9 [32] - Confidential

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[32] Ameren response to Staff Data Request No. 0022.

Table 10 – Confidential

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[33] *Ibid.*

[34] Ameren response to Staff Data Request No. 0002 and FAC Monthly Reports.

Table 11 – Confidential

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2. Self – Commitment of Baseload Generation Facilities into MISO

During this FAC prudence review, Staff conducted a review of commitment status of Ameren Missouri's electric generation facilities into MISO in an effort to determine any negative impacts that might be occurring because of such actions. Ameren Missouri has large and varied electric generation facilities that are designed to provide varying types of services to its customers. These generation facilities include nuclear, coal, natural gas, hydro, PV solar and wind turbines. Each one of Ameren Missouri's generation facilities has its own distinct operating characteristics and requires specific operational guidelines to be followed as to maintain the reliability of the units as determined by Ameren Missouri's plant operations team to determine optimal plant reliability and manufacturer operational guidelines.

MISO utilizes five resource offer commitment status designations[36] for its market participants ("MP"):

- **Outage** – Designates the Resource is not available for consideration in Energy and Operating Reserve Markets commitment because the Resource is on a Generator Planned Outage or Generator Forced Outage.
- **Emergency** – Designates the Resource is available for commitment in Emergency situations only.

[35] Ameren Response to Staff Data Request No. 0034.
[36] MISO, Energy and Operating Reserve Markets, Business Practices Manual, BPM-002-r19, 4.2.3.4.6, Page 93.

- **Economic** – Designates the Resource is available for commitment by MISO.
- **Must-Run (self-commit)** – Designates the Resource as committed per MP request and is available for dispatch by MISO.
- **Not Participating** – Designates that the Resource will not participate in the Day-Ahead and/or Real-Time Energy and Operating Reserve Market but is otherwise available.

A "self-commit" status designates that the MP itself is committing the resource at its unit minimum generation level and any dispatch above its unit minimum generation level would be determined by MISO, based on Location Marginal Pricing ("LMP") nodal pricing scenarios. There are three main operating characteristics that determine why Ameren Missouri would place a unit in self-commit status; 1) high cost of restart, 2) increases in operation & maintenance and capital costs due to unit cycling outside of design parameters and 3) to avoid increases in plant outages. Ameren Missouri's generation units that meet all or some of these criteria and are designated "must-run" are Callaway (nuclear), Labadie, Rush Island, Sioux and Meramec 3 & 4. These units were designed to provide large quantities of base load power at low costs to Ameren Missouri customers prior to the development of the RTO markets. In response to Staff's Data Request No. 0037, Ameren Missouri provided the designation of each of its must-run units that meet some or all of this criteria. As a MP, MISO requires Ameren Missouri to offer in sufficient generation to cover its forecasted next day customer load. However, under today's RTO markets it is not just as simple as comparing an as-offered marginal production cost to the cleared market price to determine which units Ameren Missouri should offer in on an economic basis alone. Calculating the overall benefits provided by Ameren Missouri's large baseload units outside of the narrow perspective of an LMP clearing price is a complex task. MISO's day-ahead (24 hours) market price optimization software does not take into account the three factors discussed earlier.

Staff analyzed data received from Ameren Missouri[37] to determine the financial impacts of the self-commit units as offered and cleared into the MISO Real-time market. Table 12 provides the summary of Staff's review by generating unit for the period of October 1, 2018 through May 31, 2020. Staff reviewed the hourly real-time transactions that were deemed must-run by taking the hourly real time energy cost and adding it to the hourly

[37] Staff Data Request No. 0062 in File No. EO-2021-0060.

total revenue for that same hour for the individual generating unit that was self-committed, then compared the number of positive "In the Money" hourly transactions to the negative "Out the Money" hourly transactions. Results are shown below in Table 12. Staff then took it a step further to show the amount of revenue that corresponded to the "In vs Out" of money transactions, as well as a net settlement (revenue) or total when adding the "In the Money" to the "Out the Money" transactions, to show an overall revenue associated with self-commitment. In the revenue portion of the table below MISO's positive/negative sign convention was used for revenues. i.e. (MISO Convention - Negative values = Revenues/Generation and Positive values = Charges/Station Use).

