

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

In the Matter Union Electric Company	)	<b><u>File No. GR-2024-0369</u></b>
d/b/a Ameren Missouri's Tariffs to Adjust	)	Tracking No. JG-2025-0045
Its Revenues for Natural Gas Service	)	

**RESPONSE TO AMEREN MISSOURI'S MOTION TO ESTABLISH TEST YEAR**

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and states its non-opposition to the test year and true-up period proposed by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri"). Staff requests that the Commission deny Ameren Missouri's proposal to include, in its revenue requirement, anticipated future costs occurring past the true-up period via discrete pro forma adjustments. Staff states in support as follows:

1. On September 30, 2024, Ameren Missouri filed tariffs to increase its revenues along with a separate *Motion to Establish its Test Year, True-Up Date, and to Allow Parties to Make Discrete Adjustments Beyond the True-Up Date* ("Motion").

2. In its Motion, Ameren Missouri proposed a historical test year of the twelve months ending March 31, 2024, with a true-up of significant items through December 31, 2024. Staff does not oppose these proposed dates.

3. Ameren Missouri is also requesting inclusion of a pro forma discrete adjustment that goes beyond the true-up date of December 31, 2024. Ameren Missouri proposes to include in the revenue requirement the second phase of the Northeast Territory project, Highway 161 to Silex ("Northeast Territory Phase 2"), that is allegedly expected to go into service during July 2025.

4. Ameren Missouri has included an approximate \$50.1 million pro forma adjustment to plant in service in their cost of service. This represents an isolated

adjustment because Ameren Missouri is attempting to include, in the revenue requirement increase, estimated plant through July 2025, which is seven months past the true-up cutoff of December 31, 2024. Not only is the adjustment isolated with no consideration of growth or offsetting amounts past the true-up in their case, but the amount of the project is not known and measurable and will not be known until after evidentiary hearings in this case, unless the project were completed early. Ameren Missouri is essentially asking for preapproval of inclusion of an isolated adjustment and then asking to include an estimate of investment in customer rates.

5. Isolated adjustments are included in the cost of service sparingly, as they technically violate the matching principle. Staff does not oppose allowing parties to present the use of discrete adjustments; however, Staff does not agree to any isolated adjustment prior to an audit being performed as Staff does not know the entire situation surrounding the request. Ameren Missouri's proposal to include estimated plant beyond the true-up date would not only violate the known and measurable standard<sup>1</sup> and the matching principle,<sup>2</sup> but would also violate the used and useful standard<sup>3</sup> and §393.270.4, RSMo, which provides that in setting rates, the Commission must consider all relevant factors, including "a reasonable average return upon capital actually expended." Moreover, the prudence of costs related to construction is dealt with in rate cases after a project is used and useful. Here, Ameren Missouri is asking for estimated costs to be included in rates prior to the project being completed; wherein, customers would be

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<sup>1</sup> The known and measurable standard requires rates to be based upon known and measurable costs.

<sup>2</sup> The matching principle states that a utility's revenues, expenses, rate base, and rate of return are analyzed over a common period of time.

<sup>3</sup> "The property upon which a rate of return can be earned must be utilized to provide service to its customers. That is, it must be used and useful. This used and useful concept provides a well-defined standard for determining what properties of a utility can be included in rate base." *State ex el. Union Electric v. Public Service Commission*, 765 S.W.2d 618, 622 (Mo. App. W.D.1988).

paying for a rate increase prior to receiving a benefit from such. Therefore, Staff does not agree or accept inclusion of an isolated adjustment for purposes of setting rates at this time, especially regarding the Northeast Territory Phase 2 project that is or will be under construction.

**WHEREFORE,** Staff respectfully requests the Commission grant Ameren Missouri's motion related to the test year and true-up period, and order a historical test year ending March 31, 2024 and a true-up period ending December 31, 2024. Staff further requests the Commission deny the use of isolated adjustments for purposes of setting rates.

Respectfully submitted,

**/s/ J. Scott Stacey**

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**Attorney for the Staff of the  
Missouri Public Service Commission**

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been transmitted by electronic mail to counsel of record this 24<sup>th</sup> day of October, 2024.

**/s/ J. Scott Stacey**