Table 12 – Confidential

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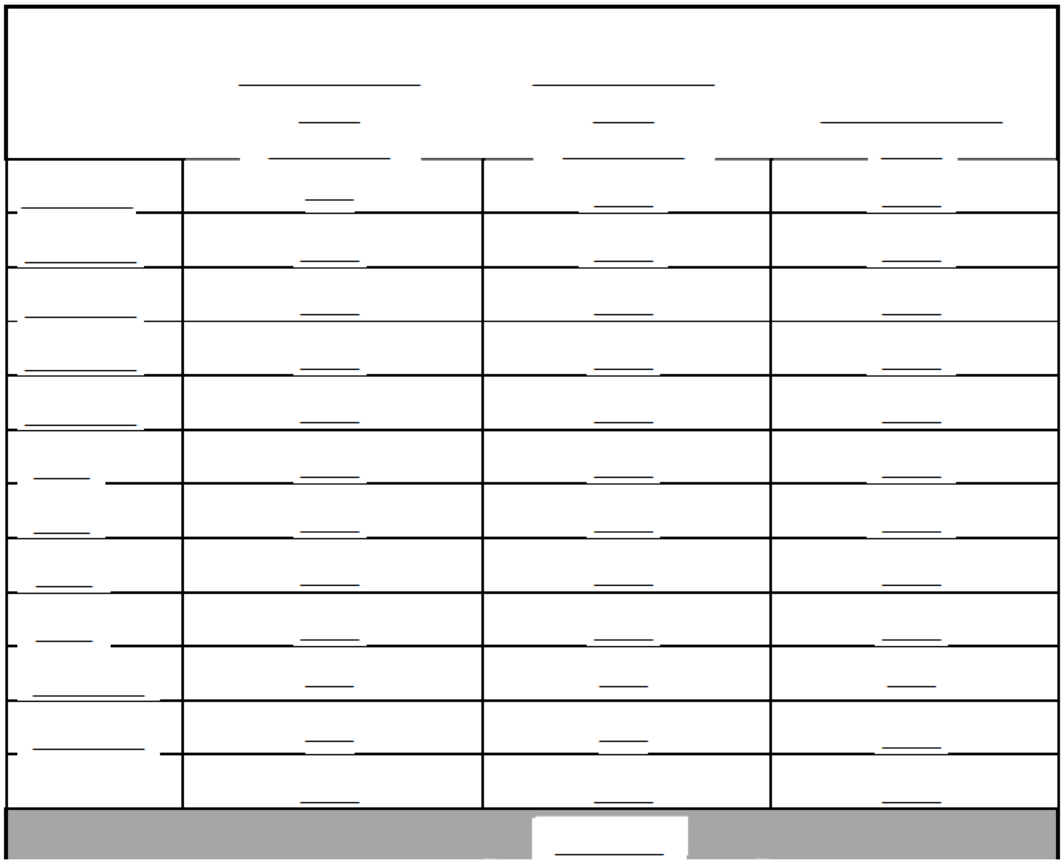

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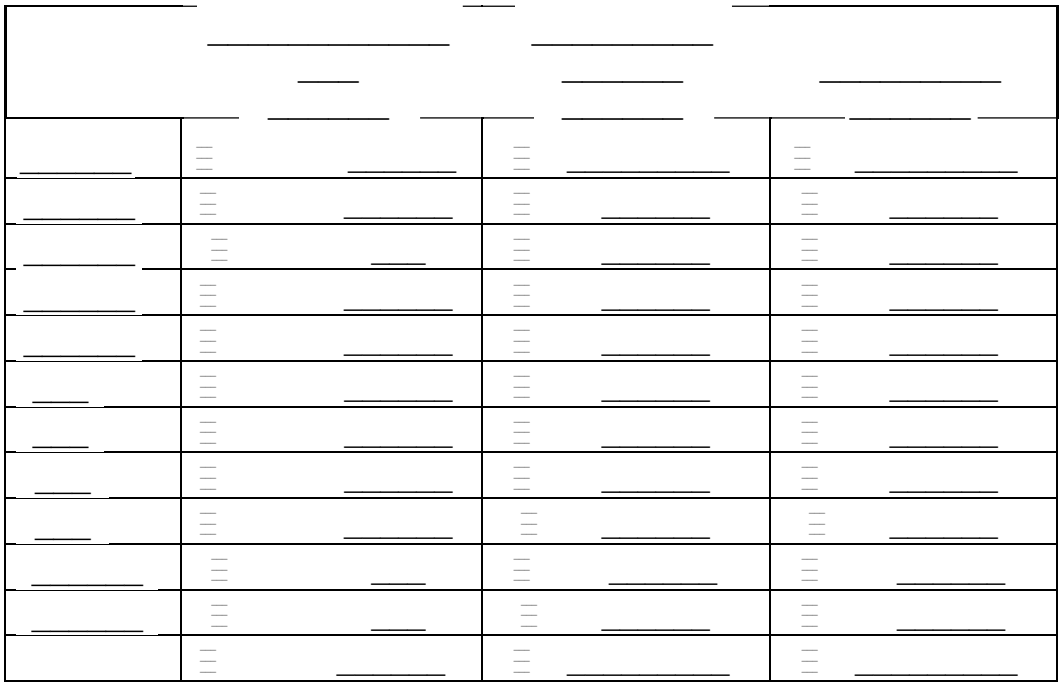

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Staff does not have the data to perform a detailed analysis as to what would have been the additional costs to the units due to high cost of restart, increases in O&M cost and increased plant outages if Ameren Missouri would have designated these units as "Economic" instead of "Self-Commit". Staff is providing Table 12 as actual financial results of Ameren Missouri's current practice of Self-Commit of its baseload generation units as described above. The overall findings from Table 12 revealed that 80% of Ameren Missouri self-commitment hourly transactions had positive revenues associated with them.

Staff further explored this issue in Case No. EW-2019-0370. Some of the findings in that case were that:

> ... the utility responses indicate that the economic minimum for each unit is based upon the physical limitations of each plant at a given point in time. These physical limitations are highly variable among plants, are affected by a variety of factors, and can vary by hour. Many of the units in question were commissioned as base load units well before the day-ahead markets were formed. These base load coal units were not designed to be cycled frequently and doing so would likely increase the likelihood of outages, increase operations and maintenance expense, and reduce the reliability of the units… Staff maintains that in order to fully understand the economic impact of self-scheduling on a given unit's

> profitability, an analysis at the RTO level would need to be conducted. Due to the highly confidential nature of utilities' market bidding strategies, it is highly unlikely that any party other than SPP or MISO have the raw data, modeling software access, and resources to conduct such an extensive analysis of market trends.[38]

Ameren Missouri has given an example of what might be some of the financial implications if the units were not designated as "Self-Commit". In Case No. EW-2019-0370 Ameren Missouri provides the following:

> To illustrate the limitation of the MISO day-ahead model's 24-hour look ahead period, consider the operating and cost constraints of a Labadie Energy Center unit. These units each have a startup cost in excess of $70,000. If these units were to be offered as economic, they would be de-committed by MISO whenever the total market revenue for the next operating day was less than the as-offered cost for energy –regardless of market price projections for the remainder of the week, the cost to restart the unit, or cycling-related maintenance and capital costs. The unit would then only be committed by MISO if its margin is above the as-offered cost for energy and is enough to also cover the cost to restart the unit. Those restart costs are a significant hurdle to overcome and they were simply not considered by MISO's modeling when the model would decide to de-commit the unit, if the unit is in economic commit statute. Putting dollars to the illustration, assume that the unit is offered on the last day of a month and that the MISO model predicts a revenue short fall on the first day of the next month of $1,000. Assume further, however, that for the remaining 29 days (assuming a 30-day month) of that month the actual revenues would exceed costs by $20,000 per day if the unit were to remain on-line. If the unit is offered as economic, MISO would de-commit the unit for the first day of the month and it would remain unavailable until the fourth day of the month due to the minimum down time. After that, the model would also keep it off-line because the potential daily margin of $20,000 would not cover the cost to start the unit. In this illustration, the unit would have foregone a total benefit to customers (and reflected in AmerenMissouri's fuel adjustment clause) of almost $600,000 if it had been in a must run status[4], but instead it received nothing, as it was offered as economic and never ran during the month.
>
> 12. Another consequence of the model's limited forward period for analysis is that market participants do not have a clear means of informing MISO of what the cost to shut down a unit is expected to be (such costs include the cost to restart the unit, foregone expected positive margins during minimum down times, and increases

[38] EW-2019-0370, Staff's Second Supplemental Report, Pages 1 and 2.

> in maintenance and capital costs related to unit cycling (i.e., committing/de-committing/committing again)[5]. As the Commission is likely aware, Ameren Missouri's coal-fired units are primarily designed for baseload (continuous) operation. However, cycling them on a frequent basis decreases unit availability, and shortens component life expectancies resulting in increased maintenance and capital costs. Each time a power plant is cycled, its major and minor auxiliary components experience significant thermal. (footnotes omitted).

Staff is aware of possible changes being sought by Federal Energy Regulatory Commission ("FERC") and MISO addressing the self-commitment issue. At this time Staff is not aware of any prudency issues related to Ameren Missouri's practice of self-commit.

3. Summary of Cost Implications

Ameren Missouri's electricity generating units are dispatched in the MISO day-ahead ("DA") and real-time ("RT") markets as a function of each generating unit's offered cost per kWh relative to the MISO Locational Marginal Price ("LMP") at the unit node and subject to the unit's operating characteristics and commitment status as provided by Ameren Missouri. Ameren Missouri's role in the dispatch decisions is to provide MISO with the necessary economic and operating parameters for each generation unit for inclusion in MISO's Security Constrained Economic Dispatch ("SCED") algorithm. The algorithm is capable of clearing, dispatching, and pricing Energy, Operating Reserve, Up Ramp Capability, and Down Ramp Capability in a simultaneously co-optimized basis that minimizes Production Costs and Operating Reserve Costs while enforcing multiple security constraints.[39] In order to perform proper optimization of commitment and dispatch calculations, MISO requires production cost data for generators to be provided in a three-part offer format: startup cost, no-load cost, and incremental energy cost.

In general, Ameren Missouri utilizes a must run commit status for those units whose operating characteristics, such as high cost to restart, expected increase in forced outages if the units are not placed in must run commit status, and maintenance and capital costs due to unit cycling warrant such a designation. Must run status may be used for non-base load units in instances where the margins on the first day would not alone warrant committing the unit but where the expected margin over a longer period of time justifies committing the unit. Must run

[39] Ameren Response to Staff Data Request No. 0057.

commit status is also utilized for Osage and Keokuk Energy Centers to ensure compliance with permit requirements regarding minimum flows. Must run commit status may also be used for other units not mentioned above when such a unit is scheduled for testing to ensure that the unit will be in operation for the test.[40]

The Company's CTGs and Meramec Units 1 and 2 are considered to be peaking units. Meramec 3 and 4 were operated in both must run and economic unit commitment status during this period based upon near term market conditions. A nuclear unit cannot be cycled practically, and must remain online due to its unique operating requirements and consequently, Ameren Missouri designates the Callaway Nuclear Energy Center as a must run unit.[41]

Additionally, the O'Fallon, Lambert and BJC renewable energy centers are registered as behind the meter generators in the MISO market and do not have a unit commitment status. They are the only "Intermittent Run" facilities Ameren Missouri owns, when defining intermittent run as those generation resources whose output is dependent upon intermittent primary drivers such as wind or solar. Ameren Missouri does offer the output associated with its Pioneer Prairie wind purchased power agreement into the MISO market. The Keokuk Energy Center is considered to be an Intermittent Resource by MISO as it not capable of following five minute set point instructions since it is a run of the river generator. [42]

4. Conclusion

Staff did not observe any evidence of imprudent utilization of generation resources during this prudence review.

5. Documents Reviewed

a. Ameren Missouri's responses to Staff Data Request Nos. 0022, 0034, 0037, 0057,& 0062.

b. MISO, Energy and Operating Reserve Markets, Business Practices Manual.

c. EW-2019-0370.

Staff Experts/Witnesses: Jordan T. Hull and Lisa Wildhaber (Tables 9, 10, and 11)

[40] Ameren Response to Staff Data Request No. 0022.
[41] *Ibid*.
[42] *Ibid*

VIII. Heat Rates

1. Description

Heat rates of generating units are an indicator of unit performance. A heat rate is a calculation of total volume of fuel burned for electric generation multiplied by the average heat content of that volume of fuel divided by the total net generation of electricity in kilowatt hours (kWh) for a given time period.

2. Summary of Cost Implications

Heat rates are inversely related to the efficiency of the generating unit. Increasing heat rates of specific units over time may be an indication that a specific unit's efficiency is declining. Heat rates can vary greatly depending on operating conditions including but not limited to load, hours of operation, shut downs and startups, unit outages, derates, and weather conditions. Therefore, a good indication of unit performance for those units that are utilized frequently is an analysis of the trend of heat rates over time. A permanent increase in monthly heat rates is commonly the result of a decrease in a generating unit's efficiency whenever additional emissions reduction equipment is added to the backend of the generating unit. Continued utilization of units with sustained elevated heat rates could result in Ameren Missouri incurring higher fuel costs per unit of electricity generated than it would otherwise have incurred.

The monthly heat rates for Sioux Unit 1 demonstrated a spike in March 2020. Ameren Missouri believes the higher heat rate was due to the limited number of hours of operation at full load, which leads to little time to complete cycle isolation checks on the unit.[43] When dispatch frequencies and durations both decline, these factors can lead to more variability in heat rate measurements, which may yield less reliable heat rate results. The heat rates for Sioux Unit 1 returned to a normal heat rate in months April and May 2020.

If Ameren Missouri was imprudent in response to the ongoing trend of a unit's heat rate, customer harm could result from an increase in the fuel costs that are collected through Ameren Missouri's FAC charges.

[43] Ameren response to Staff Data Request No. 0054.

3. Conclusion

In reviewing the monthly heat rates of Ameren Missouri's generating units dating back to May 2015, Staff found no indication that Ameren acted imprudently during the Review Period.

4. Documents Reviewed

a. Ameren Missouri's responses to Staff Data Request Nos. 0047, 0049, and 0054

b. Monthly Outage data submitted by Ameren Missouri in compliance with Rule 20 CSR 4240-3.190.

Staff Expert/Witness: Jordan T. Hull

IX. Plant Outages

1. Description

Outages occurring at any of the generating units can have an impact on how much Ameren Missouri pays for fuel and purchased power and could result in Ameren Missouri paying more for fuel and purchased power cost than is necessary. Ameren Missouri is required by the North American Electric Reliability Corporation ("NERC") to submit data for every outage in accordance with Generating Availability Data System ("GADS") data reporting instructions effective January, 2012. Generating unit outages generally can be classified as scheduled outages, forced outages, or partial outages (derating).

Staff examined the outages of Ameren Missouri's generation fleet and the timing of these outages to determine if the outages were imprudently taken. Any planned outage during peak load demand times or a period of high replacement energy prices has the potential result of Ameren Missouri paying more for fuel and purchased power costs than it would have paid if the outage was planned during forecasted low load times. Periodic planned outages are required to maintain each generating unit in peak operating condition to minimize forced or maintenance outages that could occur during peak load demand or periods of high replacement energy prices. Ameren Missouri has little or no control over the timing of maintenance or forced outages of the generating stations it owns and operates when such outages are the result of unforeseen events. These types of outages are not included as a part of this prudence review.

2. Summary of Cost Complications

An imprudent outage could result in Ameren Missouri purchasing expensive spot market energy or running its more expensive units to meet demand and could result in customer harm through an increase in customer FAC charges.

3. Conclusion

Staff did not observe any evidence of imprudent outages during the time period examined in this prudence review.

4. Documents Reviewed

a. Ameren Missouri's responses to Staff Data Requests Nos. 0025, 0026, 0045, 0046 and 0050.

Staff Expert/Witness: Jordan T. Hull

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Eighth Prudence Review of Costs Subject to the Commission-Approved Fuel Adjustment Clause of Union Electric Company d/b/a Ameren Missouri	)))))	FILE NO. EO-2021-0060

AFFIDAVIT OF JORDAN T. HULL, BROOKE MASTROGIANNIS, CYNTHIA M. TANDY AND LISA WILDHABER

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

COME NOW JORDAN T. HULL, BROOKE MASTROGIANNIS, CYNTHIA M. TANDY AND LISA WILDHABER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report – Eighth Prudence Review*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Jordan T. Hull
JORDAN T. HULL

/s/ Brooke Mastrogiannis
BROOKE MASTROGIANNIS

/s/ Cynthia M. Tandy
CYNTHIA M. TANDY

/s/ Lisa Wildhaber
LISA WILDHABER